

SOLAR INDUSTRIES INDIA LIMITED



KEYNOTES FINANCIAL OPINIERY

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SOLAR INDUSTRIES LIMITED

RECOMMENDATION: BUY

CMP: Rs.1030 /-

TARGET: RS. 1088/-

SENSEX: 38545

NIFTY : 11570

MARKET CAPITAL: Rs. 9200 CRS

Book Value : Rs. 121.37

Face Value : Rs. 2/-

Stock P/E : 35.94

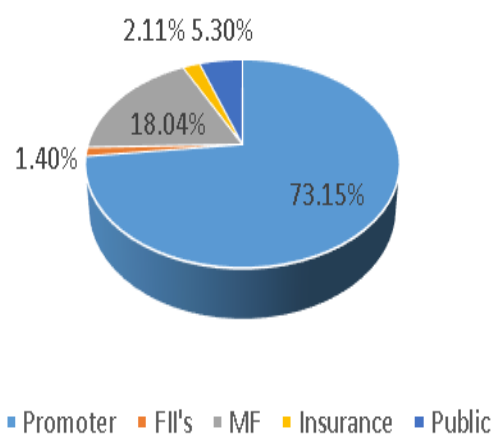
Industry P/E : 63.35

52-week High/Low: 1320/923.60

COMPANY PROFILE:

1. Founded in 1955 by Shri Satyanarayan Nandlal Nuwal.
2. Solar Group is a leading company with the global marketplace in the explosive business. With an impressive clientele across the mining and infrastructure sectors.
3. Manufacturers of a complete range of industrial explosives, detonators and detonating fuse and cast boosters.
4. World's largest cartridge manufacturing facility at a single location at Chakdoh, Nagpur.
5. India's largest manufacturers of Industrial Explosives and Initiating Systems.
6. India's first domestic supplier in private sector of HMX & HMX Compounded products to the defense sector.
7. Large presence in the global market with footprints in 42 countries.

Shareholding Pattern:



RETURNS (%):

Security	3Months	6Months	12Months
Sensex	-2.50	4.55	6.67
SOLARINDS	-9.38	-4.23	-8.11

Source: NSE, KFO Research

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Growth Drivers:

1. With the government of India aiming to substantially increase the coal production by 2020 and giving major impetus to the Infrastructure & Housing Segment, this is bound to result in substantial increase in the demand of Industrial explosives in the coming years.
2. Increasing manufacturing facilities from 5 to 10 countries.
3. Capacity expansion planned to produce 7 lakhs metric tons by 2020.
4. Participation in strategic partnership programme.
5. Technology absorption & international Tie ups for new products.
6. Commercial roll over of qualified products.

Future Outlook:

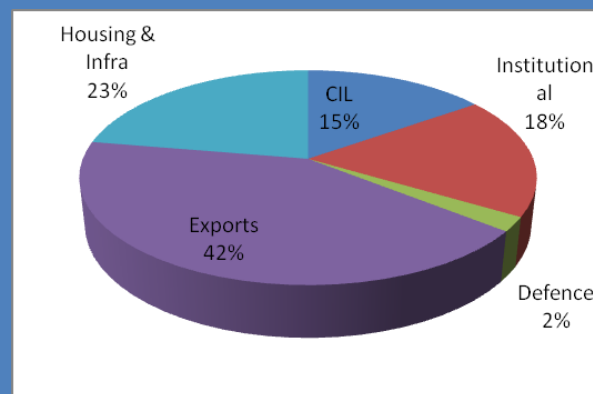
Buoyed by our technological excellence, strategic product profiles and financial strength, we are confident to be ahead of the growth curve of the explosives industry by capitalizing on opportunities in domestic and overseas markets. The extensive regulations, strict license controls, long gestation period and heavy capital investments mark the uniqueness of our industry and poses a challenging task for the new entrants.

We look ahead to expand our vision and emerge not only as a global leader in the manufacturing of industrial & military explosives but also an innovative one stop solutions provider with strong focus on safety, Quality and Reliability.

VALUATIONS:

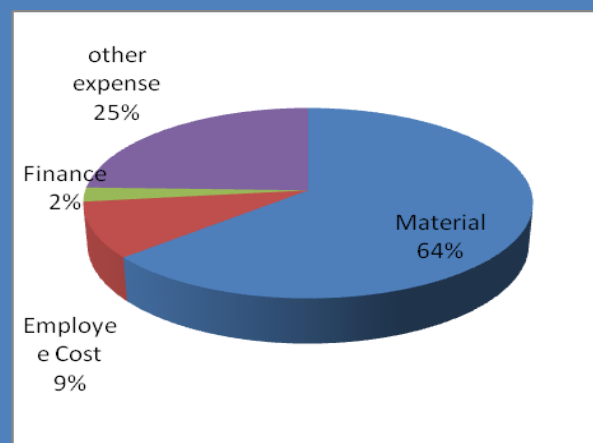
On the basis of Discount Cash Flow Valuation Method, we are recommending 'Buy' for the stock. Since the stock offers good opportunity, we initiate a 'BUY' signal on the stock with 12-month price target of **Rs 1088/-** share an upside of 20% from current levels.

Customers Revenue Break up:



Source: Company, KFO Research

Cost Break up:



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