



Premier Explosives Limited

ISO 9001 REGISTERED



DNV Certification B.V., The Netherlands

28th May, 2017

To,
The Bombay Stock Exchange Limited
Corporate Relationship Department
Floor – 25, P.J.Towers, Dalal Street,
MUMBAI – 400 001
Scrip Code: 526247

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051
Trading Symbol: 'PREMEXPLN EQ'

Dear Sir/Madam,

Sub: Presentation on Fourth Quarter ended 31/03/2017 results.

In connection with the conference call with the Investor Analysts, the schedule of which has already been intimated to you, on 26th May, 2017, Please find attached, the Presentation on the Fourth Quarter ended 31st March, 2017 results.

This is for your kind information and record.

Thanking you,

Yours faithfully,
For **Premier Explosives Limited**


Vijayashree.K
Company Secretary
Encl:a/a





**Premier
Explosives
limited**

Q4 & FY17 - RESULTS

CONTENTS



RESULTS SUMMARY



FINANCIAL OVERVIEW



WAY FORWARD



APPENDIX

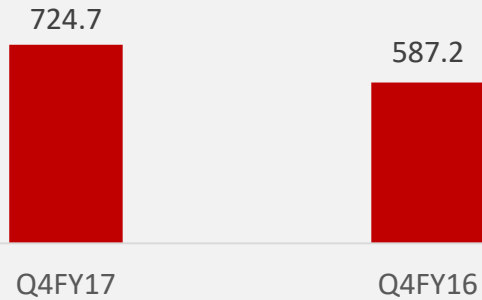
Note: All number mentioned are on Standalone basis.

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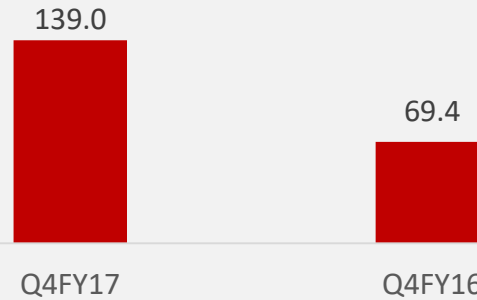
RESULTS SUMMARY

(INR mn)

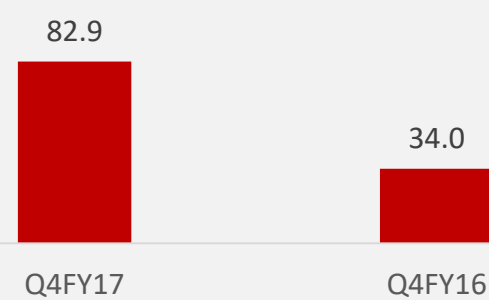
Revenue



Operating Profit



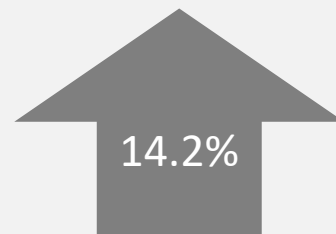
Profit After Tax



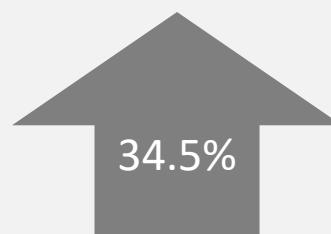
Revenue Breakup

*YoY Growth

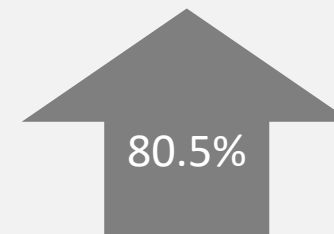
Explosives



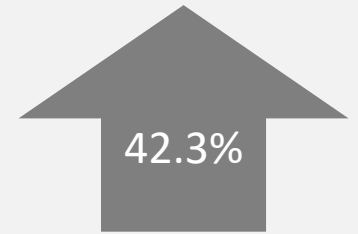
Defence



Services



Wind Power



Total Order book as on 31st March 2017 stands at INR 2430 mn; Explosives - INR 900 mn; Defence - INR 1150 mn; Services - INR 380 mn

RESULTS SUMMARY

(INR mn)

