



**Premier
Explosives
limited**



PREMIER EXPLOSIVES LIMITED¹

INVESTOR PRESENTATION | June 29, 2020



Received Export License for SCOMET (Special Chemicals, Organisms, Equipment & Technologies) Items

- Received Export License from Director General of Foreign Trade for export of "**Propellant filled rocket motors (60 mm rocket motors live)**" to Israel Aerospace Industries, Israel
 - The Company has successfully designed and developed the Rocket motor against the order received from Israel Aerospace Industries
 - First-ever 'Rocket Motors' of any kind is being exported from India

Katepally Plant Updates

- Received licenses from Petroleum and Explosives Safety Organization (PESO) to manufacture of RDX / RDX Compounded Products — Defence and HMX based Explosives — Defence at Katepally Plant
 - The License is Valid upto March 31,2025

Impact of Covid-19

Business Impact

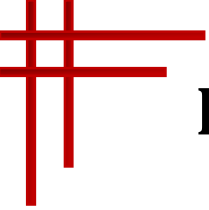
- The COVID-19 pandemic led to a nationwide lockdown halting economic activities across most sectors- the operation of plants were impacted amid lockdown
 - Peddakandukuru plant was completely shut from March 22, 2020 and resumed operation post April 17, 2020
 - Neyveli plant was closed from March 27, 2020 to April 8, 2020
 - Singrauli plant had been working without any closure, but with lower operations
 - Commenced operations in a phased manner, adhering to the prescribed safety measures. Currently, operating at **30% capacity**
 - Closure of plants impacted the planned execution; the Revenue & Profitability; to be impacted in near term also.
 - Supply Chain – No impact on procurement of raw material domestically. However, witnessing considerable delay in import of raw materials for defence products
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Liquidity

- Company has adequate capital to its meet business requirements, subject to some working capital mismatches
 - Availed moratorium on term-loans to improve liquidity scenario
 - Expect short-term liquidity constraint – with the collection of receivables the impact could be minimized
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Outlook

- Company's Current Order Book is Rs. 4838 mn, which is comfortable and is expected to help the Company in carrying on its operations smoothly in FY 2020-21
 - Covid-19 has impacted the delivery schedule for few contracts – Negotiating for extension
- Difficult to ascertain the material impact of Covid-19 on FY21 at this point of time
- Government's impetus on 'Commercial mining in Coal Sector' and 'Self-reliance in Defence' may open big opportunities for the Private Players going forward
- Company received SCOMET export license for exporting Propellant filled Rocket motor to IAI, Israel for trial supply..



Results Highlight- Q4 FY20



Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	PAT
Q4FY20	339.7	(47.1)	(25.0)
Q4FY19	585.9	50.2	28.1

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
Q4FY20	145.2	129.2	65.3	339.7
Q4FY19	438.9	104.7	42.3	585.9



Results Highlight- FY20



Financial Highlights

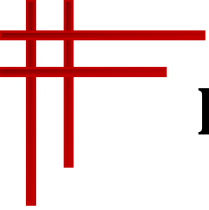
(in Rs. Mn)	Operating revenue	Operating profit	PAT
FY20	1,565.1	(51.7)	(95.8)
FY19	2,409.3	234.3	117.3

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
FY20	932.5	409.3	223.3	1,565.1
FY19	1,540.6	689.5	179.2	2,409.3

Profit & Loss Statement

In Rs. Mn	Q4FY20	Q4FY19	FY20	FY19
Revenue from Operations	340	586	1565	2,409
Expenses	387	535	1617	2,175
Operating profit	(47)	50	(52)	234
Operating Margins (%)	-13.8%	8.6%	-3.3%	9.7%
Other income	4	6	14	26
Depreciation	13	12	50	42
Interest	18	16	57	55
PBT	(74)	28	(145)	163
Tax	(49)	-	49	46
PAT	(25)	28	(96)	117
PAT Margins (%)	-7.3%	4.8%	-6.1%	4.9%
EPS	(2.3)	2.6	(8.9)	11.0



