

Retail Research	IPO Note
Sector: Power Equipment	Price Band (Rs): 315 – 332
14 th August 2025	Recommendation: SUBSCRIBE

Vikram Solar Ltd.

Company Overview:

Vikram Solar Ltd. (VSL) is among India's largest solar PV module manufacturers with 4.50 GW of installed capacity and 17+ years of industry experience as of Mar'25. 2.85 GW of capacity is listed under MNRE's ALMM (Ministry of New & Renewable Energy's Approved List of Modules and Manufacturers) (June'25). To meet rising demand, Vikram Solar is expanding its solar PV module manufacturing capacity to 15.50 GW by FY26 and 20.50 GW by FY27 through greenfield and brownfield projects. The company is also entering solar cell production with two units totaling 12 GW in Tamil Nadu by FY27. Additionally, it plans to launch a greenfield battery energy storage system (BESS) project with an initial 1.00 GWh capacity, expandable to 5.00 GWh by FY27, marking a strategic move into energy storage to boost growth and profitability.

Key Highlights:

1. Business Verticals: The company's sales and distribution strategy spans multiple business divisions, enabling it to diversify revenue, enhance margins, and mitigate risk. These include (i) domestic solar PV module sales through large-volume key accounts and exclusive distributor networks for retail orders (ii) exports to global key customers (iii) integrated solar energy solutions offering EPC and O&M services.

2. Product portfolio: The company's solar product portfolio includes high-efficiency PV modules based on PERC, N-Type and HJT technologies, available in bifacial and monofacial formats. The company's latest generation solar PV modules range from 395Wp to 735Wp (wattages) with efficiencies between 20.23% and 23.66%. To ensure quality, they undergo rigorous stress tests, enabling the company to offer a 12-year product warranty and 27–30 years performance warranty, in line with global standards.

3. Pan India Presence with marquee clients: The company has built a strong pan-India presence across 19 states and 2 union territories, expanding its distributor network from 41 (Sep'24) to 83 (as on date of RHP) and dealer base from 64 (Sep'24) to over 250 (as on date of RHP). The company's solar PV modules are widely adopted by major domestic clients, including government entities like NTPC, NLC and GIPCL, as well as leading private IPPs such as Adani Green, ACME, AMPIN, Azure Power, JSW Energy, First Energy and Rays Power Infra.

4. Global presence: The company expanded globally with a sales office in the U.S. and a procurement office in China, supplying solar PV modules to 39 countries as of Mar'25. Since inception, the company shipped over 7.12 GW globally, including 3.37 GW in the last three FY. Key international clients include PureSky Development Inc. and Sundog Solar LLC.

5. Capacity expansion: A major portion of the net IPO proceeds will be used to set up a 3 GW solar cell and 3 GW module facility in Tamil Nadu (Phase-I), which will be further expanded by another 3 GW in Phase-II, taking the total module capacity to 6 GW. Phase-I has received a Production Linked Incentive (PLI) award dated April 18, 2023, as a cell-and-module integrated project.

Valuation: VSL has a lower margin profile than its listed peers due to lack of backward integration and minimal export presence where the margins are usually higher by 2.0%-2.5%. Revenue/EBITDA/Adj PAT have grown at a CAGR of 29%/63%/211% over FY23-25. Its installed solar module manufacturing capacity is set to expand by ~4x in FY26 to 15.5 GW. Growth going ahead is expected to be driven by capacity expansion, robust domestic demand led by multiple levers such as the PM Surya Ghar Muft Bijli Yojana, PM Kusum, ALMM, transition to solar captive plants in Commercial & Industrial segment and utility scale solar power capacity addition. At the upper price band of Rs 332, VSL is valued at 85.9x FY25 P/E and 21.4x EV/EBITDA on post issue capital. The valuation is in-line with peers on EV/EBITDA basis. Margin is expected to improve as the solar cell capacity comes onstream in FY27. We recommend investors to SUBSCRIBE to the issue at the cut-off price.

