



Premier Explosives Limited

ISO 9001 REGISTERED



DNV Certification B.V., The Netherlands



29th October, 2018

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: Presentation on Second Quarter ended 30th September, 2018 results.

In connection with the conference call with the Investor Analysts, the schedule of which has already been intimated to you, on 26th October, 2018, Please find attached, the Presentation on the Second Quarter ended 30th September, 2018 results.

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**



Q2FY19 | RESULTS

Q2FY19

Time: 02:31:2

CONTENTS



RESULTS SUMMARY



FINANCIAL OVERVIEW



WAY FORWARD



APPENDIX

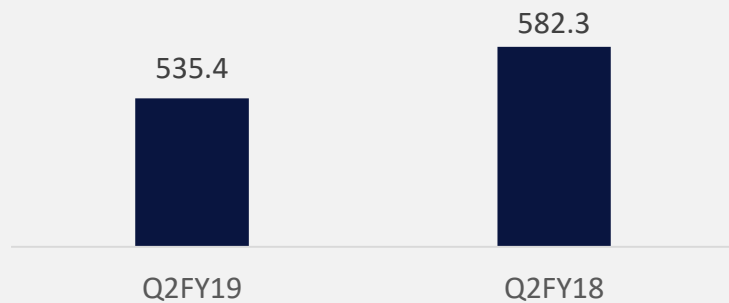
Note: All number mentioned are on Standalone basis.

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RESULTS SUMMARY – Q2FY19

(INR mn)

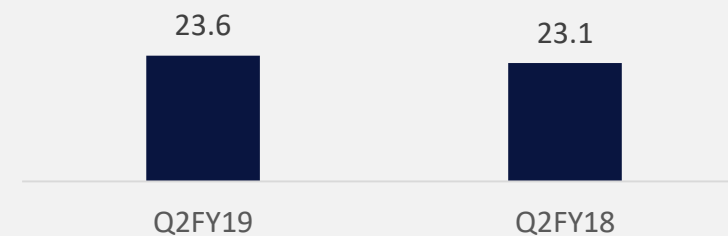
Operating Revenue



Operating Profit



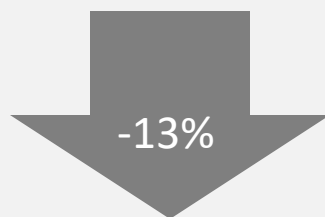
Profit After Tax (excluding OCI)



Revenue Breakup (net of ED)

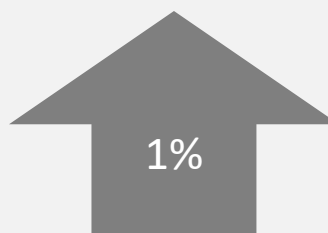
*YoY Growth

Explosives



Q2FY19	299.8
Q2FY18	345.1

Defence



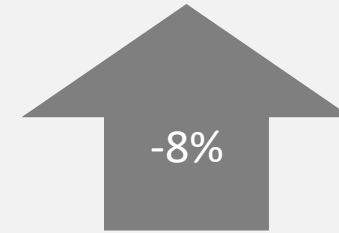
190.6
189.5

Services



45.0
47.7

Total



535.4
582.3

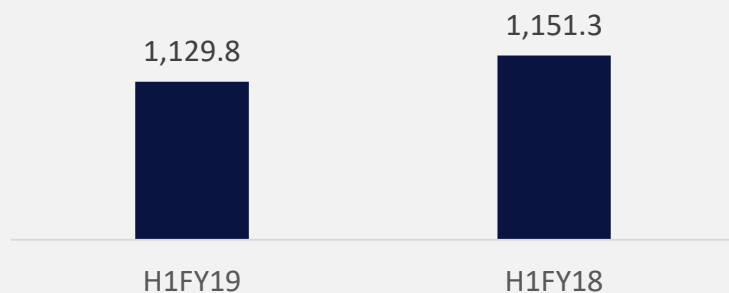
Total Order book as on 30th September, 2018 stands at INR 2,719 mn;

