



Premier Explosives Limited

25th February, 2020

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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: Transcript of Conference call pertaining to the Third Quarter ended 31st December, 2019 Results

Please find attached the Transcript of the Conference Call hosted by, Stellar IR Advisors Private Limited, on 14th February, 2020 pertaining to, 'Premier Explosives Limited Q3 & FY20 Earnings'.

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
Q3 FY2020 Earnings Conference Call”

February 14, 2020



MANAGEMENT: DR. A.N. GUPTA – CHAIRMAN & MANAGING DIRECTOR

MR. C. SUBBA RAO – CHIEF FINANCIAL OFFICER



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Moderator: Ladies and gentlemen good day and welcome to the Premier Explosives Limited Q3 FY2020 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 the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Hina Agarwal. Thank you and over to you Mam!

Hina Agarwal: Good morning everyone. I, on behalf of Stellar Investor Relations welcome you all to Premier Explosives Limited Q3 & 9M FY2020 earnings conference call. We shall be sharing the key operating and the financial highlights for the quarter and nine month ended December 31, 2019. We have with us today, the senior management team of Premier Explosives Limited, Dr. A.N. Gupta, Chairman and Managing Director and Mr. C. Subba Rao, CFO.

Before we begin, I would like to state some of the statements made in today’s discussion maybe forward-looking in nature and may involve risks and uncertainties. Documents relating to company’s financial performance have already been emailed to you. Now, I invite Dr. Gupta to share his initial remarks on the company’s performance for this quarter. Over to you Sir!

A.N. Gupta: Thank you for joining the call. The prevailing macroeconomic factors, prolonged rainfall and delayed defense orders led to subdued performance during the quarter ended December 2019. However, we are expecting pickup in pricing of detonators, volume of exports and defense production which would result in better performance of the company in the coming quarters.

Government of India is contemplating replacement of instantaneous detonators by shock tube detonators and ultimately with electronic detonators. This will act as a major disruption of the detonator market. PEL is ready with shock tube detonators and has been marketing over a decade. And regarding electronic detonators we can gain from the policy change.

The union budget government’s push for infrastructure development and revival of consumption in the economy will thrust overall scenario and take the economic activities. Recent IMF projection of Indian GDP growth to 6.5% FY2020-2021 indicates green shoots for pickup of economic activities looking forward.



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Coming to defense explosives, during the quarter the revenue saw a significant decline mainly because the low order level compared to last year. As last year, we had order for Akash Missile which has been completed; we had supplied more than 2,400 numbers of sustainer and the booster gains. The government has released Rs. 4,000 crore worth of orders from BEL, but it has yet not translated from BEL to BDL and BDL to PEL and other vendors. We are hoping that this will take place within this month and we will get back into the business of Akash Missile. Having said that the execution of orders in defense segment will pickup in next quarter and higher execution thereafter in the coming quarters.

The major execution of Chaff cartridges and flare cartridges order worth of more than Rs.100 Crores would commence from fourth quarter and would continue in next financial year. Recent order for RDX and HMX worth about \$10.71 million - revised from earlier \$9.63 million - would be executed in FY21 from our upcoming Katepally project.

Defense being strength of a country, the Government of India is proactive towards strengthening India defense sector. In the union budget 2020 Government of India increased their allocation of defense sector by 4.63% to the tune of Rs. 3.18 lakh Crores for 2019 and 2020 which is 1.85% of India's GDP. The recent Defexpo 2020 is a step forward in the Prime Minister's target for Rs. 5 billion defense exports in the next five years.

Regarding missiles, as mentioned in the last call, Government has cleared the production of six squadrons of Akash, air defense missile system worth about Rs. 5000 Crores, Bharat Electronics has signed a contract and it has not yet been transferred to BDL and BDL to PEL.

In addition to this the Astra and MRSAM missiles which are IPR of Premier Explosives are now in production stage and we have already received the order from BDL. Order from ISRO for strap-on motors is received and raw material is coming and production will start in probably next month.

