



“Premier Explosives Limited
Q4 & FY 24 Earnings Conference Call”
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MANAGEMENT: **MR. T.V. CHOWDARY – MANAGING DIRECTOR –
PREMIER EXPLOSIVES LIMITED
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MODERATOR: **MR. VISHAL MEHTA – STELLAR INVESTOR RELATIONS**

Moderator:

Ladies and gentlemen, good day, and welcome to Premier Explosives Limited Q4 and FY 24 Earnings Conference Call. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Mehta. Thank you, and over to you, sir.

Vishal Mehta:

Thank you. Good afternoon, everyone. I, on behalf of Stellar Investor Relations, welcome you all to Premier Explosives Limited Q4 and FY 24 earnings conference call. We shall be sharing the key operating and financial highlights for the fourth quarter and full year ended March 31, 2024. Today, we have with us the senior management team of Premier Explosives Limited, Mr. T.V. Chowdary, Managing Director; and Mr. Srihari Pakalapati, Chief Financial Officer.

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 risks and uncertainties. Documents relating to the company's financial performance have already been shared on the company's website and exchanges.

Now I invite Mr. Chowdary to share his initial remarks on the company's performance for the fourth quarter and full year. Thank you, and over to you, sir.

T.V. Chowdary:

Thank you, Vishal. Good afternoon, everyone, and thank you for joining. Premier Explosives continues to deliver an improved performance, as mentioned in the earlier calls. We have received the pending revenue from the Israel export order, and this has shown an exponential jump in the revenue of the quarter.

We are happy to announce that we have highest ever quarterly revenue in Q4 of FY 2024. Having said that, we continue to post robust growth in defense and aerospace segment revenue of 135% in Q4 and 88% in Financial Year 2024. In terms of order inflow and backlogs, we started financial year '24 with an order book of almost Rs 521 Crores and as it peaks, the new orders of Rs

760 Crores in the year till end of March 2024. Our current outstanding order book stands at approximately Rs 964 Crores, a strong growth of 85% year-on-year and translates into 3.6x of our Financial Year 2024 revenue.

Execution of these orders will help us to bid for bigger and better orders from Indian defense industry as well as from the foreign defense entities. The countermeasure orders are under execution at various stages. As indicated in the last con call, the billing of these products has started with a small volume in March, a significant portion of this billing will be done during the first half of Financial Year 2025.

Other orders from overseas, Bharat Dynamics and other PSUs and other large Indian corporates are being repeated as per the timeline. We have different types of orders from various entities and export orders value for defense products alone is currently standing at Rs 316 Crores.

We have shipped out next lot of rocket motors in Q4 FY24. Further billing in this segment will be done in Financial Year 2024 – 2025. Continuous production of these orders is going on and dispatches will happen as per the availability of vessels. Future outlook of Premier Explosive is Premier is the only qualified Indian company for counter measures, and the only Indian company which specializes in the export of fully assembled rocket motor.

In addition to the rocket motors and warheads, Premier has entered into manufacturing of mines and ammunitions as well. As I mentioned in our last conference call, the first batch of Nipun Mines has been supplied in April 2024. The supplies of balance order quantity is scheduled to complete in Financial Year 2024 – 2025. Premier has successfully completed the development of 40mm HEAP and HEDP ammunition for UBGL and HBGL and the DCCP program of DRDO.

Now we hope we will participate in RFPs being generated by paramilitary forces and Indian Army. We expect the production and supplies to start in the current financial year. In addition to the above, the company started exporting RDX and HMX. Commercial explosives divisions are performing well and expected to continue in coming years also.

In terms of cash flow, we have generated healthy cash profit of Rs 9.6 Crores in the Quarter 4 and Rs 39.6 Crores in the whole year ending Financial Year 24. Along with steady execution of run rate, coupled with inherent features of our cost structure, with respect to increased operational leverage in our business, this will lead to enhanced cash flow generation. The improved cash flows will be utilized to strengthen our balance sheet.

We continue to remain optimistic about the defense and aerospace industry, and we'll continue to work towards becoming a prominent player in the domestic as well as export space. Coming to the defense industry, it gives me great pleasure to announce a significant milestone in India's defense sectors.

