



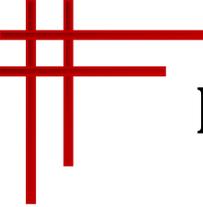
**Premier
Explosives
Limited**



PREMIER EXPLOSIVES LIMITED

INVESTOR PRESENTATION | FEBURARY 13, 2020





Key Highlights – Q3FY20

Order Intake

- Received an order worth **USD 9.63 million** from **Elmas Savunma Sanayii Ve Havacilik Ticaret Limited, Ankara, Turkey** for supply of RDX and HMX derivatives; to be executed with in the period of **5 months**
 - **First RDX/HMX** order to be executed at Katepally Plant
 - This order is the largest one received by the Company till date executable within an year
- Received a Rate Contract worth Rs. 15.44 crores for Supply of Bulk Loading Explosives from **Jaiprakash Power Ventures Limited; contract is for a period of one year from 01.01.2020**
 - Supply for the order would be made from the Singrauli plant

Katepally Plant Updates

- Received most of the licenses from Government of Telangana, Pollution Control Board, etc. Awaiting few more licenses from Petroleum and Explosives Safety Organization

Results Highlight- Q3 FY20

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	PAT
Q3FY20	289.3	(62.2)	(90.2)
Q3FY19	693.6	102.6	56.9

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
Q3FY20	153.4	78.0	57.9	289.3
Q3FY19	386.6	270.5	36.5	693.6

Results Highlight- 9M FY20

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	PAT
9MFY20	1,225.4	(4.6)	(70.8)
9MFY19	1,823.5	184.2	89.1

Revenue Breakup

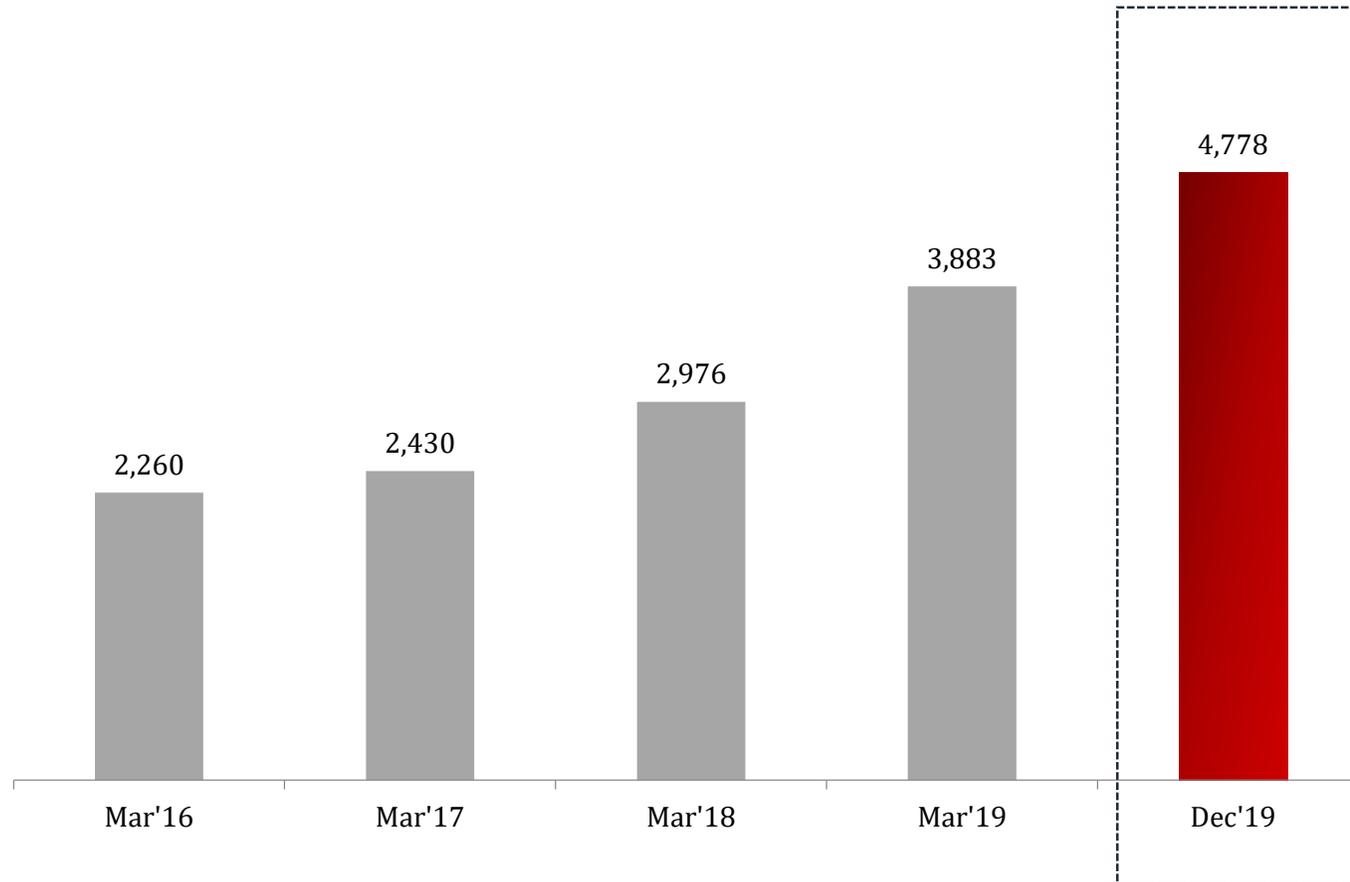
(in Rs. Mn)	Explosives	Defence	Services	Total
9MFY20	787.3	280.1	158.0	1,225.4
9MFY19	1,101.7	584.9	136.9	1,823.5

