Premier Explosives Limited

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MGMT. SYS. RvA C024
DNV Certification B.V., The Netherlands

25th January, 2017

To,
The Bombay Stock Exchange Limited
Corporate Relationship Department
Floor - 25, P.J.Towers, Dalai Street,
MUMBAI - 400 001
Scrip Code: 526247

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, Bandra Kuria Complex,
Bandra (E),
Mumbai-400051
Trading Symbol: PREMEXPLN

Dear Sir/Madam,

Sub: Presentation on Third Quarter and nine months ended 31/12/2016 results.

In connection with the conference call with the Investor Analysts, the schedule of which has already been intimated to you, on 25th January, 2017, please find attached, the Presentation on the Third Quarter and Nine months ended 31st December, 2016 results.

This is for your kind information and record.

Thanking you,

Yours faithfully,
For **Premier Explosives Limited**

C Subba Rao
Chief Financial Officer

Encl:a/a

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CIN : L24110TG1980PLC002633

Q3FY17 - RESULTS

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Note: All number mentioned are on Standalone basis.

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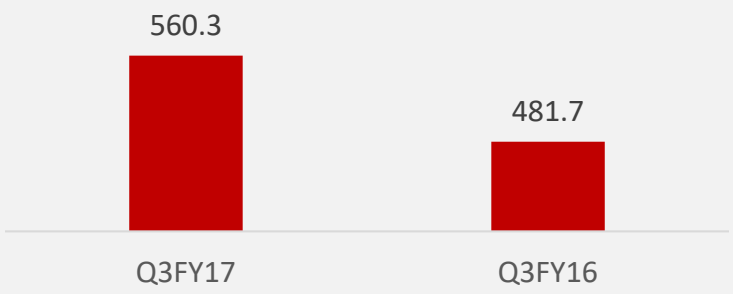
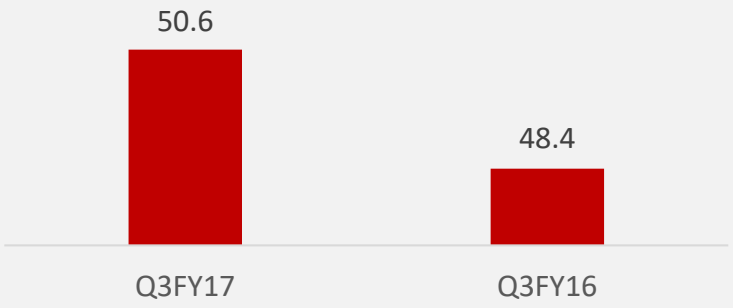
RESULTS SUMMARY

(INR mn)

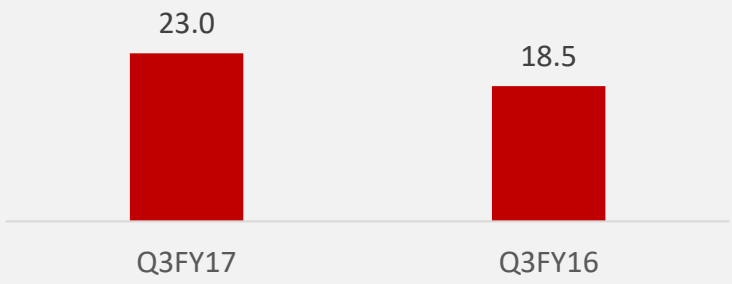
Revenue



Operating Profit



Profit After Tax



Revenue Breakup

*YoY Growth

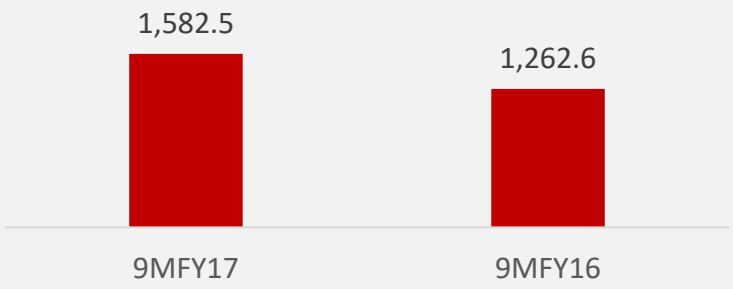
	Explosives	Defence	Services	Wind Power
	21.7%	-2.6%	16.1	150%
Q3FY17	393.6	114.2	46.2	0.5
Q3FY16	323.3	117.2	39.8	0.2