I'm delighted to inform you that Indian defense exports have reached our next unprecedented height surpassing the Rs 21,000 crore mark for the first time in the history of independent India. Furthermore, our total defense manufacturing has achieved a monumental figure of Rs 1,00,000 Crore. This achievement underscores India's journey towards self-reliance or *aatmanirbhar* in defense production. It is worth noting that leaders across the globe have acknowledged India's potential indicating that the 21st century shall witness India's emergence as a prominent player in the global level.

In line with our policy to reward our shareholders, Board of Directors have recommended a dividend Rs 2.50 per share. However, the same will be subject to the approval of shareholders.

Now I request Mr. Srihari, our CFO, to share the financial performance.

Srihari Pakalapati:

Thank you, sir. Good afternoon, everyone. The result 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. The revenue from operations for Q4 FY24 stands at Rs 87 Crores as compared to Rs 52 Crores in the corresponding previous year last year, which shows a growth of 66% year-on-year. Our operating profit for Q4 FY24 stands at Rs 15 Crores as compared to Rs 8 Crores with a growth of 86%. The operating margin for the quarter stands at 17.4%, which grew by 189 basis points in Q4 FY24. We reported a net profit of Rs 6.6 Crores compared to Rs 2.3 Crores in last year's similar quarter with a growth of 184% year-on-year.

Let me take you to the Financial Year 2024 performance. The revenue from the operations post FY 2024 stands at Rs 272 Crores as compared to Rs 202 Crores in the corresponding previous year last year -- period last year, translating into 34% year-on-year growth.

Operating profit for FY 2024 stands at Rs 59 Crores as compared to Rs 26 Crores in the corresponding period last year, which saw a robust growth of 127%. The operating margin stood at 21.5%, which grew by 875 basis points in FY 2024. The net profit in FY 2024 stood at Rs 28 Crores compared to the profit of Rs 7 Crores in last year, which has showed a tremendous growth of 321% year-on-year.

Now coming to the order book. The company's current order book stands at Rs 965 Crores, out of which the defense segment forms the majority Rs 834 Crores, which is 86% of the total order book. Explosives segment stands at Rs 19 Crores and service segment, which is the operational maintenance, stands at Rs 111 Crores. During the quarter, the domestic order book is at 89% and export order book is at 11% of the total order book.

The order book references solid and strong growth toward the previous year. We are very much confident that with our continued execution, run rate in the forthcoming quarters will be continuing with the growth trajectory. With this, we will now open the floor for questions and answers.

- Moderator:** The first question is from the line of Dipen Vakil from Research Analyst.
- Dipen Vakil:** Congratulations on a great year. Sir, my first question would be how -- what would be your guidance for, say, FY 2025 and do you think the margin -- the higher margin that we achieved this year is sustainable in the coming years as well?
- T.V. Chowdary:** The margins will be in the same line because the same business will continue in the same way. Will be in the range of 18% - 20% - 21% of EBITDA for the year ending '25.
- Dipen Vakil:** And any guidance on the revenue front?

- Srihari Pakalapati:** Normally, we do not give any guidance. But based on the existing order book and the time line, we should be able to come -- I mean, some -- maybe some good improvement from now.
- Dipen Vakil:** Got it, sir. Sir, my second question is, sir, we have witnessed a huge influx of order -- export orders. So can you throw some light from what areas those exports are coming and how is our ammunition side of business faring? So are we seeing any improved activity or demand? So where is the demand coming from, from the export segment? If you can throw some light on that area.
- T.V. Chowdary:** Export, we are -- as I mentioned earlier, the exports we are doing industrial explosives exports are continuing, and we are exporting rocket motors, warheads and we are also -- now we started exporting HMX and RDX also.
- Dipen Vakil:** Okay. So this -- so the demand that we have right now, it's sustainable going ahead as well?
- T.V. Chowdary:** Yes.
- Moderator:** The next question is from the line of Shreya Jain from Niveshaay.
- Shreya Jain:** Congratulations on a great year, sir. My question was regarding our gross margins. We've been getting good growth in top line. But for this quarter, the gross margins have reduced significantly. So what could be the reason for the same?
- Srihari Pakalapati:** Normally it depends on the product mix, madam. We normally do -- I mean, we are in the different kind of products there. So some products gives us a good margin. Some products may be somewhat lesser. But the difference is not so much. I think we -- in this quarter also, we have reached about 17%-18%.
- Shreya Jain:** No, no. I'm talking about gross margins. The margins we got from producing the top line.
- Srihari Pakalapati:** Okay. So it basically depends on the product mix madam, basis the production.
- Shreya Jain:** So for this quarter, our product mix -- in our product mix, mainly it was defense. The major revenue came from defense but defense is a high-margin business, right? So what could be the reason for the lower margins in gross profit this year this quarter?