Explosives - INR 1,816 mn; Defence - INR 811 mn; Services - INR 92 mn (awaiting service order for another 10 years at SHAR)

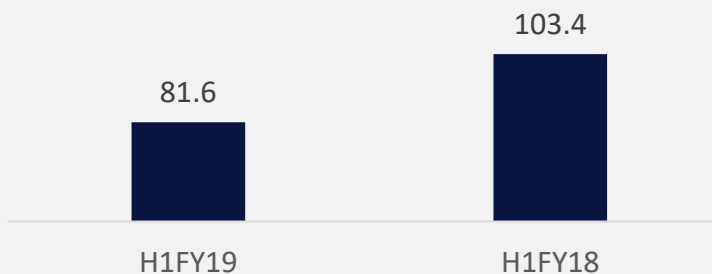
RESULTS SUMMARY – H1 FY19

(INR mn)

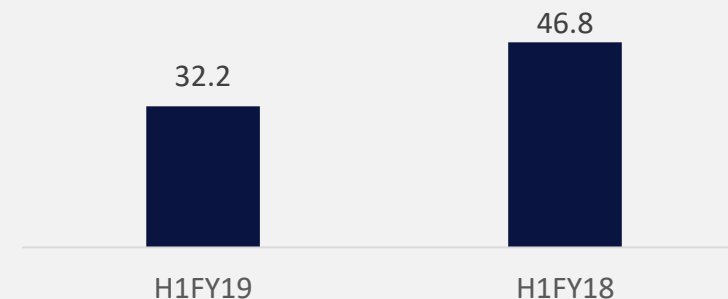
Operating Revenue



Operating Profit



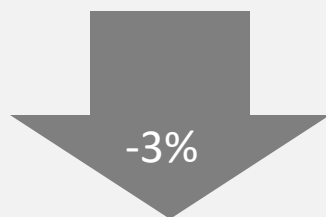
Profit After Tax (excluding OCI)



Revenue Breakup (net of ED)

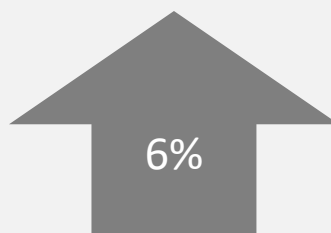
*YoY Growth

Explosives



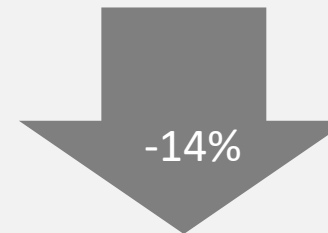
H1 FY19	715.1
H1 FY18	738.7

Defence



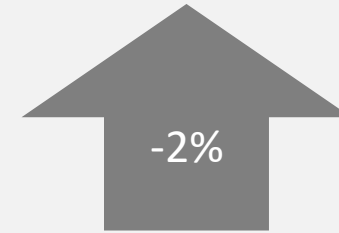
314.3
296.2

Services



100.4
116.4

Total



1,129.8
1,151.3

PROFIT & LOSS - QUARTERLY

(INR mn)

Particulars	Q2FY19	Q1FY19	QoQ (%)	Q2FY18	YoY (%)
Rev from Operations (net of ED)	535.4	594.4	-9.9%	582.3	-8.1%
Total expenses (other than ED, Interest and Depreciation)	483.3	564.9	-14.4%	531.0	-9.0%
Operating profit	52.1	29.5	76.6%	51.3	1.6%
OPM (%)	9.7%	5.0%		8.8%	
Other income	6.6	5.9	11.9%	5.5	20.0%
Depreciation	10.4	9.3	11.8%	9.2	13.0%
Interest	12.1	13.2	-8.3%	14.2	-14.8%
PBT	36.2	12.9	180.6%	33.4	8.4%
PBT %	6.8%	2.2%		5.7%	
Tax	12.76	4.3	196.7%	10.3	23.9%
PAT for the period	23.5	8.6	173.3%	23.1	1.7%
Other Comprehensive Income, net of tax	(2.2)	(2.2)	0.0%	(1.8)	-22.2%
Total comprehensive income	21.4	6.4	234.4%	21.3	0.5%
Equity	106.4	106.4		106.40	
EPS (Basic and Diluted) Rs.	2.22	0.81	174.1%	2.21	0.5%