Total Order book as on 31st December 2016 stands at INR 2560 mn; Explosives - INR 1230 mn; Defence - INR 1120 mn; Services - INR 210 mn

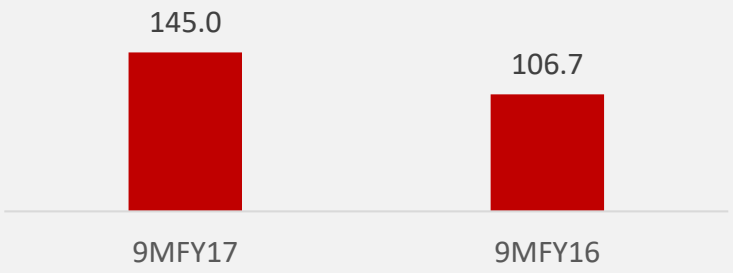
RESULTS SUMMARY

(INR mn)

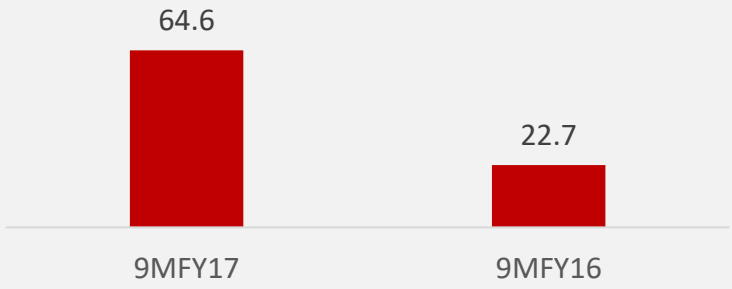
Revenue



Operating Profit



Profit After Tax



Revenue Breakup

*YoY Growth

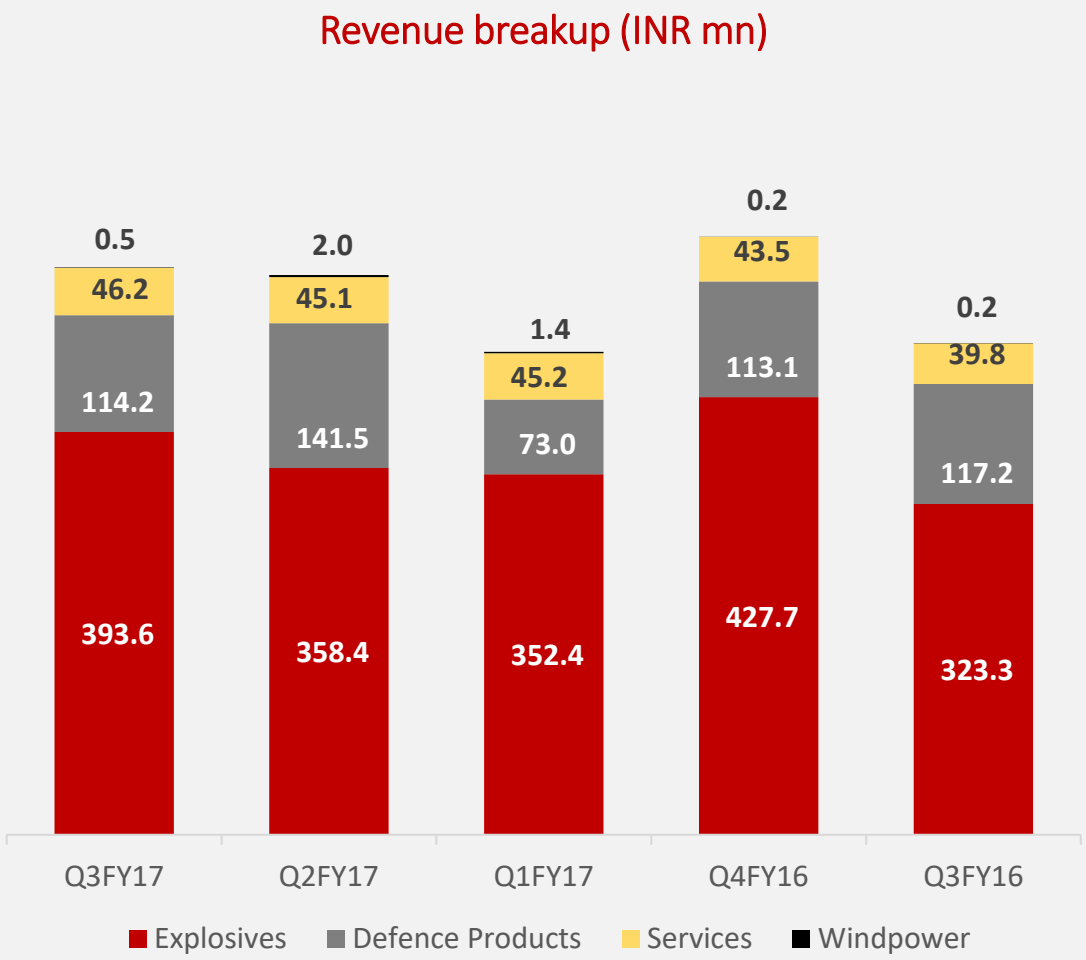
	Explosives	Defence	Services	Wind Power
	25.6%	27.1%	16.0%	50.0%
9MFY17	**1104.4**	**328.7**	**136.5**	**3.9**
9MFY16	879.6	258.7	117.7	2.6

