Premier Explosives Limited

ISO 9001 REGISTERED
MGMT. SYS. RvA C024
DNV Certification B.V., The Netherlands

February 08, 2021

To
The General Manager
Department of Corporate Relations
BSE Limited
Sir Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai -400 001

Scrip code: 526247

To
The Vice President,
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Scrip code: PREMEXPLN

Dear Sirs,

Sub: Presentation on Third Quarter ended 31st December, 2020 results.

In connection with the conference call with the Investor Analysts, the schedule of which has already been intimated to you, please find attached, the presentation on the Third Quarter ended 31st December, 2020 results.

This is for your kind information and record.

Thanking you,

Yours faithfully,

For **Premier Explosives Limited**

K. Jhansi Laxmi

PREMIER EXPLOSIVES LTD. SEC'BAD

K. Jhansi Laxmi
Company Secretary
Encl: a/a

Premier Explosives limited

PREMIER EXPLOSIVES LIMITED

INVESTOR PRESENTATION |February 8, 2021

Key Highlights

Order intake

- Enhancement of Order received from **'Israel Aerospace Industries Limited (IAI), Israel'** for development and supply of **EDRM Rocket Motors** in August, 2020 – the total order value is increased to **USD 1,384,000** from **USD 520,000**; Order is to be executed and delivered by September 30, 2021
- Received Order from **'Israel Aerospace Industries Limited (IAI), Israel'** for supply of **82H Rocket motor** worth about **Rs. 0.9 million**
- Received Order worth **Rs. 203.3 million** from **Ministry of Defence** for supply of 50 mm Flares; Order to be executed within 6 months from the date of contract
- Received Order from **Ministry of Defence** worth **Rs. 137.8 million** for supply of 26 mm Chaffs; Order to be executed within the period od 6 months from the of the contract

Business Update

- Restrictions on import of Ammonium Nitrate and increase in domestic prices have been affecting production and profitability.
- Supply chain and logistics including for import of raw materials has improved.

Results Highlight- Q3 FY21

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	PBT
Q3FY21	**487.9**	**(36.8)**	**(68.7)**
Q3FY20	289.3	(62.2)	(89.4)

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
Q3FY21	**174.6**	**262.7**	**50.7**	**488**
Q3FY20	153.4	78.0	57.9	289.3

Standalone Numbers

Results Highlight- 9M FY21

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	Profit before exceptions item	Exceptional item (VRS expense)	PBT
9MFY21	**1170.8**	**(95.2)**	**(92.7)**	**(90.8)**	**(183.5)**
9MFY20	1225.4	(4.6)	(70.9)	-	(70.9)

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
9MFY21	**457.2**	**572.8**	**140.8**	**1170.8**
9MFY20	787.3	280.1	158.0	1225.4

