



6th August, 2021

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 Sir/Madam,

Sub: Transcript of Conference call pertaining to the First Quarter ended 30th June, 2021, results.

Please find attached the Transcript of the Conference Call hosted by, Stellar IR Advisors Private Limited, on July 30, 2021 pertaining to, 'Premier Explosives' Limited Q1 FY22 Earnings'.

This is for your kind information and record.

Thanking you,

Yours faithfully,
For Premier Explosives Limited

K. Jhansi Laxmi
Company Secretary
Encl: a/a





“Premier Explosives Limited
Conference Call”

July 30, 2021

MANAGEMENT: **MR. T. V. CHOWDARY - DEPUTY MANAGING DIRECTOR**
MR. SRIHARI PAKALAPATI – CFO

ANALYST: **MS. HINA AGARWAL - STELLAR IR**



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- Moderator:** Ladies and gentlemen good day and welcome to Premier Explosives Limited Q1FY22 earnings conference call. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchstone phone. Please note that this conference is being recorded. I would now like to handover the floor to Ms. Hina, thank you and over to you ma'am.
- Hina Agarwal:** Thank you. Good afternoon everyone. I on behalf of Stellar Investor relations welcome you all to Premier Explosives Limited Q1FY22 earnings conference call. We shall be sharing the key operating and financial highlights for the quarter ended June 30th 2021. We have with us today the senior management team of Premier Explosives Limited, Mr. T.V. Chowdary, Deputy Managing Director and Mr. Srihari Pakalapati, CFO. Before we begin, I would like to state that some of the statements made in today's discussion may be forward looking in nature and may involve risk and uncertainties. Documents relating to the company's financial performance have already been emailed to you. Now, I invite Mr. Chowdary to share his initials remarks on the company's performance for the quarter. Thank you and over to you Sir!
- T. V. Chowdary:** Thank you and Good Afternoon all for joining the call. I hope all at your family continue to remain healthy and safe. To begin with, I would like to highlight the significant milestone achieved by the company. We flagged off the second PSOM XL rocket motor which is strap on motors to the PSLV rocket of ISRO. Further production has started and it is going on. This second motor is manufactured at our Katapelly facility. This was a moment of pride for the company, and it will pave the way for future growth potential, given the government's emphasis on commercializing large and small satellite launch vehicles, and other cutting edge technology in the global space market.
- The financial year 2022, which began in the midst of a global pandemic's second wave had a minor impact on execution with no notable disruption in raw material supply. However, dispatches were slightly delayed as a result of increase in COVID-19 instances and delays in the inspections and the visits of the quality control officials; this hampered billing in Q1FY2022, despite this we have reported top line of Rs.3273 million in Q1FY22. However, with the decline in cases, dispatches resumed normalcy and we expect healthy dispatches in the coming quarter. We continue to remain committed to maintaining our execution momentum and efficiency. With increased contribution from the defense segment we expect further expansion in operating margin going forward.



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Now on the order inflow front, fiscal 2022 has seen a healthy order inflow of Rs. 792 million resulting in the current order book of Rs.4751 million, with higher contribution from the defense segment. During the last year, our Katepally facility has become fully operational, and we are building up the capabilities at the facility. As a strategy, we are expanding our product portfolio through a forward integration; we have established capabilities and obtained licenses to produce and supply all types of warheads, fuses and bombs over the last one year. With this we have entered into missile and rocket warhead segment. We have also built the capabilities for manufacture of bombs both guided and unguided. With our current and enhanced portfolio, we expect a higher order inflow in defense space leading to further improvement in utilization levels of new facility at Katepally. Additionally, during July month, we entered into a deal with Thorimba Global Limited who are one of the leading companies in the manufacture of ammunition and other defense products for the transfer of technology for the manufacture of ammunition. This will provide the company with additional growth potential.

