



Q1FY20 RESULT PRESENTATION

August 2019



**Result
Highlights**

**Company's
Overview**

**Commercial
Explosives**

**Defence
&
Space**

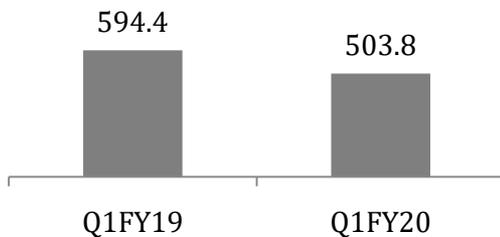
**Financial
Highlights**

Annexure

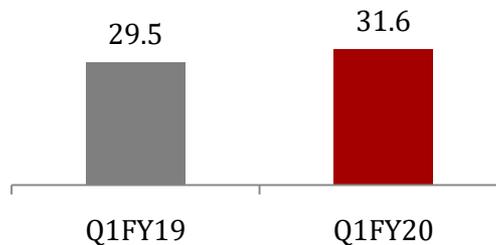
Results Highlight- Q1FY20

(in Rs. mn)

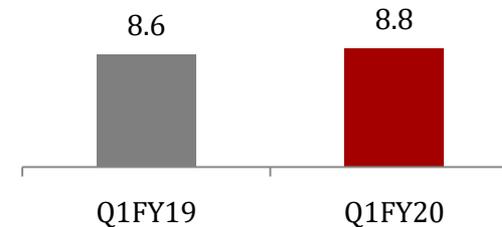
Operating Revenue



Operating Profit



Profit After Tax



Revenue Breakup

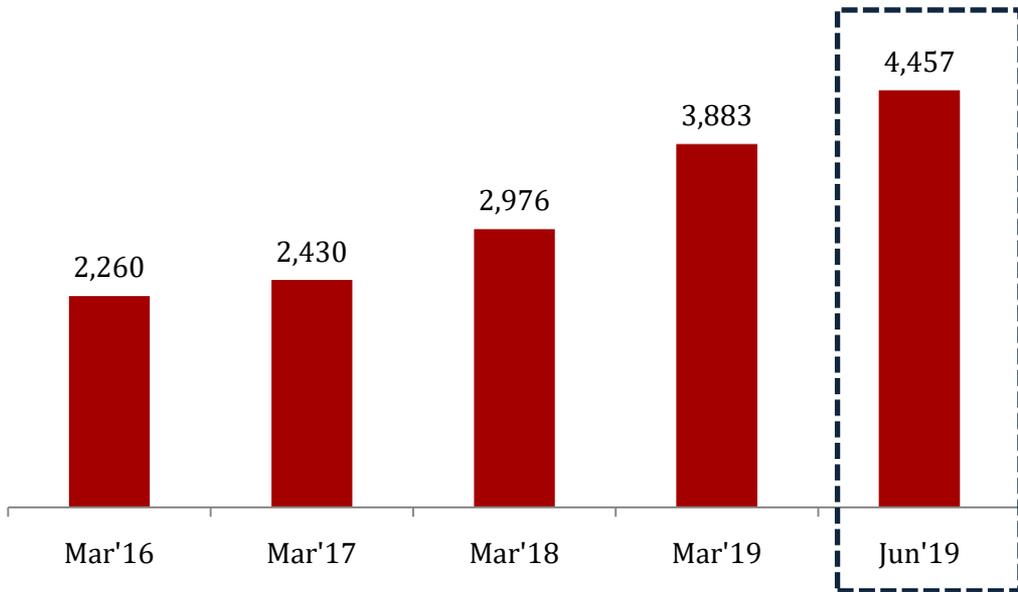
(in Rs. Mn)	Explosives	Defence	Services	Total
Q1FY20	366.7	90.8	46.3	503.8
Q1FY19	415.4	123.7	55.3	594.4