Standalone Numbers

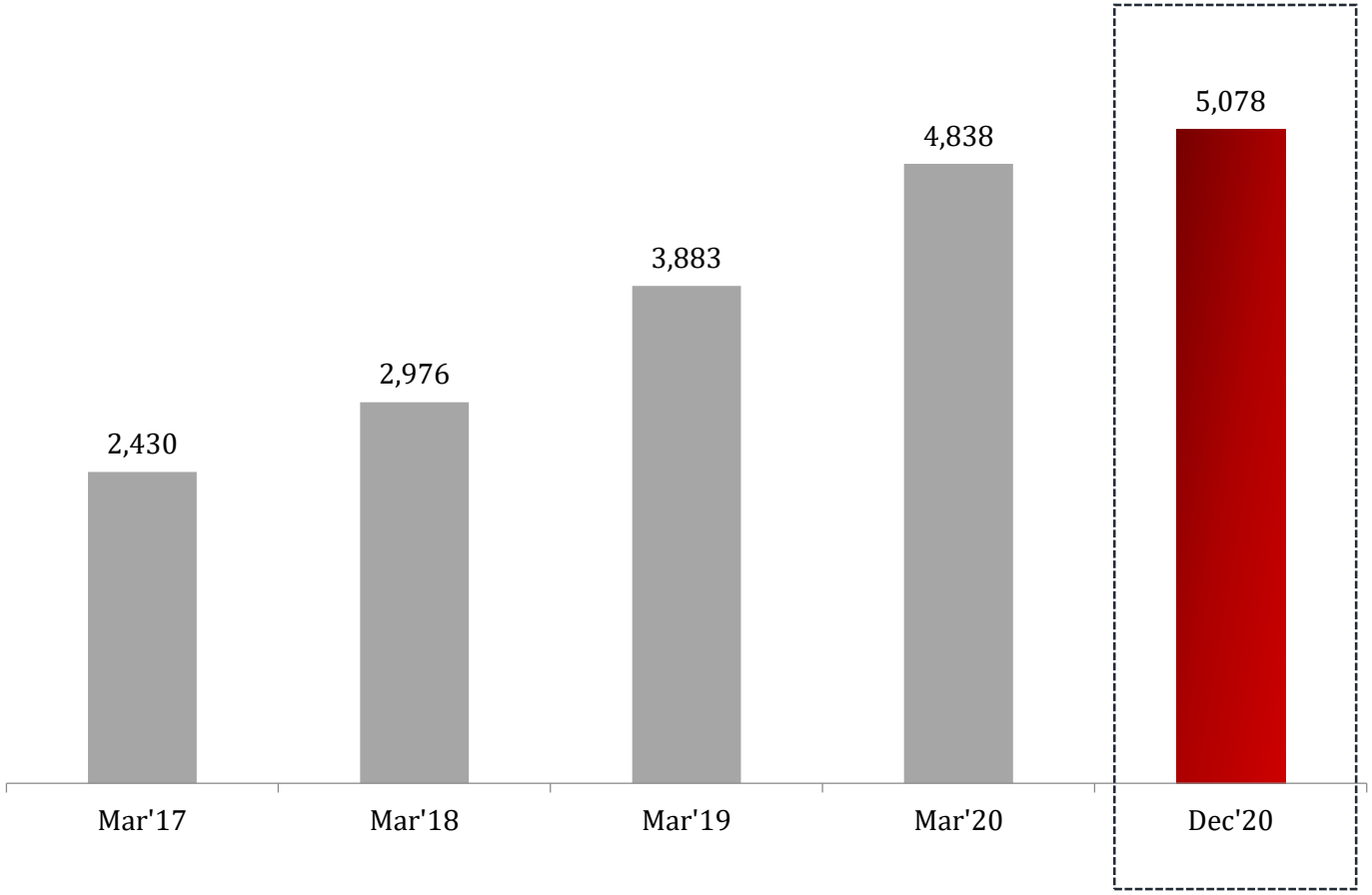
Profit & Loss Statement

In Rs. Mn	Q3FY21	Q3FY20	Q2FY21	9MFY21	9MFY20
Revenue from Operations	**487.9**	**289.3**	**452.6**	**1170.8**	**1,225.4**
Expenses	524.8	351.5	412.5	1175.0	1,230.0
Operating profit	(36.9)	(62.2)	**40.1**	(4.2)	(4.6)
Operating Margins	**-7.6%**	**-21.5%**	***8.9%***	**-0.4%**	**-0.4%**
Other income	1.3	2.2	0.3	4.5	10.3
Depreciation	12.8	12.6	12.5	37.9	37.2
Interest	20.3	16.8	17.2	55.1	39.4
Profit before exceptional item	(68.7)	**(89.4)**	**10.7**	(92.7)	**(70.9)**
Exceptional item (VRS exp)	-	-	90.8	90.8	-
PBT	(68.7)	(89.4)	(80.1)	(183.5)	(70.9)
Tax	(16.6)	0.8	(22.6)	(49.1)	0.01
PAT	(52.1)	(90.2)	**(57.5)**	(134.4)	(70.8)
EPS (before exceptional item)	**(4,85)**	(8.39)	**0.75**	**(6.41)**	(6.59)
EPS	**(4.85)**	**(8.39)**	**(5.34)**	**(12.5)**	**(6.59)**