In addition to this, I would like to provide an update on the status of the few significant orders. Our Chaffs and Flares, execution is advancing well and the dispatches were slightly delayed due to the rise of COVID-19 cases, but conditions began to settle in the last week of June and deliveries began in July month. The current order for chaffs and flares are scheduled to be completed within two years' time period. Other orders from BDL, we have orders for the production of MRSAM and Astra rocket motors from BDL and the order of MRSAM has already started and progressing well. We are supplying at the rate of 20 to 24 rockets per month. For Astra the FIMs have been issued in the month of July and production has started. As appraised you in the last earnings call, we have executed 120 numbers of Akash missile supply order. The inspection of the same has been done and deliveries have been made in the month of July. We are expecting that Akash will continue to be at this level for the balance year. In addition to this Brahmos is another area where we are qualified with the technology. But due to the delay caused by COVID, and other issues the FIMs are yet to be issued by the project. Once the FIMs are issued, the Brahmos production will also commence. The production will be done at Katepally facility.

In addition to that the inflow of orders for the rocket motors is continuing from Israeli companies and our order book is increasing from that angle and with the execution of the earlier orders, we have won the trust of the people and we are getting more orders for bigger rocket motors. In addition to this, we have also started producing strategic rocket motors at our Katepally facility. The other projects from the DRDO facility that is VEDA and ASMP and other projects which are going to keep our Katepally facility fully occupied.



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Srihari Pakalapati: Thank you sir, good afternoon everyone. The result presentation for the quarter has been uploaded on the stock exchanges and on the company's website. I believe you all may have gone through the same. Now I will present the financial results for the quarter ended June 30th 2021. The total income for the Q1 FY22 stands at Rs. 327 million as compared to Rs. 230 million for the corresponding period last year. EBITDA for the quarter stood at Rs. 60 million, with an EBITDA margin of 18%, a resultant of higher contribution from the defense segment. In Q4 FY21, reported a profit of 35 million.

Now coming to the order book, the company's current total order book stands at Rs.4751 million out of which explosives comprises around Rs.1248 million and defense equipment comprises Rs.1927 and services that is operation and maintenance is Rs.1576 million. With this we now open the floor for questions and answers. Thank you very much.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Dixit Doshi from White Stone Financial Advisors. Please go ahead.

Dixit Doshi: Good afternoon. Thanks for the opportunity. Sir, I just wanted to ask, in the last concall it was mentioned that we do many products and in some of the products we don't have any competition and there are very few players who can make those kind of products. So if you can just elaborate something about those products and what is the market size or the opportunity side in those kind of products that is my first question. Secondly sir, we have recently developed warheads and you also mentioned a bit about warheads in your opening remarks. So if you can elaborate about the kind of opportunity this product has for us and whether we have started delivering the orders for it, whether we have received any orders for it and who is the competitors in warheads? This is my second question. My last question is, we have developed so many products in the last three to four years but when we see the historically, we have not been able to successfully scale up the sales in this product. So are we open to some kind of JV with larger players in defense like Bharat Forge and Larsen where if that can help us in garnering the orders. Because I am sure we have a lot of capabilities and we have developed a lot many products but unfortunately we have not seen the kind of sales for the effort that we have put in.

T. V. Chowdary: Earlier we mentioned that today we have the unique status of being only vendor for certain products which are called MRSAM, LRSAM and Astra. All these missiles the propellants are made by Premier and supplied. In addition to this, as on date today we are the only manufacturers of chaffs and flares in India. The volume of business and opportunity....this is available in the internet and everywhere rather than me giving the figures here on that.



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Could you please repeat the second and third a little bit because I could not hear you properly.

Dixit Doshi:

In your opening remark, you also mentioned about warheads and in your presentation also we have mentioned warheads, so I just wanted to understand have we started getting the orders for warheads? Again if you can tell us how big this opportunity can be...is it the warheads, repeat in nature kind of product, where after certain years again this warhead orders can come to us and who are the main competitors in warheads specifically?

