

PREMIER EXPLOSIVES LIMITED

INVESTOR PRESENTATION | June 2021



Key Highlights – FY21

Entered into New Business Segment in Defence

Received 'Industrial license' and PESO license for the '**manufacture of all types of Warheads and Fuses at Katepally, Telangana**'; License validity is for Lifetime

New Order from Israel Aerospace Industries

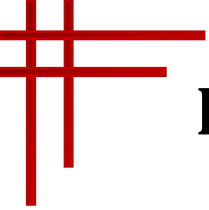
Received order for development and supply of '**EDRM Rocket Motors & 82H Rocket Motor**' & 160 mm Rocket motor from Israel

Order Book as on 31st March 2021

Total order book in Explosives segment stands at **Rs. 1,027 million**, Defence stands at **Rs. 1,630 million** and Service segment stands at **Rs. 1,630 crores**

Impact of Covid-19 on Order Execution

New orders processing and execution of existing orders was delayed due to Covid-19



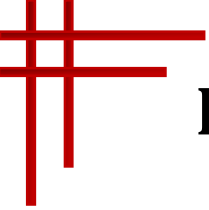
Results Highlight- Q4 FY21

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	PBT
Q4FY21	348.6	70.8	34.6
Q4FY20	339.7	(47.1)	(74.3)

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
Q4FY21	127.9	170.7	50.0	348.6
Q4FY20	145.2	129.2	65.3	339.7



Results Highlight- FY21

Financial Highlights

(in Rs. Mn)	Operating revenue	Operating profit	Profit before exceptions item	Exceptional item (VRS expense)	PBT
FY21	1,519.4	66.4	(58.1)	(90.8)	(148.9)
FY20	1,565.1	(51.7)	(145.0)	0.00	(145.0)

Revenue Breakup

(in Rs. Mn)	Explosives	Defence	Services	Total
FY21	585.00	743.5	190.9	1,519.4
FY20	932.5	409.3	223.3	1,565.1

Profit & Loss Statement

In Rs. Mn	Q4FY21	Q4FY20	Q3FY21	FY21	FY20
Revenue from Operations	349	340	487.9	1,519	1,565
Expenses	278	387	524.8	1,452	1,617
Operating profit	71	(47)	(36.9)	67	(52)
Operating Margins	20.3%	-13.8%	-7.6%	4.4%	-3.3%
Other income	4	4	1.3	9	14
Depreciation	22	13	12.8	60	50
Interest	18	18	20.3	74	57
Profit before exceptional item	35	(74)	(68.7)	(58)	(145)
Exceptional item (VRS exp)	-	-	-	(90)	-
PBT	35	(74)	(68.7)	(148)	(145)
Tax	8	(49)	(16.6)	41	49
PAT	27	(25)	(52.1)	(107)	(96)
EPS (before exceptional item)	2.51	(2.3)	(4.85)	(3.9)	(8.9)
EPS	2.51	(2.3)	(4.85)	(9.9)	(8.9)