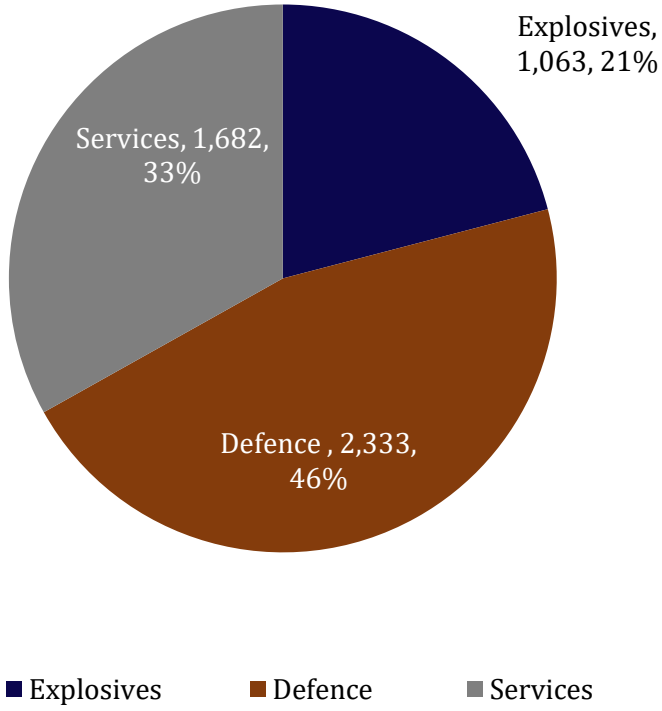
Standalone Numbers

Improving Order Book

Order Book



Order Break-up



(in Rs. mn)

Company Overview

Pioneer in Explosives & Defence Sector...

A leading manufacturer of High Energy Materials

- **1st in India** to manufacture **Explosives and Detonating fuse with indigenous technology**
- **1st in the world** to produce **Safer and Greener NHN detonators on commercial scale**
- **1st Private Company** to manufacture **Solid Propellants** to India's missile programs

Serving Defence & Space and Mining & Infrastructure Industries

- Participation in Defence and Space programs with Indigenous technology & Technology Transfer
- Owns Licenses for manufacturing & development products provides High Entry barrier

Highly trained manpower in handling high energy chemicals

- Team Strength of over 1,400 trained people across various function

State-of-the-art manufacturing facilities

- Six Manufacturing facilities in Telangana, Madhya Pradesh, Maharashtra & Tamil Nadu

Grew under leadership of Industry Veteran..

Dr. A. N. Gupta

Chairman & Managing Director

- Recipient of 'Udyog Rattan Award' & 'Pickering and ISM Medal'
- Member of Society of Explosives Engineers, U.S.A, Ex-Chairman of Explosives Development Council and Fellow of High Energy Materials Society of India (HEMSI)
- Written a number of Technical papers in national & international Seminars and Journals

T V Chowdary

Dy. Managing Director

- A Chemical Engineer with over 35 years of experience in production of Chemicals, Explosives and Solid Propellants.
- Having project execution as his forte, he is excellent in HR Management and is a steadfast trouble-shooter.
- Development of solid propellant products for export markets

Y. Durga Prasad Rao

Director Operations

- A mechanical engineer having 34 years experience in manufacture of explosives, propellants, refractories and factory management

Supported by skilled workforce

- Over 1,400 Dedicated and Experienced Employees
- Team comprises of about 100 Engineers / Scientists
- About 550 people trained in Propellant and Pyrotechnic products

with impetus on Research & Development…

Collaboration with **Gulbarga University, IIT Madras and BITS Pilani** for research in high energy materials

Certified Lab

World's 1st producer of NHN based detonators on commercial scale much safer and greener than traditional ASA.