T. V. Chowdary:

Yes, we bagged our first order for warheads not from domestic market but rather from export market, which is a good beginning; so we are executing that order. About the volume of the business, I will explain to you in a simple form. Every rocket or missile fired requires a warhead. Up till now we are making all kinds of tactical missiles made in India. With all this, now we will also be doing the warheads. So the volume is almost same as the number of missiles and rockets we do. In addition to this, we started doing mines; mines also have got high explosive pellets which are like small warheads. So we will be fully engaged with the present orders and the technologies we have with us.

Dixit Doshi:

Third question was, I have noticed that in the last couple of years, we have developed up so many products and a lot of research goes into it, a lot of effort goes into it, and all credit to you. But only one thing sir, we have not been able to garner orders as compared to the efforts that we have put in. So for that are we open to any kind of JV if possible with larger defense players like Bharat Forge or Larsen where if that JV can help us in garnering the orders?

T. V. Chowdary:

My answer to your second question is answer to the third also. What I mentioned the products, chaffs and flares, Astra, LRSAM and MRSAM these are all the products developed in-house. The defense products, the qualification takes a little time. Infact one or two years is a very short period. It takes four to five years and DRDO takes many years to develop a particular product. So they are now coming and today if you look at the financial figures, how the shift has taken place from a commercial explosives, industrial explosives company it has become a defense company. Now almost 50% is coming from defense and in the coming years it will further increase. All this is because of the in-house development and all the products. In addition to that, now for the export market we are developing products in house for Israeli requirements. We are designing, developing and producing. So these are all from the effort only. So I don't know why that impression has come that we are developing a lot but not manufacturing.



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Dixit Doshi: Okay sir thanks for your answer. I have many other questions, I will get back in the queue.

Thank you sir

Moderator: Thank you sir. The next question is from Bhagesh Kagalkar from HDFC Mutual Fund. Please go ahead sir.

Bhagesh Kagalkar: Sir this was my question. You had mentioned that for Brahmos also we are qualified. So that is quite an excellent achievement for the company. How will the price difference be approximately between the other motors, Akash and Brahmos?

T. V. Chowdary: The size is different. Akash is a smaller one compared to Brahmos. It will be bigger only.

Bhagesh Kagalkar: How many times sir?

T.V. Chowdary: It is a difficult question to answer. Because these all dependent not on volume and multiplication of that but on activities involved in all those.

Bhagesh Kagalkar: Okay what do you deal with which program sir, we get more traction on the revenue front, the Brahmos JV program or the BDL programs?

T.V. Chowdary: BDL programs are more attractive to us because we are single vendor to all the items and up till now, infact if you look at it, for the past two years, it is Akash from BDL which has kept us floating and then kept the flag high. So now Akash is continuing and then MRSAM, Astra and few more missiles are also coming from BDL.

Bhagesh Kagalkar: Okay fine sir, thanks sir.

Moderator: Thank you sir. The next question is from Mr. Shivan Sarvaiya from JHP Securities Pvt.Ltd.

Shivan Sarvaiya: Good afternoon sir, thank you for the opportunity. Three questions from my end. One is, you spoke about in your presentation about the NewSpace India Ltd., a commercial arm of ISRO. So if you could throw some more light on how it would have bearings on our business going forward and what are the opportunities out there that we are going to be tapping in. The second one is, I was just reading about our business and in general and came across, as per my understanding we are only into solid propellants and I was also reading about liquid propellants. So my question is that are we getting into liquid propellants which are used in rockets also? If yes, then is the product development going on? If not then why are we not doing it? Is there a transition that is happening within the



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industry that incremental demand from rocket motors is moving towards liquid propellants? That's my second question. And my third is, on book keeping. If you could just spell out the working capital days and the debt figure?

