



“Premier Explosives Limited Q3 FY2022 Earnings Conference Call”

February 15, 2022



MANAGEMENT: MR. T. V. CHOWDARY - MANAGING DIRECTOR

MR. SRIHARI PAKALAPATI – CHIEF FINANCIAL OFFICER

MR. ABHISHEK BHATT - STELLAR IR

Moderator: Ladies and gentlemen good day and welcome to Q3 FY2022 earnings conference call of Premier Explosives Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Bhatt from Stellar IR. Thank you and over to you, Sir!

Abhishek Bhatt: Thank you. Good afternoon everyone. I on behalf of Stellar Investor relations welcome you all, to the Premier Explosives Limited Quarter Three and Nine Months ended FY2022 Earnings Conference Call. We shall be sharing the operating and financial highlights of the quarter and nine months ended December 31st, 2021. We have with us today the senior management team of Premier Explosives Limited, Mr. T.V. Chowdary, Managing Director and Mr. Srihari Pakalapati, CFO.

Before we begin, I would like to state that some of the statements made in today's discussion may be forward looking in nature and may involve risk and uncertainties. Documents relating to the company's financial performance have already been emailed to you. Now, I would like Mr. Chowdary to share his initial remarks on the company's performance for the quarter. Over to you Sir!

T. V. Chowdary: Thank you Mr. Abhishek and Good Afternoon everyone, thank you for joining the call I wish you and your family the best of health.

We begin the call with the key industry update followed by an update on the company's operational performance during the quarters.

To begin with the government's impetus towards different defense sector is promising. India's defense budget for the financial year 2022-2023 ranks at approximately 4 lakh Crores after excluding the component of the defense pensions. It is primarily focused towards the upkeep and modernization of operational armed forces. The capital outlay towards the modernization of armed forces has been increased by 12.82% with an allocation of close to 150000 Crores.

In addition to advance, the growth of indigenous military manufacturing infrastructure the government has put emphasis for self-reliance initiative nearly 68% of the capital procurement to the earmarked for domestic industry, which is up from 58% in 2021-2022. Indian defense R&D budget 25% which will encourage new skills for the Indian defense sector.

Recently the government announced the fresh list of 351 subsystems and components that will be restricted to be imported. By 2025 the government has set an ambitious goal of exporting aerospace and defense items and services worked over 35000 Crores. We believe the Government of India's measures towards reducing imports will bring opportunities for Indian manufacturers in imports, reducing imports and exporting the products.

Commenting on the test of missiles, India conducted two successful anti-ship missile tests BrahMos and Uran, which were launched from the Indian Navy's Guided Missile Corvette in February 2022. In addition India also successfully testified a new version of the BrahMos Supersonic Cruise Missile off the coast of Odisha in Balasore.

Now coming to the company's performance, after numerous headwinds in recent past we are now moving towards growth trajectory, an account of successful mass vaccination drive by Government of India we have not witnessed a material impact of COVID-19 third wave during the quarter, we have generated healthy cash market of Rs.3.44 Crores.

With this the company has generated the total cash profit of 13.07 Crores during first three quarters in financial year 2021-2022. This has enabled us towards improvement in working capital cycle, with strong order inflow going forward we envisage to generate better cash flow which will be utilized towards strengthening our balance sheet, we are at the midst of ramp up in the business activities. We envisage a strong order inflow in our high value defense segment which will drive the growth of the company.

Now coming to our company's performance, fiscal 2022 began on a stronger note due to the disruption caused by the second wave of COVID-19. However it is an increased vaccination drive and a decrease in active COVID-19 cases our execution returned to normalcy in the second quarter. Additionally our dispatches have resorted to restore to normalcy as the number of COVID-19 cases continues to decline. We remain committed to sustaining the momentum and efficiency of our execution. With increased contribution from the missile segment we expect operating margins to continue to expand in future.