Update on Katepally project expansion: Solid Propellant Plant has already been received and license from PESO for commercial production has been received. The trial production has already started and this will result into the production for both ISRO as well as the BDL.



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RDX and HMX plants are also ready and we have received licenses from Factories Department of Government of Telengana and Pollution Control Board and awaiting license from Petroleum and Explosives Safety Organization.

We will start the operation soon as this licences are received which were expected in a couple of days.

Now I request CFO to share the financial performance.

C. Subba Rao:

Thank you. Good morning everyone. The results 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.

During the quarter ended December 31, 2019 the total revenue is Rs. 29.14 Crores and the PBT is negative Rs. 8.94 Crores. On nine months basis topline is Rs. 123.57 Crores and the negative profit of Rs. 7.08 Crores.

Order book update as on today we have total orders worth Rs. 478 Crores out of which explosives business comprises of Rs. 82 Crores, defense products Rs. 233 Crores and services Rs. 164 Crores.

With this we now open the floor for questions and answers, thank you.

Moderator:

Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of NK Arora, an Individual Investor. Please go ahead.

NK Arora:

Sir, we have received a big order from Turkey so when our exports likely to begin exactly?

A.N. Gupta:

The order from Turkey will be executed as soon as RDX and HMX permission is received for our Katepally plant, in next two, three days or one week maximum. After that we will apply for license for export It will go through the process and we can start the export.

NK Arora:

Secondly Sir is there any effect of epidemic in China on our company?

A.N. Gupta:

Sorry.

NK Arora:

China epidemic is it affecting our company?



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A.N. Gupta: No that will not affect the dispatch of RDX and HMX because the coronavirus in China there is nothing to do with this and I do not think they export much of explosives of this nature.

NK Arora: Sir small satellite launch vehicles, we have received the order from solid propellant. So in the small satellite launch vehicle, we have liquid propellant also?

A.N. Gupta: Small satellite project I do not think, ISRO has finalized it. We are very much in line to start the SSLV in fact we have number of meetings with the ISRO people on this and we are waiting for them to finalize.

Moderator: Thank you. The next question is from the line of Monica Arora from Man Finance. Please go ahead.

Monica Arora: Sir I wanted to ask that if we see your results during the quarter your topline has registered huge decline in revenues whereas the operating profit has also declined. So what is the reason for the same and when do you see the things to normalize?

A.N. Gupta: See there has been two reasons particularly one which is very, very prominent is that we have completed order for Akash missiles and the new order though cleared by the government and it has been placed on Bharat Electronics that is still to be finalized on BDL and BDL has to then give it to Premier Explosives. Second reason has been because the monsoon normally is ending by September it continued up to October and November particularly in this area that is Rajasthan, Gujarat and Telengana particularly and that has affected the sale of detonators.

Monica Arora: So Sir what is the scope for margin expansion once all these things normalize?

A.N. Gupta: See as I told earlier, there is a change in the government policy that instantaneous detonators are being replaced with shock tube detonators. In fact actually there was a meeting in Delhi and earlier there had been some meetings in various places in country and they have decided that 25% reduction would be started this year, 25% reduction in the next year and 50% thereafter and ultimately they want the instantaneous detonators which are used by the terrorists and that will be completely replaced and would be with electronic detonators geo-fencing so what will happen is that the possibility of terrorists using that detonators for this particular purpose would be stopped. This will disrupt total market of



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instantaneous detonators, it will be replaced by shock tube detonators. We make that for more than 10 years and electronic detonators for which we are prepared.

Monica Arora: So Sir when can we expect the company to generate free cash flows?

A.N. Gupta: The company next one month or so we will be exporting the first consignment of the propellants to Israel and we will be sending our first counter measures to the Government of India, MoD. So because counter measures this orders are received in bulk and you have to completely make that, put into consignment which is tested and approved by the government and by the MoD people and then we can dispatch it so that will be about Rs. 11 Crores itself, the date has been given at the middle of March.

Monica Arora: Okay. Fine Sir thank you so much.

Moderator: Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.