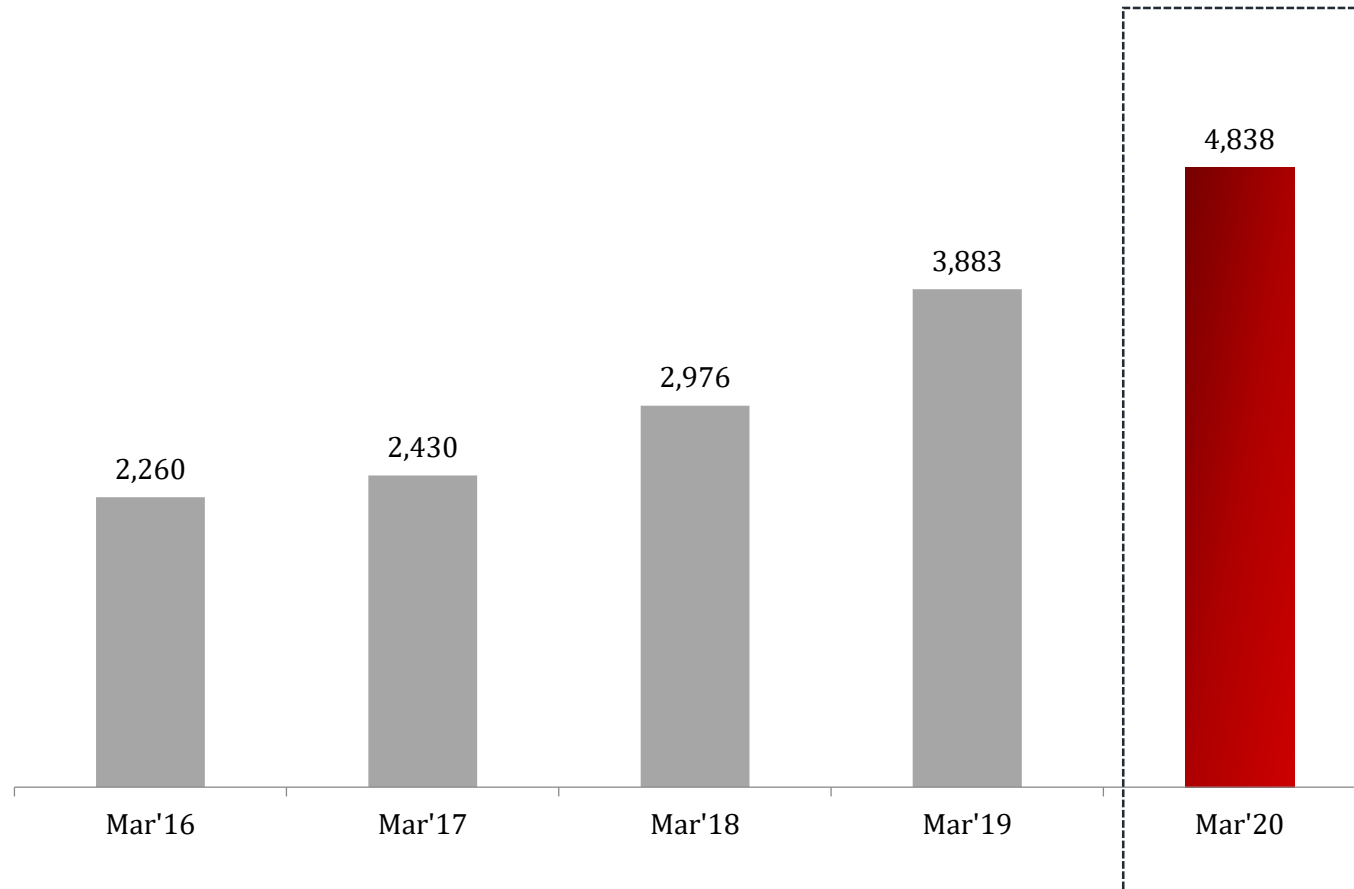
Balance Sheet Highlights

In Rs Mn	Mar'20	Mar'19
Equity Share Capital	107.5	107.5
Other Equity	1,857.2	1,986.2
Non-current liabilities	172.1	238.3
Current liabilities	926.0	627.0
Total liabilities	3062.8	2,959.0