Profit & Loss Statement

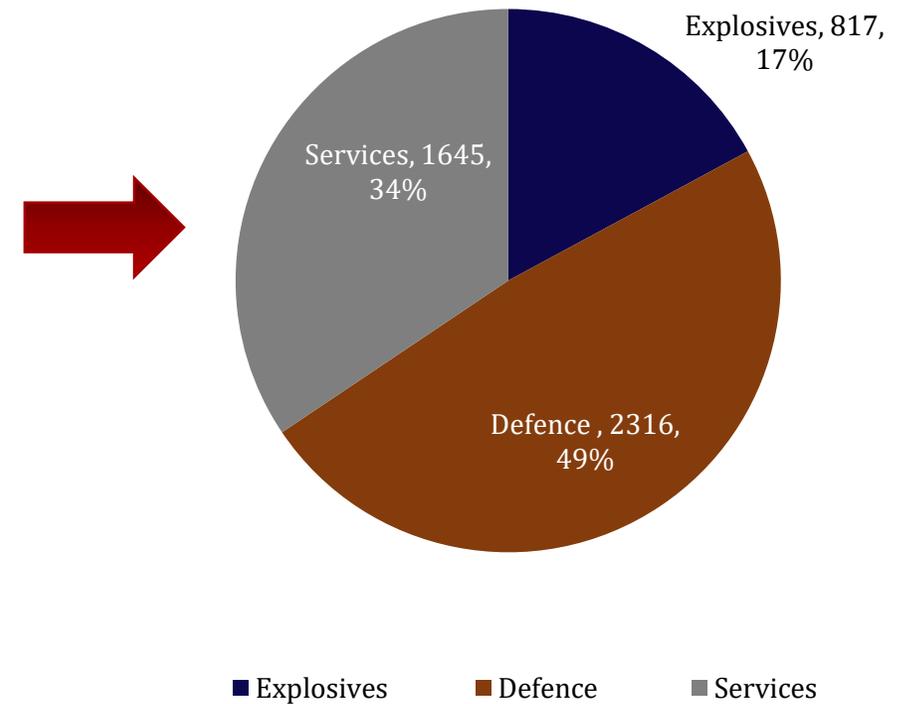
In Rs. Mn	Q3FY20	Q3FY19	9MFY20	9MFY19
Revenue from Operations	289.3	693.6	1,225.4	1,823.5
Expenses	351.5	591.0	1,230.0	1,639.3
Operating profit	(62.2)	102.6	(4.6)	184.2
Operating Margins (%)	-21.5%	14.8%	-0.4%	10.1%
Other income	2.2	7.5	10.3	20.0
Depreciation	12.6	10.6	37.2	30.2
Interest	16.8	14.01	39.4	39.4
PBT	(89.4)	85.4	(70.9)	134.6
Tax	0.8	28.5	0.01	45.5
PAT	(90.2)	56.9	(70.8)	89.21
PAT Margins (%)	-31.2%	8.2%	-5.8%	4.9%
EPS	(8.39)	5.35	(6.59)	8.38

Improving Order Book

Order Book



Order Break-up





Company Overview

Pioneer in Explosives & Defence Sector...