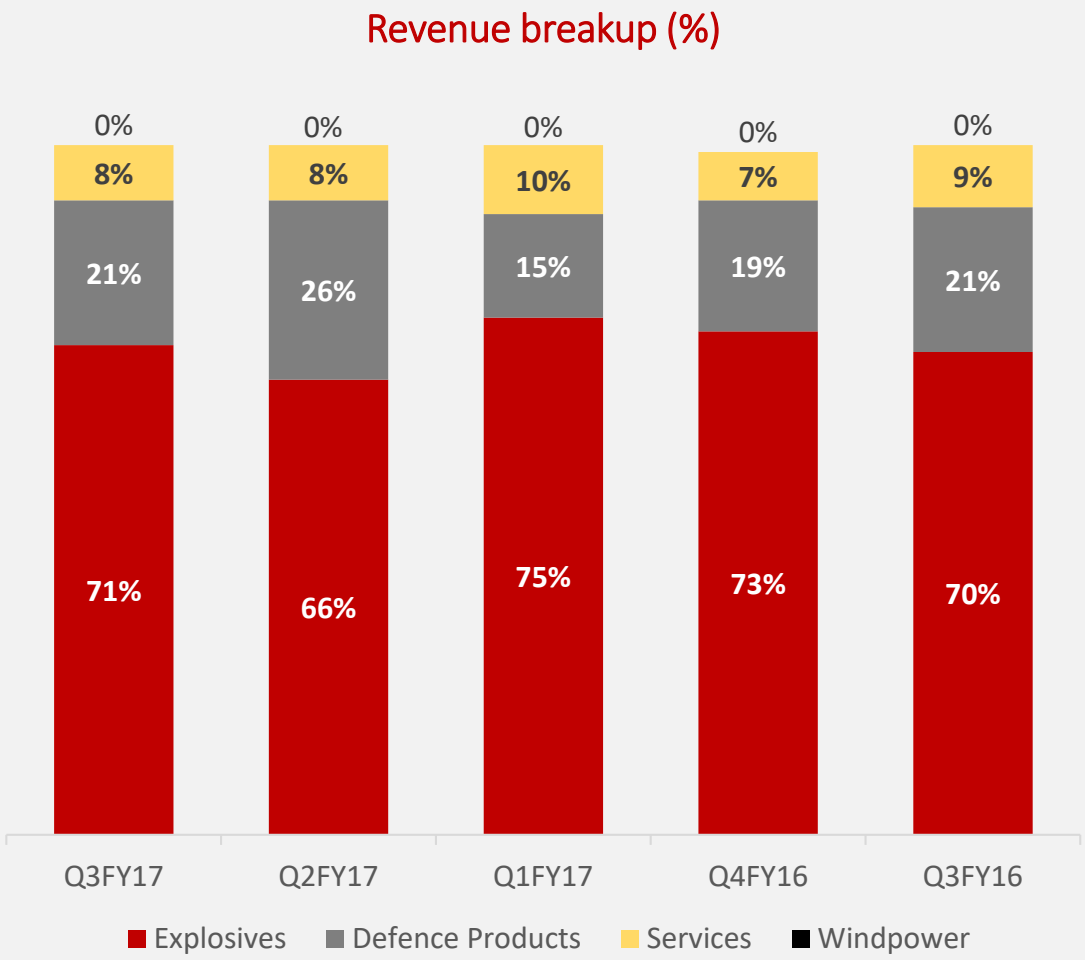
RESULT UPDATE

(INR mn)