Net Fixed Asset Block	1061.5	1,084.1
CWIP	616.9	348.3
Other non-current Assets	208.0	203.3
Current assets	1176.4	1,323.3
Total assets	3062.8	2,959.0



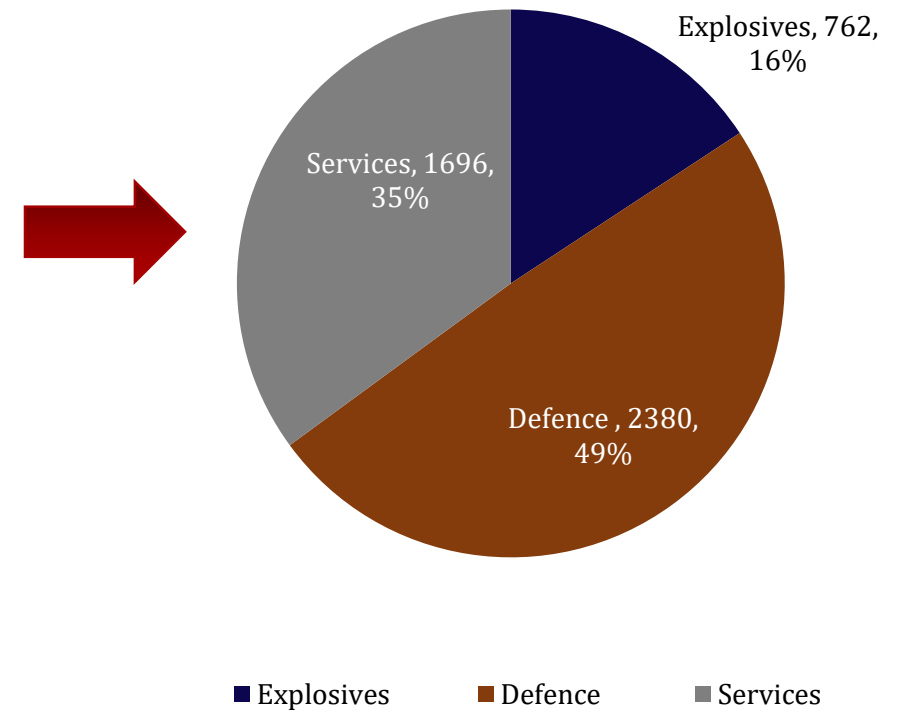
Improving Order Book

Order Book



(in Rs. mn)