T.V. Chowdary:

Okay. NSIL like you said is the NewSpace Industries Ltd. A commercial arm of ISRO and through this, now ISRO has already proven and performed and designed PSLV rocket motor which is now being used for launching the small satellites and also they have developed SSLV that is small satellite launch vehicle. These are to be used for small satellite launches which is going to have a very good commercial growth potential. As it is doing well and in future it is going to be, because our costs are low, Indian cost, ISRO is expecting a good business in these areas. ISRO being an organization which is more of developing the things rather than the commercial production. They want to develop the commercial manufacturing facilities and companies who can meet this demand. In that line they have already started privatizing the production and they have given order. Like I mentioned earlier, we have already produced two strap on motors. It is the first time in ISRO history that propellants and energy materials are produced outside the ISRO facilities. So we are expecting a good growth in this area. Yes, we are associated in multiple companies like what you have mentioned and others also for strategic partnership and we are working on that because there are certain areas where there are metal components working and all those in which we are not there. Yes we are associating with other bigger companies.

Coming to solid and liquid propellants, a technical question, the liquid propellant is not something which can be filled into a rocket motor and stored for usage which may come after a few years. It is done just before the usage, like some stages of satellite launch vehicles is liquid propellants because you know when you are going to launch the satellite, one day before you start filling the liquid propellant into it and fire. Whereas solid propellant is something you can fill it and forget. Its shelf life is 10 years and in 10 years' time whenever it is needed, it can be fired and used. So that's why the solid propellant is the one which is....it is not the other way. You thought it is going towards liquid propellant? No, more shift is more towards solid propellant and most of the defense are all solid. We are into solid and we have no plans of entering into liquid propellant line. I hope I have answered your questions.

Shivan Sarvaiya:

Yes so there is no cannibalizing effect over here right? Like there is no substitution which is happening in the industry?



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T.V. Chowdary: No. In fact composite solid propellants are growing and they are taking the place of other propellants.

Shivan Sarvaiya: Okay then one follow up question on this news the commercial arm of ISRO, any idea on what could be the opportunity size here and what could be our share in that that we would be kind of targeting? Some ballpark figure for us to assess the opportunity? By when can that happen?

T.V. Chowdary: Instead of me telling the opportunity figures, you are monitoring and watching the company, I guess you should be able to guess it. About the volume of business and all those, I can tell one thing, today we are the only qualified vendors for all energetics and all those things to ISRO for this PSLV and other launch vehicles. The other companies which are participating in this, all of them are associated with us for supply of these materials. So that can give you what is the volume. For meeting the future requirements like earlier we have informed, the land near Sriharikota, is meant for this opportunity only. Since the opportunity is big, and the window is big, we want to be ready for that which may take three, four years to come up with completely and then production. And one more thing I want to share with you is in the month of July, revenue officials and collector of Nellore district from Andhra Pradesh visited our existing facilities to assess the requirement of land and what we are doing and have the confidence in our capabilities. He was very much convinced and pleased. After going back to his office, he himself has called a press meet and announced that he is recommending to the government for the allotment of land. So we are hoping that it would be completed within this current financial year.

Shivan Sarvaiya: Okay. The book keeping question?

Srihari Pakalapati: With regard to the working capital cycle it is almost coming to an average of 120 days for the defense sector and 30 days for the commercial explosives. Regards the term debt, we have a term debt of Rs.407 lakhs only and that is getting repaid in the next six quarters. After six quarters there will not be any term debt. Regarding the working capital we have regular fund based limit of Rs.50 crores from various banks and non-fund based limit of Rs.150 crores which mostly comprise of the bank guarantees. There are some loans from the promoter and sister concern which is about Rs.10 crores.

Shivan Sarvaiya: Okay, just one follow up over here. The working capital cycle you see it within this range only right? It will not get elongated beyond the 120 days?



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Srihari Pakalapati: But in case of defense we are experiencing an average of 120 days at this moment. So we are trying to get much better way but as it is now there is an average of 120 days.

Shivan Sarvaiya: Okay sir, thank you very much.