PROFIT & LOSS – HALF YEARLY

(InR mn)

Particulars	H1 FY19	H1 FY18	YoY (%)
Rev from Operations (net of ED)	1129.8	1151.3	-1.9%
Expenses (excl ED, Int and Dep)	1048.2	1047.9	0.0%
Operating profit	81.6	103.4	-21.1%
OPM (%)	7.2%	9.0%	
Other income	12.5	8.9	40.4%
Depreciation	19.6	18.2	7.7%
Interest	25.3	24.9	1.6%
PBT	49.2	69.2	-28.9%
PBT %	4.4%	6.0%	
Tax	17.0	22.4	-24.1%
PAT	32.2	46.8	-31.2%
OCI, net of tax	(4.3)	(3.7)	-16.2%
Total comprehensive income	27.9	43.1	-35.3%
Equity	106.4	106.4	
EPS (Basic)	3.03	4.51	-32.8%

PROFIT & LOSS - YEARLY

(INR mn)

Particulars	FY18	FY17	YoY (%)
Rev from Operations (net of ED)	2,659.1	2,303.0	15.5%
Total expenses (other than ED, Interest and Depreciation)	2,458.9	2,013.2	22.1%
Operating profit	200.2	289.8	-30.9%
OPM (%)	7.5%	12.6%	-
Other income	22.0	6.7	228.4%
Depreciation	36.3	33.5	8.4%
Interest	51.5	42.8	20.3%
PBT	134.4	220.2	-39.0%
PBT %	5.1%	9.6%	-
Tax	47.1	71.1	-33.8%
PAT from continuing operations	87.3	149.1	-41.4%
PAT from discontinued operations	-	5.5	-
PAT for the period	87.3	154.6	-43.5%
Other Comprehensive Income, net of tax	(7.9)	(6.7)	-17.9%
Total comprehensive income	79.4	147.9	-46.3%
Equity	106.4	88.6	-
EPS for continuing operations (Basic)	8.42	16.83	-

STATEMENT OF ASSETS & LIABILITIES

(INR mn)

Particulars	Sep-18 (Unaudited)	Mar-18 (Audited)	Mar-17 (Audited)
Non Current Assets	1,451.6	1,283.8	1,143.6
Current Assets	1,482.9	1,778.0	1,033.9
Total Assets	2934.5	3,061.8	2,177.5
Equity Share Capital	106.4	106.4	88.6
Other equity	1,872.0	1,876.2	1,148.8
Non Current Liabilities	249.4	244.2	243.00
Current Liabilities	706.7	835.0	697.1
Total Equity and Liabilities	2,934.5	3,061.8	2,177.5

Space Opportunities



Currently

**PEL has been
operating and maintaining
solid propellant plant of
ISRO at SHAR, Sriharikota
for the past 10 years**

Now



from 1 per quarter to 1 per month

PSOM-XL for ISRO

Main motor – ISRO continues to produce on their own

The company has received a letter from Andhra Pradesh Industrial Infrastructure Corporation (APIIC) for provisional offer of 202 acres of land at Routhurmala village in Chittoor district of Andhra Pradesh for establishing a unit to manufacture Solid Propellant.



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

Emerging Business - Defence & Space

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



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
Ammonium Perchlorate	12-Oct-18

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.

Strategic Partnership Policy and Defence Procurement Organisation formulated in May 2017 are expected to create a large defence eco system in the coming years.