Let me update you on the status of the Q-o-Q orders during the quarter. The dispatches for Chaffs and Flares was as per our expectation. Update on MRSAM the production is getting well and we continue to supply rockets in quarter three financial year 2022. For Astra we have dispatched 22 quantities during the quarter and we are expecting to increase this quantity with availability of more free issue materials from BDL. BrahMos we have completed the technology transfer and we are about to take up the casting of the full-scale motors and rocket motor orders from Israel as you are there we have seven different orders for rocket motors from Israel out of which we have already successfully executed three numbers another four are in the process of completion and we have also received another order for warheads from Israel which is also progressing well and other than these we are also interacting with different customers in various other countries for export of rocket

motors which we are expecting them to fructify in the year of 2022-2023. Now I request our CFO to share the financial performance. Thank you.

Srihari Pakalapati:

Thank you Sir, good afternoon everyone. The results presentation for the quarter has been uploaded on the stock exchanges and on the company's website. I believe you all may have gone through the same. Now I will present the financial results for the quarter end of December 31, 2021.

The revenue from operations for Q3 FY2022 stands at 506 million as compared to 488 million corresponding period last year. EBITDA stands at 40 million compared to a minus EBITDA of 37 million in previous year similar quarter. The EBITDA margin has gone up to 9% resistance of improvement contribution from the defense segment. In Q3 in 2021-2022 we reported a net profit of 6 million compared to a loss of 52 million previous year.

Now coming to the order book, the company's current total balance order book stands at 4009 million out of which explosive business comprise of around 993 million, defense segments 1515 million and services that is operational maintenance was 1503 million.

With this we now open the floor for questions and answers. Thank you very much.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shivan MS from JHP Securities. Please go ahead.

Shivan MS:

Good afternoon Sir, thanks for the opportunity. The first question that I had was on the order book, when I see our order book excluding the services part so these orders in defense it has been very range bound so it has been in-between this 150 to 180 Crores of order book. So why have we not seen any traction in terms of increasing orders considering there is so much impetus and there are a lot of these Israeli orders which were expected number one and even on the explosives part it has kind of stagnated at this 100 Crores level so that is my first question.

T. V. Chowdary:

Yes, what are orders in hand are on the projected in the order book there are orders which are in the pipeline and which are about to be received and all those are not shown in that. As you are aware defense orders getting converted into orders in the defense sector takes qualification and then time and all those, now we have completed that part even Israeli orders also the initial orders were trial orders what we have executed. Now we are expecting all of them to get converted into bulk orders when the others come, yes, definitely the order book is going to swell. Whereas right now the present figures are exactly what are in hand and what we are executing. So I hope that we will be able to announce probably better order book in near future.

- Shivan MS:** So then what would be that the pipeline is in the bid book and what would be the conversion rate as there is some color there so that we understand what could be the expected order book moving ahead.
- T. V. Chowdary:** Actually we are experience some good orders and the order in pipeline at this movement we cannot just to say some figure. But things are in good shape, I think we will inform and intimate to the stock exchanges and others at the time when it comes probably we are expecting some good things in the near future.
- Shivan MS:** And in terms of the utilizations of our plants so the Katapelly plant currently would be at what utilization level.
- T. V. Chowdary:** Yes, Katapelly plant has just started like I mentioned earlier I repeat again defense and aerospace industry as soon as the plant is ready it will not get into full scale production. So right now it is in the qualifications level, we have several orders in hand for Katapelly but all those others will become continuous production once the first number is ordered, produced, and successfully tested. So now we are in that stage one-after-one because it is a new facility again if we have to go through the qualification process. So we are in that process and then I think by next year we will start producing almost to 60% capacity.
- Shivan MS:** And I think you mentioned the cash flows generated from operations could you just repeat that for the nine months.
- T. V. Chowdary:** For nine months the cash profit generated out of profit is about 13.5 Crores because we showed this is the period cash profit at 13 Crores which is only the cash profit that came into operations I mean we can take a lot of comparability and flexibility in working capital management.
- Shivan MS:** So what would be the CFO then Sir, the cash flow from operations after the working capital changes and the tax outgo what would it be?
- T. V. Chowdary:** No actually I mean for the last nine months actually the real technical cash outflow will not be there for the taxation because there was some carry forward and the Katapelly has started and we were expecting a good amount of the depreciation from there. So basically this 13, 13.5 Crores is completely converted into working capital.
- Shivan MS:** No the cash flow from operations as reported would be nil or would be 13.5 Crores and it is not understanding.
- Srihari Pakalapati:** No the cash profit, I mean, the cash generated out of operations for the nine months so actually that amount is deflated in the working capital, the operations have gone up from