Moderator: Thank you sir. The next question comes from Dinesh Kamat from Frontline Ventures. Please go ahead sir.

Dinesh Kamat: Good afternoon sir. Thanks for the opportunity, I have three questions from my side which are a bit separate from the accounts. I would like to know what the succession plan in place is for the company, if you could kindly throw some light on the same. The second question that I have is that what is the (not clear) of our company if the promoters take it up for sale? Is this correct? The third question is, if yes, what is the price of valuation that the promoters of the company is looking to sell? Thank you.

T.V. Chowdary: Okay. Succession plan. Till date it is a professionally run company and we have very well planned succession in the system, like Dr. Gupta who is the Chairman and Managing Director is still the Chairman and Managing Director. I am assisting him as Managing Director and I am being trained under him. So I have no doubts and we have our Director Operations, Mr. Durga Prasad is there, we are all professionals who have spent our lifetime with the company and every moment of the company, we are a part of it. So we have no doubts about anything. Mr. Gupta has his family and his children. When the right opportunity or the right moment, they may always join.

Dinesh Kamat: Okay, is Mr. Gupta looking to sell his stake?

T.V. Chowdary: No. At least we have no idea. That question has to be asked to him in person. We will not be able to answer that. He still holds his stake as everybody knows, 41.45% stake he still holds in the company.

Dinesh Kamat: Okay. What is the percentage of stake that promoters take it up for sale and if that was a guess, then what would they price it at?

T.V. Chowdary: This is a personal question which has to be asked to Mr. Gupta, we won't be able to answer on the company's performance.



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Dinesh Kamat: Okay sir, thank you.

Moderator: Thank you sir. The next question is from Mr. Hitesh Sawant from O3 Capital. Please go ahead sir.

Hitesh Sawant: Thanks for having on the call. In your opening remarks you mentioned about this transfer of technology from Thorimba Group. Could you elaborate a little bit more?

T.V. Chowdary: You mean about the company or the products....technology transfer?

Hitesh Sawant: Yeah both and how is it likely to affect margin?

T.V. Chowdary: Yeah. This Thorimba is a company which has presence in many countries in the manufacture of ammunition and other defense products including Europe and Asia and America. Right now under make in India scheme, we have signed an agreement with them for ammunition particularly medium caliber ammunition which include grenade ammunition and other ammunition of 30mm, 40mm various sizes. Now RFPs are out from the government that is from MOD. So we are hoping that seizing this that will definitely push up the turnovers and margins of the company in the coming two, three years.

Hitesh Sawant: Thank you sir. Are you looking at any capital raise?

T.V. Chowdary: Like in Katepally we have already built our facility for ammunition and all those but there may be some outflow towards the technology transfer costs.

Hitesh Sawant: Sure sir, any estimate on that sir?

T.V. Chowdary: Could be anything like five to ten crores total.

Hitesh Sawant: Sure. Thank you so much sir.

Moderator: Thank you sir. The next question is from Ms. Kritika Mehta, individual investor. Please go ahead ma'am

Kritika Mehta: Hello sir, first of all congratulations on a great margin we have achieved. I just wanted to check what is the incremental margin contributed by the defense segment and do you think these margins will be sustainable in the long term?



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Srihari Pakalapati: If you see the product list, the defense turnover has gone up from 7% in the last year quarter to 38% in the current quarter. So the margins in defense as you all are aware is good and because of that bottom line has improved. So we are expecting that the same kind will continue in the future also in the coming quarters.

Kritika Mehta: And sir any projection on the incremental margin in the service and other segment?

Srihari Pakalapati: Actually the service sector, whatever we are getting, we have the SHAR contract to continue for the next seven years.

T.V. Chowdary: Service sector there will not be any incremental margin. It will almost remain stable because service is purely on man power and all those things which is linked with consumer price index and we also get increase from them year on year , price increase linked to CPI. So both will go parallel there.

Kritika Mehta: Sure sir, thank you so much.