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 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)



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



Backward integration for solid propellants – raw materials and insulation



Started manufacture of Chaffs to Air force and supplied first order in April 2017



Market expansion in explosives and defence business with new Industrial licenses obtained



Setting up green field defence project in about 250 acres land at Katepally (near Hyderabad)



Developed Air Target Imitator, which is expected to be given IDDM recognition



Signed NDAs and MOUs with global missile players



Plans to enter the ammunition business and negotiating for technological tie-up with foreign OEMs



Allotment of land in Andhra Pradesh is in pipeline for setting up solid propellant plant for SHAR



Incorporated a subsidiary company PELNEXT DEFENCE SYSTEMS PVT LTD for manufacture of ammunition



Explore export opportunities for NHN based detonators



Received license for manufacture of Ammonium Perchlorate, a raw material for solid propellants



Capacity expansion in solid propellants and detonating fuse



Developing electronic detonator with new features



Reap offset opportunities



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



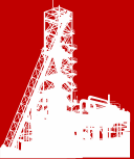
Who we are

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

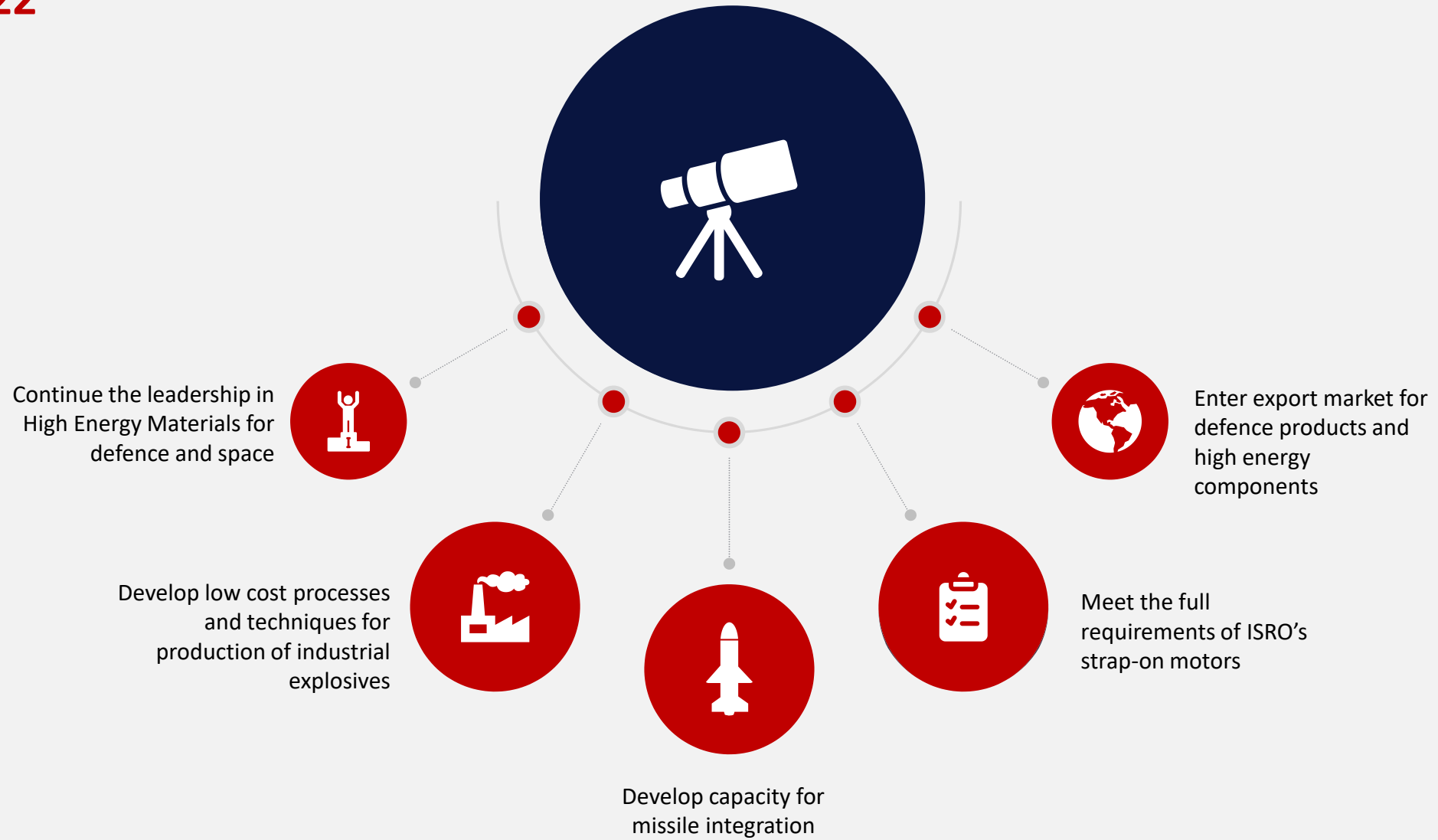
Defence, Mining and infrastructure sectors