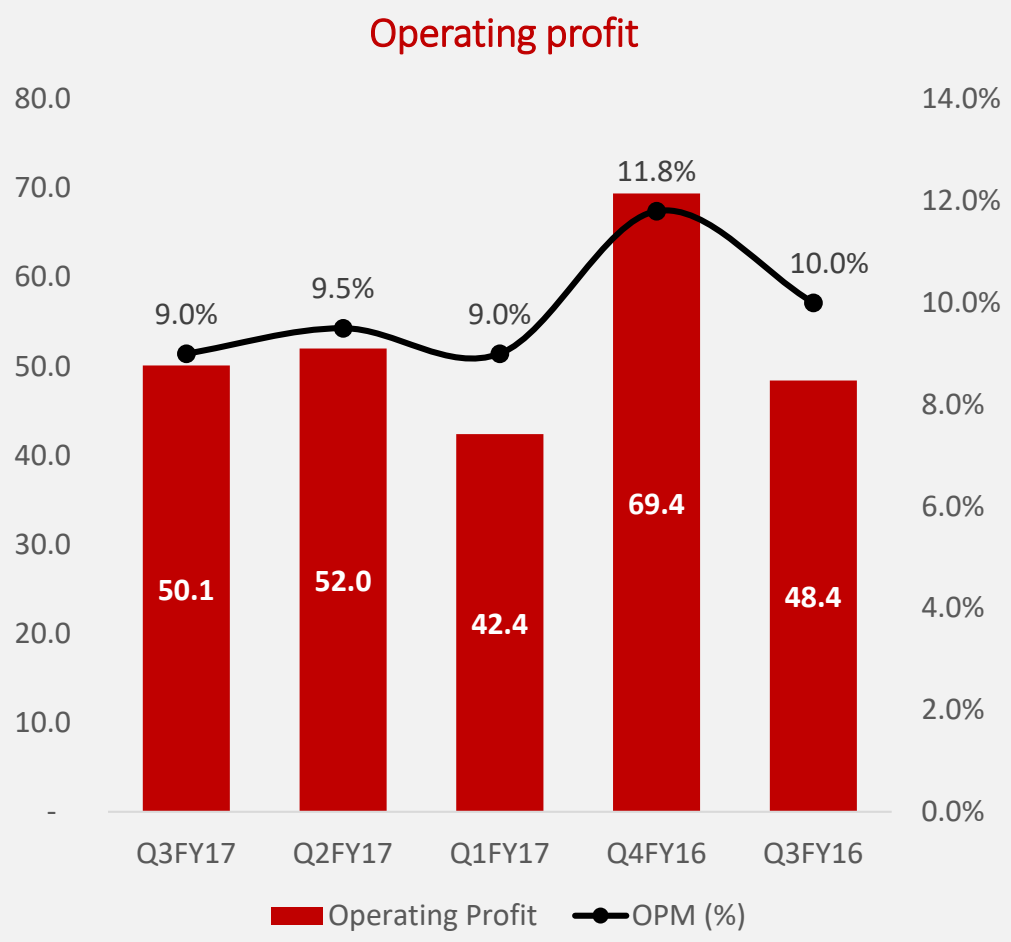
Particulars	Q3FY17	Q3FY16	YoY (%)	Q2FY17	QoQ (%)	9MFY17	9MFY16	YoY (%)
Revenue	**560.3**	**481.7**	*16.3%*	**549.2**	*2.0%*	**1,582.5**	**1,262.6**	*25.3%*
Total expenses	509.7	433.3	*17.6%*	497.2	*2.5%*	1,437.5	1,155.9	*24.4%*
Operating profit	50.6	48.4	*4.5%*	52.0	*-2.7%*	145.0	106.7	*35.9%*
OPM (%)	**9.0%**	**10.0%**	***-100 bps***	**9.5%**	***-50 bps***	**9.0%**	**8.5%**	***50 bps***
Other income	1.3	1.0	*30%*	1.5	*-13.3%*	4.1	3.4	*20.6%*
Depreciation	8.5	8.2	*3.7%*	8.4	*1.2%*	25.5	25.0	*2.0%*
Interest	10.3	11.7	*-12.0%*	9.0	*14.4%*	28.8	27.4	*5.1%*
PB exceptional items and Tax	33.1	29.5	*12.2%*	36.1	*-8.3%*	94.8	57.7	*64.3%*
Exceptional items								
Income - Profit on sale of land	-	-	-	-	-	-	8.3	-
Expense - VRS payments	-	-	-	-	-	-	(36.9)	-
PBT	33.1	29.5	*12.2%*	36.1	*-8.3%*	94.8	29.0	*226.9%*
Tax	10.1	11.0	*-8.2%*	12.10	*-16.5%*	30.2	6.3	*379.4%*
PAT	**23.0**	**18.5**	***24.3%***	**24.0**	***-4.2%***	**64.6**	**22.7**	***184.6%***
PATM (%)	**4.1%**	**3.8%**	***30 bps***	**4.4%**	***30 bps***	**4.1%**	**1.8%**	***200 bps***
EPS (INR)	**2.60**	**2.09**	*24.4%*	**2.70**	*-3.7%*	**7.29**	**2.57**	*183.7%*