Kirthi Jain: Sir, first I want to understand that when we will start our Katepally facility Sir.

A.N. Gupta: We are waiting for the license or clearance from the Chief Controller of Explosives that is in charge for PESO that is Petroleum and Explosives Safety Organization which is expected anytime now, any time means it can come in today or it can come tomorrow, all the questions have been answered and all that and we are waiting for it.

Kirti Jain: Sir given that you had highlighted the pricing erosion had happened in the Coal India explosives. Sir like what is the risk mitigation we are doing or any other like do we look envisage that through our trade channel route we will be able to sell more and make up for it Sir?

A.N. Gupta: See what we have done in Coal India when the prices are falling that we have withdrawn our quotation for the supply to Coal India Limited and that is being replaced by order from private customers that is other customers in that same area at much higher prices so we hope that the turnover maybe lower, but the profitability will be better.

Kirti Jain: Like Sir, like what revenues we expect in the current year full year or next year from both the segments any rough idea you can give Sir.



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- C. Subba Rao:** Yes, this year we should be doing around Rs. 170 crores, so Rs. 122 crores is there till December another Rs. 50 crores we are expecting in the fourth quarter. So in FY21, let us calculate based on the orders in hand and then the date of commencement certainly it will be better than this year. Only the point would be subject to coal India like our MD was telling topline may be falling down but hopefully the profitability will be better.
- Kirti Jain:** Sir like at least FY2019 numbers we should reach in FY2021 Sir like Rs. 240 Crores business we had done in FY2019, we would be able to reach at least that much in FY2021 given that defense order is healthy order backlog is healthy?
- A.N. Gupta:** No, we are expecting that in 2021 we would be exceeding what we did in last year.
- Kirti Jain:** Okay, with better margin Sir?
- A.N. Gupta:** Certainly.
- Kirti Jain:** Because defense mix will be higher and also like the order taken have been selective?
- A.N. Gupta:** Yes, defense plus service order would be better than the previous year and we would achieve better results but having a disadvantage of last quarter whatever we said now that we will take anyway as a pinch of salt.
- Kirti Jain:** Sir, how big are these like say this private order opportunity like as compared to suppose say if Coal India opportunity is X, private would be like 1/3rd of it or 1/4th of this we had highlighted private would be how big Sir?
- A.N. Gupta:** It is about 1/3rd but that is very confidential and we will not like to give the details of that.
- Kirti Jain:** No, I do not want the detail but like in terms of the revenues like we are having a loss of business but so will we be able to make up in the revenue the defense revenue next year, I mean, in the explosive revenue next year?
- A.N. Gupta:** Yes, certainly we will try. This disruption nothing can be said about it, it has just started yesterday so the disruption and electric instantaneous detonators is going to totally change over the complete industry and what will happen only next quarter figures will tell. We were expecting this for almost like one or two months but you cannot be sure until the government takes the decision, the decision was certainly expected in this line and we were fully prepared to take a change.



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Kirti Jain: So, then any other new product which will come which can add the significant business in the next one or two years?

A.N. Gupta: Well we have developed what is called a spectral flares so the counter measure department would be, we have flares, chaffs and spectral flares, but the inquiry for spectral flares has again has come in last two days and that requires testing and certification which will take about seven to eight months, but that inquiry which has come that is asking for a despatch of material after one year and we are the only people who are making the IR flares as well as spectral flares and we hope that this would be a good business.

Kirti Jain: Sir in terms of service orders which you have any other new service order we are looking to take or any opportunity coming our way in the services business?

A.N. Gupta: See the main two orders are ISRO as well as the DRDL. So, we have ISRO order for next ten years and DRDL is sort of sending inquiry to us we hope that we would be qualified for that. As well as ISRO, Trivandrum we are also looking for service there but continuous order is placed on us we cannot say affirmative to your inquiry.

Kirti Jain: So ISRO Trivandrum is under inquiry pipeline that is the thing right sir?

A.N. Gupta: Exactly.