A leading manufacturer of High Energy Materials

- 1st in India to manufacture Explosives and Detonating fuse with indigenous technology
- 1st in the world to produce Safer and Greener NHN detonators on commercial scale
- 1st Private Company to manufacture Solid Propellants to India's missile programs

Serving Defence & Space and Mining & Infrastructure Industries

- Participation in Defence and Space programs with Indigenous technology & Technology Transfer
- Owns Licenses for manufacturing & development products provides High Entry barrier



Highly trained manpower in handling high energy chemicals

- Team Strength of over 1,400 trained people across various function

State-of-the-art manufacturing facilities

- Six Manufacturing facilities in Telangana, Madhya Pradesh, Maharashtra & Tamil Nadu

Grew under leadership of Industry Veteran..



Dr. A. N. Gupta

Chairman & Managing Director

- Recipient of 'Udyog Rattan Award' & 'Pickering and ISM Medal'
- Member of Society of Explosives Engineers, U.S.A, Ex-Chairman of Explosives Development Council and Fellow of High Energy Materials Society of India (HEMSI)
- Written a number of Technical papers in national & international Seminars and Journals



T V Chowdary

Dy. Managing Director

- A Chemical Engineer with over 35 years of experience in production of Chemicals, Explosives and Solid Propellants.
- Having project execution as his forte, he is excellent in HR Management and is a steadfast trouble-shooter.
- Development of solid propellant products for export markets



Y. Durga Prasad Rao

Director Operations

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



Supported by skilled workforce

- Over 1,400 Dedicated and Experienced Employees
- Team comprises of about 100 Engineers / Scientists
- About 550 people trained in Propellant and Pyrotechnic products

with impetus on Research & Development...



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



World's 1st producer of NHN based detonators on commercial scale much safer and greener than traditional ASA.

- Licensed the technology to a US company



Developed Solid Propellants for various missiles including a combustion-stable Propellant for LRSAM



Laboratories have been **certified by DSIR and accredited by NABL**

...thrives to remain at the forefront of technology and product development

& high focus on Safety at Manufacturing facilities



○ Bulk Explosives

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



◆ Defence & Space

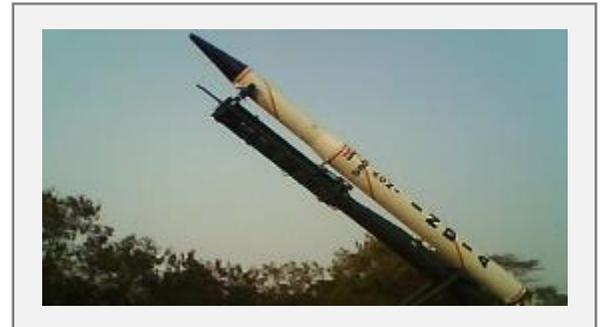
• Peddakandukur (Telangana)

Detonator, Detonating fuse,
Packaged Explosives,
Product Research &
Special Products Divisions



▲ Katepally (Telangana) (Under construction)

Solid propellants
HMX/RDX
Ammunition
Mines
Warheads



Greenfield expansion at Katepally



- **Katepally Solid Propellant Plant** is ready for Commercial Operations
 - Obtained License from Chief Controller of Explosives, Nagpur for production of solid propellant at the facility
 - Katepally plant would augment capacities & add new products to meet increasing demand for defence products
 - Facility will enable Company to manufacture Solid Propellant of larger size
- Received order for production of **PSOM-XL (Solid Propellant)** for small satellite launch vehicles from Vikram Sarabhai Space Center (VSSC)
 - First order to be executed at the facility
- **RDX & HMX Plant** is in advanced stage of completion
 - Buildings are ready and the plant is in place
 - Obtained licenses from Government of Telangana, Pollution Control Board, etc. Awaiting few more licenses from Petroleum and Explosives Safety Organization
 - Received order for RDX and HMX derivatives from Elmas Savunma Sanayii Ve Havacilik Ticaret Limited, Ankara, Turkey

Serving the critical needs of Industry



Commercial Explosives

- Manufactures diverse range of commercial explosives for Mining & Infrastructure Industries
- Product range includes Bulk Explosives, Cartridge Explosives, Cast Booster, Detonators, Detonating Fuse, etc



Defence & Aerospace

- Manufactures solid propellants for tactical missiles (Astra, Akash and LRSAM / MRSAM) strategic missiles (Agni) and Pinaka rocket
- Entered in Indian Space programme as approved supplier of PSOM-XL Motor for use in Polar Satellite Launch Vehicle(PSLV) to ISRO
- Only domestic manufacturer supplying countermeasures like Chaffs and Flares to Indian defence
- Undertaking Operation & Maintenance services for solid propellant plants of ISRO at SHAR, Sriharikota and DRDO at ASL, Jagdalpur



Business Segments

Stable business of Commercial Explosives...

