

# Q1FY20 RESULT PRESENTATION

August 2019



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**Result  
Highlights**

**Company's  
Overview**

**Commercial  
Explosives**

**Defence  
&  
Space**

**Financial  
Highlights**

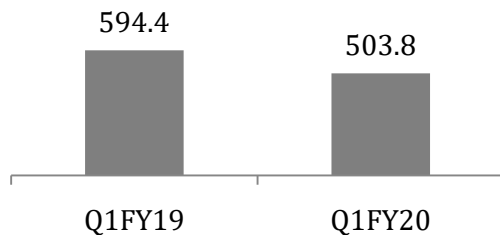
**Annexure**

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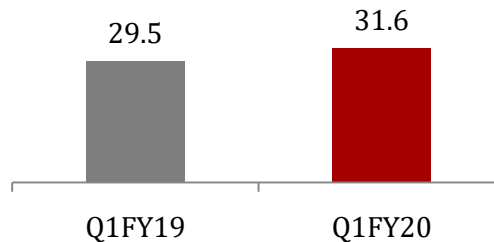
# Results Highlight- Q1FY20

(in Rs. mn)

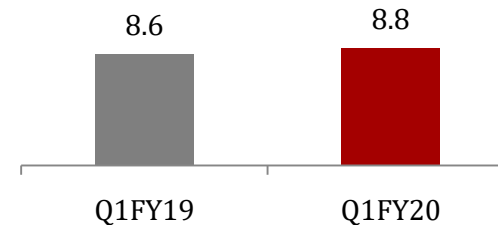
## Operating Revenue



## Operating Profit



## Profit After Tax



## Revenue Breakup

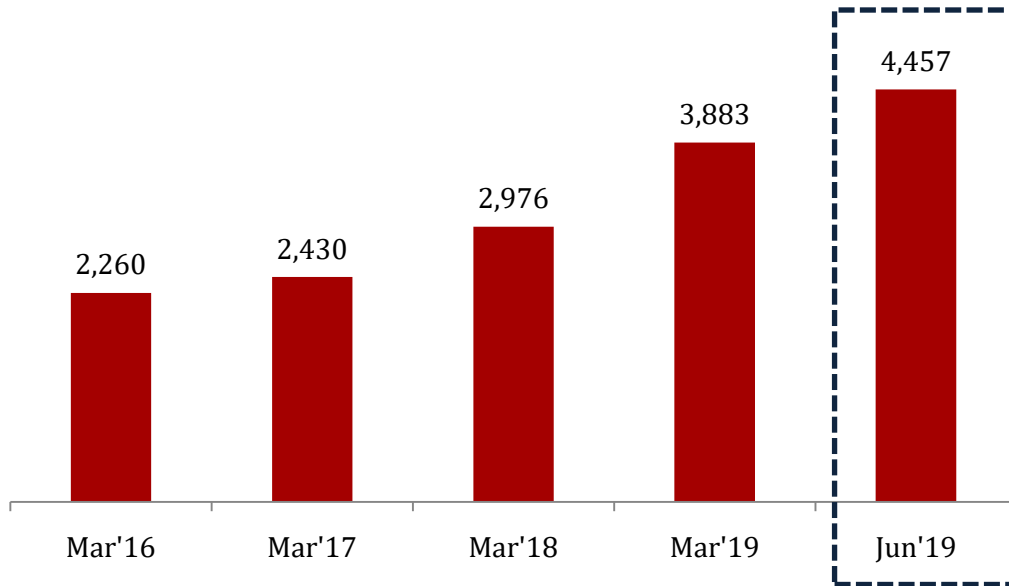
| (in Rs. Mn) | Explosives | Defence | Services | Total |
|-------------|------------|---------|----------|-------|
| Q1FY20      | 366.7      | 90.8    | 46.3     | 503.8 |
| Q1FY19      | 415.4      | 123.7   | 55.3     | 594.4 |

