Dated: 16 Sept 2026

Solar Industries (SOIL) - SELL

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 19,250	**Rs. 11,200**

Rationale:

- Solar Industries' acquisition of Omnia Holdings expands its presence across Africa through a leading explosives and crop nutrition platform.
- While the US$135.5 cr deal appears attractively valued at ~8X EV/EBITDA, it is likely to require substantial external debt funding.
- Key long-term benefit is access to Omnia's captive ammonium nitrate capacity which could reduce raw material risk and improve margins from FY29.
- Margin expansion in Omnia, synergy benefits and funding terms remain critical for EPS accretion in this deal.
- We retain our estimates, Sell Rating and maintain our DCF-based FV of Rs11,200.

Positives:

- Solar Industries, through its step-down subsidiary Solar SA Investments, will acquire 100% of South Africa-based Omnia Holdings in an all-cash deal.
- Omnia generates most of its revenue from agriculture (54% of FY26 revenue), while its mining (40% mix) explosives business provides strategic fit with Solar's core operations.
- Omnia runs the region's largest and most reliable nitric acid and ammonium nitrate (AN) complex, with storage recently doubled.
- Synergy: Captive AN is the real prize, visible only from FY28.

Negatives:

- We estimate the acquisition will require ~Rs12000cr of external borrowing.
- A fully debt-funded structure could add Rs1000-1100 cr of annual interest expense, making synergy realization and funding terms critical to EPS accretion.

(EPS: Earnings per Share, DCF: Discounted Cash Flows, EV: Enterprise Value, /EBITDA: Earnings Before Interest Tax, Depreciation and Amortization)

Holding Period: 12 months

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BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
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SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
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NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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