



Q1FY16 RESULTS

SURFACE TO AIR



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Business Performance



Business performance

- ❑ Net sales in Q1FY16 was at INR 376.4 mn, a growth of 7.0% YoY.
- ❑ In Q1FY16, the company achieved 6.5% YoY growth in the explosives business, 13.3% YoY growth in defence products and 2.4% YoY growth in services.
- ❑ Operating profit was at INR 29.8 mn, a growth of 66.5% YoY. Operating margins stood at 7.9% in Q1FY16 (a rise of 280 bps YoY)
- ❑ The company reported Net Loss before Tax of INR 23 mn as it paid a one time expense on account of VRS of INR 37 mn

Net Sales breakup (INR mn)	Q1FY16	Q1FY15	YoY (%)	Q4FY15	QoQ (%)
Explosives	265.3	249.2	6.5%	313.7	-15.4%
Defence products	70.5	62.2	13.3%	67.4	4.6%
Services	38.9	38.0	2.4%	39.1	-1%
Wind power	0.7	1.6	-56%	0.3	133%
Total	375.4	351.0	6.9%	420.5	-10.7%

Result update – Profit & Loss

Particulars (INR mn)	Q1FY16	Q1FY15	YoY (%)	Q4FY15	QoQ (%)
Net sales	376.4	351.6	7.0%	422.1	-10.8%
Total expenses	346.7	333.7	3.9%	379.0	-8.5%
Operating profit	29.8	17.9	66.5%	43.2	-31.0%
OPM (%)	7.9%	5.1%		10.2%	
Other income	0.7	1.9	-63.1%	3.8	-81.6%
Depreciation	8.2	8.7	-5.7%	8.0	2.5%
Interest	8.3	5.0	66%	8.2	1%
PB exceptional items and Tax	14.0	6.1	129.5%	30.7	-54.4%
Exceptional item (VRS payments)	37.0	-	100%	-	100%
PBT	(23.0)	6.1	-477%	30.7	-175%
Tax	(8.3)	0.7	-1286%	10.5	-179%
PAT	(14.7)	5.4	-372%	20.2	-172%
PATM (%)		1.5%		4.8%	
EPS	(1.66)	0.7	-337%	2.32	-172%



Financial Overview



Quarterly – Profit & Loss

Particulars (INR mn)	Q1		Q4		Q3		Q2	
	FY16	FY15	FY15	FY14	FY15	FY14	FY15	FY14
Net sales	376.4	351.6	422.1	414.1	368.3	333.5	352.9	338.5
Total expenses	346.7	333.7	379.0	383.7	341.8	290.4	315.1	303.1
Operating profit	29.8	17.9	43.2	30.4	26.5	43.1	37.8	35.4
OPM (%)	7.9%	5.1%	10.2%	7.3%	7.2%	12.9%	10.7%	10.4%
Other income	0.7	1.9	3.8	11.9	0.8	0.5	0.9	1.4
Depreciation	8.2	8.7	8.0	5.9	7.5	6.0	8.9	6.0
Interest	8.3	5.0	8.2	5.4	5.5	7.5	4.9	5.9
PB exceptional items and Tax	14.0	6.1	30.7	31.0	14.4	30.1	24.9	24.9
Exceptional item (VRS payments)	37.0	-	-	-	-	-	-	-
PBT	(23.0)	6.1	30.7	31.0	14.4	30.1	24.9	24.9
Tax	(8.3)	0.7	10.5	7.1	4.4	9.4	7.4	6.8
PAT	(14.7)	5.4	20.2	23.8	10.0	20.7	17.5	18.1
EPS	(1.66)	0.65	2.3	2.91	1.15	2.53	2.01	2.23



Profit & Loss – Key indicators

Particulars (INR mn)	FY15	FY14	FY13	FY12
Net sales	1,495	1,454	1,094	1,083
Growth in net sales (%)	2.8%	32.9%	1.0%	14.8%
Operating profit	125	163	98	175
OPM (%)	8.4%	11.2%	8.9%	16.1%
Other income	7	14	21	17
Depreciation	33	24	22	19
Interest	24	24	19	11
PBT	76	130	78	162
PBT (%)	5.1%	8.9%	7.1%	15.0%
Tax	23.0	37	21	47
PAT	53	92	57	116
PAT M(%)	3.6%	6.3%	5.2%	10.7%
EPS	6.1	11.0	7.0	14.2



