

## Company Business

- ✦ Vikram Solar Limited is primarily engaged in the **manufacturing of solar photo-voltaic ("PV") modules**. Its operational capacity for solar PV modules is **4.50 GW**.
- ✦ In addition to manufacturing, Vikram Solar Limited also provides **Engineering, Procurement and Construction (EPC) and Operation and Maintenance (O&M) services**. As of the date of the Red Herring Prospectus, the company has over 1,396 MW of ongoing O&M projects in its portfolio.
- ✦ It operates in **39 countries** and maintains an extensive pan-India distribution network, consisting of **83 authorized distributors and more than 250 dealers**. To support its logistical needs, the company partners with its affiliate, **VSL Logistics Private Limited ("VSL")**, which handles end-to-end cargo movement, including international and domestic transportation, warehousing, and customs clearance.

## Growth Potential

- ✦ To meet growing demand, the company is currently undertaking significant greenfield and brownfield expansion plans, which are expected to increase installed solar PV module manufacturing capacity to up to **15.50 GW** by Fiscal 2026 and up to **20.50 GW** by Fiscal 2027.
- ✦ Furthermore, the company is strategically backward integrating into the solar value chain by establishing a solar cell manufacturing facility with two units, 3.00 GW and 9.00 GW, in Gangaikondan, Tamil Nadu by Fiscal 2027.
- ✦ Company also aim to start with a greenfield project for battery energy storage system ("BESS") with an initial capacity of 1.00 GWh in Tamil Nadu which is expandable to 5.00 GWh in Fiscal 2027.

Facility	Installed capacity as of March 31, 2025	Capacity additions in Fiscal 2026	Capacity additions in Fiscal 2027
<b>Solar PV Module</b>			
Falta SEZ, Kolkata (West Bengal)	3.20 GW	-	2.00 GW
Oragadam, Chennai (Tamil Nadu)	1.30 GW	-	-
Upcoming facility in Vallam, Tamil Nadu		5.00 GW	
Upcoming facility in Gangaikondan, Tamil Nadu	-	6.00 GW	-
Upcoming facility in USA	-	-	3.00 GW
<b>Cumulative Total</b>	<b>4.50 GW</b>	<b>15.50 GW</b>	<b>20.50 GW</b>
<b>Solar cell</b>			
Upcoming facility in Gangaikondan, Tamil Nadu	-	-	3.00 GW
Upcoming facility in Gangaikondan, Tamil Nadu	-	-	9.00 GW
<b>Cumulative Total</b>	-	-	<b>12.00 GW</b>
<b>BESS</b>			
Manufacturing plant in Oragadam, Chennai (Tamil Nadu)	-	-	5.00 GWh
<b>Cumulative Total</b>	-	-	<b>5.00 GWh</b>

## Industry Analysis

- ✦ The Indian solar energy sector is experiencing **significant growth**.
- ✦ The company plans significant expansion, including establishing an **integrated 3.00 GW solar cell and 3.00 GW solar module manufacturing facility in Tamil Nadu** (Phase-I), with a further expansion of the module facility to 6.00 GW (Phase-II). They also aim to diversify into **Battery Energy Storage Systems (BESS) manufacturing**, with an initial capacity of 1.00 GWh, expandable to 5.00 GWh by Fiscal 2027.



## IPO Details

- ✦ Total Issue Size : **6,26,31,604 shares** (**₹2,079.37 Cr**)
- ✦ Fresh issue : **4,51,80,722 shares** (**₹1,500.00 Cr**)
- ✦ OFS : **1,74,50,882 shares of ₹10** (**₹579.37 Cr**)
- ✦ Issue Price Band : **₹315 to ₹332 per share**
- ✦ Lot Size : **45 Shares**
- ✦ IPO Date : **Tue, Aug 19, 2025 – Thu, Aug 21, 2025**
- ✦ Pre IPO Promoters Holding : **77.64%**
- ✦ Post IPO Promoters Holding : **63.11%**

## Objects of the issue

- ✦ Partial funding of capital expenditure for the Phase-I Project (**₹ 769.7 cr**)
- ✦ Funding of capital expenditure for the Phase-II Project (**₹ 595.2 cr**)
- ✦ General Corporate Purposes



- Challenges for the industry include **intense competition**, **reliance on imported raw materials** (especially solar cells from China), **policy and regulatory uncertainties** (such as changes in Basic Custom Duty rates) and the rapid pace of **technological advancements** requiring continuous R&D investment.
- The solar module business is not a moated one and faces significant competition. Many companies import solar cells and assemble them into modules. However, companies that are pursuing backward integration by manufacturing solar cells themselves enjoy a stronger moat, as this requires high capital expenditure and advanced technology. In this segment, Waaree Energies is the leader, and Vikram Solar is also setting up a solar cell plant.