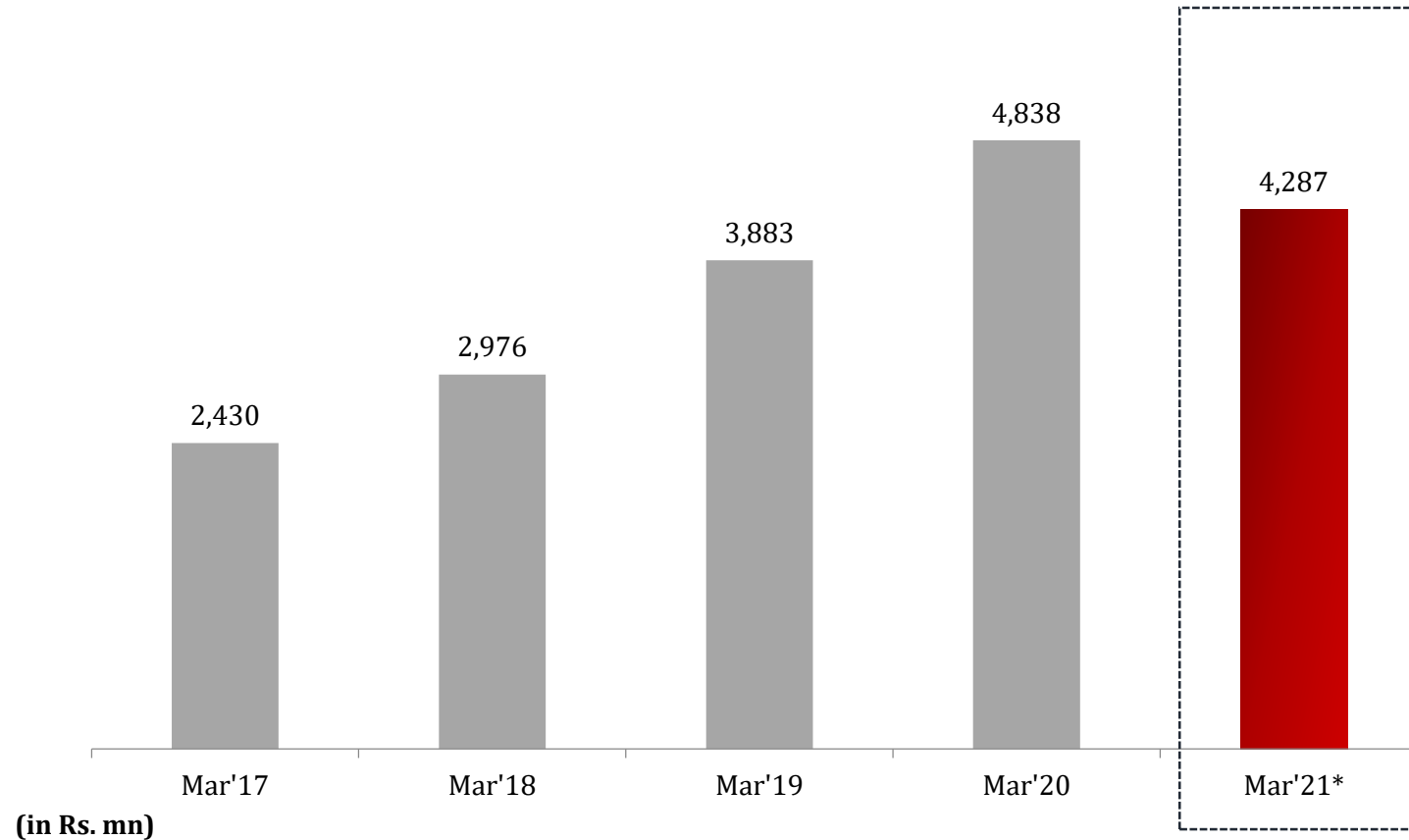
Balance Sheet Highlights

In Rs Mn	Mar'21	Mar'20
Equity Share Capital	107.5	107.5
Other Equity	1,742.6	1,857.2
Non-current liabilities	205.5	172.1
Current liabilities	885.6	926.0
Total liabilities	2,941.2	3,062.8
Net Fixed Asset Block	1,726.3	1,061.5
CWIP	17.6	616.9
Other non-current Assets	200.1	208.0
Current assets	997.2	1,176.4
Total assets	2,941.2	3,062.8