Profit & Loss Statement

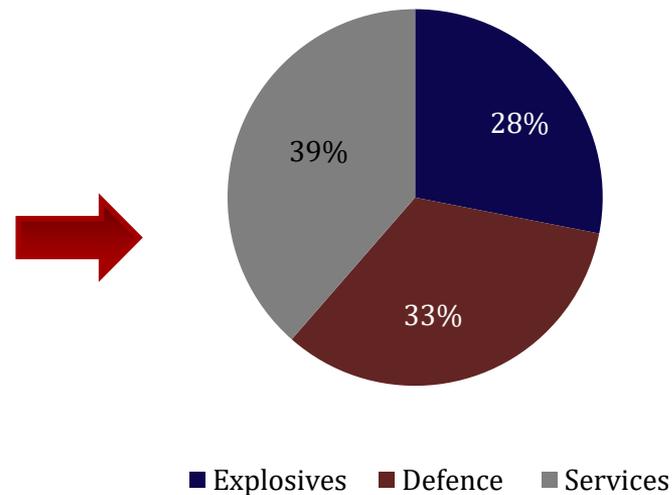
In Rs. Mn	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
Revenue from Operations	503.8	594.4	-15.2%	585.9	-14.0%
Expenses	472.2	564.9		535.6	
Operating profit	31.6	29.5	7.1%	50.3	-37.1%
Operating Margins (%)	6.3%	5.0%		8.6%	
Other income	4.9	5.9		5.8	
Depreciation	12.0	9.3		11.6	
Interest	11.0	13.2		15.9	
PBT	13.5	12.9		28.6	
Tax	4.7	4.3		0.5	
PAT	8.8	8.6	2.3%	28.1	-68.5%
PAT Margins (%)	1.7%	1.4%		4.8%	
EPS	0.82	0.81		2.62	

Improving Order Book

Order Book



Order Break-up



In Defence, received order worth **Rs. 100 Crores** from Ministry of Defence for the supply of 50 mm Chaff cartridges and order worth **Rs. 15 Crores** from Bharat Dynamics **Limited** for the supply of solid propellant for Medium Range Surface to Air Missile.

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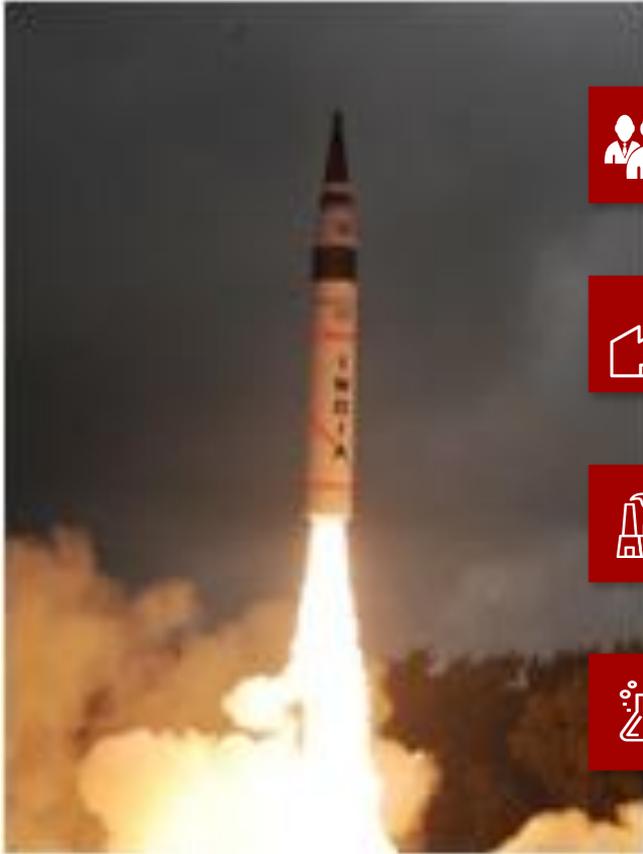
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Defence
&
Space

Financial
Highlights

Annexure

Company at Glance



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



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



User Industry: Defence, Space, Mining and Infrastructure sectors



Highly trained manpower in handling high energy chemicals

Pioneer in Explosives & Defence Sector

1st

Company in India to manufacture explosives and detonating fuels with indigenous technology

1st

Company in the world to produce safer and greener NHN detonators on commercial scale

1st

Indian private Company to manufacture and supply solid propellants to India's prestigious missile programmes



Business Verticals



Commercial Explosives

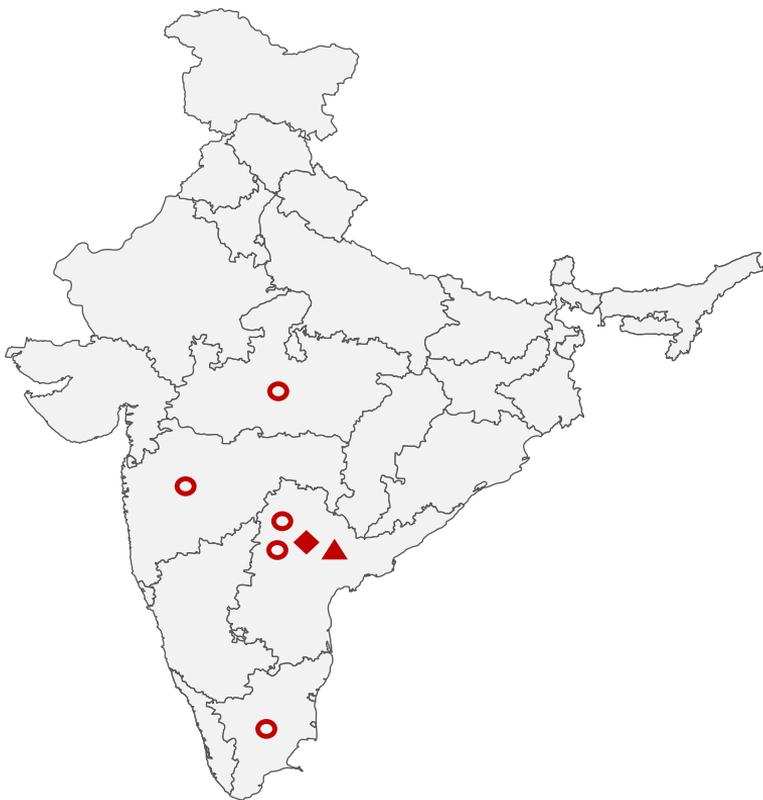
- Manufactures diverse range of commercial explosives for mining & infrastructure industries
- Product range includes Bulk Explosives, Cartridge Explosives, Cast Booster, Detonators, Detonating Fuse, etc