Kirti Jain: Okay. Sir defence exports like government is giving emphasis and all, any movement we are seeing in terms of defence explosives being taken by foreign countries or to match their local sourcing requirements or the defence, are they buying to this industry Sir, the rough estimate?

A.N. Gupta: Certainly, as I have already told you that we have got the order for a propellant from one of the European countries and also for RDX and HMX from there, these are all exports only.

Kirti Jain: But because of this like under the contract they have to buy?

C. Subba Rao: You are saying offset.

Kirti Jain: Yes, offset clause, sorry, I was missed, under offset clause are they buying say like for S400 missiles or Rafael are they for their say the anything we are buying for those products?



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A.N. Gupta: See Rafael is still the ink is green, it is still not very dry and S400 again as same thing the imports have not yet started so we are certainly looking for offset requirement at both the orders.

Kirti Jain: Sir in terms of order flow next year what is the target we have in our mind given the various opportunity you would have envisage like without any specific like what would be our target in terms of order flow like what would be for explosives what would be for the defense in terms of order flow for FY2020?

C. Subba Rao: Yes from the perspective of 2020-2021 financial year like we have already discussed the order of Chaffs on hand about Rs. 100 Crores and the Rs. 76 Crores is the RDX and HMX, these are the two major orders we will be supplying. What would be in the pipeline are Akash, Astra and MRSAM. Astra and MRSAM is okay already we have received small quantity but we are expecting them to be big, similarly Akash.

Kirti Jain: So in Akash you are mentioning is the Air Akash right?

A.N. Gupta: Yes.

Kirti Jain: Sir like cumulatively these three names that you told Akash, Astra, MRSAM put together what would be the order flow sir next year we are expecting?

A.N. Gupta: Yes, difficult question now because this is all depend upon the how fast the induction and all that it will be difficult to give the figures.

Kirti Jain: Sir like in the next a little longish term like over next two years like what is the revenue target we have at the company level anything we have planned, broadly what is it?

C. Subba Rao: Let us not put any number for the time being because of whatever this quarterly thing like our MD has already told it will be taken with some pinch of salt it will be better to keep silent on that thing and let us come back to normal level and then talk about it.

Kirti Jain: All the best and thanks a lot for the clarification

Moderator: Thank you. The next question is from the line of Dhruvin Upadhyay from Sushil Finance. Please go ahead.



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Dhruvin Upadhyay: Sir first question is what is our strategy to stop our erratic sales growth because we can see some quarters our sales are grew by around 40% and this quarter we have degrown by 20%. So how do you solve this problem or how are you planning to solve this problem Sir?

C. Subba Rao: Yes, whatever we have already explained what is going to happen in the fourth quarter or the next financial year these are all based on the orders on hand. Your point about the irregular kind of numbers, in the commercial it is based on the monsoon and other economic developments like mining and infra, that one should be kind of smooth graph but that was disrupted by Coal India order, we did not want to take the order because if we have supplied in October to December our loss would have been much more than what we have seen today. So that is where we were affected in the commercial line. In the defense, I mean we have to all agree that it is based on the order execution it is like a project say Akash, we got we have supplied 2,400 over a period of three years so there will be a gap in-between before receiving the another order so it is difficult to say why it is down and why it is more in one quarter, that is a natural phenomena for our business and there will be a U or V kind of graph.

Dhruvin Upadhyay: Sir correct me if I am wrong our commercial explosive business has always been kind of a bread and butter business whereas the defense has always been the alpha generating segment for us? So is there any strategy that we have over the next two three years where since you have mentioned will be focusing on private players more is there any target or strategy or an idea where you would like to normalize the segment first because I believe in the previous quarters you had mentioned you have lesser focus in the commercial explosive business and more importance is being given to the defence business?

A.N. Gupta: See the commercial business is becoming very competitive and the prices were not stable you can see it by the coal India while we had to withdraw from the bidding the other people have continued to do that and now they are in trouble because the prices are lower than the raw material prices and there would be dilution in quality of supplies. We hope we will take the orders on risk purchase that means they will pay us out of deductions from the people who accepted the lower prices and are not supplying.