- Licensed the technology to a US company

Developed Solid Propellants for various missiles including a combustion-stable Propellant for LRSAM

NEW PRODUCT

Laboratories have been **certified by DSIR and accredited by NABL**

…thrives to remain at the forefront of technology and product development

& high focus on Safety at Manufacturing facilities

Bulk Explosives

- Singrauli (Madhya Pradesh)
- Chandrapur (Maharashtra)
- Godavarikhani (Telangana)
- Manuguru (Telangana)
- Neyveli (Tamil Nadu)
- Peddakandukur (Telangana)

Defence & Space

- **Peddakandukur (Telangana)**

  Detonator, Detonating fuse,
  Packaged Explosives,
  Product Research &
  Special Products Divisions

- **Katepally (Telangana)**
  (Under construction)

  Solid propellants
  HMX/RDX
  Ammunition
  Mines
  Warheads

Greenfield expansion at Katepally

- **Katepally Solid Propellant Plant** is ready for Commercial Operations
  - Obtained License from Chief Controller of Explosives, Nagpur for production of solid propellant at the facility
  - Katepally plant would augment capacities & add new products to meet increasing demand for defence products
  - Facility will enable Company to manufacture Solid Propellant of larger size
- Received order for production of **PSOM-XL (Solid Propellant)** for small satellite launch vehicles from Vikram Sarabhai Space Center (VSSC)
  - First order to be executed at the facility
- **RDX & HMX Plant** is in advanced stage of completion
  - Buildings are ready and the plant is in place
  - Obtained licenses from Government of Telangana, Pollution Control Board, Petroleum and Explosives Safety Organization etc.
  - Received order for RDX and HMX derivatives from Elmas Savunma Sanayii Ve Havacilik Ticaret Limited, Ankara, Turkey

Serving the critical needs of Industry

Commercial Explosives

- Manufactures diverse range of commercial explosives for Mining & Infrastructure Industries
- Product range includes Bulk Explosives, Cartridge Explosives, Cast Booster, Detonators, Detonating Fuse, etc

Defence & Aerospace

- Manufactures solid propellants for tactical missiles (Astra, Akash and LRSAM / MRSAM) strategic missiles (Agni) and Pinaka rocket
- Entered in Indian Space programme as approved supplier of PSOM-XL Motor for use in Polar Satellite Launch Vehicle(PSLV) to ISRO
- Only domestic manufacturer supplying countermeasures like Chaffs and Flares to Indian defence
- Undertaking Operation & Maintenance services for solid propellant plants of ISRO at SHAR, Sriharikota and DRDO at ASL, Jagdalpur

Business Segments

Stable business of Commercial Explosives…

Manufacturing Explosives Products ….

Bulk Explosives

Cast Boosters

Detonators

Detonating Fuse

…for Clients in Mining & Infrastructure Industries

Cement Manufacturers

Export to Countries

Israel, Greece, Jordan, Turkey, Nepal, Thailand, Philippines, Indonesia, etc.

With greater visibility of sustainable opportunity landscape

In Mining Industry

- India aims to produce **1 billion tonne** coal Production **by 2023-24**; Coal India to invest ~Rs. 32,696 crores on coal evacuation
- Coal India identified 15 greenfield project to operate through Mine Developer and Operator Model; providing opportunity for growth
- Market expansion in explosives with new Industrial licenses obtained
- Focus on increasing the Exports to **South East Asia and Africa** for Commercial Explosives

In Infrastructure Industry

- Government's impetus on infrastructure projects to boost the need for quarry stone, iron ore and cement
- Government of India planned to spend **Rs. 6.9 trillion** on **83,677 km road construction by 2022**
- Cement industry capacities to reach **550 million tonne** by **2025**

Building Defence & Aerospace segment…

Manufacturing Products across segments ….