Manufacturing Explosives Products

Bulk Explosives



Cast Boosters



Detonators



Detonating Fuse



...for Clients in Mining & Infrastructure Industries



Cement
Manufacturers

Export to Countries

*Israel, Greece, Jordan, Turkey, Nepal, Thailand,
Philippines, Indonesia, etc.*

With greater visibility of sustainable opportunity landscape

In Mining Industry



- India's thermal coal consumption to reach **1,076 MT by 2022-23**. Domestic supply to grow at **CAGR of 7%** to **931 MT**
- Market expansion in explosives with new Industrial licenses obtained
- Focus on increasing the Exports to **South East Asia and Africa** for Commercial Explosives

In Infrastructure Industry



- Government's impetus on infrastructure projects to boost the need for quarry stone, iron ore and cement
- Government of India planned to spend **Rs. 6.9 trillion** on **83,677 km road construction by 2022**
- Cement industry capacities to reach **550 million tonne by 2025**

Building Defence & Aerospace segment...

Manufacturing Products across segments

Propellants

Pyrogen igniters

Case-bonded propellants

Free standing grains

Fuel rich, Air Target Imitator

Gas generators

Strap-on motors for satellite launchers



Pyros

Pyro cartridges

Pyro actuators

Smoke / flash generators

IR generators

Specialized squibs



Explosives

CL - 20

HNS - IV

Explosive bolts

BKNO₃ Igniters

Counter-measures

Chaffs

Flares

...for various Defence & Space PSUs



First Private Manufacturer and Supplier of Solid Propellants in India

with focus on enhancing Technological Capabilities...

Unmatched Technological know-how and Research Capabilities....

In-house development
<ul style="list-style-type: none">• Pyrogen Igniters for Strategic missiles• Non-Aluminium composition for Astra• LRSAM composition without Combustion Instability• Sledge Rocket Motors• IR flares• Air Target Imitator



Production under ToT
<ul style="list-style-type: none">• Akash booster / sustainer grains• LRSAM / MRSAM / QRSAM / NGARM motors• ARM motors• Pyrogen igniters for ANSP• Daisy II motor for Agni• Pinaka rockets – Mark I and II• Astra motor• Chaff• IR flares

.... and Industrial Licences from DIPP

Defence Industrial Licenses
<ul style="list-style-type: none">• In Defence, received 14 Industrial Licenses from DIPP in over last 3 years• Few of the key licenses are:<ol style="list-style-type: none">1. Rocket and Missiles2. Bombs & Mines for Defence3. Single Base Propellant4. License for manufacture of propellants, Ammonium Perchlorate and HTPB

Preferred supplier to Defense : Sector with High-Entry Barriers

Continuous efforts towards strengthening the Intellectual Property (IP) for manufacturing of High-Energy material

Enhancing product offering...

for Indian Air Force

On-going

Chaffs & Flares

Air Target Imitators (for Air Defence & Indian Army)

Under Development

70 mm rockets

Air-Glide bombs

Re-graining of existing missiles

Indigenization of power cartridges

Canopy severance system

for Missile Programme

Expanding product portfolio

Solid Propellant

Rocket motor hardware

Thermal insulations & Hot integration

War-heads

Ammonium Perchlorate

HTPB & CL20

Single base, Double base, Triple base propellants

Pyrogen igniters



Contributing to India's Prestigious Missile Programs

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

Increasing participation in India's Space Program



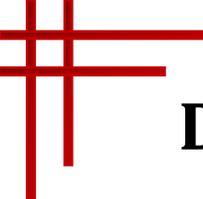
Operations & Maintenance Under GOCO

- Operating and Maintaining Solid Propellant plant of ISRO at SHAR under GOCO Contract for 10 years in Jan'2019
- Operating and maintaining the solid propellant plant of Advance Systems Laboratory (ASL) at Solid Fuel Complex, Jagdalpur
- **Provides exposure to advanced processes in manufacture of solid propellants**