- Srihari Pakalapati:** No, you're comparing only with the gross margin, right?
- Shreya Jain:** Yes, yes, gross margin.
- Srihari Pakalapati:** So it depends on the -- actually, we can say that maybe because it's overall product mix only madam.
- Shreya Jain:** Okay, okay sir. The other question I had was for the Capex that you announced that you might be doing. So can you throw some light on that, what kind of product you are thinking of? And what kind of expense that will be incurred in this Capex?
- T.V. Chowdary:** Right now, our target is going into expanding our raw material capacity, manufacturing capacity to meet the present international demand and also the new areas that we are expanding in the aerospace as well as ammunition space. These are the areas where we are going to grow, Capex is going in that area.
- Shreya Jain:** Okay, sir. And my last question was regarding the QIP. So can you throw some light on that as well? What would be the funds be used for? Will it just be for the Capex or something else would you have in mind for that?
- Srihari Pakalapati:** A significant amount out of this we have proposed will be used for Capex and some portion will be used for the repayment of existing debt.
- Moderator:** The next question is from the line of Abhishek Poddar from HDFC Mutual Fund.
- Abhishek Poddar:** Congratulations on a very good quarter. So 2 questions. Sir, if you could talk about your order inflow expectations for next 1 - 3 years, just to give us some understandings how do you see the opportunity? And what kind of order inflows you would be hoping for? And if you could cover the products like rocket motors and propulsion systems, countermeasures, ammunitions and mines and if you could talk a little about all of them and including also RDX and HMX, so what opportunities exist in each of these product lines for us.
- T.V. Chowdary:** Like I already mentioned in my speech. This opportunity -- we will be maintaining the same level of order book. Executing and maintaining the same level of order book. That is expected. In addition to this, we are expanding in the raw materials segment, with the raw materials. We are expecting a

significant contribution from export of these raw materials like TNT and RDX, HMX and all those. This will add to the present export market trends and our income from rocket motors and warheads and other things, these raw materials are going to add to that income. Countermeasures also, it will continue at least coming 4 - 5 years, the same level of production and supply will continue.

Abhishek Poddar: Okay. So it's about that order book will not fall. It will be in the range of Rs 900 Crores to Rs 1,000 Crores. That is what you're referring to?

T.V. Chowdary: Yes, that's what we're referring to.

Abhishek Poddar: And sir, what is the life of this order book? Today, we have about Rs 970 Crores. How long it will take for you to execute the entire order book?

T.V. Chowdary: Except the orders from ISRO, which is of long term, that is another 6 years, all other orders are the current and they are of 1 - 2 years.

Abhishek Poddar: Understood. Okay. So the way we could think of it is that if it is going to be executed in 2 years. So every year, you will be getting the same amount -- every 2 years you'll be getting the same amount of order inflows. That's how we should think about it?

T.V. Chowdary: Yes, that's what we are expecting.

Abhishek Poddar: Understood. And sir, if you could also talk about the Capex and the QIP money, how much of the QIP money will be used in Capex? And which are the particular facilities that you want to expand to? And how much will be the Capex incurred in those? And also what Capex we should expect in FY25 and FY26.

Srihari Pakalapati: So actually about 60% of the money we are proposing for the Capex, but that will be -- we are looking at increase in the new location as well as existing locations for the expansion of the existing facilities. So the detailed -- I mean, numbers will -- I think will come at a later date.

Abhishek Poddar: Okay. And this -- what products will be -- you'll be putting the capacity for?

T.V. Chowdary: Yes. I just now mentioned about those, the explosive raw materials, the new place TNT, trinitrotoluene, and then RDX, HMX Expansion and also

expansion of our ammunition production and propellant production. So these are the areas where we are going to expand.

Abhishek Poddar: Understood. And this Capex will not be used for ammunitions and mines?