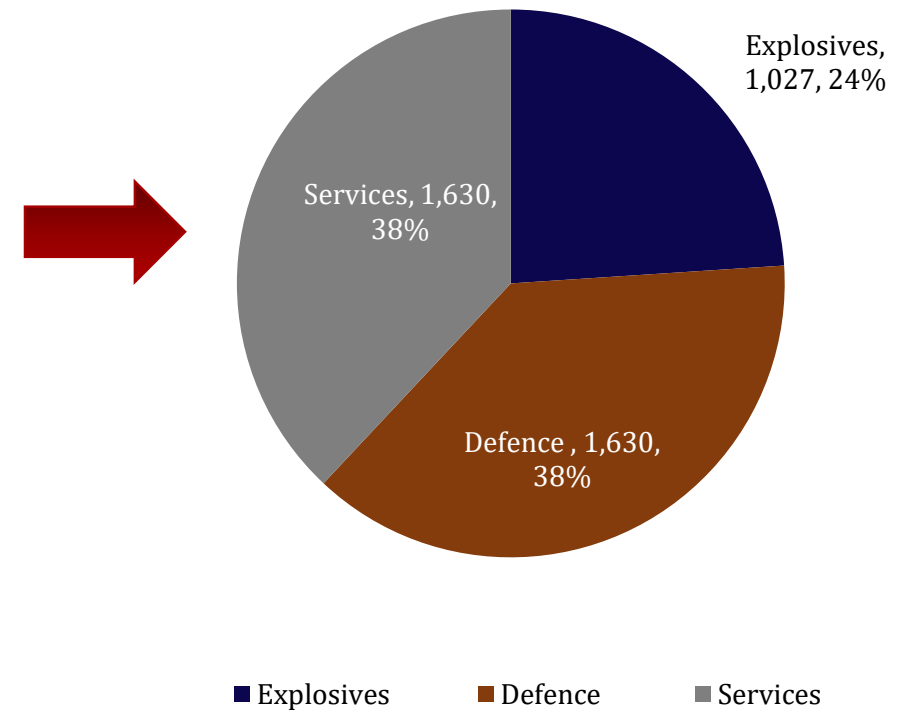
Improving Order Book

Order Book



*Excludes Turkey Order of Rs. 782 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 1,200 trained people across various function

State-of-the-art manufacturing facilities

- Seven 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

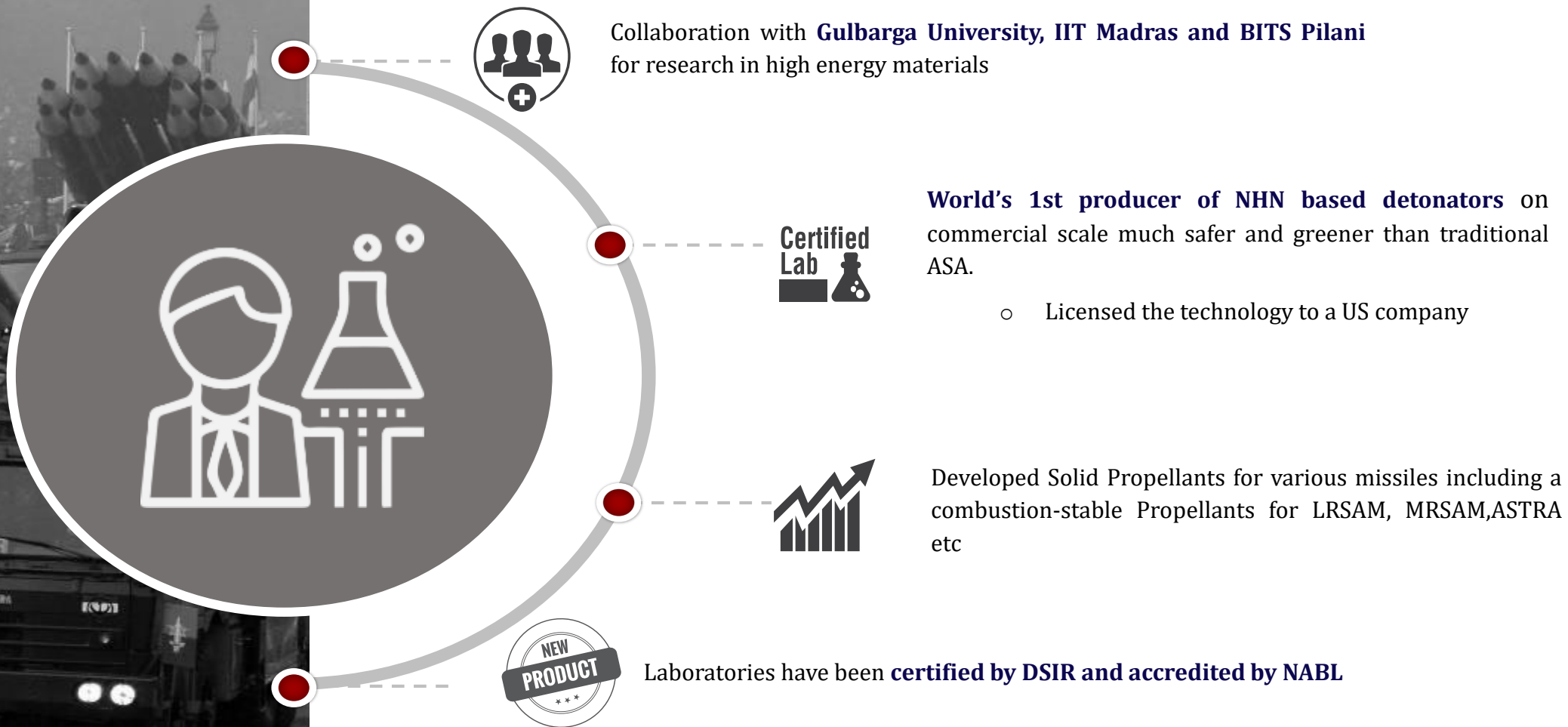
- A mechanical engineer having 34 years experience in manufacture of explosives, propellants, refractories and factory management