Revenue

2,307.2

1,849.9

FY17

FY16

Operating Profit

284.0

176.1

FY17

FY16

Profit After Tax

147.5

56.8

FY17

FY16

Revenue Breakup

*YoY Growth

Explosives

21.8%

FY17

1592.9

FY16

1,307.3

Defence

29.3%

480.7

371.8

Services

33.4%

215.0

161.2

Wind Power

50.6%

4.2

2.8

RESULT UPDATE

(INR mn)

Particulars	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	724.7	587.2	23.4%	560.3	29.3%
Total expenses	585.7	517.8	13.1%	509.7	14.9%
Operating profit	139.0	69.4	100.3%	50.6	174.7%
OPM (%)	19.2%	11.8%	62.7%	9.0%	113.3%
Other income	2.6	1.2	116.7%	1.3	100.0%
Depreciation	9.1	8.3	9.6%	8.5	7.1%
Interest	15.0	10.0	50.0%	10.3	45.6%
PB exceptional items and Tax	117.5	52.3	124.7%	33.1	255.0%
Exceptional items					
Income - Profit on sale of land	5.80	1.7	-	-	-
Expense - VRS payments	-	-	-	-	-
PBT	123.3	54.0	128.3%	33.1	272.5%
Tax	40.4	20.0	102.0%	10.1	300.0%
PAT	82.9	34.0	143.8%	23.0	260.4%
PATM (%)	11.4%	5.8%	96.6%	4.1%	178.0%
EPS (INR)	9.36	3.84	143.8%	2.60	260.0%

PROFIT & LOSS

(INR mn)

Particulars	FY17	FY16	YoY (%)
Revenue	2307.2	1849.9	24.7%
Total expenses	2023.2	1673.8	20.9%
Operating profit	284.0	176.1	61.3%
OPM (%)	12.3%	9.5%	29.5%
Other income	6.7	4.6	45.7%
Depreciation	34.7	33.2	4.5%
Interest	43.7	37.4	16.8%
PB exceptional items and Tax	212.3	110.1	92.8%
Exceptional items			
Income - Profit on sale of land	5.80	10.0	-
Expense - VRS payments	-	(37.0)	-
PBT	218.1	83.1	162.5%
Tax	70.6	26.3	168.4%
PAT	147.5	56.8	159.7%
PATM (%)	6.4%	3.1%	106.5%
EPS (INR)	16.65	6.41	159.8%

BALANCE SHEET

(InR mn)

Particulars	Mar-16	Mar-17
	Audited	Audited
Share Capital	88.6	88.6
Reserve & Surplus	565.9	1283.9
Non Current Liabilities	74.7	135.6
Current Liabilities	567.7	697.1
Total Liabilities	1,296.9	2205.2
Non Current Assets	522.3	1157.0
Current Assets	774.6	1048.2
Total Assets	1,296.9	2205.2

During the year, the company has revalued its Freehold Land effective from 31.12.2016 based on the report of Independent Registered Valuers. The Company has adopted the realisable values reported by the valuer at Rs. 6,129.30 Lakhs as against the original cost of Rs. 425.15 Lakhs. The resulting revaluation surplus of Rs. 5704.15 Lakhs has been credited to Revaluation Reserve, which is not available for distribution of dividend to shareholders.

During the fourth quarter of current year, the company has sold wind mill undertaking on a slump sale basis and earned a pre-tax profit of Rs. 58.15 Lakhs

Strengthened Balance Sheet in FY17

In May 2017 the company successfully allotted 16,51,000 equity shares of face value of Rs.10 each at issue price of Rs. 400 per equity share for an aggregate amount of Rs. 66.04 crs. Funding to give flexibility to capitalize on opportunities available in the defence and space sector, for general capex requirement, working capital and general corporate purposes

Strengthened Balance Sheet with improved earnings visibility and equity infusion in form of QIP

The company is taking necessary steps to issue 1,38,000 convertible warrants and 6,13,000 equity shares on Preferential basis to promoters and non-promoters at an issue price of Rs.408 per share. An Extra-Ordinary General Meeting (EGM) is scheduled for June 9, 2017 for this purpose.