Balance sheet – Key indicators

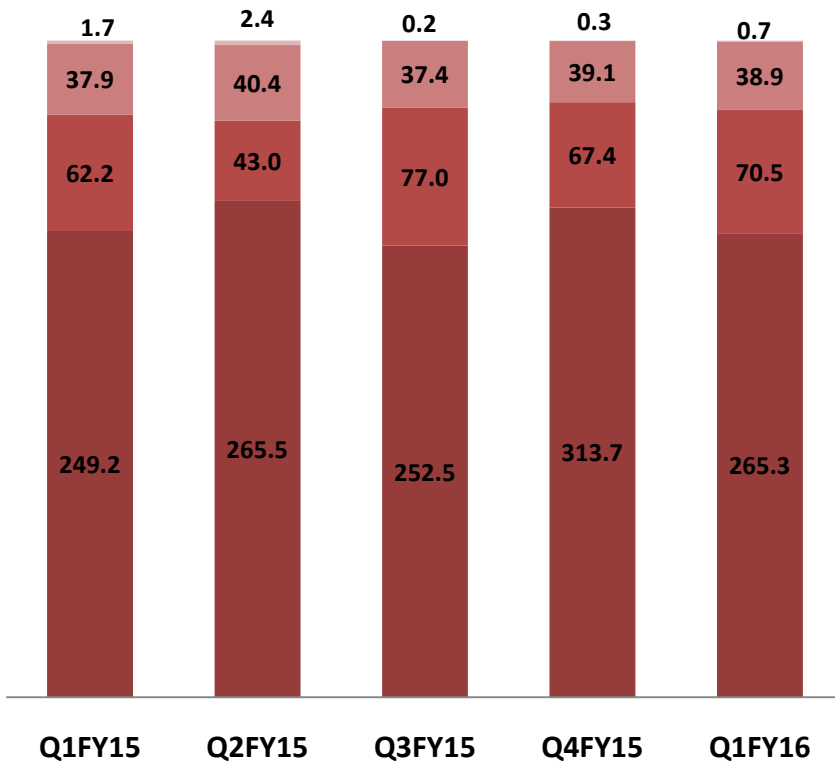
Particulars (INR mn)	FY15	FY14	FY13	FY12
Share capital	89	84	81	81
Reserves & surplus	531	489	403	374
Non-current liabilities	90	115	116	91
Current liabilities	423	386	299	235
Total	1,133	1,073	899	781
Non-current assets	499	521	492	431
Current assets	634	552	407	350
Total	1,133	1,073	899	781



Performance snapshot

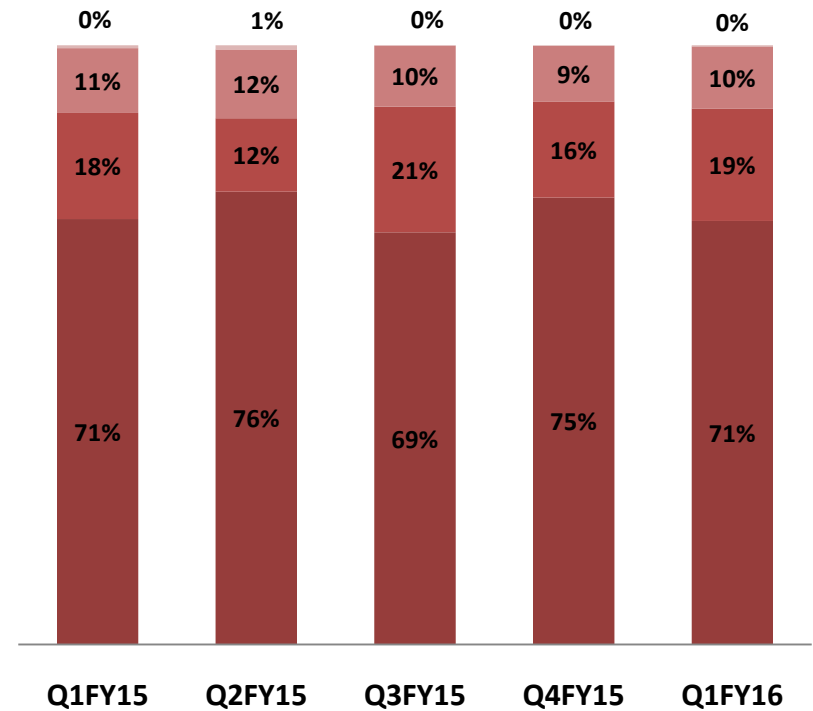
Revenue breakup (INR mn)

Explosives Defence products Services Windpower



Revenue breakup (%)