T.V. Chowdary: Mines, we already have the enough capacity. So I don't think we need anything to be added. It's mainly the raw material explosives, which the international demand has gone up. So to meet our own requirement and to meet the export demand, we have to create new facilities and expand the existing capacity. So the Capex will go into those areas mainly.

Abhishek Poddar: Understood. And sir, there was this MOU we signed in Orissa. Can you tell us about what is the status of that project? And how are we thinking about that investment?

T.V. Chowdary: There is no MOU signed, it is -- we have -- the Orissa government has identified as one of the potential investors in Orissa. And you know our kind of industry needs large land. So they have offered us a land of 500 acres where we can expand our capacities and all those things.

And the Orissa government has issued a letter to Orissa Industrial Development Corporation to identify land for allotment to Premier. We have already seen 4 - 5 land banks, which were shown to us and shortlisted and it is continuing, the process is going on because of the election and all those election code, there is a little delay. But now, next week onwards again from June month onwards the activity will start. It may take 5 - 6 months to get allotted. If we get within 5 - 6 months, that is very fast.

Abhishek Poddar: And what products are you thinking about in this facility, sir?

T.V. Chowdary: Mainly, I want to go for first for TNT and then filling of bombs, ammunitions, those are the areas.

Moderator: The next question is from the line of Suman Kumar from Antique Stock Broking Limited.

Suman Kumar: I was doing a report analysis, and I just came across -- so could you please help me get bulk explosive production volume and detonator production volume for FY 2024, please?

Srihari Pakalapati: You want to know the product volumes?

Suman Kumar: Yes, sir.

T.V. Chowdary: One second. You want the volumes produced or question is not clear.

Suman Kumar: Yes, sir. The volumes produced for bulk explosives in FY 2024.

Srihari Pakalapati: So bulk explosives, we have done about -- one second. Can give the value by tonnage.

T.V. Chowdary: You want the value or tonnage? Volume?

Suman Kumar: Ideally speaking both would be the better, sir, the value as well as the tonnage.

Srihari Pakalapati: So we have done about 8,500 Metric Tonnes of bulk explosive in financial year 2023 - 2024. Detonators about 10 Million.

T.V. Chowdary: Detonators is a market which is going out. So the quantities are not decided by us. They are decided by PESO and they are giving a limit, and we are selling up to the limit we have given. So next financial year, it is going to be 0.

Suman Kumar: Okay. So sir, assuming the 8,500 Tonnes which you produce, can we get a sense of what was the value of this, the 8,500 Tonnes produced?

Srihari Pakalapati: You want the value?

Suman Kumar: Yes, sir.

Srihari Pakalapati: It's about Rs 38.5 Crores.

Suman Kumar: INR 38.5 Crores?

Srihari Pakalapati: Yes.

Suman Kumar: Okay sir, and just one more book-keeping question. I understand that we have an order execution cycle of 1 - 2 years, as was mentioned.

Srihari Pakalapati: I can't hear, your voice is not clear.

Suman Kumar: Yes, sir. So currently, as mentioned, we have an order execution cycle for 1 - 2 years. So considering our current capacity, and we are also doing a significant

Capex to raise our capacities. So how should we plan because if the execution cycle is 1 to 2 years, the Capex to increase our capacity to be able to manage this higher order delivery. So the Capex will be incurred in 1 year or it will be in a lesser period or how will the Capex pan out essentially?

T.V. Chowdary: So we understood your concern. Present order book, execution, our existing capacities are sufficient. The capacity is not for these orders. These are -- the Capex is for the future order. This is not going to affect the present production supplies. Their production is already going on.

Moderator: The next question is from the line of Ketan Gandhi from Gandhi Securities.

Ketan Gandhi: Yes, sir, congratulation on a good set of numbers. And my question pertains to the Rudram-II, which has been launched -- trial launch 2 days or 3 days back, which has been successful. So what rail are we playing there?

T.V. Chowdary: No, we are propellant rocket motor manufacturers for that. We are the recipients of ToT from DRDO.

Ketan Gandhi: So we are the exclusive or there is some competition there?

T.V. Chowdary: Right now, we are only there. But we can't tell. Others can also -- when it is a ToT from DRDL or DRDO, others also can approach and take them. But as on date, we are the only ones.

Ketan Gandhi: And sir, what is the total number of these missiles you are expecting in the next 4 to 5 years?