Issue Details	
Date of Opening	19 th August 2025
Date of Closing	21 st August 2025
Price Band (Rs)	315 – 332
Issue Size (Rs cr)	2,079
OFS (Rs cr)	579
Fresh Issue (Rs cr)	1,500
No. of shares @ Upper Price Band	6,26,31,605
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	11,471 – 12,009
BRLMs	JM Financial, Nuvama Wealth Management, UBS Securities India, Equirus Capital, PhillipCapital India
Registrar	MUFG Intime India Private Ltd.
Bid Lot	45 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Partial funding of capital expenditure through investment in wholly owned subsidiary, VSL Green Power Private Ltd for the Phase-I project	769.7
Funding of capital expenditure through investment in wholly owned Subsidiary, VSL Green Power Private Limited for the Phase-II Project	595.2
General corporate purpose [^]	135.1
Total proceeds from fresh issue	1,500.0

[^] The amount to be utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	24,57,69,820	77.6
Public & Others	7,07,66,489	22.4
Total	31,65,36,309	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	22,83,18,938	63.1
Public & Others	13,33,98,094	36.9
Total	36,17,17,032	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	2,073	2,511	3,423
EBITDA	186	399	492
Adj. PAT	14	91	140
EBITDA Margin (%)	9.0	15.9	14.4
PAT Margin (%)	0.7	3.6	4.1
RoE (%)	4.0	20.5	11.3
RoCE (%)	12.8	21.8	25.3
P/E (x)*	725.2	115.0	75.2

Source: RHP, SSL Research

*Note: Pre-issue P/E based on upper price band

Risk Factors

- **Revenue concentration:** In FY25, FY24 and FY23, solar PV modules accounted for 98.2%, 97.3% and 46.8% of the operational revenue, respectively. As business is dependent on this product, any drop in demand could significantly affect the revenue and profitability.
- **Dependency on the top 10 customers:** As of FY25, 77.50% and 88.72% of the revenue from operations is derived from the top five customers and top ten customers, respectively which makes the company highly dependent upon a limited number of customers. Any adverse changes affecting customers or relationship with such customers could have an adverse effect on the financial performance and result of operations.
- **New Manufacturing facility:** The company's growth depends on setting up a new manufacturing facility in Tamil Nadu through subsidiary, VSL Green Power Private Limited, in two phases. The company also aims to expand existing plant capacity cost-effectively. Delays or failure in executing these plans could negatively impact the business, reputation, financial health and operations.
- **Fluctuation in raw material prices:** Changes in the price of wafers, solar photovoltaic cells and other raw materials due to changes in demand or other factors could adversely affect the cost of materials, which may then have a material adverse effect on our business, financial condition and results of operations.
- **Legal proceedings:** The company, certain Directors (including Promoters) and one Corporate Promoter are involved in ongoing legal cases. Any adverse outcome may lead to liabilities or penalties and could negatively affect the business, financial condition, and cash flows.

Growth Strategies

- Maintain domestic market position through strategic expansion of solar PV module manufacturing and backward integration into solar cell manufacturing.
- Continued focus on developing new and innovative products and services.
- Expand the BESS manufacturing operations.
- Strengthen domestic presence through a dedicated retail network and distribution model.
- To become a significant global player in the international solar PV module market.
- Diversify its supply chain.
- Expand into captive projects and cater to the untapped potential in the C&I renewable energy market.
- Further new initiatives for decarbonization.

Manufacturing Facility

Facility (Units in GW)	FY25 (Existing capacity)	FY26 (Capacity addition)	FY27 (Capacity addition)
Solar PV Module			
Falta SEZ, Kolkata (West Bengal)	3.20		2.00
Oragadam, Chennai (Tamil Nadu)	1.30		
Upcoming facility in Vallam, Tamil Nadu		5.00	
Upcoming facility in Gangaikondan, Tamil Nadu		6.00	
Upcoming facility in USA			3.00
Cumulative Total	4.50	15.50	20.50
Solar Cell			
Upcoming facility in Gangaikondan, Tamil Nadu			3.00
Upcoming facility in Gangaikondan, Tamil Nadu			9.00
Cumulative Total			12.00
BESS (GWh)			
Manufacturing plant in Oragadam, Chennai (Tamil Nadu)			5.00
Cumulative Total			5.00

Source: RHP, SSL Research

Revenue Break-up

Particulars (Rs cr)	FY23		FY24		FY25	
	Revenue from operation	%	Revenue from operation	%	Revenue from operation	%
Domestic	522.7	25.2%	897.9	35.8%	3,328.9	97.2%
-Key Accounts	310.2	15.0%	698.6	27.8%	2,664.7	77.8%
-Distributors	212.5	10.3%	199.2	7.9%	664.2	19.4%
Export*	448.5	21.6%	1,546.3	61.6%	34.1	1.0%
-US	375.8	18.1%	1,534.2	61.1%	32.9	1.0%
-Europe	0.0	0.0%	-	-	0.5	0.0%
-Others**	72.7	3.5%	12.1	0.5%	0.6	0.0%
(A) Total Revenue from Module Sales	971.1	46.8%	2,444.1	97.3%	3,363.0	98.2%
(B) Total revenue from Others (Including EPC and O&M)^	1,102.1	53.2%	66.9	2.7%	60.4	1.8%
Total (A) + (B)	2,073.2	100.0%	2,511.0	100.0%	3,423.5	100.0%

*Key accounts.