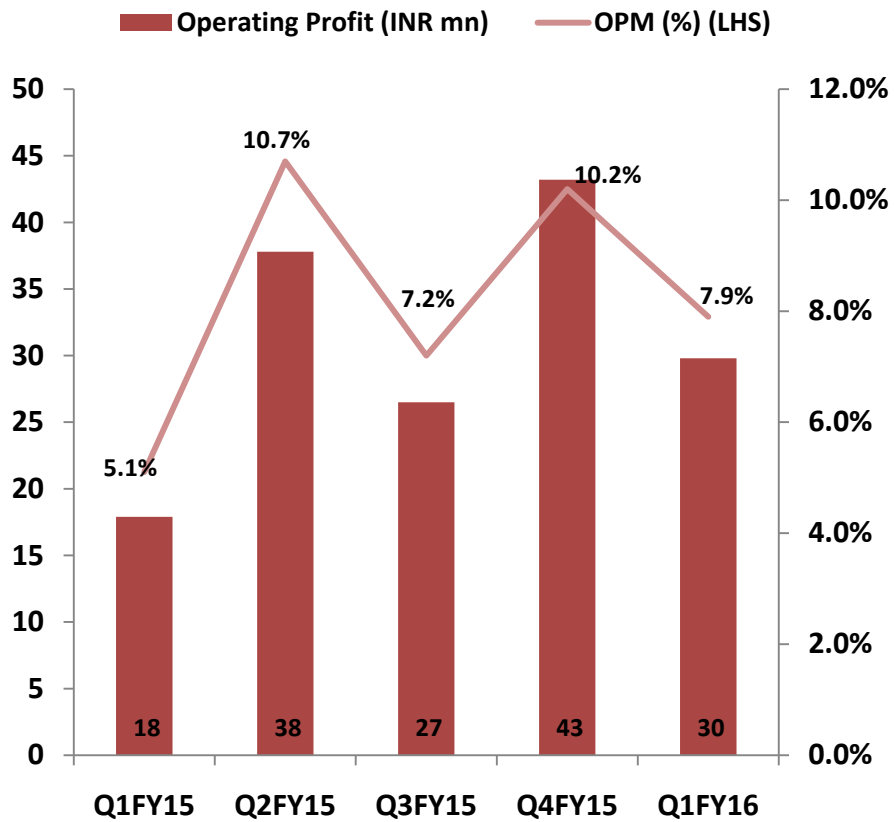
Explosives Defence products Services Windpower



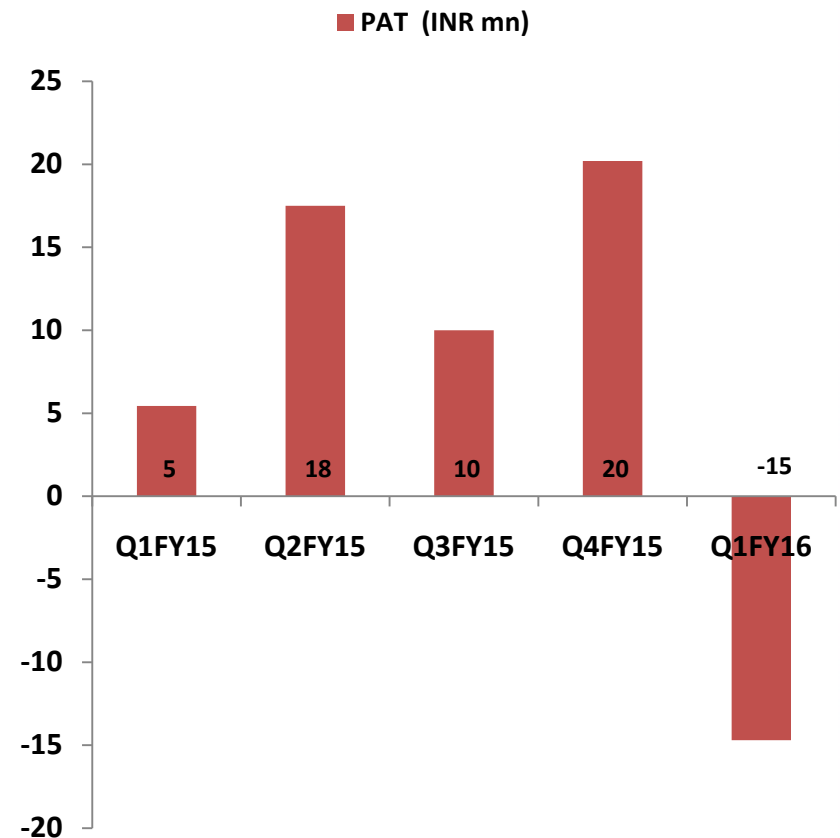


Performance snapshot

Operating profit



Profit After Tax





Way Forward



Industrial Licenses received recently from DIPP

Product	Award Date
Military fuses of all types including filling and assembling	1-Jul-15
Munition 20 mm and above including filling and assembling	1-Jul-15
War heads of all types including filling and assembling	1-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 caliber	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	1-May-15
Mob Dispersion devices	20-Apr-15