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
- Undertaking Operation & Maintenance services for solid propellant plants of ISRO at SHAR, Sriharikota and DRDO at ASL, Jagdalpur



Our Facilities



◆ Peddakandukur (Telangana)

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



○ Bulk Explosives

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



▲ Katepally (Telangana) *(Under construction)*

Solid propellants
HMX/RDX
Ammunition
Mines
Warheads



Technocrats at Helm with Highly Trained Team



Dr. A.N.Gupta, CMD
Alumni of ISM, Dhanbad

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



T V Chowdary, DMD
Chemical Engineer

- 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.



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

Relentless focus on Research & Development



Ensures and thrives to remain at the forefront of technology and product 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. It is safer and greener than traditional ASA. Licensed the technology to a US company for a price of USD 100,000



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



Laboratories have been certified by DSIR and accredited by NABL

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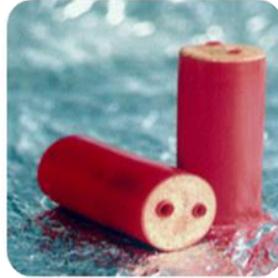
Annexure

Commercial Explosives

Bulk Explosives



Cast Boosters



Detonators



Detonating Fuse



Major Clients



**Cement
Manufacturers**

*Dominant player in
Commercial
Explosives Segment
with 6 manufacturing
facilities*

End User Industry
*Mining and
Infrastructure*

Exports to Greece, Jordan, Turkey, Nepal, Thailand, Philippines, Indonesia, etc.

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Annexure

Defence & Aerospace

Propellants

Pyrogen igniters
Case-bonded propellants
Free standing grains
Fuel rich
Gas generators
Strap-on motors for satellite launchers
Air Target Imitator

Pyros

Pyro cartridges
Pyro actuators
Smoke / flash generators
IR generators
Specialized squibs

Explosives

CL - 20
HNS - IV
Explosive bolts
BKNO₃ Igniters

Counter-measures

Chaffs
Flares

First Private Manufacturer of Solid Propellants in India

Major Clients



(Design & Development orders)



(Tear gas grenades)



Bharat Dynamics Limited

(Production orders)



PEL continues to strengthen Intellectual Properties (IP) for manufacturing of high energy materials for the defence & specialized fields

Our Products

Solid Propellants



Premier Air Target Imitator (ATI)
Indigenously Designed Developed and
Manufactured (IDDM) for Air Defence,
Indian Army



HP DAISY-2
(Agni)
being shifted to
Curing



Pyrogen Igniters
/ grains



Astra Motor cast
with Smoke-less
Propellant



Non-Explosives
Propellant Cast
Air Booster For
K-15

Pyro Devices



CABLE CUTTER



EXPLOSIVE BOLTS



GAS
GENERATOR



TBI



PYROCARTIDGES (PC 25, 50, 100 DQ)



SQUIBS



IR FLARE



CANISTERS (BkNo₂)



IED-3 DETONATOR



PYROTECHNIC IGNITER

Core Strengths



In-house development

- **Pyrogen Igniters** for Strategic missiles
- Non Aluminium composition for **Astra** (Air to Air Missile)
- **LRSAM** composition without Combustion Instability
- **Sledge** Rocket Motors
- IR flares

Production under ToT

- **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**

Defence Licences

Apr-May 15

- Mob Dispersion devices
- Ammunition of 40mm & above calibre
- Rockets and Missiles
- Mines related to Defence
- Bombs related to Defence

Jul 15

- Military fuses of all types including filling and assembling
- Munition 20 mm and above including filling and assembling
- War heads of all types including filling and assembling