**Other countries include Nepal and Canada.

^The significant increase in total revenue from solar PV module sales from FY23 to FY24 and FY25 is due to company's shifted business focus from EPC and O&M to solar PV module manufacturing.

Source: RHP, SSL Research

Key Operational Data

Particulars	FY23	FY24	FY25
Total Rated capacity (MW)*	3,500.0	3,500.0	4,500.0
Module Sales (MW)**	588.1	879.2	1,900.0
Order Book (MW)^	2,786.9	4,376.2	10,340.8
-Domestic (MW)	2,132.7	3,927.2	8,667.9
-Export (MW)	639.1	421.2	1,652.9
-EPC (MW)	15.0	27.8	20.0

* Total Rated Capacity (MW) refers to the aggregate installed capacity of all module manufacturing facilities in megawatts certified by Independent Chartered Engineer vide certificate dated August 12, 2025.

** Module Sales (MW) refers to the total module sales during the year.

^ Total Order Book Quantity (MW) represents contracts which have been partly executed and/or for which a letter of award or agreement or framework agreement/ Letter of intent have been obtained certified by Independent Chartered Engineer vide certificate dated August 12, 2025

Source: RHP, SSL Research

Manufacturing Facility

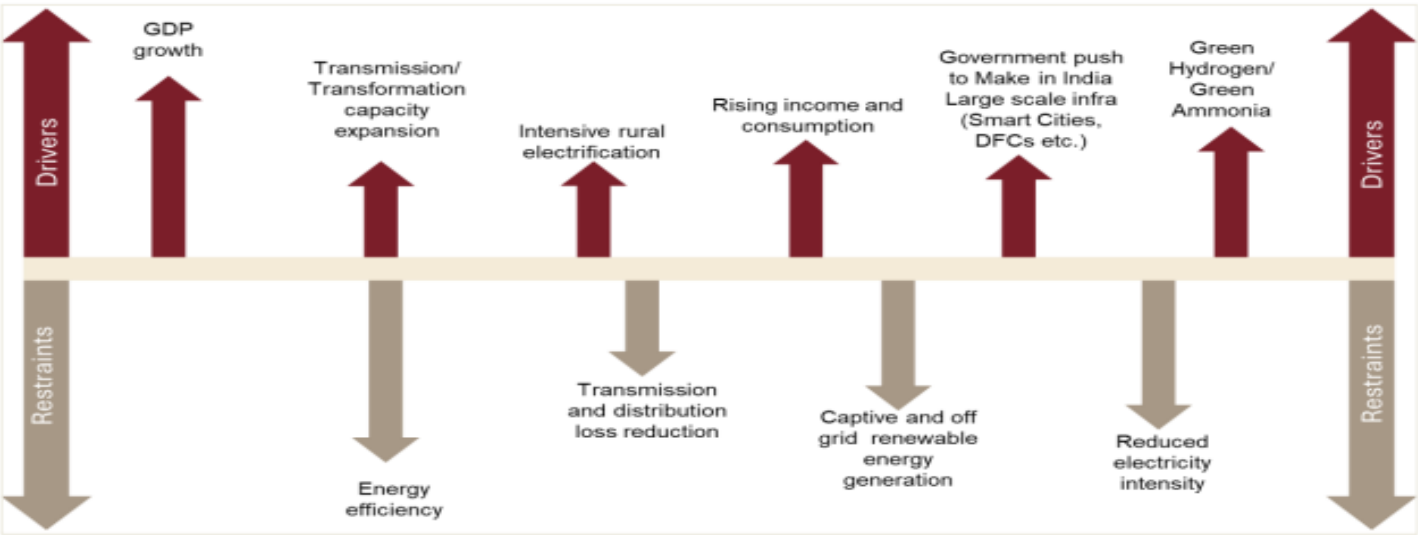
3D digital twin model of all equipment in Falta (West Bengal) facility:



Source: RHP, SSL Research

Industry Overview

Factor influencing power demand:



Source: RHP, SSL Research

Potential and cumulative capacity of Renewable energy:

Technology	Potential	Cumulative capacity (Jun'25)	Untapped potential
Wind	~696 GW (120 m hub height)	51.67 GW	92.58%
Solar	750 GW	116.25 GW	84.50%
Bioenergy	25 GW	10.74 GW	57.04%
Hydro	165 GW	54.58 GW	66.98%
Waste to energy	NA	0.85 GW	NA

* As per recent study by The Energy and Resources Institute (TERI), the total theoretical solar potential is pegged at 10,830 GW Hydro: Large + Small hydro; Source: MNRE; NITI Aayog; Crisil Intelligence

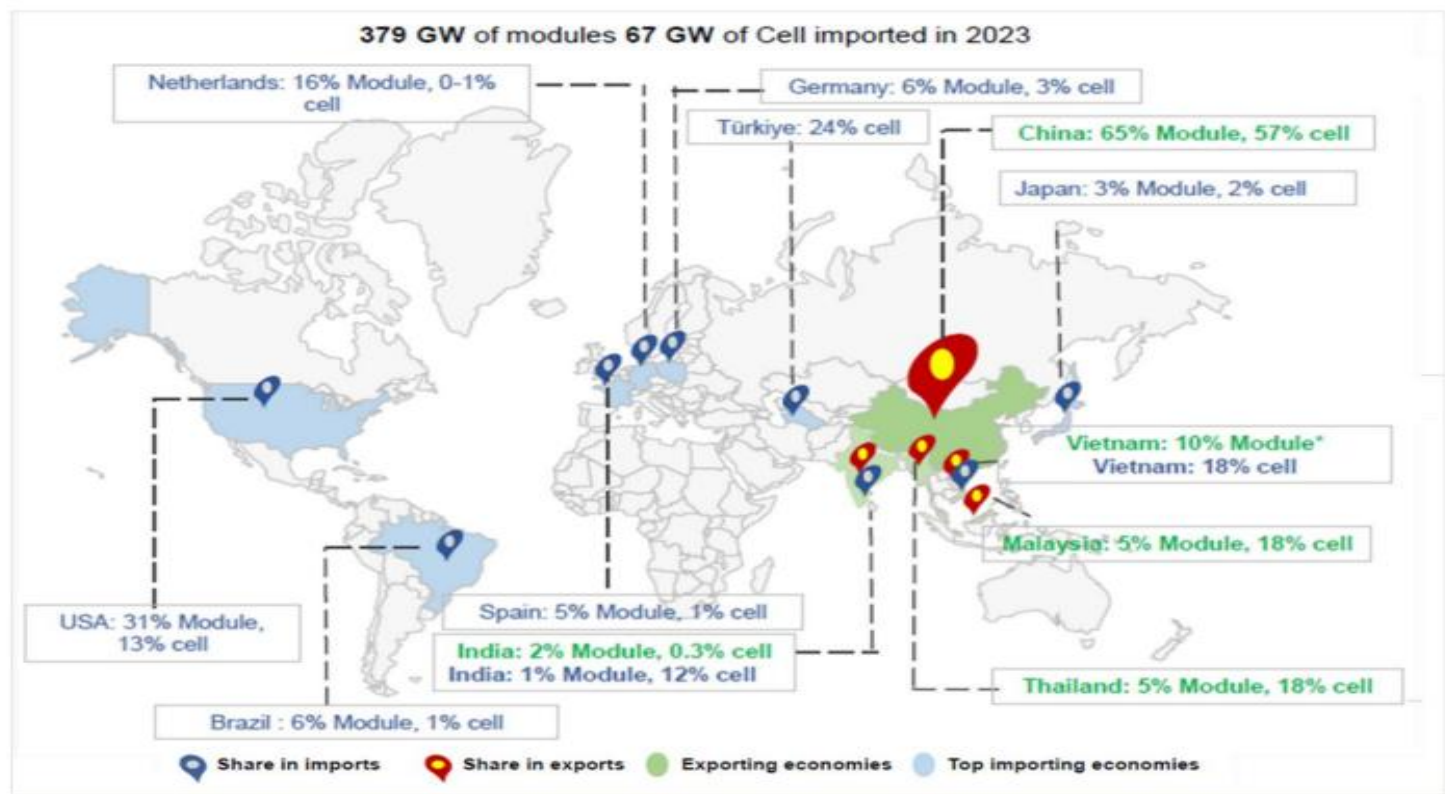
Source: RHP, SSL Research

Key stakeholders in the renewable energy sector in India:



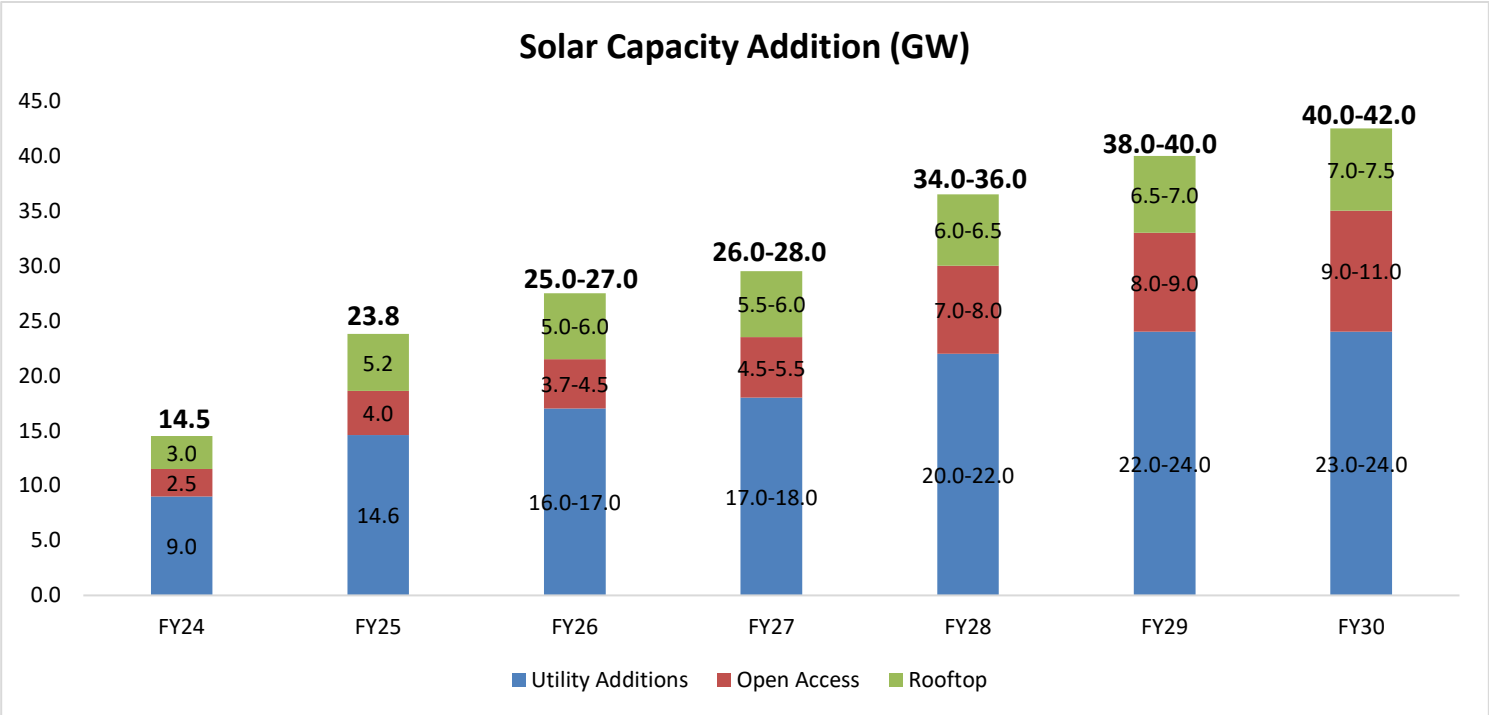
Source: RHP, SSL Research

India’s exports face tough ASEAN competition, limiting market share:



Source: RHP, SSL Research

India’s year wise expected solar capacity additions over fiscals 2026-2030:



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	2,073	2,511	3,423
YoY growth (%)	-	21.1	36.3
Cost Of Revenues (incl Stock Adj)	1,617	1,679	2,555
Gross Profit	457	832	869
Gross margins (%)	22.0	33.1	25.4
Employee Cost	91	96	124
Other Operating Expenses	179	337	252
EBITDA	186	399	492
YoY growth (%)	-	114.1	23.4
EBITDA margins (%)	9.0	15.9	14.4
Other Income	19	13	36
Interest Exp.	122	155	155
Depreciation	64	138	156
PBT	19	119	217
Exceptional Gain/(Loss)	-	(12)	-
Tax	4	28	78
PAT	14	80	140
YoY growth (%)	-	450.1	75.4
PAT margin (%)	0.7	3.2	4.1
Adj. PAT	14	91	140
YoY growth (%)	-	530.5	53.1
Adj. PAT margin (%)	0.7	3.6	4.1