Growth drivers

- ❑ Current order book stands at about INR 1,899 mn for Explosives, INR 919 mn for Defense products and INR 390 mn for services
- ❑ The Ministry of defence is in process to make major changes in defence offset policy; seeks to link it to “Make in India” policy. Currently around 60% of India’s defence requirements are met through imports
- ❑ 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 30 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 and the shortfall is expected to be met from imports (*Source: Industry*)
- ❑ India is poised to build a vibrant local defence-industry ecosystem that could support both domestic and export demand, yielding material benefit to the industry and the nation



Key strategies

- Be a part of the '***Make in India***' initiatives
- Market expansion in explosives and defence business with new IL's obtained
- PEL has signed NDAs and MOUs with global missile players
- Formed a JV with Kalyani group to participate in indigenisation of defence products
- Capacity expansion and technological tie-ups for new defence products
- Reap offset opportunities
- Backward integration for solid propellants
- Already acquired 250 acres land for new defence projects
- Explore export opportunities for NHN based detonators
- Developing electronic detonator with new features
- Focusing on exports to South East Asia



Appendix



Overview

- ❑ Founded in 14th February 1980 by Dr. A. N. Gupta, a first generation technocrat - entrepreneur
- ❑ Built on a strong foundation of research and innovation
- ❑ First company in India to have deployed indigenous technology for manufacturing explosives
- ❑ First in the world to produce safer and greener NHN detonators on commercial scale replacing ASA detonators
- ❑ The only Indian private entity manufacturing and supplying solid propellants to India's prestigious missile programmes



Who we are

A leading manufacturer of explosives for industrial and defence applications



Our facilities

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



User industries

Mining, infrastructure and defence sectors



People

Highly trained manpower in handling high energy chemicals



Technocrats at the Helm

- ❑ Promoted by first-generation technocrat Dr. A. N. Gupta.
M.E. (Mining Engineering)
Recipient of 'Pickering and ISM Medal' from Indian School of Mines, Dhanbad

- ❑ Executive Director – Mr. T. V. Chowdary,
Chemical engineer with 31 years experience in production of chemicals, explosives and solid propellants

- ❑ Director (Production) – Dr. N. V. Srinivasa Rao,
M.Sc, Ph.D. (Chemistry) with 35 years of experience in production of explosives & accessories and chemicals

- ❑ Director (Marketing) – Mr. Vikram Mahajan
M.Tech and MBA in Marketing with about 27 years of experience in army and extensive knowledge on 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



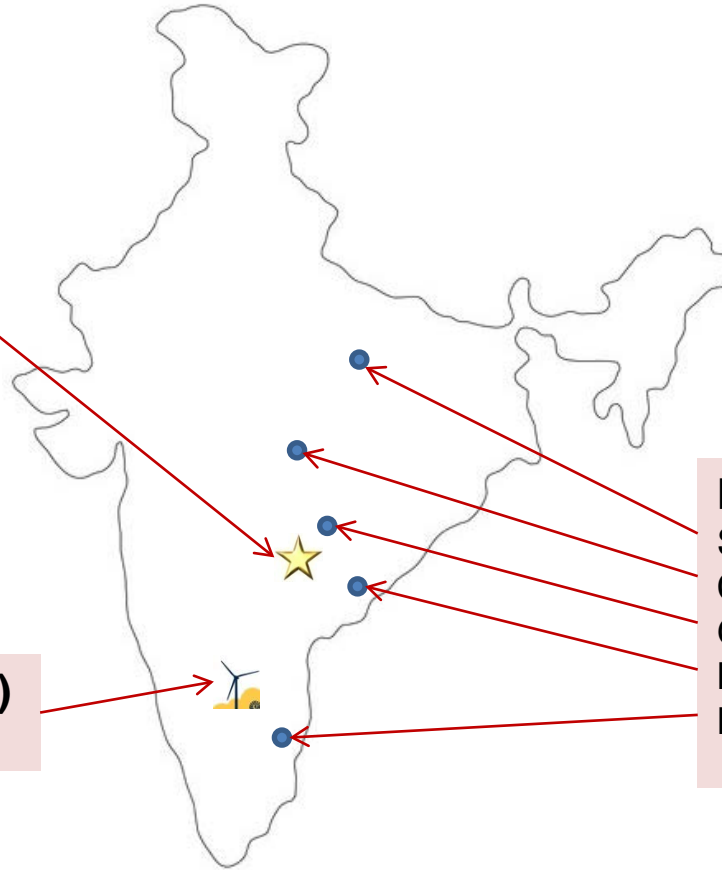
Strategic presence across India

Peddakandukur (Telangana)