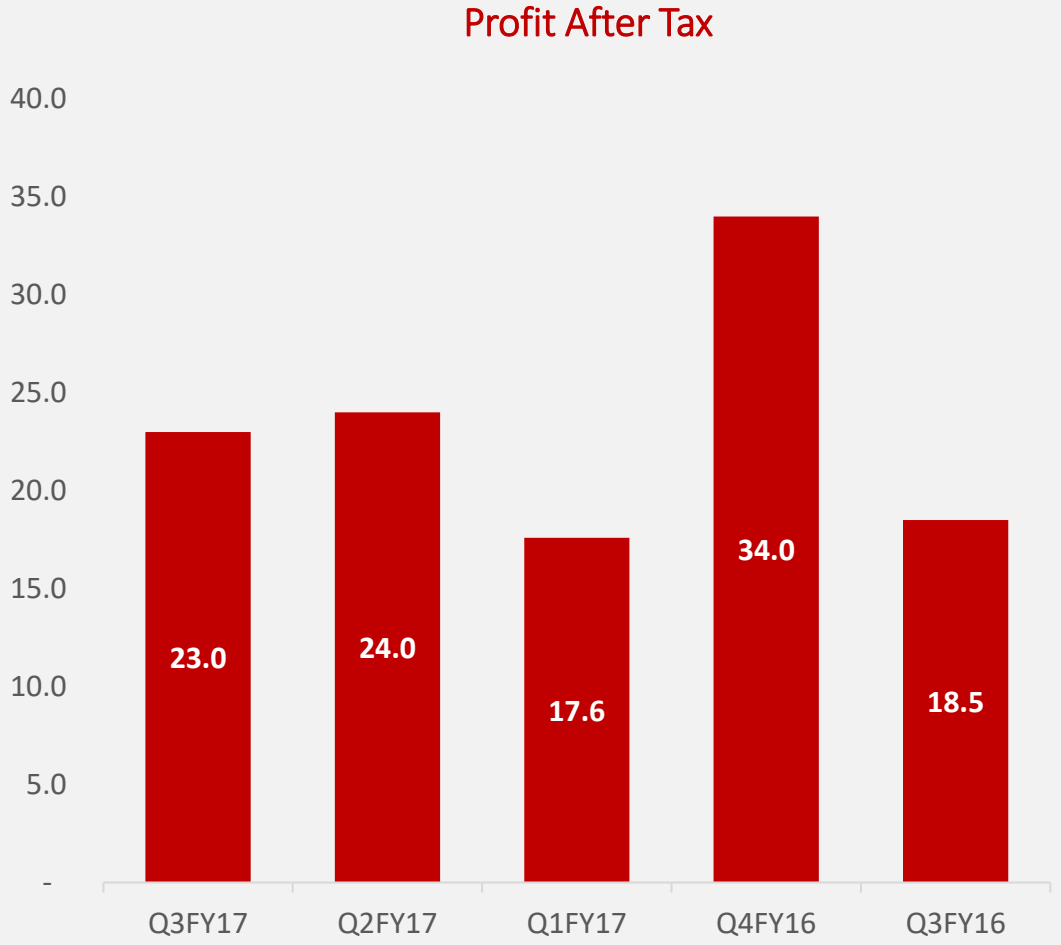
REVENUE BREAKUP





PERFORMANCE SNAPSHOT (INR mn)