significantly the last year we did about 150 Crores this year we are accepting about 190 Crores about 30% up from the operations I mean going in at the same time...

T. V. Chowdary: The cash flow coming out of 13.5 Crores is being utilized for the working capital needs because now we are growing and then more and more defense orders are coming that is what he means, is it.

Srihari Pakalapati: Yes, Sir.

Shivan MS: Okay Sir, I will come back in the queue for more questions.

Moderator: Thank you. The next question is from the line of Sanjay Awatramani from Envision Capital. Please go ahead.

Sanjay Awatramani: Good afternoon and thank you for taking my question. Any Capex plans and what are the sustainable margins we can expect.

T. V. Chowdary: Capex plan of course there is some additional balancing equipment and all those which is there it is always there but other than that one of the plans we have taken up is that increasing our capacity of Chaff Tube Detonator Plant that is going to be an additional capacity and in the current year we are going to capitalize the bulk explosives plant which is constructed in Godavarikhani, I think in the by the end of March or April it will be capitalized now the plant is complete and it is in the inspection process of the statutory bodies. So these are the two Capex plans we have in the current and coming year together.

Sanjay Awatramani: So can you quantify these amounts.

T. V. Chowdary: Yes, about 10 Crores altogether.

Sanjay Awatramani: Next question is sustainable margins.

T. V. Chowdary: Actually we have experienced an average of about 11% EBITDA for the first nine months and we expect it to continue but at the same time we experienced some significant growth in the topline. So obviously it will be contributed to the down line.

Sanjay Awatramani: So 11% we are expecting to maintain and this can grow above 11%.

T. V. Chowdary: Yes, because see actually the overall average of nine months was about 11% and we expect it to continue.

Sanjay Awatramani: Sir this temporary Capex which you have mentioned so this is for both the plants and this will be for only for FY2022 right.

- T. V. Chowdary:** Yes FY2022.
- Sanjay Awatramani:** And can you give us some guidance for FY2023.
- T. V. Chowdary:** FY2023 it would be normal maybe for some set of tooling and avail for the new orders and all maybe total 3 Crores in FY2023 there is one more is there which may happen in the year 2023 which is our land allotment at Sriharikota, near Sriharikota you are all aware that AP government we are waiting for the allotment of the land if that gets allotted maybe the infrastructure get start there.
- Sanjay Awatramani:** So any revenue guidance for FY2023.
- T. V. Chowdary:** From which side Sir.
- Sanjay Awatramani:** For FY2023 from mean overall revenue guidance.
- T. V. Chowdary:** We are expecting about 20% to 25% growth there.
- Sanjay Awatramani:** 20% to 25% overall growth in revenue for FY2023, right.
- T. V. Chowdary:** Yes.
- Sanjay Awatramani:** That is all from my end. Thank you so much and good luck.
- Moderator:** Thank you. The next question is from the line of Monika Arora from Share Giants. Please go ahead.
- Monika Arora:** Thank you for giving me this opportunity. Sir, I have a question do you think that we will be able to repay our debt.
- T. V. Chowdary:** No actually we have very little debt on our head actually this turnover is only about 3 Crores which will be repaid in next four quarters and there is some loan from the promoter this is about 7% this is very nominal and there is no, I mean, we are not expecting any big swing in that and I think that will be clear.
- Monika Arora:** And what kind of cash flows you see coming in, in the next two to three years in FY2023-2024 like kind of cash flows.
- T. V. Chowdary:** The kind of depreciation it is getting charged with the P&L is about 10 Crores a year actually that is you know that that will be like additions to the real profit. So we are expecting maybe this year we are expecting about 17 Crores, 18 Crores cash flow profit and which will be increase in coming next two years, it will be above the present level. So we cannot comment on the future this thing.