T.V. Chowdary: Rudram-II, we have no knowledge of that. That's a DRDO information. Quantities and all, we cannot tell that.

Ketan Gandhi: Okay. And sir, in this year, this time presentation Q4 investor presentation, you have mentioned about Pinaka-I and Pinaka-II. Previously, we were not there in Pinaka-II. So can you throw some light on that?

T.V. Chowdary: Even now, we are not there in Pinaka-II. Pinaka-I also, we have technology transfer and we can produce. We have the capability of producing the Pinaka propellant. But right now, we are not doing that. We are busy with other products. This area, we have not participated in that area.

- Ketan Gandhi:** Why I'm asking this question because we have mentioned this time, first time in the presentation about Pinaka-II, that's why I was asking.
- T.V. Chowdary:** I don't know, where did we mention it. Right now, we are not producing any Pinaka. So I don't know.
- Ketan Gandhi:** I think misprint or I mean we have to redo that.
- Moderator:** The next question is from the line of Manan Shah from Moneybee Investment Advisors.
- Manan Shah:** Congratulations for a good set of numbers. In one of the earlier calls, you had mentioned the time line for delivery of the countermeasure orders was around August. So is there any change in that time line? Or are we to complete that order by August?
- T.V. Chowdary:** There is a change in the time line also. We have also requested for extension of the date because of the present international maritime problems. Some of the ingredients, which are imported and they are delayed, so it is being considered.
- Manan Shah:** So the revised time line is to be compared within this year or it is to be beyond the current year?
- T.V. Chowdary:** We are hoping that we'll complete in the current financial year, that is financial year ending this FY 2025.
- Manan Shah:** Okay. Understood. And my next question was you mentioned that the Capex and the fund raise that we are looking forward to it is mostly for the raw materials. So this gets classified under bulk explosives or under defense only then?
- T.V. Chowdary:** No, no, it will come under defense only because the defense raw material only we'll be producing. the explosive raw materials meant for defense production.
- Manan Shah:** Okay. Understood. But you've also mentioned that to service the current order book would not need major Capex. In fact, we can go much beyond this but to manufacture these raw materials, we will have to put up additional Capex?

- T.V. Chowdary:** Yes. These raw materials are not required for the products which we are producing already. One is the raw materials, which there is a demand -- international demand to export assets. So we'll be producing for export specific. And also the new products, which we are going to -- filling up the bombs and artillery shells and all those are the new business areas, in which as on date, we are not there, but we want to expand to that. Then these raw materials and all those are very useful in that area.
- Moderator:** The next question is from the line of Faisal Hawa from HG Hawa and Company.
- Faisal Hawa:** Sir, I'm referring to Page 12 of your presentation, where you say that collaboration with Gulbarga University, IIT Madras and BITS Pilani for research in high energy materials. So can you just explain what are the high energy materials? Is this something to do with material sciences and what are the kind of goals you have set at these institutes? And is there any some progress on that? And besides that, what is the kind of R&D spend that we have apart from the prototype manufacturing that will come for -- that we do for the defense industry.
- T.V. Chowdary:** These are the institutions which are involved in the high energy material research activities, academic research. So for those -- their academic research, our clients and our facilities are also being utilized. It's a prestigious matter for us to associate with them and then do that so -- but mainly, the research is academic in nature, not any direct product research. Product research, product R&D is done by us directly in-house R&D and association with these institutions is mainly for academic research.
- Faisal Hawa:** So there is no commercial products that will ever come out of it?
- T.V. Chowdary:** A lot of papers are published and also the PhD programs are done between them. The PhD students give us -- asked to conduct the tests and laboratory utilization at our facility and also -- so out of our involvement in technical matters, so we are associated with them. And then we also participate in the discussions.
- Faisal Hawa:** So what is our overall R&D spend apart from what we spent on different prototypes?