PSOM-XL for ISRO

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



Defence : Opportunity landscape

Government enhances focus on “Make In India” in Defence

- India to spend **USD 250 billion by 2025** on modernization of armed forces
- **‘Defence Procurement Policy 2016’** linking to ‘Make in India’ Initiative to increase Self Reliance’ in Defence Products
- Offset Opportunities
- **‘Open General Export License’** scheme to be launched by Government of India to boost export of Defence Products in Long Term
 - In last 3 years, Exports has grown by 7 times to **Rs 10,745 crores**
- **National Advanced Surface to Air Missile System II (NASAMS II)**- India in the process of acquiring NASAMS II from US
- **‘Strategic Partnership’** policy would rope in large private corporates into Defence Production who in turn will create overall Defence ecology including MSMEs

Well positioned to enhance participation

- Pioneer in manufacturing and supply solid propellants to India’s prestigious missile programs
- Possesses various Industrial license for production
- Member of Missile Technologies Control Group (MTCR), India provided access Advanced Technologies
- Tying-up with OEMs- in advance stage of negotiations
 - To Meet the Defence Offset Obligations
 - Forming Partnership to Manufacture in India
- Manufacturing facilities capable of handling higher volume and new product requirements
 - Greenfield project at Katepally (near Hyderabad) in about 150 acres. Another 100 acres of land available for further expansion

Space : Opportunity landscape



Government to launch various Space Programme...

- India to double the space mission to **12 missions per year** in five-year period
 - In next 5 years, ISRO to launch various missions like **Aditya L-1, Gaganyaan, Mars Orbiter Mission-2, Chandrayaan-3, Shukrayaan, etc.**
- ISRO to get new commercial arm '**New Space India Limited (NSIL)**' to commercialized launch vehicle and other state of art technologies in Global space market
 - Enhance participation of private players in the space programmes
- India plans to have an '**Orbiting Space Station**' by **2030**

...Huge opportunity for the Private Players

Building Company with Vision - 2025



Continue the leadership in High Energy Materials for defence and space



Develop low cost processes and techniques for production of industrial explosives



Develop capacity for missile integration



Meet the full requirements of ISRO's strap-on motors



Enter export market for defence products and high energy components



Financial Highlights

Profit & Loss Statement

In Rs. Mn	FY19	FY18
Revenue from Operations	2,409	2,659
Expenses	2,175	2,459
Operating profit	234	200
Operating Margins (%)	9.7%	7.5%
Other income	26	22
Depreciation	42	36
Interest	55	52
PBT	163	134
Tax	46	47
PAT	117	87
PAT Margins (%)	4.9%	3.3%

Balance Sheet Highlights

In Rs Mn	Sep'19	Mar'19
Equity Share Capital	107.5	107.5
Other Equity	1,966.0	1,986.2
Long Term Borrowings	227.1	238.3
Other Liabilities	631.4	627.0
Total Liabilities	2,932.0	2,959.0
Net Fixed Asset Block	1,074.2	1,084.1
CWIP	497.8	348.3
Other Non-Current Assets	200.0	203.3
Total Current Assets	1,160.0	1,323.3
Total Assets	2,932.0	2,959.0

Awards & Appreciations

Year	Award	Awarded By
2019	SME - Empowering India Awards 2019 in the Defense & Aerospace (Mid - Corporate)	Hon'ble Union Minister of Steel
2016	HEMSI Honorary Fellowship to Dr. A.N.Gupta	High Energy Materials Society of India
2015	Outstanding Entrepreneur Award	Enterprise Asia
2014	Appreciation for development of Propellant composition for LRSAM without combustion instability	Director, DRDO
2013	Inc. India Innovative 100 Award for plant-scale manufacture of NHN detonators	Inc. India
2011	Appreciation for development of Propellant Casting of Motors and Igniters for First and Second Stages of Agni-4	Director, Advanced Systems Laboratory
2010	Appreciation for development of Pyrogen Igniters for Agni A4	ASL
2008	Appreciation for development of Pyrogen Igniters for Agni A3	ASL
2007	Defence Technology Absorption Award-2007, received from Dr. Manmohan Singh, Prime Minister of India	DRDO
2007	Best R&D Effort Award	AIMO
2005	Best Technology Development Award for R&D achievements	FAPCCI
2004 - 07	Best Greenery Development Award	AP Pollution Council



Contact Us

PREMIER EXPLOSIVES LIMITED

Mr. C. Subba Rao (CFO) / Ms Vijayashree (Company Secretary)
csr@pelgel.com / cs@pelgel.com

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



Ms. Pooja Sharma/ Ms. Hina Agarwal
pooja.sharma@stellar-ir.com / hina@stellar-ir.com

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