



# Premier Explosives Limited

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DNV Certification B.V., The Netherlands



MGMT. SYS.  
RvA C024

23<sup>rd</sup> October, 2020

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

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: 526247

Scrip code: PREMEXPLN

Dear Sirs,

**Sub: Presentation on Second Quarter ended 30<sup>th</sup> September, 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 Second Quarter ended 30<sup>th</sup> September, 2020 results.

This is for your kind information and record.

Thanking you,

Yours faithfully,

For Premier Explosives Limited

*K. Jhansi Laxmi*

K. Jhansi Laxmi,  
Company Secretary  
Encl: a/a



# PREMIER EXPLOSIVES LIMITED

INVESTOR PRESENTATION | October 23, 2020





# Key Highlights

## PEL enters into New Business Segment in Defence Explosives

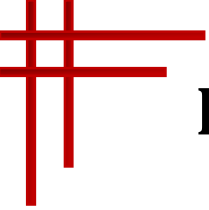
- Received '**Industrial license**' from Department for Promotion of Industry and Internal Trade (DPIIT) under Arms Act, 1959 for the manufacture of all types of warheads and fuses at Katepally, Telangana
- The Company has received licence for all types of Warheads and all types of Electronic & Mechanical Fuses; Licence validity is for Lifetime.

## Order intake

- Received Order worth **Rs. 828.3 million** from **Singareni Collieries Company Limited, Telangana** for supply of SMS/SME explosives and accessories (Cast Booster, Detonating Fuse, Cord Relay, Nonel and CED 2.0M detonator) for OB removal at different OCPs of SCCL
- Order to be executed within a period of 2 years

## Business Update

- Operating levels are gradually improving.
- Supply chain and logistics including for import of raw materials has improved.



# Results Highlight- Q2 FY21

## Financial Highlights

| (in Rs. Mn) | Operating revenue | Operating profit | Profit before exceptions item | Exceptional item (VRS expense) | PBT    |
|-------------|-------------------|------------------|-------------------------------|--------------------------------|--------|
| Q2FY21      | 452.6             | 40.1             | 10.7                          | (90.8)                         | (80.1) |
| Q2FY20      | 432.3             | 26.0             | 5.2                           | -                              | 5.2    |

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## Revenue Breakup

| (in Rs. Mn) | Explosives | Defence | Services | Total |
|-------------|------------|---------|----------|-------|
| Q2FY21      | 111.3      | 294.8   | 46.5     | 452.6 |
| Q2FY20      | 267.2      | 111.3   | 53.8     | 432.3 |

# Results Highlight- H1 FY21

## Financial Highlights

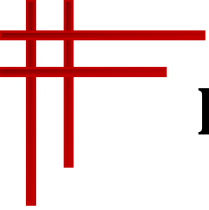
| (in Rs. Mn) | Operating revenue | Operating profit | Profit before exceptions item | Exceptional item (VRS expense) | PBT     |
|-------------|-------------------|------------------|-------------------------------|--------------------------------|---------|
| H1FY21      | 682.8             | 32.5             | (24.0)                        | (90.8)                         | (114.8) |
| H1FY20      | 936.1             | 57.6             | 18.6                          | -                              | 18.6    |

## Revenue Breakup

| (in Rs. Mn) | Explosives | Defence | Services | Total |
|-------------|------------|---------|----------|-------|
| H1FY21      | 282.6      | 310.1   | 90.1     | 682.8 |
| H1FY20      | 633.9      | 202.1   | 100.1    | 936.1 |

# Profit & Loss Statement

| In Rs. Mn                             | Q2FY21             | Q2FY20             | Q1FY21              | H1FY21             | H1FY20             |
|---------------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| <b>Revenue from Operations</b>        | <b>452.6</b>       | <b>432.3</b>       | <b>230.2</b>        | <b>682.8</b>       | <b>936.1</b>       |
| Expenses                              | 412.5              | 406.3              | 237.9               | 650.3              | 878.5              |
| <b>Operating profit</b>               | <b>40.1</b>        | <b>26.0</b>        | <b>(7.7)</b>        | <b>32.5</b>        | <b>57.6</b>        |
| <b><i>Operating Margins</i></b>       | <b><i>8.9%</i></b> | <b><i>6.0%</i></b> | <b><i>-3.3%</i></b> | <b><i>4.8%</i></b> | <b><i>6.2%</i></b> |
| Other income                          | 0.3                | 3.3                | 2.9                 | 3.3                | 8.1                |
| Depreciation                          | 12.5               | 12.5               | 12.4                | 25.0               | 24.5               |
| Interest                              | 17.2               | 11.6               | 17.5                | 34.8               | 22.6               |
| <b>Profit before exceptional item</b> | <b>10.7</b>        | <b>5.2</b>         | <b>(34.7)</b>       | <b>(24.0)</b>      | <b>18.6</b>        |
| Exceptional item (VRS exp)            | 90.8               | -                  | -                   | 90.8               | -                  |
| PBT                                   | (80.1)             | 5.2                | (34.7)              | (114.8)            | 18.6               |
| Tax                                   | (22.6)             | (5.4)              | (9.9)               | (32.5)             | (0.8)              |
| <b>PAT</b>                            | <b>(57.5)</b>      | <b>10.6</b>        | <b>(24.8)</b>       | <b>(82.3)</b>      | <b>19.4</b>        |
| <b>EPS (before exceptional item)</b>  | <b>0.75</b>        | <b>0.98</b>        | <b>(2.31)</b>       | <b>(1.56)</b>      | <b>1.80</b>        |
| <b>EPS</b>                            | <b>(5.34)</b>      | <b>0.98</b>        | <b>(2.31)</b>       | <b>(7.65)</b>      | <b>1.80</b>        |