Dhruvin Upadhyay: Sir it has been mentioned that the government will be privatizing a couple of coal blocks and a number of coal blocks since Coal India is not able to meet its annual target what kind of opportunity do we see over here?



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- A.N. Gupta:** There is a lot of opportunity but let there be some clarity and then we can tell you, we are very upbeat about the privatization of coal mines and also people who want quality rather than the price you see we have got an order from Singrauli where the prices are higher. There are some customers who want quality they want to have a good blast rather than having a bad blast and then they spending money to clear it up.
- Dhruvin Upadhyay:** Sir relating to the fire that occurred in the Peddakandukur facility is there any loss or additional cost that will be incurring this quarter?
- C. Subba Rao:** Well you are talking about the accident?
- Dhruvin Upadhyay:** Yes about the accident.
- C. Subba Rao:** That did not affect our turnover anyway, yes it is the loss or whatever you are asking we have already put the claim for the insurance so when they process it and all that we hope there will not be any major hit on that.
- A.N. Gupta:** See we are in explosive business and such things are expected quite often, but fortunately in the last 40 years we have had only two major accidents so far because of our consciousness about safety and all that and we provide for insurance and other things and all that and all are removed there is no loss of life and everything is fine. We have 10 curing cognate cabinets and one of them only blew up. So the production is not lost because of that because our nine curing cabinets are working perfectly okay in the old plant and the new plant again we have some more curing cabinet which are being commissioned now.
- Dhruvin Upadhyay:** Sir relating to the Katepally plant after expansion after all the approvals are in place what kind of revenue potential would we look at from this plant?
- A.N. Gupta:** See because of the bad performance in the present quarter I do not want to venture into the figures because as I said earlier they cannot be taken very seriously we certainly have very good plans for the new plant, apart from that, apart from the RDX and HMX we also have plans for making ammunition that is 40 mm and above and below and we are very seriously working on that.
- Dhruvin Upadhyay:** Sir relating to our order book what kind of an execution timeline do we have for the explosives in the defense business?



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- C. Subba Rao:** In Explosives to execute the orders it would take around 18 month's period right now because after Coal India is not there, the order book has really come down. In the defense, Chaffs orders will take longer time in the sense it will be over a period of 18 to 20 months because it just started in this quarter it will be there in full year of 2020-2021 and part of 2021-2022 and the recent order of RDX could be executed within one year. Other things which are there from Israel and those things also were expecting to complete in the next financial year. O&M okay that is the long period we have now.
- Dhruvin Upadhyay:** Alright Sir that is it.
- Moderator:** Thank you. The next question is from the line of Nitin Gandhi from KIFS Trade Capital. Please go ahead.
- Nitin Gandhi:** This CWIP which is of approximately Rs. 50 Crores when do we see likely to be getting commissioned and what is the overall plan for that if you can share something on that?
- C. Subba Rao:** Yes like that project we have, like our MD has already told it consists of mainly three parts, one is solid propellant, second is RDX and HMX and third is ammunitions. So on the license, major licenses have come, only for the RDX/HMX we need to get the PESO, that is certificate from the explosives that is expected at any moment now but of course this is about the licenses about the capitalization or actual commencement of production trial runs will be started even before receiving the certificate paper they are already receiving the raw materials for the solid propellant plant and the trial runs is going on. RDX will also commence soon. Financially if you ask it is maybe by 31st March we will be capitalizing that.
- Nitin Gandhi:** So corresponding interest and depreciation will be kicking in next quarter itself right?
- C. Subba Rao:** That is one part in terms of finance yes, but only, one point is there is no interest as such because entire money of Rs. 60 or 65 Crores which we have availed from QIP, I can say more or less it has gone to this project alone.
- Nitin Gandhi:** So that means there is no increase in interest burden but only depreciation?
- C. Subba Rao:** Yes for working capital yes we have to provide for that.
- Nitin Gandhi:** This working capital is anyway link to the revenue so there is not anything unlike and other thing which I wanted to know how are these margins in each of this segment?