PROFIT & LOSS - QUARTERLY

(INR mn)

Particulars	FY16				FY17		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net sales	**376.5**	**404.4**	**481.7**	**587.2**	**473.0**	**549.2**	**560.3**
Total expenses	346.6	376.0	433.3	517.8	430.6	497.2	509.7
Operating profit	29.9	28.4	48.4	69.4	**42.4**	**52.0**	**50.6**
OPM (%)	***7.9%***	**7.0%**	***10.0%***	***11.8%***	***9.0%***	***9.5%***	***9.00%***
Other income	0.7	1.7	1.0	1.2	1.3	1.5	1.3
Depreciation	8.3	8.5	8.2	8.3	8.6	8.4	8.5
Interest	8.3	7.5	11.7	10.0	9.5	9.0	10.3
PB exceptional items and Tax	14.0	14.1	29.5	52.3	25.6	36.1	33.1
Exceptional items			-				
Income - Profit on sale of land		8.4	-	1.7	-	-	-
Expense - VRS payments	37.0	-	-	-	-	-	-
PBT	(23.0)	22.5	29.5	54.0	25.6	36.1	33.1
Tax	(8.3)	3.6	11.0	20.0	8.00	12.10	10.1
PAT	**(14.7)**	**18.9**	**18.5**	**34.0**	**17.6**	**24.0**	**23.0**
PATM (%)	***(3.9%)***	***4.7%***	***3.8%***	***5.8%***	***3.7%***	***4.4%***	**4.1%**
EPS (INR)	**(1.66)**	**2.13**	**2.09**	**3.84**	**1.99**	**2.70**	**2.60**

PROFIT & LOSS

(INR mn)

Particulars	FY12	FY13	FY14	FY15	FY16	9MFY17
Revenue	**1,083.2**	**1,094.0**	**1,454.0**	**1,494.9**	**1,849.8**	**1,582.5**
Growth in net sales	*14.8%*	*1.0%*	*32.9%*	*2.8%*	*23.7%*	*NA*
Operating profit	173.9	96.9	162.6	125.4	176.1	145.0
OPM (%)	*16.1%*	*8.9%*	*11.2%*	*8.4%*	*9.5%*	*9.0%*
Other income	17.0	20.6	14.0	7.4	4.6	4.1
Depreciation	18.7	21.4	23.5	33.0	33.3	25.5
Interest	10.2	18.0	23.6	23.6	37.4	28.8
Profit before exceptional items	162.0	78.1	129.5	76.2	110.0	94.8
Profit before exceptional item (%)	*15.0%*	*7.1%*	*8.9%*	*5.1%*	*5.9%*	*6.0%*
Net exceptional items: Income / (Expense)	3.9	(3.7)	-	-	(27.0)	-
PBT	**165.9**	**74.4**	**129.5**	**76.2**	**83.0**	**94.8**
PBT (%)	*15.3%*	*6.8%*	*8.9%*	*5.1%*	*4.5%*	*6.0%*
Tax	46.5	21.0	37.4	23.0	26.3	30.2
PAT	**119.4**	**53.4**	**92.1**	**53.2**	**56.7**	**64.6**
PAT (%)	*11.0%*	*4.9%*	*6.3%*	*3.6%*	*3.1%*	*4.1%*
EPS (INR)	**14.69**	**6.57**	**11.17**	**6.10**	**6.41**	**7.29**

BALANCE SHEET

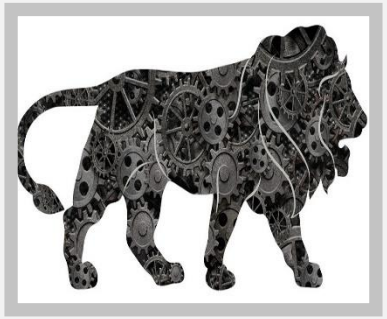
(INR mn)

Particulars	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Sep-16
	Audited	Audited	Audited	Audited	Audited	Unaudited
Share Capital	81.3	81.3	83.6	88.6	88.6	88.6
Reserve & Surplus	373.6	403.3	488.7	530.5	565.9	607.5
Non Current Liabilities	90.8	115.5	115.4	90.3	74.7	123.8
Current Liabilities	235.0	298.9	385.6	423.2	567.7	624.4
Total Liabilities	**780.7**	**899.0**	**1,073.3**	**1,132.6**	**1,296.9**	**1,444.3**
Non Current Assets	430.4	491.7	520.9	499.0	522.3	547.9
Current Assets	350.3	407.3	552.4	633.6	774.6	896.4
Total Assets	**780.7**	**899.0**	**1,073.3**	**1,132.6**	**1,296.9**	**1,444.3**