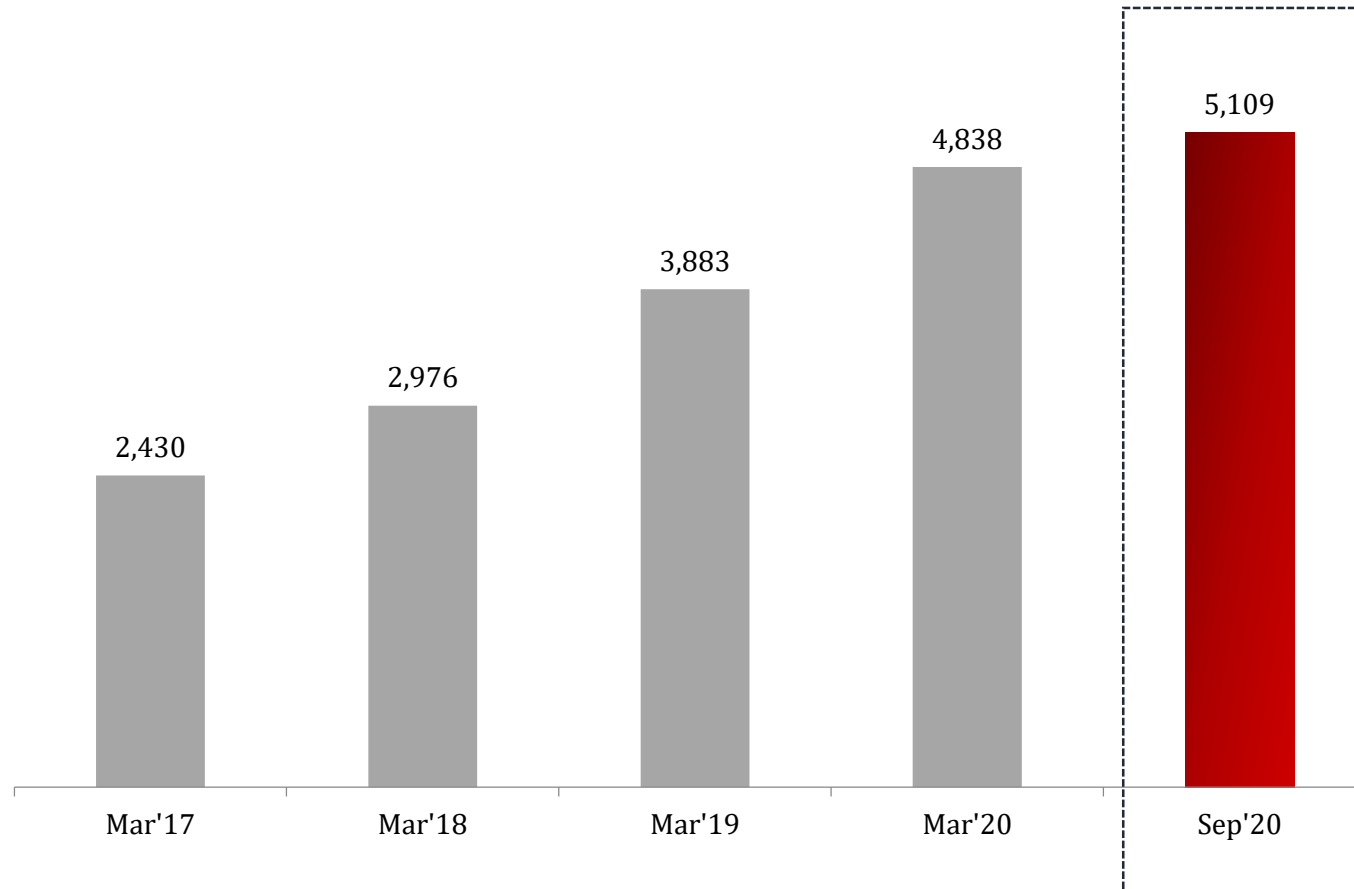
# Balance Sheet Highlights

| In Rs Mn                 | Sep'20        | Mar'20        |
|--------------------------|---------------|---------------|
| Equity Share Capital     | 107.5         | 107.5         |
| Other Equity             | 1774.1        | 1857.2        |
| Non-current liabilities  | 142.3         | 172.1         |
| Current liabilities      | 1074.3        | 926.0         |
| <b>Total liabilities</b> | <b>3098.2</b> | <b>3062.8</b> |
| Net Fixed Asset Block    | 1040.3        | 1061.5        |
| CWIP                     | 663.3         | 616.9         |
| Other non-current Assets | 218.4         | 208.0         |