Supported by skilled workforce

- Over 1,200 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)



◆ Accessories & Defence Explosives

• Peddakandukur (Telangana)

Detonator, Detonating fuse,
Packaged Explosives,
Pyrodevices
Solid Proellants



▲ Katepally (Telangana)

Solid propellants
HMX/RDX
Ammunition
Mines
Warheads
Bombs



Greenfield expansion at Katepally



- **Katepally Solid Propellant Plant**

- Obtained License from Chief Controller of Explosives, Nagpur for production of solid propellant at the facility
- Facility will enable Company to manufacture Solid Propellant of larger size for ISRO & DRDO.

- Received order for production of **PSOM-XL (Solid Propellant)** for small satellite launch vehicles from Vikram Sarabhai Space Center (VSSC)

- First PSOM -XL will be delivered on 30.06.2021

- **RDX & HMX Plant**

- Is commissioned and started meeting the in house requirement and domestic market



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

- Manufacture of solid propellants for tactical missiles (Astra, Akash and LRSAM / MRSAM) strategic missiles (Agni) , Veda Etc.
- 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, Djibouti etc.*

With greater visibility of sustainable opportunity landscape

In Mining Industry



- Coal India aims to produce **1 billion tonne** coal Production by **2023-24** and **2 Billion tonne** by 2030
- SCCL plans to produce **70 million tonnes** in 2021-22 and **80 million tonnes** by 2024-25
- Coal India identified 15 greenfield project to operate through Mine Developer and Operator Model; providing opportunity for growth. 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, Grains

Gas generators

Strap-on motors for PSLV.

Pyros

Pyro cartridges

Pyro actuators

Smoke / flash generators

IR generators

Specialized squibs

Explosives

CL - 20

HNS - IV

HMX / RDX and their
components

Bombs, Warheads ammunition

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-Aluminised Propellant for **Astra**
- **LRSAM** composition without Combustion Instability
- **Sledge** Rocket Motors
- IR flares
- Air Target Imitator
- Propellant for NGARM & QRSAM Motors



Production under ToT

- Akash booster / sustainer grains
- 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 **Industrial Licenses from DIPP** for the following
- Few of the key licenses are:
 1. Rockets and Missiles
 2. Bombs & Mines for Defence
 3. Ammunition.

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

- Defence Ministry puts **‘101+ Defence items’** under import embargo under ‘Atmanirbhar Bharat Programme’
- Defence Ministry estimates that contracts worth almost **‘Rs. 4 lakh crore’** to be given to domestic industry in the next 5-7 years.
- **‘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 have 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

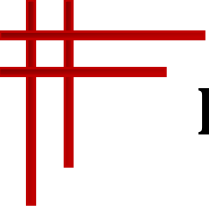
Space : Opportunity landscape



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



Contact Us

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