INDUSTRIAL LICENSES RECEIVED FROM DIPP

Product	Award Date
Site Mixed Explosives	17-Jun-16
Military fuses of all types including filling and assembling	01-Jul-15
Munition 20 mm and above including filling and assembling	01-Jul-15
War heads of all types including filling and assembling	01-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 calibre	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	01-May-15
Mob Dispersion devices	20-Apr-15

GROWTH DRIVERS



Defence Procurement Policy 2016; linking it to "Make in India" policy, created the top priority procurement category, Indigenously Designed Developed and Manufactured (IDDM), which will be an encouragement for local entrepreneurs.

Indian explosives industry, estimated to be INR 40 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, *(Source: Industry)*

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)*

Having been a member of Missile Technologies Control Group (MTCR), India now can access advanced technologies.

KEY STRATEGIES

- Part of the '**Make in India**' initiatives
- Market expansion in explosives and defence business with new Industrial licenses obtained
- Signed NDAs and MOUs with global missile players
- Incorporated a subsidiary company PELNEXT DEFENCE SYSTEMS PVT LTD for manufacture of ammunition
- Capacity expansion in solid propellants and detonating fuse
- Reap offset opportunities
- Backward integration for solid propellants – raw materials and insulation
- Acquired 250 acres land for new defence projects
- Plans to enter the ammunition business and negotiating for technological tie-up with foreign OEMs
- Explore export opportunities for NHN based detonators
- Developing electronic detonator with new features
- Focusing on exports to South East Asia and Africa

PREMIER EXPLOSIVES LIMITED

1st Company in India to have deployed indigenous technology for manufacturing explosives

1st Company in the world to produce safer and greener NHN detonators on commercial scale replacing ASA detonators

1st And only Indian private entity manufacturing and supplying solid propellants to India's prestigious missile programmes and reached a milestone of delivering 1000th Booster grain for Akash missile in July 2016

PREMIER EXPLOSIVES LIMITED

Who we are
A leading manufacturer of high energy materials for industrial and defence applications

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

User industries
Defence, Mining and infrastructure sectors

People
Highly trained manpower in handling high energy chemicals

Technocrats at the helm

Dr. A. N. Gupta | Chairman & Managing Director

Having earned his Masters degree in mining engineering, he has developed a penchant for learning and R&D. He has actively involved himself in product development projects of defence, new products and processes. A recipient of "Pickering and ISM Medal" from, Indian School of Mines, Dhanbad and Gold Medalist from Mining Geological and Metallurgical Institute of India. He is a Member of Society of Explosives Engineers, U.S.A. and was Chairman of Explosives Development Council constituted by Government of India and Chairman of Explosives Manufacturers Association of India. He has been given Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category. He authored various articles about high energy materials including "Scaling up of CL-20 production to pilot plant scale" presented at the proceedings of National Symposium on Trends in Explosive Technology. He has been conferred Doctor of Science (Honoris Causa) by Gulbarga University in recognition of his rare distinction and distinguished contributions to the field of science and technology. In February 2016 he was awarded Fellowship by High Energy Materials Society of India.

Mr. T. V. Chowdary | Dy. Managing Director

A chemical engineer with over 33 years of experience in production of explosives, detonator, petrochemicals, coal tar pitches & enamels, mushrooms and solid propellants. Having project execution as his forte, he is excellent in HR management and is a steadfast trouble-shooter.

Col. Vikram Mahajan (Retd.)| Director (Marketing)

27 years of working with army, he holds an M.Tech & MBA in marketing. He has extensive knowledge about 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

Research and Development

Company ensures and thrives to remain at the forefront of technology in its field and new product development

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

NEW PRODUCT

World-first in production of NHN based detonators on commercial scale. It is safer and greener than traditional ASA. Acknowledged as a break-through after about 75 years. 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 Long Range Surface to Air Missile (LRSAM)

Laboratories of the company have been certified by DSIR and accredited by NABL

Certified Lab

Plant Locations

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)

Pushpathur (Tamil Nadu)
Windmill

Premier Explosives Limited

Contact

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