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IPO Note:

VIKRAM SOLAR LIMITED - SUBSCRIBE

Vikram Solar Ltd. (VSL) is one of India's largest solar photo-voltaic ("PV") module manufacturers in terms of operational capacity, having over 17 years of industry experience. With 4.50 GW of installed manufacturing capacity for solar PV modules as of the date of this RHP, it is one of the largest pure play module manufacturers in India, and enlisted capacity according to the Ministry of New and Renewable Energy's Approved List of Modules and Manufacturers ("ALMM") is 2.85 GW as of June 30, 2025.

It aims to provide dependable solar solutions through high efficiency and innovative products, which the firm intends to do through its specialized high efficiency PV module manufacturing. It began manufacturing operations in 2009 with an installed capacity of 12.00 MW for solar PV modules, which has now risen to 4.50 GW as of the date of this RHP. Its present production facilities are ideally located at Falta SEZ in Kolkata, West Bengal, and Oragadam in Chennai, Tamil Nadu, with easy access to ports, rail, and roadways, allowing it to conduct both domestic and international operations.

To meet growing demand, it is currently undertaking significant greenfield and brownfield expansion plans, which are expected to increase its 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, by fiscal 2027, VSL plans to strategically backward integrate into the solar value chain by developing a solar cell manufacturing facility in Gangaikondan, Tamil Nadu, with two units of 3.00 GW and 9.00 GW. It also aims 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, representing a strategic diversification to capitalize on the growing demand for BESS, as well as positioning the Company as a leader in energy generation and storage, and thus adding to its revenues and profitability.

It has developed strong engineering capabilities in designing highly automated production lines using specifically chosen equipment, allowing it to increase the average efficiency level (i.e., a measure of electrical energy generated from a solar module to the amount of light energy incident on it ("Efficiencies")) of products from 17.52% in CY 2016 to 23.66% in CY 2025 (until March 2025). This capability has also allowed the company to establish a strong reputation for its solar PV modules over the years, as evidenced by the fact that the company was the first Indian company to be featured in the Kiwa Photo-Voltaic Evolution Labs ("PVEL") report in 2017 in relation to the reliability testing of its modules.

Its capability in the solar domain extends beyond solar PV manufacturing, where in 2013, it designed and installed a 100kW installation at the Cochin International Airport, Kochi, Kerala, which is the world's first fully solarized airport, and further it is also one of the first to execute floating solar plant in India.

Its key domestic customers include prominent government entities, such as National Thermal Power Corporation, Neyveli Lignite Corporation Limited and Gujarat Industries Power Company Limited, and large private independent power producers ("IPPs"), such as ACME Cleantech Solutions Pvt. Ltd., Adani Green Energy Limited, AMPIN Energy Transition Private Limited, Azure Power India Private Limited, JSW Energy Limited, First Energy 7 Private Limited and Rays Power Infra Private Limited, among others.

Investment Recommendation and Rationale: -

The Indian solar power sector is poised for rapid growth, backed by supportive government policies, renewable energy targets, and rising global clean energy demand. Within this, VSL stands out as one of the leading module manufacturers with 17 years of experience and a strong EPC presence. At the upper price band of Rs. 332, the issue is priced at a P/E multiple of 85.79 its FY25 post IPO EPS of Rs. 3.87. We give a 'SUBSCRIBE' rating to the issue for the following reasons: -

1. The company has a healthy pipeline of EPC contracts and module supply agreements, providing strong revenue visibility in the near term.
2. Funds from the IPO will help expand manufacturing capacity, enabling the company to benefit from economies of scale and meet increasing domestic + export demand.
3. Strong brand recognition and customer base are achieved by consumer understanding and high-quality products.

Issue Opens	19th August 2025
Issue Closes	21st August 2025
Type of Issue	Fresh Issue of 4,51,80,722 shares (aggregating up to Rs. 1500.00 Crores) Offer for sale of 1,74,50,882 shares of Rs.2 (aggregating up to Rs. 579.37 Crores)
Issue size	Rs. 2,079.37 Crores
Price Band	Rs. 315 to Rs. 332 per share
Bid lot/ Bid Size	45 shares/ Rs. 14,940
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	36,17,17,031 shares
Promoters and Promoter Group Public	Pre Issue – 77.64% Post Issue – 63.12% Pre issue – 22.36% Post Issue- 36.88%
Post issue implied market cap	Rs. 12,009.00 Crores
BRLMs	JM Financial Ltd, Nuvama Wealth Management Ltd, UBS Securities India Private Ltd, Equirus Capital Private Ltd, PhillipCapital (India) Private Ltd.
Registrar to the issue	MUFG Intime India Private Ltd.