# Profit & Loss Statement

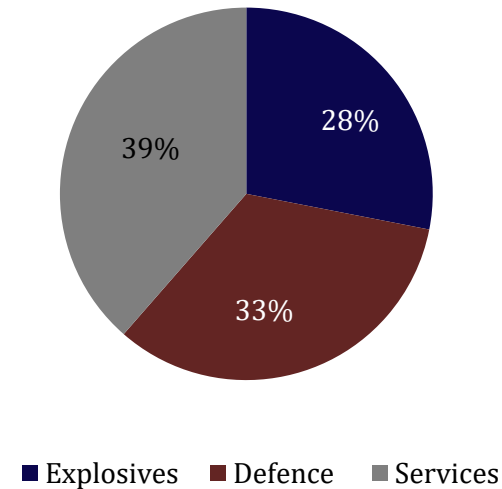
| In Rs. Mn                      | Q1FY20       | Q1FY19       | YoY (%)       | Q4FY19       | QoQ (%)       |
|--------------------------------|--------------|--------------|---------------|--------------|---------------|
| <b>Revenue from Operations</b> | <b>503.8</b> | <b>594.4</b> | <b>-15.2%</b> | <b>585.9</b> | <b>-14.0%</b> |
| Expenses                       | 472.2        | 564.9        |               | 535.6        |               |
| <b>Operating profit</b>        | <b>31.6</b>  | <b>29.5</b>  | <b>7.1%</b>   | <b>50.3</b>  | <b>-37.1%</b> |
| <b>Operating Margins (%)</b>   | <b>6.3%</b>  | <b>5.0%</b>  |               | <b>8.6%</b>  |               |
| 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          |               |
| <b>PAT</b>                     | <b>8.8</b>   | <b>8.6</b>   | <b>2.3%</b>   | <b>28.1</b>  | <b>-68.5%</b> |
| <b>PAT Margins (%)</b>         | <b>1.7%</b>  | <b>1.4%</b>  |               | <b>4.8%</b>  |               |
| <b>EPS</b>                     | <b>0.82</b>  | <b>0.81</b>  |               | <b>2.62</b>  |               |

# 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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## 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

1<sup>st</sup>

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

1<sup>st</sup>

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

1<sup>st</sup>

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





# Business Verticals



## Commercial Explosives

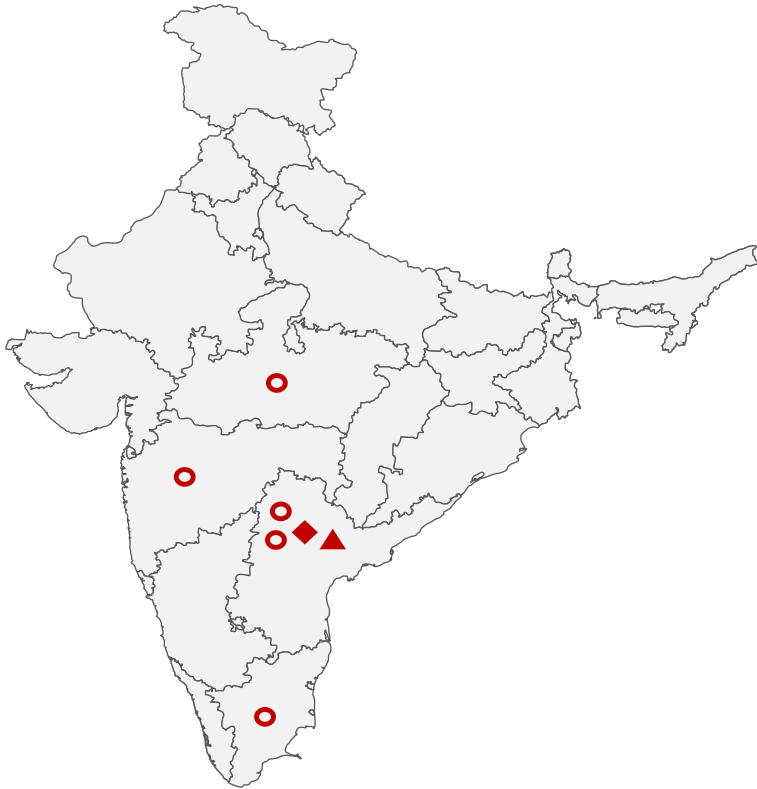
- Manufactures diverse range of commercial explosives for mining & infrastructure industries
- Product range includes Bulk Explosives, Cartridge Explosives, Cast Booster, Detonators, Detonating Fuse, etc