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

Pushpathur (Tamil Nadu)

Windmill



Bulk Explosives

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



R&D highlights

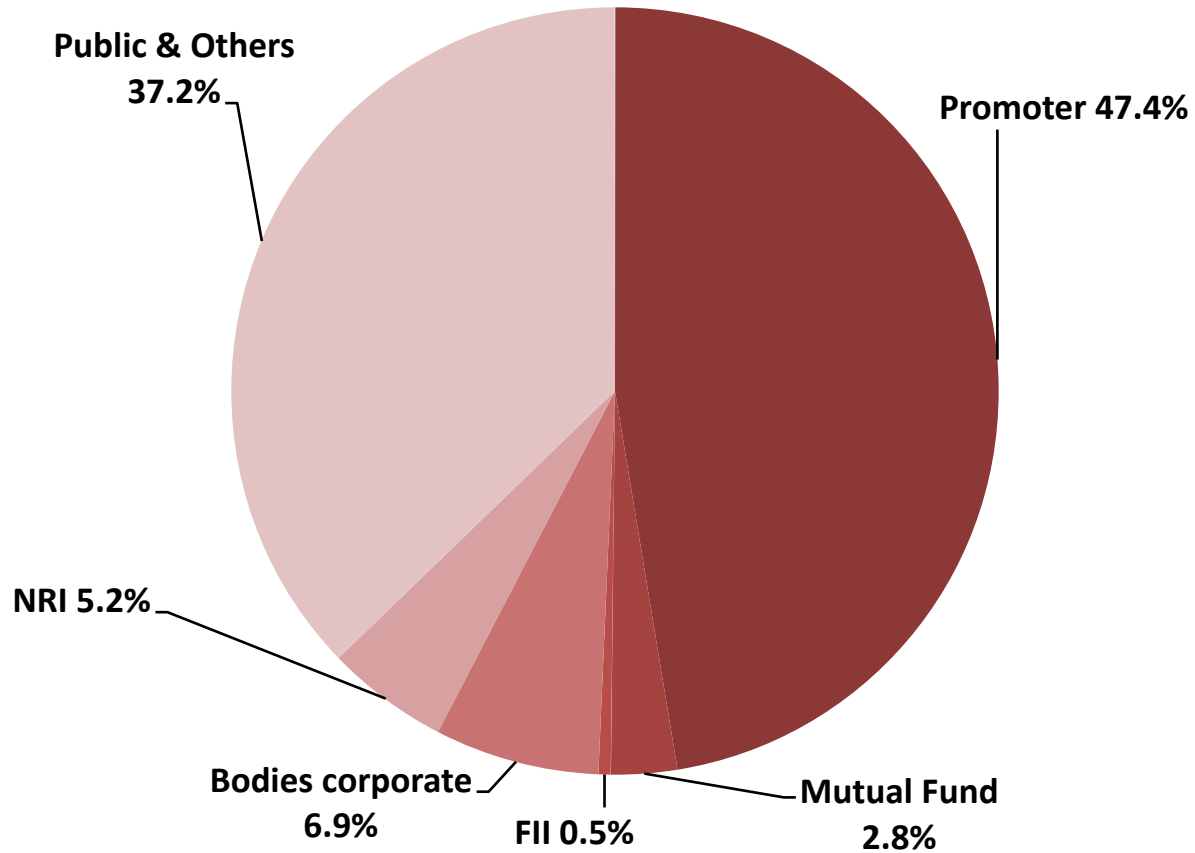
- ❑ Company ensures and thrives to remain at the forefront of technology in its field and new product development
- ❑ World-first in production of NHN based detonators on commercial scale
- ❑ Laboratories of the company have been certified by DSIR and accredited by NABL
- ❑ Collaboration with Gulbarga University and IIT Madras for research in high energy materials
- ❑ Developed solid propellants for various missiles including a combustion-stable propellant for Long Range Surface to Air Missile (LRSAM)

NHN Detonator - applied for patent

- ❑ NHN is safer and greener than traditional ASA
- ❑ Acknowledged as a breakthrough after about 75 years
- ❑ Exploring opportunities for Transfer of Technology



Shareholding Pattern (Jun'15)





**Premier
Explosives
Limited**



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