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- C. Subba Rao:** Yes, should be better; there cannot be quantification we can only tell the qualification.
- Nitin Gandhi:** Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.
- Keshav Garg:** Sir I wanted to understand whether in this fourth quarter we will breakeven at operating level?
- C. Subba Rao:** We hope so because going by the orders we are going to execute in the fourth quarter it should be certainly better than third quarter no doubt but how much better and all that it is better not to say anything now.
- Keshav Garg:** Sir also in the third quarter sir our defense revenues also fell drastically year on year from 27 to less than 8 Crores, even though we have a huge defense order book and order book is at an all time high so then why are not we able to book revenues?
- C. Subba Rao:** Yes basically all the orders like we just now discussed one order to be executed fourth quarter and the other order that is Turkey order, the export of RDX will commence in the new coming financial year.
- Keshav Garg:** Sir since the major fall has been in our explosive revenue and since explosive any which way was a low margin business for us, and our order book explosives make only 17% of our order book so what I want to understand is that is explosives segment critical for us breaking even or we can do well on the back of defense segment only?
- A.N. Gupta:** See what happens is the commercial explosives order is essential to keep the company going while the defense orders are sort of cream on the top of the cake
- Keshav Garg:** Sir and so for the next financial year this total order book so till when is it executable around Rs. 480 Crores order book?
- A.N. Gupta:** See about Rs. 50 Crores we are expecting in the next quarter and the next year we will come back to normal that we sort of we expect about Rs. 240 Crores. Apart from that our joint venture which is with the company in France that is also getting active and we may sign the agreement in the first week of March.



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- Keshav Garg:** Sir so basically revenue that we did till now in FY20 was around Rs. 122 Crores so how confident are you that in next financial year FY2021 we will be able to do around Rs. 240 Crores?
- A.N. Gupta:** It will come because we have got number of orders from defence which are executable from the first week of March onwards.
- Keshav Garg:** Sir what kind of margins will we be able to do I mean any range so since are with operating leverage our margins should also improve?
- C. Subba Rao:** Yes certainly, when the turnover goes up the operating leverage will be helpful but let us not go into always so much detail of some percentage some number and all that that is difficult to say especially after this quarter result we do not want to indulge in that discussion.
- Keshav Garg:** Okay best of luck Sir.
- Moderator:** Thank you. The next question is from the line of Rahgav Rathi, an Individual Investor. Please go ahead.
- Rahgav Rathi:** Just wanted some balance sheet numbers around receivables, inventory what is the current debt position and what are the cash level?
- C. Subba Rao:** Yes, the current debt is something like Rs. 6.5 Crores, working capital cash credit is something like Rs. 30 Crores those are the debt levels and of course corresponding the inventories and all that are there.
- Rahgav Rathi:** So would it be fair to say the inventory and receivables levels are the same as previous quarter Q2 end?
- C. Subba Rao:** Yes it would be around that level.
- Rahgav Rathi:** Second question is around the bi-modular charge system that we are in talks of when you touch briefly in response to previous question. Sir we had heard in the news that next year would be signed only on receipt of orders so are we seeing some traction from the government's end on this where we are placing orders or we are placing some orders for trials?



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- A.N. Gupta:** See typically the orders for BMCS is to come from the government but they are extending the last date for the quotation and I think the validity will be over on the 4th April after that we are going to revise the prices and we will do it but there is nothing in our hand until the order is placed by the government.
- Rahgav Rathi:** Okay but there is traction from the government to push this forward in the current budget?
- A.N. Gupta:** The seven RFAs which were sort of an issued none of them has come into fruition, every time they are getting extended.
- Rahgav Rathi:** Just an extension of the same so when we talk about the BMCS with the upgradation NATO grade so would it be applicable across the new artilleries systems that the government is procuring in terms of Dhanush, Dharang etc?
- A.N. Gupta:** Nexter has already supplied and is in the process of supplying of the same ammunition BMCS was a 155 millimeter brands.
- Rahgav Rathi:** Okay got that, understood. Thank you so much, that is all from my end. Thank you.
- Moderator:** Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.
- Kirti Jain:** Sir you were highlighting that we are manufacturing explosives of differentiated quality, can you just for the benefit of us what is the differentiated quality and how uniquely our product is positioned that compared to peer an you had highlighted that the bad blast and all those things can you explain that concept for the benefit of us?
- A.N. Gupta:** See we are making explosives of the standard quality. Those who have accepted low pricing may resort to diluting the explosives.. There is only that much of differentiation. We are not saying that our explosives are better than others but we do not dilute them for the sake of getting the order.
- Kirti Jain:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Kamlesh Joshi from SR Power. Please go ahead.