Monika Arora: And as an investor what do you feel how we should look at the company so I am asking about two things about the shorter perspective and also about the longer perspective say in the next two years what is going to happen and in the next five years what is going to happen.

T. V. Chowdary: Yes, actually I am pleased to inform everybody that yesterday we completed 42 years of incarceration of Premier Explosives and 42 years back we started as a 100% Indian company with that and after 42 years normally with the growth whether companies or people will become a little sluggish, so you have seen that past two, three years now again we are overcoming that and we are shedding all this and then we look forward to a better growth and a better performance with so many new products added to the company. Otherwise earlier we were only an industrial explosives company which is really highly competitive as on date.

Monika Arora: And how do you see the business outlook going forward.

T. V. Chowdary: Actually the contribution from the defense will go up significantly from now and we are expecting the 20% to 25% growth from the top line and we are looking for some good things to happen from the new purpose with the new location at Andhra Pradesh which we are external and we are going to buy very soon so we are seeing some good things to happen in coming days and the Katapelly facility it is not just for the existing products we have added lot of new product manufacturing facilities like these are coming into now production land mines and high explosives and all those all these they are expected to add a good top line and bottom line both. Now exactly figures probably I will not be able to share here but yes.

Monika Arora: Okay, thank you so much for answering all my questions so patiently.

Moderator: Thank you. The next question is from the line of Sunil Patel an individual investor. Please go ahead.

Sunil Patel: Thank you for the opportunity. I just want to know the reduction in employee benefit expense quarter-on-quarter for last almost three quarters any specific reason.

T. V. Chowdary: Yes, you know that we have given a VRS in our major royalty and there is a reduction of manpower and apart from that presently we have our operations have gone up in Katapelly and all those like earlier we were sharing with you we have redeployed mostly our people from other facilities and then Katapelly facility we have manned with the people without increasing the burden. So this has definitely brought down the cost of manpower and the employee welfare costs, plus one of the operations at Jagdalpur which was running on service contract, that contract was over by July and then now after July month that expenditure has come down.

- Sunil Patel:** All right that is all for my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Raghav Rathi an individual investor. Please go ahead.
- Raghav Rathi:** Hello team thank you so much for taking this question. The first question that I have is around the presentation, the investor presentation that has been released whereas per the next five-year plan we are looking to become a full missile integrating agency in a way one stop solution. Just wanted to understand what is the progress there, what is the roadmap on that particular front where we move transition from just being a propellant supplier to an integrator.
- T. V. Chowdary:** See if you look at us three, four years back we were a propellant manufacturing company you rightly said, but today now we are not just propellant manufacturing company we are rocketed based motor manufacturing company, the all rocket motors what we exported to Israel are not populated so it is full rocket motor manufactured and assembled by us and also now in various DRDO projects now we are participating as the rocket motor manufacturer and some rocket motors is going to missile is the next step where the missile comes it is the warheads a payload and the electronics guidance system all will come. So that is our next plan we already have the required licenses and the facilities all are in place so we are working with different organizations whose specialization is in electronics and communication systems in the missiles and all those. So a lot of MOUs are there and we are expecting a good growth in this area this line.
- Raghav Rathi:** Got it Sir thank you for that. Just a follow-up question around the new Capex spending that is happening across multiple platforms by the Indian army both in terms of the artillery as well as in terms of the missile defense systems what is the potential that you are seeing there because I am not sure if we are a part of the Rudram development project but then there are a lot of new missile systems that the air force and the Indian army is test-firing are we a part of any of those very big programs just like we were a part of the Astra program.
- T. V. Chowdary:** Yes you are aware of Astra program in and LRSAM and MRSAM we are very much there and now they are getting productionized and bulk supplies are going to be real and all those. Apart from that we are there, we are the only propellant manufacturers and suppliers to all the new missile systems of DRDL that is QRSAM, MGARM various other programs we are supplying the special those propellants for that. Plus the TU technology transfer for new missiles at BrahMos, now BrahMos is going to be a big business and then we are very much there in BrahMos. Apart from these two and the new strategic systems which are developed by DRDO where the big, large rocket motors are there. Now we are already very well established in manufacturing four different types of all different Agni variants and other programs which I do not want to name them here. So we are already there in those areas and our facility new Katapelly facility is going to provide us all the required equipment and all