Financial Summary (in Rs. million, unless otherwise indicated)

Particulars	As at and for Fiscal		
	2025	2024	2023
Total Rated Capacity (MW)	4,500.00	3,500.00	3,500.00
Module Sales	1,900.03	879.20	588.13
Total Order book Quantity (MW)	10,340.82	4,376.16	2,786.87
Revenue from Operations	34,234.53	25,109.90	20,732.30
EBITDA	4,920.11	3,985.79	1,861.78
EBITDA Margin (%)	14.37	15.87	8.98
PAT	1,398.31	797.18	144.91
PAT Margin (%)	4.08	3.17	0.70
EPS	4.61	3.08	0.56
Total Equity	12,419.89	4,454.17	3,651.95
Net Debt	417.02	6,926.02	6,335.85
Debt-Equity Ratio	0.19	1.81	2.02
ROE (%)	16.57	19.67	4.05
ROCE (%)	24.49	20.76	12.78
Current Ratio	1.55	1.39	1.35

Source: Red Herring Prospectus (RHP)

The graphic below depicts manufacturing facilities in Oragadam, Tamil Nadu and Falta, West Bengal:



Key Domestic Customers include prominent Government Entities:



Source: Red Herring Prospectus (RHP)

Objects of the issue

Fresh Issue of 4,51,80,722 shares (aggregating up to Rs. 1,500 Cr).

Offer for sale of 1,74,50,882 shares of Rs.10 (aggregating up to Rs. 579.37 Cr).

The Company proposes to utilize the Net Proceeds towards funding the following objects:

1. The company aims to use about Rs 770 Crores to fund Phase-I capex for a 3 GW cell plus 3 GW module plant in Tamil Nadu.
2. Another Rs 595 Crores will fund Phase-II expansion of the module line from 3 GW to 6 GW at the same site.
3. General corporate purposes.

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of the Company	Total Income (in Rs. million)	Face value per equity share (Rs.)	P/E Ratio (x)	EPS (Basic) (Rs. per share)	EPS (Diluted) (Rs. per share)	RoNW (%)	Net Worth (Rs. in million) for Fiscal 2025	Net Asset Value per share (Rs. per share) for Fiscal 2025	Market capitalization as on August 11, 2025 (in Rs. million)
Vikram Solar Ltd.	34,595.27	10.00	NA	4.61	4.60	11.26	12,419.89	39.24	NA
Listed Peers									
Waaree Energies Ltd.	1,48,460.60	10.00	45.79	68.24	67.96	20.09	95,952.80	334.00	894,054.04
Premier Energies Ltd.	66,520.86	1.00	47.01	21.35	21.35	33.21	28,221.06	62.61	452,397.16
Websol Energy System Ltd	5,774.30	10.00	40.04	36.66	36.17	55.65	2,780.50	65.88	61,127.45

Source: Red Herring Prospectus (RHP)

Competitive Strengths

1. VSL is one of India's largest solar PV module producers, having an operational capacity of 4.50 GW and an actual production of 1,286.10 MW.
2. A strong emphasis on research and development is combined with comprehensive quality control procedures.
3. VSL has a strong technological background in solar PV module manufacture.
4. The company maintains a strong presence in both domestic and foreign markets.
5. Strong brand recognition and customer base achieved via consumer comprehension and outstanding product quality.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Maintain domestic market position by strategically expanding solar PV module manufacturing and integrating it into solar cell manufacturing.
2. Continued emphasis on creating new and creative products and services.
3. Enhance domestic presence via a dedicated retail network and distribution model.
4. To become a major player in the worldwide solar PV module market.
5. Expand into captive projects and cater to the untapped potential in the C&I renewable energy market.

Source: Red Herring Prospectus (RHP)

Key Risks

1. Vikram Solar Ltd faces a significant risk due to its high dependence on imported raw materials, with nearly 70–80% of inputs such as wafers, cells, and EVA sourced primarily from China. Any adverse developments like tariff hikes, supply chain disruptions, or geopolitical tensions could sharply increase costs and put pressure on margins, thereby impacting the company's overall profitability.
2. VSL operates in a highly competitive market, facing strong rivalry from established domestic players such as Waaree Energies and Premier Energies, along with global module manufacturers. This intense competition often leads to price undercutting in bids, which could significantly affect the company's margins and overall profitability.
3. The selling of solar PV modules accounts for a substantial component of the company's revenues. In FY25, it contributed Rs 3,363.02 crore (98.23%) to the company's total revenue, compared to Rs 2,444.11 crore (97.34%) in FY24 and Rs 971.15 crore (46.84%) in FY23. A decrease in demand for this product could negatively influence the company's business, sales, and profitability.
4. The company, its directors, and promoters are involved in current legal processes, such as criminal and tax charges. Adverse decisions in these situations may have a negative impact on the company's finances.
5. VSL operates in a working capital-intensive business, as both its solar EPC and module segments involve long receivable cycles. The presence of high receivables and increasing debt levels could put pressure on cash flows, particularly if customers delay payments, thereby impacting liquidity and overall financial stability.

Source: Red Herring Prospectus (RHP)


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For research related queries contact:

Divya Makwana - Research Analyst at research@ajcon.net

CIN: L74140MH1986PLC041941

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Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062