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- Kamlesh Joshi:** Sir, just wanted to know I have put in my hard earned money to the stock around Rs.200 so when I will be able to free from this because I wanted money now?
- A.N. Gupta:** I wish I can help you. Obviously, we are here working only to see that your money is not only safe but it also grows. So when it grows you only get advantage, we do not get advantage.
- Kamlesh Joshi:** Yes that is correct Sir.
- A.N. Gupta:** Yes.
- Kamlesh Joshi:** Okay thank you.
- A.N. Gupta:** If the things in our hand we have got for 40 years we have been sort of having but we never had a bad quarter like this and we were very, very sorry about this quarter and we hope that it will not happen again that these are things which is beyond our control otherwise why should it happen.
- Kamlesh Joshi:** No, no I am with you Sir and then we should not compromise on quality with customers because is the trust which we are building with the customers.
- A.N. Gupta:** Absolutely, that is the reason why we have to take a beating and face these sort of the questions from you rather than facing a bad customer.
- Kamlesh Joshi:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Rahgav Rathi an Individual Investor. Please go ahead.
- Rahgav Rathi:** Just wanted to check if we have exhibited at the defence expo in Lucknow this time and what has the response been like.
- A.N. Gupta:** We do not have sort of the exhibit any of the expo because those who are going to buy our product, they know all about our products and we do not sort participate. We just sort of visit that expo to see if there is any foreign company who can help us in new product so we have not exhibited in this Def expo we have also not participated in the previous Def expo.



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Rahgav Rathi: Sir any other defence any other marketing channels that we are exploring in terms of defence exports for example for other countries Indian defence and how is the relationship with them?

A.N. Gupta: See our relationship is good we also attend the Euro expo and all that the meeting held by Europe and all that European companies we have almost everybody is in the globe comes and exhibits it and all we visit them and we have executing basically mandate orders which are coming through us our reputation is known to customers in the country and abroad.

Rahgav Rathi: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of NK Arora an individual investor. Please go ahead.

NK Arora: Sir my question is that ISRO is opening up very fast they want to privatize PSLV itself so are we looking at any new products, are we looking for anything new to supply to the ISRO.

A.N. Gupta: We are a regular supplier to ISRO and we are in touch with them, we are in touch with the top as well as all bottom people and all that in ISRO and we are setting up a unit which is very close to ISRO and we hope that whatever they have the business opportunity is comes from ISRO we are part of that.

NK Arora: Sir any update on land allotment near Shar which we are suppose to get.

A.N. Gupta: We got one or two inquires and all that but the Def expo which is held in Lucknow we have made a contact with the people from Andhra Pradesh and we have been given choice of three we will visit them and then select one of them and then we will take up.

NK Arora: L&T has set up a big facility for missiles at Coimbatore so is it possible to supply any propellants to them also?

A.N. Gupta: Yes, L&T is an integrator they are not the user the user is MoD, Ministry of Defence. L&T or Adani or other people they are like integrators and L&T is not in the picture, L&T and Premier we have got very good relationship and if we get order we go to them and if they get the order they get to us.

NK Arora: Thank you so much Sir.



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Moderator: Thank you. Ladies and gentlemen that was the last question, I now hand the conference over to the management for their closing comments.

C. Subba Rao: Thank you all. Like our MD has told you it is not a good quarter at all but we are trying our best to improve that. We hope next quarter we will be in good position. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Premier Explosives that concludes today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.