those then the export orders what we are development orders since we completed we are expecting them to get some converted into production orders in the coming years that is 2022-2023.

Raghav Rathi:

Sir, just if I could squeeze one more question and have we seen instances where we have lost out business to competitors especially in the missile propellant or the missile rocket motor manufacturing space because what we understand is solar is also a very big player in this area and just wanted to understand the competitive dynamics here.

T. V. Chowdary:

I do not know how that kind of feeling has come that we have lost, this is I do not know why we are very much there in the front we are not in the loft or anything. Yes commercial explosives yes I agree solar is a large player because of the large volume of capacities they have built in and all those yes we are doing and whereas we are not trying to grow so much in the tenure our concentration is more in defense and definitely we have not lost to anybody here in the forefront.

Raghav Rathi:

Got it so any movement on the BMCS or artillery front because that has been in the pipeline for quite some time now and we have not seen any movement at least from the government side.

T. V. Chowdary:

The government has not yet to the RFPs and all those RFQs are not yet converted in any way into this they are still at that stage.

Raghav Rathi:

Thank you so much for your time Sir. Thank you for taking our questions.

T. V. Chowdary:

Right thank you.

Moderator:

Thank you. The next question is from the line of Renuka Jadhav an individual investor. Please go ahead.

Renuka Jadhav:

Thanks for the opportunity Sir. A couple of questions the first question is on the working capital days so what is the working capital days for this quarter.

T. V. Chowdary:

For the working capital I mean it depends on the segment but in commercial explosives segment it is rightly about 30 days but in defense it is coming to about 140 days in the defense segment.

Renuka Jadhav:

30 days right.

T. V. Chowdary:

That is in commercial explosive segment it is 30 days.

Renuka Jadhav:

And also you have mentioned that you see strong order inflow so can you throw some light on that.

- T. V. Chowdary:** Yes, like I have mentioned to you already the new products we are already into counter measures, counter measures whatever earlier orders we executed and some orders were in pipeline already there if you going to see in the defense orders and all those you will see those tenders and all those in that of course the others are not issued but we are very much there in all those then another segment where we are now qualified and ready to supply and waiting for an order to come and in addition is that mines different types of mines which are these are the bulk production activities where the numbers will be more in life unlike the missiles and other systems where it will be in hundreds and high explosives plant that is HMX and RDX our plants are ready but because of this COVID and then travel of people and all those restricted the exports have not started right now we are using it for domestic market and then self-consumption once the exports pick up and that area also we are expecting a big jump. So these are the new areas and like I mentioned about the export of rockets and missiles that also will give us a big push.
- Renuka Jadhav:** Okay Sir that was helpful and I have another question like what kind of opportunity do you see on the Israel deal with India.
- T. V. Chowdary:** We find a good opportunity there because they have found a good partner in supplying to them the propellant and rocket motors because of our association with the Israeli companies in development of LRSAM and MRSAM projects and with the completion of this the earlier three orders which we completed development order and we have generated much more content in them and after that we started getting more like I mentioned to you we have right now other than those three we have another four others and also now they have placed order for rocket which we are executing. So with this more and more requirements are going to come and then bulk quantities will come now.
- Renuka Jadhav:** Okay Sir that is it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Shivan MS from JHP Securities. Please go ahead.
- Shivan MS:** Thanks for the follow-up. Sir you spoke about a lot of new products which we are going to be entering into. So in terms of margins how do these products come out to be as in from other legacy products if you could give some idea.
- T. V. Chowdary:** So that this margin usually we never try to answer that question because it is also competition and all you know very well, but yes, these products...
- Shivan MS:** So Sir broadly no numbers but from a very broad perspective if you could give an understanding.