Financials of the company

(Fig. in Cr)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Revenue from Operations	3,423.40	2,510.90	2,073.20
Total Rated Capacity (MW)	4500	3500	3500
Module Sales (MW)	1900	879	588
Total Order book Quantity	10340	4376	2786
EBITDA	492	399	186
EBITDA Margins	14.37%	15.87%	8.98%
PAT	139.8	79.7	14.4
PAT Margins	4.08%	3.17%	0.70%
ROCE	16.57%	19.67%	4.05%
Debt to Equity Ratio(In Times)	0.19	1.81	2.02
Operating Cash Flow	298.6	152	195.4

Comparison with Peers

Companies	Revenue	EBTDA%	PAT%	D/E Ratio	ROCE	MCap .	P/E
Vikram Solar Limited	3,423.40 Cr.	14.37%	4.08%	0.19	16.57%	12009 Cr.	85.90
Waaree Energies Limited	14444 Cr.	19%	13.34%	0.13	35.10%	84,455 Cr.	38.5
Premier Energies Limited	6519 Cr.	27%	14.37%	0.69	41.50%	46283 Cr.	44.2
Websocket Energy System Limited	575 Cr.	44%	26.90%	0.55	59.20%	5,897 Cr.	29.6



## Deep Dive into Financials

From the Balance Sheet:

- ✦ **Debt in Balance Sheet**
  - Long Term : Rs. 77.40 Cr.
  - Short Term: Rs. 153.27 Cr.
  - D/E Ratio is 0.19 times for FY 25 as compared to 1.81 times. **Good Sign.**
- ✦ **Current Ratio**
  - Current Ratio is 1.55 Times. **Considered Good.**
- ✦ **Cash Position**
  - Cash in Book: Rs. 188.96 Cr.
  - **Cash comfortably covers short-term borrowings of Rs. 153.27 Cr.**

From the Profit and Loss Statement:

- Profit and PAT Margins consistently growing. **Good Sign.**
- EBITDA consistently growing. But EBITDA Margin decreased by 150 basis points in FY 25 as compared to FY 24. **Costs grew faster than Revenue.**
- **PAT Margins are lower than peers.**

From the Cash Flow Statement:

- **Positive operating cash flows in FY 25, 24 and 23.** But **Cash Conversion Ratio is 0.60 in FY 25 indicating Weak conversion and working capital issues.**

## Valuation Analysis

- ✦ Vikram Solar is trading at a **P/E of 85.9**, which is significantly higher than peers. **Promoters are offloading shares at these elevated valuations.**

## Pros and Cons

### Pros (Strengths & Opportunities)

- ✦ Significant Growth and Market Potential
- ✦ Declining Costs and Attractive Tariffs
- ✦ Strong Government Support and Policies
- ✦ Technological Advancements and Diversification

### Cons (Weaknesses & Threats & Risks)

- ✦ Intense Competition
- ✦ Reliance on Imported Raw Materials and Supply Chain Risks
- ✦ Technological Obsolescence and R&D Costs:
  - The industry experiences **rapid technological advances**, leading to a high risk of technological obsolescence
- ✦ The company is involved in **outstanding litigation and tax proceedings**, which could have a material adverse effect on its financial condition.
- ✦ Export sales to the USA decreased significantly.
- ✦ Matter of emphasis in Audit Report of FY 25 indicates:
  - Safeguard duty amounting to Rs. 148.52 Cr. which has been considered as receivable. Since the matter is subjudice necessary adjustments in the financials will be made based upon the legal outcome of the matter.
  - Rs. 84.38 crore, included in Trade Receivables which has been withheld/recovered by certain customers related to EPC and other contracts on account of Liquidated damages, generation loss etc.
- ✦ Contingent Liabilities of Rs. 257 Cr. against demand /claims by various government authorities.





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