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

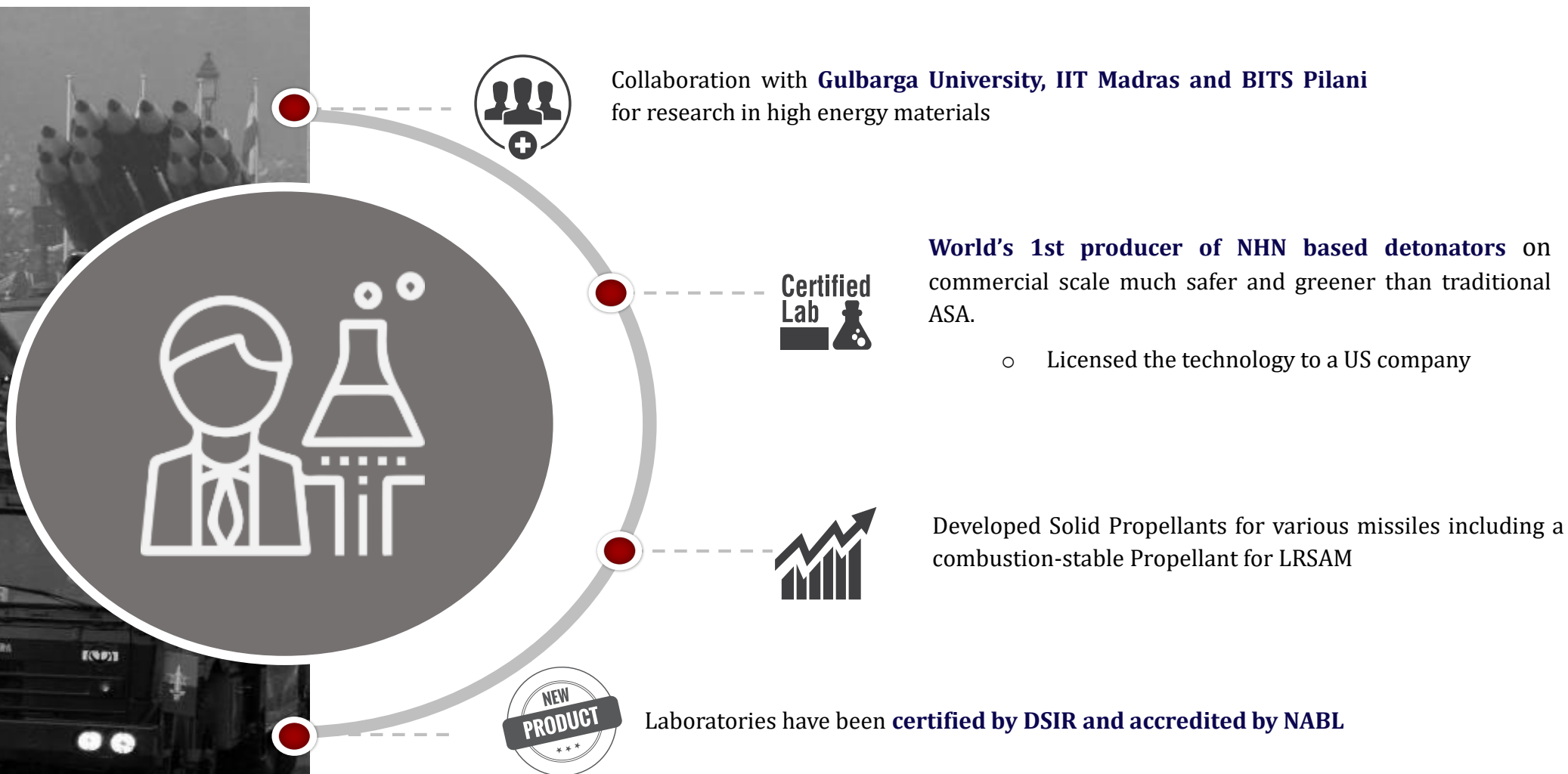
- A mechanical engineer having 34 years experience in manufacture of explosives, propellants, refractories and factory management



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...



...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, Petroleum and Explosives Safety Organization etc.
 - 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

- **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

- 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

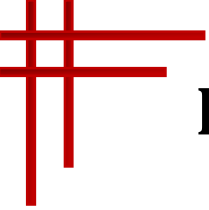
.... and Industrial Licences from DIPP

Defence Industrial Licenses

- In Defence, received **14 Industrial Licenses from DIPP** in over last 3 years
- Few of the key licenses are:
 1. Rocket and Missiles
 2. Bombs & Mines for Defence
 3. Single Base Propellant
 4. 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 Katepalle 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

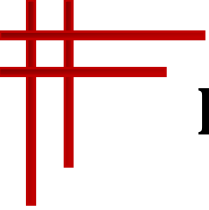
Space : Opportunity landscape



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

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



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