- T. V. Chowdary:** It is very difficult to share any margin details at this moment. So definitely it will be much better than the existing that is because of the niche market of defense products and all those yes we definitely have better margins than industrial explosives where the market is really highly competitive and as we are shifting from the industrial explosives company to defense you are seeing the transformation of the companies helping us and getting the little profits. So I think that much only he can answer today.
- Shivan MS:** Sure thank you very much.
- Moderator:** Thank you. The next question is from the line of Sanjay Awatramani from Envision Capital. Please go ahead.
- Sanjay Awatramani:** Sir, thank you for taking my follow-up question on this. I just wanted to know, I mean, I have seen that in the presentation you have mentioned that you are supplying for Bharat Electronics and Bharat Dynamics and various PSUs so how this structure is working for you can you tell me I mean how we are working with DRDO and how this is in place.
- T. V. Chowdary:** Can you please repeat the questioning.
- Sanjay Awatramani:** The functioning of the company Premier Explosives I mean how this is going ahead with the PSUs how are the orders going on with ISRO or DRDO how are we moving ahead I mean the structure I just wanted to know the structure how we get the tenders and how we go ahead with this.
- T. V. Chowdary:** Yes, with our association where we have already executed successfully many products and many orders our reputation with interactions and reputation with DRDO and ISRO and defense PSUs like BDL are excellent anything related to high energy or anything comes yes they remember only Premier but that is the relationship we have and then that is the thing they developed with them. So what else I can say other than this.
- Sanjay Awatramani:** So if I would say that when we participate in this tenders and there would be other competing company as well in the private and public space as well. So what are the order winning chances for us so if you can get give us some highlight on that.
- T. V. Chowdary:** For many products we are the single source single vendor single source so there that is one point second area for many products there are only two vendors or maximum three vendors mostly so these are all done by L1 and L2 basis that is where normally L1 gets 60%, L2 gets 40% like that and all those so we have a really good chance to winning the tenders.
- Sanjay Awatramani:** So this will be in detonators right if I am not wrong.
- T. V. Chowdary:** Yes.

- Sanjay Awatramani:** Okay this answer my question. Thank you so much Sir.
- Moderator:** Thank you. The next question is from the line of Raghav Rathi an individual investor. Please go ahead.
- Raghav Rathi:** Thank you for the follow-up question and my question is specifically regarding the Chaffs and Flares because we have not heard a lot from your end in the last one, one and a half years about that just wanted to understand two things one is whether the Chaffs and Flares that we produce are compatible across all platforms so whether it is the new Rafael's, Apaches, Chain Oaks, or even sea based platforms that is first and secondly do you see any export potential and what is the progress around that just around Chaffs and Flares. Thank you.
- T. V. Chowdary:** Yes, there is a good export potential also and these Chaffs and Flares the platforms there are two one is Nato and another is the Varsa treaty that is excavating movement all those so nowadays there is no that barite drawn between these two. So right now we are manufacturing both for these as well as those products that is one thing and export prospects yes like we are competing with our global competitors in international market also of course we are yet to get any other but we start get competing.
- Raghav Rathi:** Any progress that you see coming up in the next six months around this because what I understand is shafts and players are more of a commoditized product and it is more of a cost play and if you are competing against the more expensive foreign players then I think we should have a good chunk there correct me if I am wrong.
- T. V. Chowdary:** Yes, you are right and many trainers like I mentioned you they are in the pipeline and we are expecting them to come in the very near future which have crossed the RFP stage and now they are under active placement of orders.
- Raghav Rathi:** Thank you so much. Thank you for your time and patience Sir.
- Moderator:** Thank you. The next question is from the line of Aryan Verma an individual investor. Please go ahead.
- Aryan Verma:** My first question is when can we expect revenue contributions from the Thorimba Tech Transfer the ammunition one?
- T. V. Chowdary:** It is about Thorimba you said something can you repeat the sentence.
- Aryan Verma:** I am asking about when can we expect revenue contribution from the tech transfer. Revenue contribution when will it start to contributing revenue.
- T. V. Chowdary:** General you are saying general technology transfer from anybody.