Propellants	Pyros	Explosives	Counter-measures
Pyrogen igniters	Pyro cartridges	CL - 20	Chaffs
Case-bonded propellants	Pyro actuators	HNS - IV	Flares
Free standing grains	Smoke / flash generators	Explosive bolts	
Fuel rich, Air Target Imitator	IR generators	$BKNO_3$ Igniters	
Gas generators	Specialized squibs		
Strap-on motors for satellite launchers			

…for various Defence & Space PSUs

Bharat Dynamics Limited

भारत इलेक्ट्रॉनिक्स BHARAT ELECTRONICS

ISRO

Electronics Corporation of India Limited

First Private Manufacturer and Supplier of Solid Propellants in India

with focus on enhancing Technological Capabilities…

Unmatched Technological know-how and Research Capabilities….

In-house development	Production under ToT
• **Pyrogen Igniters** for Strategic missiles • Non-Aluminium composition for **Astra** • **LRSAM** composition without Combustion Instability • **Sledge** Rocket Motors • IR flares • Air Target Imitator	• Akash booster / sustainer grains • LRSAM / MRSAM / QRSAM / NGARM motors • ARM motors • Pyrogen igniters for ANSP • Daisy II motor for Agni • Pinaka rockets – Mark I and II • Astra motor • Chaff • IR flares

…. and Industrial Licences from DIPP

Defence Industrial Licenses
• In Defence, received **14 Industrial Licenses from DIPP** in over last 3 years • Few of the key licenses are: 1. Rocket and Missiles 2. Bombs & Mines for Defence 3. Single Base Propellant 4. License for manufacture of propellants, Ammonium Perchlorate and HTPB

Preferred supplier to Defense : Sector with High-Entry Barriers

Continuous efforts towards strengthening the Intellectual Property (IP) for manufacturing of High-Energy material

Enhancing product offering…

for Indian Air Force

On-going	Under Development
Chaffs & Flares	70 mm rockets
Air Target Imitators (for Air Defence & Indian Army	Air-Glide bombs
	Re-graining of existing missiles
	Indigenization of power cartridges
	Canopy severance system

for Missile Programme

Expanding product portfolio	
Solid Propellant	Ammonium Perchlorate
Rocket motor hardware	HTPB & CL20
Thermal insulations & Hot integration	Single base, Double base, Triple base propellants
War-heads	Pyrogen igniters

Contributing to India's Prestigious Missile Programs

Missile	Type	Stage	Client	End user	PEL's contribution
Akash	Tactical, Surface to Air	Production	Bharat Dynamics Limited (BDL)	Indian Air Force and Indian Army	Supplied **2000+** booster grains and **450+** sustainer grains
MRSAM	Tactical, Surface to Air	Production from 2019	DRDO / BDL	Indian Army	100% requirements of solid propellants
Agni IV	Ballistic	Production	Advanced Systems Laboratory	Strategic Forces Command	Pyrogen igniter
Brahmos	Cruise, Air launched Anti-ship, Land attack	Production	HEMRL	Indian Air Force, Indian Navy and Indian Army	Transfer of technology is under induction
LRSAM	Tactical, Surface to Air	Development	DRDO	Indian Navy	100% requirements of solid propellants
Astra	Tactical, Air to Air	Development	DRDO	Indian Air Force	100% requirements of solid propellants

Increasing participation in India's Space Program

Operations & Maintenance Under GOCO

- Operating and Maintaining Solid Propellant plant of ISRO at SHAR under GOCO Contract for 10 years in Jan'2019
- Operating and maintaining the solid propellant plant of Advance Systems Laboratory (ASL) at Solid Fuel Complex, Jagdalpur
- **Provides exposure to advanced processes in manufacture of solid propellants**

PSOM-XL for ISRO

- Trial order successfully tested in January 2018
- Received an order from Vikram Sarabhai Space Centre (VSSC) for production of PSOM-XL (solid propallent) for the Satellite Launch Vechile (SLV)
- Production to start at Katepalley Plant