| Current assets           | 1176.2        | 1176.4        |
| <b>Total assets</b>      | <b>3098.2</b> | <b>3062.8</b> |



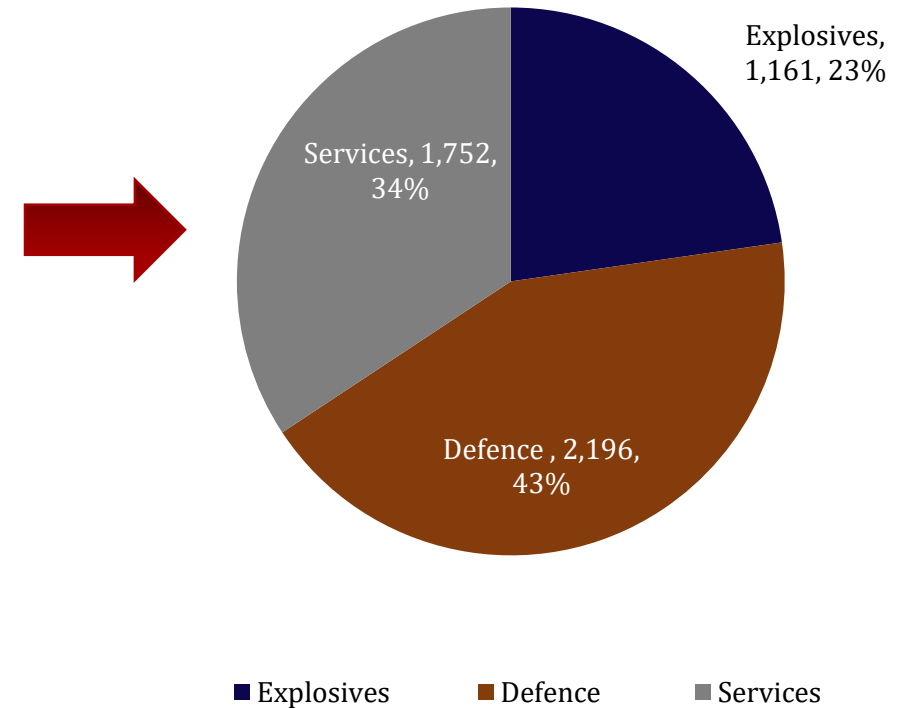
# Improving Order Book

## Order Book



(in Rs. mn)

## Order Break-up







## Company Overview

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# Pioneer in Explosives & Defence Sector...



## A leading manufacturer of High Energy Materials

- **1<sup>st</sup> in India** to manufacture **Explosives and Detonating fuse** with indigenous technology
- **1<sup>st</sup> in the world** to produce **Safer and Greener NHN detonators** on commercial scale
- **1<sup>st</sup> 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*

