

Vikram Solar Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
19 August 2025	21 August 2025	₹315-332	Subscribe

Company Overview

Founded in 2005, Vikram Solar Ltd. (VSL) is one of India's largest pure-play solar photovoltaic (PV) module manufacturers, with over 17 years of industry experience as of March 2025. The company has grown from a modest 12 MW capacity in 2009 to a robust 4.50 GW of installed solar PV module manufacturing capacity today, of which 2.85 GW is enlisted under the Ministry of New & Renewable Energy's Approved List of Modules and Manufacturers (ALMM). Recognized globally, VSL was first included in Bloomberg NEF's Tier 1 manufacturer list in 2014 and has consistently retained this status, with the latest inclusion in Q1 FY2025. It also earned the prestigious EUPD Top Brand PV Seal in May 2025, underscoring its credibility and strong market standing.

Headquartered in India, the company operates strategically located facilities at Falta SEZ in Kolkata, West Bengal, and Oragadam in Chennai, Tamil Nadu, ensuring efficient access to ports, rail, and road networks for both domestic and export markets. With a strong workforce of 1,612 permanent employees and 974 contractual workers, VSL serves marquee clients such as NTPC and ACME, supported by a nationwide network spanning 23 states and 3 union territories through 41 distributors, 64 dealers, and 67 system integrators. To meet rising demand, the company is aggressively scaling its operations, targeting a module capacity of 15.50 GW by FY2026 and 20.50 GW by FY2027, while diversifying into backward integration and energy storage solutions.

Vikram Solar has built strong engineering expertise in designing highly automated production lines with carefully chosen equipment, which has helped the company steadily improve the efficiency of its solar modules from 17.52% in 2016 to 23.66% in 2025. The company has also gained global recognition for the quality and reliability of its products. In 2017, it became the first Indian solar company to be featured in the Kiwa Photo-Voltaic Evolution Labs (PVEL) report, a globally respected benchmark for module performance and reliability. Since 2019, Vikram Solar has consistently been rated as a "Top Performer" in PVEL's annual Reliability Scorecard for seven consecutive years, proving its products' durability and trustworthiness.

Industry Outlook

India's renewable energy sector has witnessed exponential growth, with total installed renewable capacity (including large hydro) rising to ~234 GW as of June 2025 from ~63 GW in March 2012, now contributing nearly 48% of the country's total installed generation base. Solar power has been the key driver, surging to 116 GW from a mere 0.9 GW in 2012, supported by falling module prices, policy incentives, and infrastructure development.

The Government of India's continued focus on solar parks, robust transmission expansion, and its commitment to bid out 50 GW of renewable energy capacity annually until FY2028 provides a strong pipeline for future growth. Solar additions have picked up sharply, with 23.8 GW added in FY2025 alone, and momentum is expected to continue across utility-scale and rooftop segments. Rooftop solar, in particular, is set for rapid expansion, with 28–30 GW of capacity expected between FY2026–30, led by industrial, commercial, and residential demand under supportive schemes such as PM Surya Ghar Yojana and enhanced net metering. On the manufacturing front, India is pushing for full-scale integration across the PV value chain, aided by the Production Linked Incentive (PLI) scheme with an enhanced outlay of ₹240 billion, which is projected to help expand domestic solar module manufacturing capacity to 175–185 GW by FY2030, with ~25% fully integrated from polysilicon to modules.

India aims to build its presence across all stages of PV manufacturing over the next three to five years. With Gujarat expected to lead capacity additions with 55–60% in the next 5 years, India is firmly positioning itself as a global hub for solar manufacturing and deployment, offering a long-term structural growth opportunity for players across the ecosystem.

Investment Rationale

1. Market Leadership with Established Capacity

Vikram Solar is one of India's largest domestic solar PV module manufacturers with an operational capacity of 4.50 GW and an actual production of 1,286 MW as of March 2025. This scale, combined with a long manufacturing track record since 2009, positions the company as a market leader in India's rapidly growing renewable energy sector. Backed by a CRISIL report, its leadership status provides not only economies of scale but also a competitive edge in meeting large utility-scale requirements and securing marquee clients. With the government's focus on expanding solar adoption, Vikram Solar's established capacity serves as a strong foundation for future growth.

2. Strong R&D and Technological Innovation

Vikram Solar's diversified technology portfolio provides it with a significant competitive edge in the evolving solar market. The company manufactures P-type PERC modules, which, though becoming outdated, remain cost-effective and in demand, ensuring volume stability. At the same time, it has strategically moved into N-type monocrystalline modules, which offer higher efficiency, longer durability, and reduced degradation, aligning with the current global shift toward superior performance products. Most importantly, Vikram Solar has demonstrated strong R&D and execution capabilities by developing next-generation N-type Heterojunction Technology (HJT) modules, which are globally viewed as the future of solar due to their ultra-high efficiency, better performance in hot climates, and long lifespan. By offering both bifacial and monofacial designs and backing them with 12-year product and 27–30 year performance warranties, Vikram Solar positions itself as a trusted technology leader in both domestic and international markets. This balanced mix of current, mainstream, and future-ready technologies ensures resilience, adaptability, and long-term growth potential.