Defence : Opportunity landscape

Government enhances focus on "Make In India" in Defence

- Defence Ministry puts **'101 Defence items'** under import embargo under 'Atmanirbhar Bharat Programme'
- Defence Ministry estimates that contracts worth almost **'Rs. 4 lakh crore'** to be given to domestic industry in the next 5-7 years.
- **'Defence Procurement Policy 2016'** linking to 'Make in India' Initiative to increase Self Reliance' in Defence Products
- Offset Opportunities
- '**Open General Export License**' scheme to be launched by Government of India to boost export of Defence Products in Long Term
    - In last 3 years, Exports has grown by 7 times to **Rs 10,745 crores**
- **National Advanced Surface to Air Missile System II (NASAMS II)**- India in the process of acquiring NASAMS II from US
- '**Strategic Partnership**' policy would rope in large private corporates into Defence Production who in turn will create overall Defence ecology including MSMEs

Well positioned to enhance participation

- Pioneer in manufacturing and supply solid propellants to India's prestigious missile programs
- Possesses various Industrial license for production
- Member of Missile Technologies Control Group (MTCR), India provided access Advanced Technologies
- Tying-up with OEMs- in advance stage of negotiations
    - To Meet the Defence Offset Obligations
    - Forming Partnership to Manufacture in India
- Manufacturing facilities capable of handling higher volume and new product requirements
    - Greenfield project at Katepally (near Hyderabad) in about 150 acres. Another 100 acres of land available for further expansion

Space : Opportunity landscape

Government to launch various Space Programme…

- India to double the space mission to **12 missions per year** in five-year period
  - In next 5 years, ISRO to launch various missions like **Aditya L-1, Gaganyaan, Mars Orbiter Mission-2, Chandrayaan-3, Shukrayaan, etc.**
- ISRO to get new commercial arm **'New Space India Limited (NSIL)'** to commercialized launch vehicle and other state of art technologies in Global space market
  - Enhance participation of private players in the space programmes
- India plans to have an **'Orbiting Space Station'** by **2030**

…Huge opportunity for the Private Players

Building Company with Vision - 2025

Continue the leadership in High Energy Materials for defence and space

Develop low cost processes and techniques for production of industrial explosives

Develop capacity for missile integration

Meet the full requirements of ISRO's strap-on motors

Enter export market for defence products and high energy components

Awards & Appreciations

Year	Award	Awarded By
2019	SME - Empowering India Awards 2019 in the Defense & Aerospace (Mid - Corporate)	Hon'ble Union Minister of Steel
2016	HEMSI Honorary Fellowship to Dr. A.N.Gupta	High Energy Materials Society of India
2015	Outstanding Entrepreneur Award	Enterprise Asia
2014	Appreciation for development of Propellant composition for LRSAM without combustion instability	Director, DRDO
2013	Inc. India Innovative 100 Award for plant-scale manufacture of NHN detonators	Inc. India
2011	Appreciation for development of Propellant Casting of Motors and Igniters for First and Second Stages of Agni-4	Director, Advanced Systems Laboratory
2010	Appreciation for development of Pyrogen Igniters for Agni A4	ASL
2008	Appreciation for development of Pyrogen Igniters for Agni A3	ASL
2007	Defence Technology Absorption Award-2007, received from Dr. Manmohan Singh, Prime Minister of India	DRDO
2007	Best R&D Effort Award	AIMO
2005	Best Technology Development Award for R&D achievements	FAPCCI
2004 - 07	Best Greenery Development Award	AP Pollution Council

Contact Us

PREMIER EXPLOSIVES LIMITED

Mr. C. Subba Rao (CFO)
csr@pelgel.com

'Premier House', 11 Ishaq Colony, Near AOC Center,
Secunderabad 500 015

STELLAR INVESTOR RELATIONS

Ms. Pooja Sharma/ Ms. Hina Agarwal
pooja.sharma@stellar-ir.com /hina@stellar-ir.com

Kanakia Wall Street, Andheri (East), Mumbai 400 093