People

Highly trained manpower in handling high energy chemicals

Vision - 2022



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

Production under ToT

- **Akash** booster / sustainer grains
- **LRSAM** motors
- **MRSAM** motors
- **ARM** motors
- **Sledge rocket** motors
- **Pyrogen igniters** for ANSP
- Daisy II motor for **Agni**
- **Pinaka** rockets – Mark I and II
- **Astra** motor

Projects for Indian Air Force

On going

- Chaffs and flares
- Air target imitator *(for Air Defence, Indian Army)*

Under development

- 70mm Rockets
- Air Glide Bombs
- Re- graining of existing Missiles
- Indigenization of Power cartridges
- Canopy severance system

Missile value chain



Forward integration

- Solid propellant
- Rocket motor hardware
- Thermal insulation
- War-heads
- Hot integration

Backward integration

- Ammonium Perchlorate
 - HTPB
 - RDX / HMX
 - CL20
 - Single base, Double base, Triple base propellants
- 

Counter-measures

Ammunition

Chaffs and flares



No supplies for the last few years



Naval and Army requirements can be huge



International market also can be addressed



Tie up with international OEMs for technology



Outsource hardware and fuses from Indian vendors



Cater to Indian defence forces and select international markets

Technocrats at the helm



Dr. A. N. Gupta

Chairman & Managing Director

- Masters in mining engineering
- R&D oriented
- Highly skilled in Product development and Project execution
- Strategic vision for defence business
- Recipient of "Pickering and ISM Medal" from, Indian School of Mines, Dhanbad
- Gold Medallist from Mining Geological and Metallurgical Institute of India
- Member of Society of Explosives Engineers, USA
- Recipient of Asia Pacific Entrepreneurship Award 2015 in the Outstanding Category
- Author of various articles about high energy materials
- Presented his paper 'A Safer and Green Detonator with NHN Substituting ASA' at the 40th Annual Conference on Explosives & Blasting Technique held in USA
- Conferred Doctor of Science by Gulbarga University in recognition of his distinguished contributions to the field of science and technology
- Awarded HEMSI Honorary Fellowship 2016 by High Energy Materials Society of India



Mr. T. V. Chowdary

Dy. Managing Director

- Chemical engineer
- 35+ years of experience in chemistry and production of explosives, detonators, petrochemicals, etc
- Spearheading defence products of the company including solid propellants for missile and satellite launch vehicles
- Project execution as his forte,
- Excellent in HR management
- Steadfast trouble-shooter.

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



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



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





Pyrogen igniters / grains

**HP DAISY-2 (Agni)
being shifted to Curing**



**Astra Motor cast with
Smoke-less Propellant**

**Non-explosive Propellant Cast
Air Booster For K-15**



Premier Air Target Imitator



**Indigenously
Designed
Developed and
Manufactured
(IDDM)
for Air Defence,
Indian Army
(under trials)**



Contact

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**Premier
Explosives
Limited**