Space Opportunities



Currently

**PEL has been
operating and maintaining
solid propellant plant of
ISRO at SHAR, Sriharikota
for the past 10 years**

Now

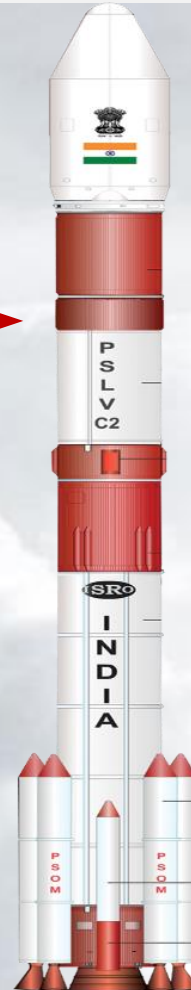


from 1 per quarter to 1 per month

PSOM-XL for ISRO

Main motor – ISRO continues to produce on their own

The company has received a letter from Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for provisional offer of 202 acres of land at Routhurmala village in Chittoor district of Andhra Pradesh for establishing a unit to manufacture Solid Propellant.



**PSOM-XL strap on motors (6)
– ISRO to outsource
production to PEL**
(trial order execution going on currently)

Emerging Business - Defence & Space

Propellants

Pyrogen igniters

Case-bonded propellants

Free standing grains

Fuel rich

Gas generators

Strap-on motors for satellite launchers

Air Target Imitator

Pyros

Pyro cartridges

Pyro actuators

Smoke / flash generators

IR generators

Specialized squibs

Explosives

CL - 20

HNS - IV

Explosive bolts

BKNO₃ Igniters

Counter-measures

Chaffs

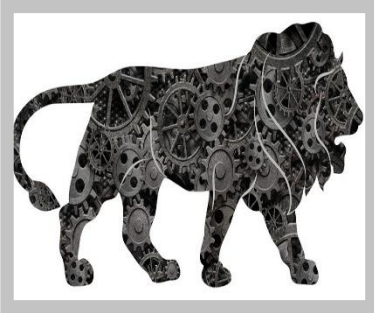
Flares



INDUSTRIAL LICENSES RECEIVED FROM DIPP

Product	Award Date
Site Mixed Explosives	17-Jun-16
Military fuses of all types including filling and assembling	01-Jul-15
Munition 20 mm and above including filling and assembling	01-Jul-15
War heads of all types including filling and assembling	01-Jul-15
Flexible Liner shape charge	11-Jun-15
Explosives Reacting Armour	11-Jun-15
Single Base Propellant	11-Jun-15
Ammunition of 40mm and above calibre	12-May-15
Rockets and Missiles	12-May-15
Mines related to Defence	12-May-15
Bombs related to Defence	12-May-15
Cartridge Explosives	12-May-15
Site Mixed Explosives	01-May-15
Mob Dispersion devices	20-Apr-15

GROWTH DRIVERS



Defence Procurement Policy 2016; linking it to “Make in India” policy, created the top priority procurement category, Indigenously Designed Developed and Manufactured (IDDM), which will be an encouragement for local entrepreneurs.

Strategic Partnership Policy and Defence Procurement Organisation formulated in May 2017 are expected to create a large defence eco system in the coming years.



Defence manufacturing in India is at inflection point, with capital expenditure expected at \$245 billion in next decade. At 30 % of this capex, offset market is estimated at \$75 billion (*Source: CII, Business Standard*)



Indian explosives industry, estimated to be INR 40 bn p.a., is considered among the top 5 in the world. Coal requirements for the power sector are projected to reach to about 1,070 MT by 2020. Out of this, domestic coal supply is projected to increase to 756 MT by 2022, (*Source: Industry*)



Having been a member of Missile Technologies Control Group (MTCR), India now can access advanced technologies.

KEY STRATEGIES



Part of the **'Make in India'** initiatives



Backward integration for solid propellants – raw materials and insulation



Started manufacture of Chaffs to Air force and supplied first order in April 2017



Market expansion in explosives and defence business with new Industrial licenses obtained



Acquired 250 acres land for new defence projects



Developed Air Target Imitator, which is expected to be given IDDM recognition



Signed NDAs and MOUs with global missile players



Plans to enter the ammunition business and negotiating for technological tie-up with foreign OEMs



Incorporated a subsidiary company PELNEXT DEFENCE SYSTEMS PVT LTD for manufacture of ammunition



Explore export opportunities for NHN based detonators



Capacity expansion in solid propellants and detonating fuse



Developing electronic detonator with new features



Reap offset opportunities



Focusing on exports to South East Asia and Africa

PREMIER EXPLOSIVES LIMITED

1st Company in India to have deployed indigenous technology for manufacturing explosives