Moderator: Thank you ma'am. The next question is from Mr. Dixit Doshi from White Stone Financial Advisors. Please go ahead sir.

Dixit Doshi: Sir my question is firstly on the execution, we have an order book of 180 crores in defense and around 125 crores in explosives. So over what period will it get execute?

T.V. Chowdary: Two years. The explosives almost only one year only but the defense one is two years.

Dixit Doshi: Okay. So it will not be more than 100 crores of revenue from defense which we can expect? Obviously, any new order will come then the revenue can go up otherwise it will be less than 100 crore kind of revenue run rate in defense?

T.V. Chowdary: Yeah you are right. But, this is a regular on-going process, the tenders coming, we participating and coming. So whatever is the order book as on date in hand.

Dixit Doshi: Any rough idea you can give that what kind of order inflow we can expect in defense particularly this year?

T.V. Chowdary: I have announced in my opening remarks I mentioned about the order inflow. The first quarter the order inflow from defense side is ...



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Srihari Pakalapati: In defense we have received about Rs. 42 crores order inflow during the last four months, from April till date and we are expecting this trend will continue for the coming months also.

T.V. Chowdary: This is only an indicator what we have mentioned. The trend will continue.

Dixit Doshi: 42 crores are included in this 180 crores defense order book right?

T.V. Chowdary: Yes.

Dixit Doshi: Okay. Sir you mentioned in your Katepally plant in your presentation you mentioned that there are many products like HMX, RDX, ammunition, mines, warheads etc. So broadly if you can give the market potential of some of these products, it will be great because I understand you usually don't give guidance for any particular product, but then it becomes very difficult for us to judge. Obviously, you do multiple products, but how much revenue we can generate is difficult to judge.

T.V. Chowdary: One of the reasons we try to keep it low is, you are also a stake holder of the company, the opportunity window and all those things if we keep on making it public, then probably we may lose the opportunity and other things, that's why we try to play it low key.

Dixit Doshi: I understand you cannot share your data but let's say you are planning to enter warheads or RDX or mines, then what would be the annual orders from government or Indian defense, annual requirement of these products. Then whatever you get or any other company gets, that would be a separate thing, but what would be the annual requirement of the government.

T.V. Chowdary: Annual requirement of the government, whatever the government announces, it is there in the internet. We have to also take out and calculate if I were to give you the annual requirement. But we work on tender to tender basis, RFP to RFP and like I mentioned the names of the products and I have also given you the numbers which we are supplying and what we are doing. That is for the present supplies. In addition to that the new products what we have introduced are mines. Yes, there is a good opportunity because right now mines - many types of mines being imported. Once we start making, they will become indigenized. Day by day you are seeing the number of items getting into negative list, like chaffs and flares what we are producing, so these once they enter into negative list, then there will be no imports, they will be only sourced from domestic manufacturers and today we are the domestic manufacturers. I hope this will give you the indication.



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Dixit Doshi: Yeah, thanks sir. One more question. Obviously, we are getting a good success entering into the Israeli aerospace program. So it has been almost one year and we have received some small orders like 1 crore, some ten crore orders. When do you feel this testing projects will get over and we can expect some sizeable orders?

T.V. Chowdary: Today our order book towards exports from these Israeli orders is Rs.25 crores. So it is not any more one or two crores. We have already executed the initial small orders. Now, we are into bigger orders.

Dixit Doshi: Okay and one last question from my side. We have been in this range of 50 to 150 crores of defense revenue from many years now. Let's say over the next three to four years if all of these projects which we are targeting from Katepally plant gets a good reasonable size order, then can we do 300, 400 crore kind of only defense revenue in let's say in the next three, four years?

T.V. Chowdary: No it will not be only defense revenue of 300 crores. Yes definitely from our projections and targets we are seeing some 300 crores plus in the next financial year, that is 22-23. But it will not be only from the defense. Both will go. We are not going to leave the commercial explosives field where we have all the expertise and everything. So that will remain and together we will maintain.