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	572	449	488
Capital WIP	17	28	63
Intangible Assets	11	7	10
Intangible Assets under development	1	-	-
Right of use assets	61	49	56
Other Non current Assets	61	74	54
Current Assets			
Inventories	373	393	429
Trade receivables	959	1,185	1,229
Cash and Bank Balances	104	116	189
Short-term loans and advances	6	-	-
Other Current Assets	310	284	315
Total Current Assets	1,753	1,978	2,161
Current Liabilities & Provisions			
Trade payables	446	647	828
Other current liabilities	315	153	404
Short-term provisions	1	1	0
Total Current Liabilities	762	801	1,233
Net Current Assets	991	1,177	928
Assets Classified as held for sale	-	-	-
Total Assets	1,715	1,785	1,600
Liabilities			
Share Capital	259	259	317
Reserves and Surplus	106	187	925
Total Shareholders Funds	365	445	1,242
Total Debt	739	811	233
Long Term Provisions	8	19	27
Lease Liabilities	54	46	41
Other Long Term Liabilities	548	456	10
Net Deferred Tax Liability	-	8	47
Total Liabilities	1,715	1,785	1,600

Cash Flow (Rs Cr)	FY23	FY24	FY25
Cash flow from Operating Activities	195	152	299
Cash flow from Investing Activities	(111)	(64)	(169)
Cash flow from Financing Activities	(102)	(81)	(100)
Free Cash Flow	64	80	152

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets (%)	0.6	3.5	4.9
Return on Capital Employed (%)	12.8	21.8	25.3
Return on Equity (%)	4.0	20.5	11.3
Margin Analysis			
Gross Margin (%)	22.0	33.1	25.4
EBITDA Margin (%)	9.0	15.9	14.4
Net Profit Margin (%)	0.7	3.6	4.1
Short-Term Liquidity			
Current Ratio (x)	1.4	1.4	1.6
Quick Ratio (x)	1.1	1.1	1.2
Avg. Days Sales Outstanding	169	172	131
Avg. Days Inventory Outstanding	84	86	61
Avg. Days Payables	86	112	103
Fixed asset turnover (x)	3.2	5.0	6.2
Debt-service coverage (x)	0.2	0.3	1.0
Long-Term Solvency			
Total Debt / Equity (x)	2.0	1.8	0.2
Interest Coverage Ratio (x)	1.2	1.8	2.4
Valuation Ratios*			
EV/EBITDA (x)	59.8	28.1	21.4
P/E (x)	725.2	115.0	75.2
P/B (x)	28.8	23.6	8.5
EV/Sales (x)	5.4	4.5	3.1
Mkt Cap/Sales (x)	5.1	4.2	3.1

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison

Particulars (Rs cr)	Vikram Solar	Waaree Energies	Premier Energies	Websol Energy System
CMP (Rs)	332	2,942	999	1,423
Sales	3,423	14,444	6,519	575
EBITDA	492	2,722	1,781	253
Net Profit	140	1,928	937	155
Mkt Cap.	12,009	84,433	44,960	5,975
Enterprise Value	10,551	77,624	44,852	6,040
EBITDA Margin (%)	14.4	18.8	27.3	44.0
Net Profit Margin (%)	4.1	13.3	14.4	27.0
P/E (x)	85.9	43.8	48.0	38.5
EV/EBITDA (x)	21.4	28.5	25.2	23.9
RoE (%)	5.1%	20.3%	33.2%	55.8%
RoCE (%)	12.5%	20.0%	30.0%	49.5%
EV/Sales (x)	3.1	5.4	6.9	10.5
Key Operational Metrics*				
Module Capacity (GW)	4.5	15.0	5.1	0.6
Cell Capacity (GW)	-	5.4	3.2	0.6
Order book (GW)	10.3	25.0	5.5	-

The data is based on FY25 financial data.

For Vikram Solar Ltd, the Market Cap, P/E (x), EV/EBITDA (x), RoE (%), RoCE (%) and EV/Sales are calculated on post-issue equity share capital based on the upper price band.

*For Vikram Solar Ltd, module capacity, cell capacity and orderbook is as of Mar’25, while for others it is as of Jun’25.

CMP of peer companies is as of 13th August, 2025.

Source: RHP, SSL Research.

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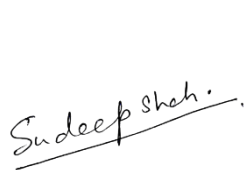
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