1st Company in the world to produce safer and greener NHN detonators on commercial scale replacing ASA detonators

1st And only Indian private entity manufacturing and supplying solid propellants to India's prestigious missile programmes and reached a milestone of delivering 1000th Booster grain for Akash missile in July 2016



PREMIER EXPLOSIVES LIMITED



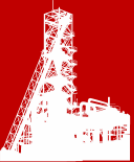
Who we are

A leading manufacturer of high energy materials for industrial and defence applications



Our facilities

Six manufacturing facilities located in M.P, Maharashtra, T.N. & Telangana



User industries

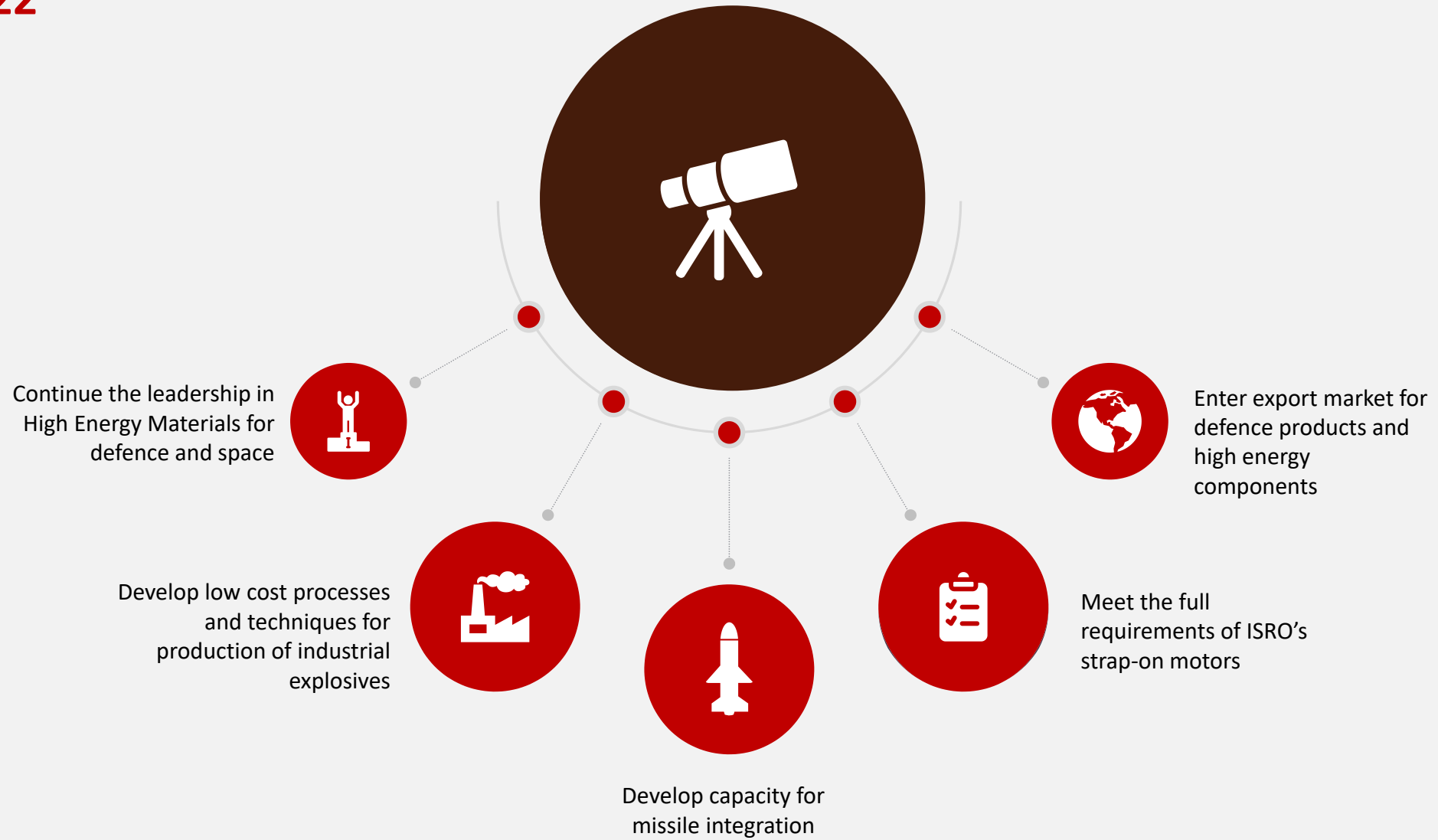
Defence, Mining and infrastructure sectors