## 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 1<sup>st</sup> 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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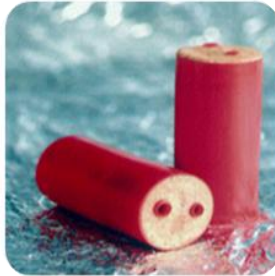
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# Commercial Explosives

**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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# 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  
BKNO<sub>3</sub> 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



# 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,<br>Surface to Air                    | Production              | Bharat Dynamics<br>Limited (BDL) | Indian Air Force and<br>Indian Army              | Supplied <b>2000+</b> booster<br>grains and <b>450+</b> sustainer<br>grains |
| LRSAM   | Tactical,<br>Surface to Air                    | Development             | DRDO                             | Indian Navy                                      | 100% requirements of solid<br>propellants                                   |
| MRSAM   | Tactical,<br>Surface to Air                    | Production from<br>2019 | DRDO / BDL                       | Indian Army                                      | 100% requirements of solid<br>propellants                                   |
| Astra   | Tactical,<br>Air to Air                        | Development             | DRDO                             | Indian Air Force                                 | 100% requirements of solid<br>propellants                                   |
| Agni IV | Ballistic                                      | Production              | Advanced Systems<br>Laboratory   | Strategic Forces<br>Command                      | Pyrogen igniter   |
| Brahmos | Cruise, Air launched<br>Anti-ship, Land attack | Production              | HEMRL                            | Indian Air Force, Indian<br>Navy and Indian Army | Transfer of technology is<br>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"> <li>One motor supplied and successfully test-fired. Expecting further order</li> </ul>   |
| 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"> <li>Under DGQA and Indian Army trials</li> </ul>   |
| Chaff                                 | Counter measure   | Indian Air Force                     | <ul style="list-style-type: none"> <li>Executed an order in 2018. Received another in 2019</li> <li>Entered into Memorandum of Agreement with Indian Air Force for development and manufacture under 'Make in India'</li> </ul> |
| IR flare                              | Counter measure   | Indian Air Force                     | <ul style="list-style-type: none"> <li>Order received, technology obtained and production commenced in July 2019</li> </ul>   |
| Smoke flare                           | Signalling device   | Indian Navy, Para Military Force     | <ul style="list-style-type: none"> <li>Supplying</li> </ul>   |
| Pyro cartridges                       | Initiators for missiles and other projectiles   | ISRO<br>Bharat Dynamics Ltd          | <ul style="list-style-type: none"> <li>Supplying</li> </ul>   |
| Water cannon disruptor                | Neutralising IEDs   | Para Military Force                  | <ul style="list-style-type: none"> <li>Supplying</li> </ul>   |
| Mob control device                    | Tear gas grenades and shells  | Para Military Force,<br>State Police | <ul style="list-style-type: none"> <li>Supplies going on</li> </ul>   |

# 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         |
|--------------------------------|--------------|--------------|
| <b>Revenue from Operations</b> | <b>2,409</b> | <b>2,659</b> |
| Expenses                       | 2,175        | 2,459        |
| Operating profit               | 234.3        | 200.2        |
| <b>Operating Margins (%)</b>   | <b>9.7%</b>  | <b>7.5%</b>  |
| Other income                   | 26           | 22           |
| Depreciation                   | 42           | 36           |
| Interest                       | 55           | 52           |
| PBT                            | 163          | 134          |
| Tax                            | 46           | 47           |
| <b>PAT</b>                     | <b>117</b>   | <b>87</b>    |
| <b>PAT Margins (%)</b>         | <b>4.9%</b>  | <b>3.3%</b>  |

# 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        |
| <b>Total Liabilities</b> | <b>2,959</b> | <b>3,062</b> |
| Net Fixed Asset Block    | 1,084        | 999          |
| CWIP                     | 348          | 158          |
| Other Non-Current Assets | 203          | 127          |
| Total Current Assets     | 1,323        | 1,778        |
| <b>Total Assets</b>      | <b>2,959</b> | <b>3,062</b> |

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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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## Contact Us

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