Dixit Doshi: Okay and one last question. In the earlier calls you have mentioned that the raw material prices have gone up and due to that the margins in the explosive segments had come down significantly and we were not making good profit. How is the situation now? Are we getting any price hikes from our clients? Has the raw material prices come down?

T.V. Chowdary: No, the same situation. Even now the same conditions are prevailing.

Dixit Doshi: Okay fine sir.

Dixit Doshi: Thanks for the opportunity again. Sir any updates on the BMCS Project?

T.V. Chowdary: BMCS project, earlier RFPs were cancelled, new RFPs are still not there. So the status is same. No improvement.

Dixit Doshi: Okay sir, thank you.



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Moderator: Thank you sir. Sir we have the next question from Mr. Pranav Parekh, individual investor. Please go ahead sir.

Pranav Parekh: Good afternoon sir. Thanks for taking my question. Just one small query on the Katepally plant. By when do we expect to reach peak utilization and what sort of revenues can we look at say over the next four or five years whenever?

T.V. Chowdary: Already now we are operating at peak levels, propellant plant is running to the full capacity. We already have the orders on that and we are working on that. High explosives plant, HMX RDX plant is also working to the full capacity. Ammunition and mines, yes we have started producing and we released the first quantity produced and they are under proofing and qualification. Once they are through, probably we will be doing it. Warheads you are already aware of it, the first order we received and we are doing it. As we proceed with this, these orders are linked with the number of missiles and rockets produced. So once we do that and complete, we expect the flow of orders in that space. So it is the ammunition and warheads, these are the things which are under trial production. Others are all productionized, they are going on.

Tanisk Parekh: So what sort of revenue can we get on peak utilization just on the Katepally plant?

Srihari Pakalapati: We are expecting about Rs.35 to 40 crores in the current year and next year we are expecting about Rs.75 and it will go on increasing and probably we will be reaching around Rs.130-140 crores after two years.

Tanisk Parekh: Okay. Will that be our peak utilization? After that you will have to spend further to get more revenue out of the same plant or you will be able to add more?

T.V. Chowdary: It depends upon the products and how it is going to do. This is based on the present orders in hand and indications, orders in pipeline and other things. But yes, there is a possibility of now, all Israeli projects what we are doing once they get converted into production orders in bulk, then the opportunity is large.

Tanisk Parekh: Opportunity is large I understand but do we have large enough capacity to cater to that suppose if Israel were to say, in the next two months?

T.V. Chowdary: Yes, we have two plants for propellants. Earlier PDK plant and now Katepally and together we will be able to meet. But we have to do some tooling and all those things, that is any



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motor vehicle we have to spend on that at that time. Otherwise the capital and facilities are available and all those capacities are ready for meeting all this.

Tanisk Parekh: Okay, got it, thanks.

Moderator: Thank you sir. The next question is from Shruti K., an individual investor.

Shruti K.: Hi sir, good afternoon. I just wanted to understand do you have any update on the land identification for setting up the facility near Sriharikota?

T.V. Chowdary: Yes, I informed just a few minutes back that the land has been identified by the state government and already earmarked for us. Before final recommendation, the collector has visited our existing facilities at Peddakanukur and Katapalli to understand the requirement. In the first week of July he visited us. He was very much impressed and convinced and as soon as he went back he has given a press note saying that he has visited, and is convinced and happy and he is recommending to the government for establishing the facility there...for allotment of land.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions, please press * and 1 on your telephone keypad. As there are no further questions, I would now like to hand over the conference to the management for closing comments.

T.V. Chowdary: Thank you very much for the co-operation and the interest in the company. We hope that we have given you the best possible answers to the queries and questions. Looking forward to a better quarter. Thank you very much.

Moderator: Thank you sir. On behalf of Premier Explosives Limited that concludes this conference. Thank you for joining us. You may all disconnect your lines now. Have a good evening everyone.