- Aryan Verma:** No, I am asking about the Thorimba tech transfer and when can we expect the revenue contribution.
- T. V. Chowdary:** See the revenue contribution will come only when we win the tender in the winning the tender it depends upon now it is that RFPs are all answered and submitted now there is a process expected six months to one year by MOD process that where they analyze technically and all those because that is a Make in India scheme so it takes time.
- Aryan Verma:** My second question is this is a scenario-based question. So when you say in the earlier con calls that we will move from 30 Crores to hundreds and thousands and while we move from development to production orders so may the investors expect in some kind of exponential growth from the company when we move from development to production orders.
- T. V. Chowdary:** Development to production orders.
- Aryan Verma:** Yes, my query is like can we expect exponential growth in terms of the revenue because the revenue itself is sub 200 so these orders...
- T. V. Chowdary:** Yes, you are right in development we do the numbers in two-digit figures but when we go from the production it goes to three digit or four digit yes definitely it will give an exponential growth.
- Aryan Verma:** So like we can expect this growth on FY2023 onwards.
- T. V. Chowdary:** Yes.
- Aryan Verma:** Thank you very much, that is all.
- Moderator:** Thank you. The next question is from the line of Viresh Daftari an individual investor. Please go ahead.
- Viresh Daftari:** Good afternoon Sir, thank you very much for giving opportunity. Sir with the compressor either for the December quarter 2020 and 2021 it is a outlay there is a growth but then we come to the either the September and December can you see much more reducing the profit margin. What is the reason behind this actually?
- T. V. Chowdary:** Yes that is a magnitude because of the product mix the change in production I mean the change in production is only make the difference otherwise everything will be all right.
- Viresh Daftari:** So there is a tremendous reduction in the profit margins top line is decreased by hardly 4 Crores and the margins will decline by nearly one-fourth.
- T. V. Chowdary:** Actually there was a reduction you are comparing with the September quarter.

- Viresh Daftari:** Definitely September and December QoQ, I am not comparing because the last year and this year comparing with the same year actually.
- T. V. Chowdary:** No when the September the EBITDA was about 13% and in December it was about 9% there was a reduction of 4% in EBITDA so that mainly causes due to the change in the product mix wherein even the last quarter in September quarter we have supplied build the products which were in this good margins and this quarter it might be because when we are in a commodity business then it will be equally distributed the turnover and profit margins but we are in a business where it will be up and down surges in the supply whenever the product is delivered it goes up whenever the product is in the building stage when we are building the product it shows less so we have the different products and different segments wherein the margins are not equal.
- Viresh Daftari:** Okay fine thank you Sir.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. T. V. Chowdary for closing comments.
- T. V. Chowdary:** If there are no questions I thank the investors for their interest shown in the company and for attending the meeting and putting valuable questions which also definitely help us in future learning the company. Thank you very much.
- Moderator:** Thank you. On behalf of Premiere Explosives Limited that completes the conference. Thank you for joining us and you may now disconnect your lines.