3. Advanced, Automated Manufacturing Capabilities

Vikram Solar's manufacturing facilities are highly automated and technologically advanced, equipped with systems sourced from Japan, Germany, the U.S., Switzerland, and China—countries renowned for solar expertise. The integration of SAP/BI-based control algorithms, Ariba, and e-auctions into their operations highlights a best-in-class approach to efficiency, quality control, and supply chain management. With automation covering planning, procurement, logistics, and quality tracking across assembly phases, the company ensures consistent, high-quality output at scale. Such operational excellence enhances cost efficiency and reliability, creating a strong moat against domestic and international competitors.

4. Extensive Distribution Network and Market Reach

On the domestic front, Vikram Solar has built an extensive distribution network with a pan-India presence across 19 states and 2 union territories, supported by over 83 authorized distributors and 250+ dealers as of May 2025. This sharp increase from 41 distributors and 64 dealers in September 2024 highlights the rapid expansion of its footprint. A structured salesforce, organized by regional clusters and district-level managers, ensures deep market penetration, particularly in solar-demand-heavy regions like the West, North, and South. This extensive distribution system not only secures repeat business but also strengthens customer loyalty and the company's ability to scale faster than peers.

5. Strong Brand Equity and Global Recognition

Vikram Solar's brand enjoys strong recognition, underpinned by high-quality products and proven execution capabilities. The company has been repeatedly included in Bloomberg NEF's Tier 1 list of module manufacturers since 2014, reaffirming its global credibility. Its receipt of the prestigious EUPD Top Brand PV Seal in May 2025 further highlights its brand strength and reliability. This recognition, coupled with a loyal customer base and marquee clients, positions Vikram Solar favourably against both Indian and international competitors. Strong brand equity enhances pricing power, customer trust, and long-term revenue visibility in a sector that is increasingly driven by quality assurance and performance reliability.

**Financial Snapshot**

INR Cr

Metric	FY23	FY24	FY25
Revenue (₹ Cr)	2,091	2,523	3,459
EBITDA (₹ Cr)	186	399	492
Net Profit (₹ Cr)	14	80	140
EBITDA Margin (%)	8.9	15.9	14.2
PAT Margin (%)	0.7	3.17	4.1

Key Risks**1. Revenue Concentration Risk**

The company's revenue is heavily dependent on solar PV modules, which accounted for 98.2% of operational revenue in FY25, up from 46.8% in FY23. Such a high reliance on a single product category makes the business vulnerable to fluctuations in demand, pricing pressures, or technological shifts in the solar industry. Any slowdown in module demand could materially impact revenue and profitability.

2. Customer Concentration Risk

A significant portion of the company's revenues comes from a limited number of customers. In FY25, the top five and top ten customers contributed 77.5% and 88.7% of revenues, respectively. This high concentration exposes the company to risks if major customers reduce orders, switch to competitors, or face financial difficulties, which could materially impact the company's sales and cash flows.

3. Execution Risk on Expansion Plans

The company's future growth strategy depends on the successful execution of a new manufacturing facility in Tamil Nadu through its subsidiary, VSL Green Power Private Limited, as well as expansion of existing plant capacity. Any delay, cost overrun, or failure to execute these projects on time could hurt growth prospects, financial performance, and investor confidence.

4. Raw Material Price Volatility

The company is exposed to fluctuations in the prices of critical raw materials such as wafers, solar photovoltaic cells, and other components. Given that raw materials form a significant portion of costs, any sharp increase due to supply-demand imbalances, geopolitical issues, or supply chain disruptions could adversely impact margins and overall profitability.

5. Legal and Regulatory Risks

The company, along with certain directors and promoters, is currently involved in ongoing outstanding litigations and legal proceedings. Any unfavourable judgment could lead to financial liabilities, penalties, or restrictions, while also tarnishing the company's reputation. In addition, regulatory changes in the renewable energy sector could also create uncertainties affecting long-term operations.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Vikram Solar Limited
IPO Structure	Fresh Issue of ₹1,500 Cr + Offer for Sale (OFS) of ₹579 Cr
Issue Size	₹2,079 Cr
Price Band	₹315 – ₹332
Face Value	₹10
Post-Issue Market Cap	₹12,009 Cr
IPO Opening Date	19th August 2025
IPO Closing Date	21st August 2025
Listing	NSE, BSE
Promoter Holding (Pre/Post)	77.64% / 63.11%
Book Running Lead Managers	JM Financial, Nuvama Wealth Management, UBS Securities India, Equirus Capital, PhillipCapital India
Use of Proceeds	Partial funding Phase 1 Capex – 769.63 Cr Funding of Phase 2 Capex – 595.21 Cr General Corporate Purposes

Valuation and Recommendation

Over FY23–25, the company delivered strong growth with revenue, EBITDA, and adjusted PAT expanding modestly, reflecting both operational scale-up and margin improvement. At the upper price band of ₹332, VSL is valued at 85.9x FY25 P/E on a post-IPO basis, which appears expensive. However, the strong growth visibility, driven by ~4x planned capacity expansion to 15.5 GW by FY26, robust domestic solar demand, and supportive government initiatives, provides comfort on future earnings potential. Margins are also expected to improve meaningfully once the company's solar cell capacity becomes operational in FY27. While valuations are at the higher end, they can be considered justified if execution remains on track. We recommend investors to **SUBSCRIBE** to the issue for potential listing gains.

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