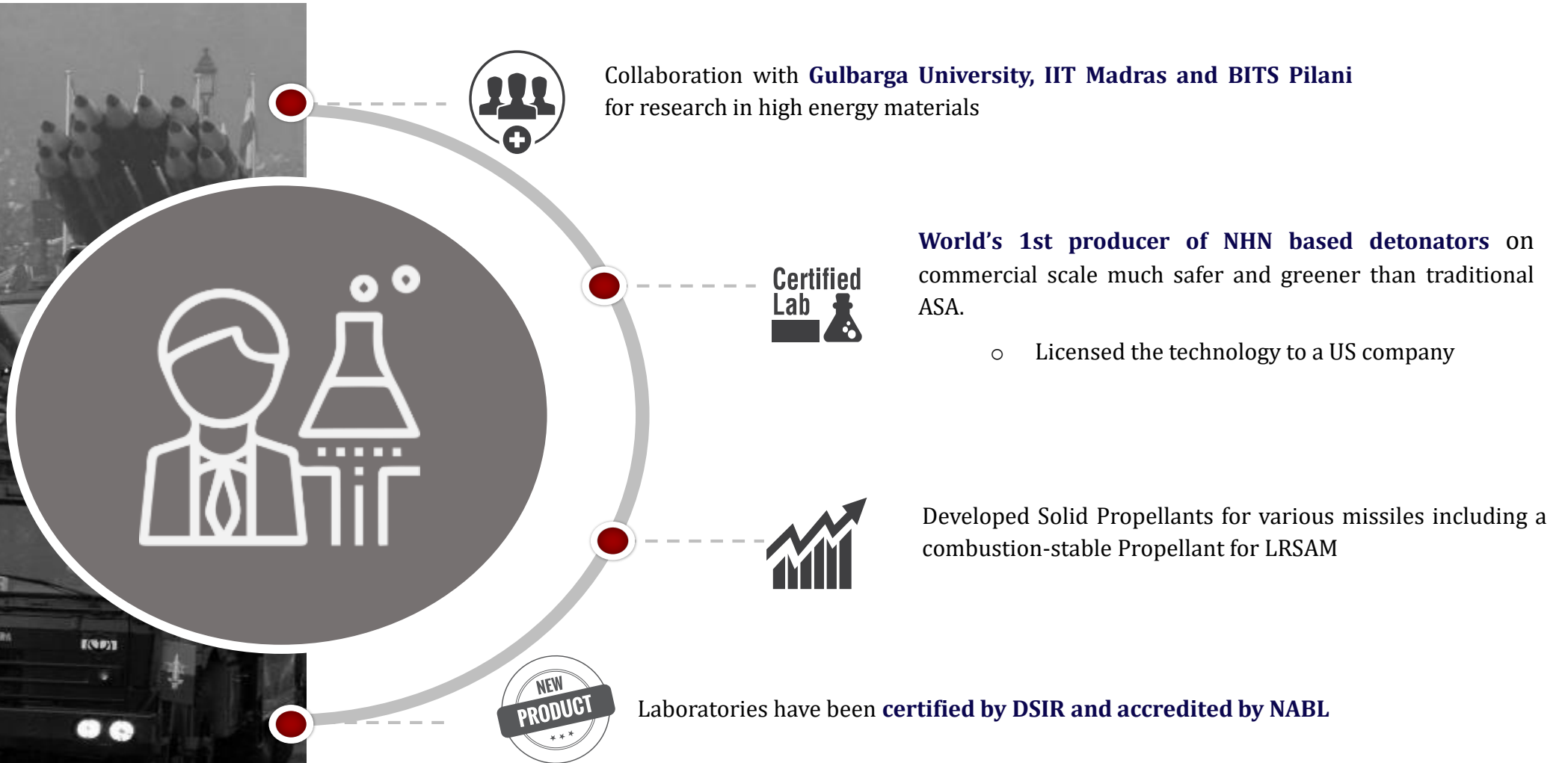
- A mechanical engineer having 34 years experience in manufacture of explosives, propellants, refractories and factory management



## 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...



*...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

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- 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

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- 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**

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# 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

Pyrogen igniters

Case-bonded propellants

Free standing grains

Fuel rich, Air Target Imitator

Gas generators

Strap-on motors for satellite launchers

### Pyros

Pyro cartridges

Pyro actuators

Smoke / flash generators

IR generators

Specialized squibs

### Explosives

CL - 20

HNS - IV

Explosive bolts

BKNO<sub>3</sub> Igniters

### Counter-measures

Chaffs

Flares

**...for various Defence & Space PSUs**



**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

- **Pyrogen Igniters** for Strategic missiles
- Non-Aluminium composition for **Astra**
- **LRSAM** composition without Combustion Instability
- **Sledge** Rocket Motors
- IR flares
- Air Target Imitator



### Production under ToT

- 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

Chaffs & Flares

Air Target Imitators (for Air Defence & Indian Army)

### Under Development

70 mm rockets

Air-Glide bombs

Re-graining of existing missiles

Indigenization of power cartridges

Canopy severance system

## for Missile Programme

### Expanding product portfolio

Solid Propellant

Rocket motor hardware

Thermal insulations & Hot integration

War-heads

Ammonium Perchlorate

HTPB & CL20

Single base, Double base, Triple base propellants

Pyrogen igniters



# Contributing to India's Prestigious Missile Programs

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

# Increasing participation in India's Space Program



## Operations & Maintenance Under GOCO

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- 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

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



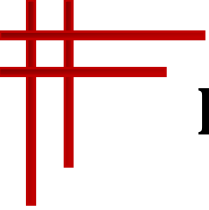
# Space : Opportunity landscape



## 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](mailto:csr@pelgel.com)

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



Ms. Pooja Sharma/ Ms. Hina Agarwal

[pooja.sharma@stellar-ir.com](mailto:pooja.sharma@stellar-ir.com) / [hina@stellar-ir.com](mailto:hina@stellar-ir.com)

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