Jun 15

- Flexible Liner shape charge
- Explosives Reacting Armour
- Single Base Propellant

Oct-Nov 18

- Ammonium Perchlorate
- Medium Calibre Ammunition (20mm to 57mm), Large Calibre Ammunition (APFSDS and BMCS) Sub Assemblies for ammunition, Single base/Double base/Triple base/Multi base propellants, RDX and HMX
- Propellants, Ammonium Perchlorate and HTPB

Our Contribution in India's Missile Programmes

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
LRSAM	Tactical, Surface to Air	Development	DRDO	Indian Navy	100% requirements of solid propellants
MRSAM	Tactical, Surface to Air	Production from 2019	DRDO / BDL	Indian Army	100% requirements of solid propellants
Astra	Tactical, Air to Air	Development	DRDO	Indian Air Force	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

Our Contribution in Defence & Space Products

Product	Type	Client	Status
Strap on motor for satellite launcher	Solid propellant	ISRO	<ul style="list-style-type: none"> One motor supplied and successfully test-fired. Expecting further order
Mines	Munitions device that detonates by way of pressure when a target steps on or drives over it	DRDO	<ul style="list-style-type: none"> Under DGQA and Indian Army trials
Chaff	Counter measure	Indian Air Force	<ul style="list-style-type: none"> Executed an order in 2018. Received another in 2019 Entered into Memorandum of Agreement with Indian Air Force for development and manufacture under 'Make in India'
IR flare	Counter measure	Indian Air Force	<ul style="list-style-type: none"> Order received, technology obtained and production commenced in July 2019
Smoke flare	Signalling device	Indian Navy, Para Military Force	<ul style="list-style-type: none"> Supplying
Pyro cartridges	Initiators for missiles and other projectiles	ISRO Bharat Dynamics Ltd	<ul style="list-style-type: none"> Supplying
Water cannon disruptor	Neutralising IEDs	Para Military Force	<ul style="list-style-type: none"> Supplying
Mob control device	Tear gas grenades and shells	Para Military Force, State Police	<ul style="list-style-type: none"> Supplies going on

Katepally Greenfield Project



- Katepally Project is in advanced stage of completion
- Propellant Plant, Mines Plant and Warhead Plants are ready
 - Awaiting for grant of manufacturing license from PESO, Nagpur
- **RDX & HMX Plant** is in advanced stage & expected to be completed by end of August 2019
 - Buildings are ready and the plant is in place
 - Work in the pipeline is going on
- Existing plant at PDK is catering to the present requirement of solid propellants
 - Katepally plant would augment capacities & add new products to meet increasing demand for defence products.

Space Programme

Operations & Maintenance Under GOCO



PEL provides O&M services for Solid Propellant Plants of ISRO at SHAR, Sriharikota (new 10-year contract commenced from Jan 2019) and ASL at Solid Fuel Complex, Jagdalpur. These operations exposed PEL to advanced processes in manufacture of solid propellants

ISRO to outsource production of PSOM-XL strap on motors (6) to PEL (*trial order successfully tested in January 2018*)

Company plans to start the manufacturing of solid propellants post the allotment of the land. Government has identified the land which is closer to SHAR

PSOM-XL for ISRO



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

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Profit & Loss Statement

In Rs. Mn	FY19	FY18
Revenue from Operations	2,409	2,659
Expenses	2,175	2,459
Operating profit	234.3	200.2
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	FY19	FY18
Equity Share Capital	108	106
Other Equity	1,986	1,876
Long Term Borrowings	65	78
Other Liabilities	800	1,001
Total Liabilities	2,959	3,062
Net Fixed Asset Block	1,084	999
CWIP	348	158
Other Non-Current Assets	203	127
Total Current Assets	1,323	1,778
Total Assets	2,959	3,062

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Commercial Explosives- Key Growth Drivers

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 of Commercial Explosives

Infrastructure Sector



- 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 grow at 4.4% over FY18-23E to 575mtpa

Emerging Business: Defence & Space

Growth Opportunities in Defence & Space

- 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

PEL is Prepared to Capitalize the Opportunity

- Pioneer in manufacturing and supply solid propellants to India's prestigious missile programmes
- Over 10 years of Exposure to Defence business Intricacies
- Various Industrial license for production
- Manufacturing facilities at Peddakandukuru (near Hyderabad) in about 50 acres
 - Greenfield project coming up at Katepally (near Hyderabad) in about 150 acres. Another 100 acres of land available for further expansion
- 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

Awards & Appreciations

Year	Award	Awarded By
2019	SME - Empowering India Awards 2019 in the Defense & Aerospace (Mid - Corporate) category	Hon'ble Union Minister of Steel, Chaudhary Birender Singh
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

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