People

Highly trained manpower in handling high energy chemicals

Vision - 2022



Strengths

In-house Development

- **Pyrogen Igniters** for Strategic missiles
Non Aluminium composition for **Astra**
(Air to Air Missile)
- **LRSAM** composition without combustion Instability
- **Sledge rocket** motors

Production under ToT

- **Akash** booster / sustainer grains
- **LRSAM** motors
- **MRSAM** motors
- **ARM** motors
- **Sledge rocket** motors
- **Pyrogen igniters** for ANSP
- Daisy II motor for **Agni**
- **Pinaka** rockets – Mark I and II
- **Astra** motor

Projects for Indian Air Force

On going

- Chaffs and flares
- Air target imitator (*for Air Defence, Indian Army*)

Under development

- 70mm Rockets
- Air Glide Bombs
- Re- graining of existing Missiles
- Indigenization of Power cartridges
- Canopy severance system

Missile value chain



Forward integration

- Solid propellant
- Rocket motor hardware
- Thermal insulation
- War-heads
- Hot integration

Backward integration



- Ammonium Perchlorate
- HTPB
- RDX / HMX
- CL20
- Single base, Double base, Triple base propellants

Counter-measures

Ammunition

Chaffs and flares



No supplies for the last few years



Naval and Army requirements can be huge



International market also can be addressed



Tie up with international OEMs for technology



Outsource hardware and fuses from Indian vendors



Cater to Indian defence forces and select international markets

Technocrats at the helm



Dr. A. N. Gupta | Chairman & Managing Director

Having earned his Masters degree in mining engineering, he has developed a penchant for learning and R&D. He has actively involved himself in product development projects of defence, new products and processes. A recipient of "Pickering and ISM Medal" from, Indian School of Mines, Dhanbad and Gold Medalist from Mining Geological and Metallurgical Institute of India. He is a Member of Society of Explosives Engineers, U.S.A. and was Chairman of Explosives Development Council constituted by Government of India and Chairman of Explosives Manufacturers Association of India. He has been given Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category. He authored various articles about high energy materials including "Scaling up of CL-20 production to pilot plant scale" presented at the proceedings of National Symposium on Trends in Explosive Technology. He has been conferred Doctor of Science (Honoris Causa) by Gulbarga University in recognition of his rare distinction and distinguished contributions to the field of science and technology. He is also awarded HEMSI Honorary Fellowship 2016 by High Energy Materials Society of India.



Mr. T. V. Chowdary | Dy. Managing Director

A chemical engineer with over 36 years of experience in production of explosives, detonator, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants. Having project execution as his forte, he is excellent in HR management and is a steadfast trouble-shooter.



Col. Vikram Mahajan (Retd.) | Director (Marketing)

27 years of working with army, he holds an M.Tech & MBA in marketing. He has extensive knowledge about opportunities in defence sector.

Sharp research focus has lead PEL won several awards including the "Defence Technology Absorption Award 2007" from DRDO, presented by the Prime Minister of India

Research and Development

Company ensures and thrives to remain at the forefront of technology in its field and new product development



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



World-first in production of NHN based detonators on commercial scale. It is safer and greener than traditional ASA. Acknowledged as a break-through after about 75 years. Licensed the technology to a US company for a price of USD 100,000



Developed solid propellants for various missiles including a combustion-stable propellant for Long Range Surface to Air Missile (LRSAM)

Laboratories of the company have been certified by DSIR and accredited by NABL



Plant Locations



◆ **Peddakandukur (Telangana)**

Detonator, Detonating fuse,
Packaged explosives,
product research &
Special Products Divisions



○ **Bulk Explosives**

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



✦ **Pushpathur (Tamil Nadu)** Windmill





Pyrogen igniters / grains

**HP DAISY-2 (Agni)
being shifted to Curing**



**Astra Motor cast with
Smoke-less Propellant**

**Non-explosive Propellant Cast
Air Booster For K-15**



Premier Air Target Imitator



**Indigenously
Designed
Developed and
Manufactured
(IDDM)
for Air Defence,
Indian Army
(under trials)**



Premier Explosives Limited



Contact

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