- Srihari Pakalapati:** No. Last year, we spent about Rs 40 lakhs, but in addition to that, normally our internal R&D is a continuous process, which is getting absorbed in the regular operating part.
- Faisal Hawa:** Can you give any -- can you give any figure as to what the percentage of sales is?
- Srihari Pakalapati:** I think below 1%.
- T.V. Chowdary:** See, this is -- these explosives and all those being dangerous and hazardous, they need a lot of safety mechanisms and the interlocks. So these things are done not in laboratory, but they are all done in the production plant itself because production plants are designed to have all those safety interlocks. So a lot of activity, which is done there, it cannot be separately identified and then listed as R&D expenditure. That is what Mr. Srihari meant.
- Faisal Hawa:** So 3 to 4 years down the line, which of the products that we are manufacturing could emerge as a very blockbuster product where we get like a 55% - 60% of our revenues?
- T.V. Chowdary:** Yes, our flares is completely in-house R&D. And a lot of export rocket motors, which we are exporting now to -- those are all developed specifications. So those are all our in-house R&D only. And we are working under DCPD programs with DRDO, where the giant R&D is going on. These are the areas we're all developing. Ammunition, that 40 mm HEAP, HEDP I mentioned, that's a DCPD program.
- Faisal Hawa:** Okay. And which country will emerge as a -- as you know, something which will absorb most of our products and where we are consolidating most for exports?
- T.V. Chowdary:** There's no such -- all products absorbing or anything. It's based on their need, we are making and exporting rocket, mostly because as on that, we are identified as a rocket propellant manufacturing company. We have earned a good name and all those. So many queries are coming from different countries for the rocket motor design and supplies. We are working on that.

- Moderator:** The next question is from the line of Pritesh Vora from Mission Street India.
- Pritesh Vora:** My question is if you have to bifurcated revenue between the mining materials as well as the rockets and the defense product. How do you like to segmentize your revenue? And how the respective segment will move going forward?
- Srihari Pakalapati:** Basically, if you see our presentation, the current year, I think our total defense contribution came at 62%. So -- which has gone up from 40% to 62% when compared to last year which will be -- I think we shall reach about 75% to 80% going forward.
- Pritesh Vora:** And margin-wise, how do you consider margin between the traditional explosive business as well as a defense margin?
- T.V. Chowdary:** Definitely, as you know, the defense margins are a little better than the commercial explosives margin. But normally, we don't like to bifurcate and then discuss about that because of the competition.
- Moderator:** The next question is from the line of Abhijit Mitra from Aionios Alpha.
- Abhijit Mitra:** So just to understand, regarding the execution of chaffs and flares, there is some issues because of supply chain constraints. So the execution will start from Q1 or it is now delayed to Q2 or Q3?
- T.V. Chowdary:** It has already started. In fact, we have also last quarter.
- Srihari Pakalapati:** So if you see our MD's speech, we have already mentioned that and one small bill has already been -- I mean, we already supplied one of small components of the order. And the significant contracts will go in this from next H1, I mean first half of this year.
- T.V. Chowdary:** The execution is under process. These all go through PDI predispatch inspection process. So the inspecting agencies, they don't come every month to inspect. So we'll have to assemble and build up the stock, and they will come in tranches, and they will inspect. So the last inspection, we could push through some quantity at the end of the financial -- last financial year. Present quarter also this June month, we are expecting to send somewhat. Like that we'll be proceeding. It may go a little up and down some quarters more, some quarters

less because of the availability of the people who come for inspection and dispatches. But production is consistently going on.

Abhijit Mitra: Got it. Got it. So you can sort of dispatch at least 15% or 10% to 15% order in Q1 and probably hope to do another 20% in Q2.

T.V. Chowdary: Yes.

Abhijit Mitra: Got it. And regarding the order inflow visibility, I mean, when -- in which stage of order inflow you are, if you can sort of -- I mean, some of the bids that you might have participated as the maturing over the course of next 2, 3 quarters or the pipeline. You can help us understand the big pipeline for you or just to get a sense as to how the inflow will sort of shape up this year, next year.

T.V. Chowdary: Countermeasures, it will continue. We are expecting inflow of orders and even new rockets and missiles also. See we are -- many of them are in the stage of RFP, our response is submitted and they are in the consideration and the comparison and all those. So the number of players are limited. So we expect them to be awarded to us. So that's what we'll be able to maintain the order book, that's what it is.

Abhijit Mitra: Got it. And what's the quantum of bids where you have already participated and waiting for results? In terms of value, the quantum -- the value quantum of bids that you would have already participated and where results are awaited?

T.V. Chowdary: I don't think I'll be able to answer that.

Abhijit Mitra: Got it. Got it. But when you say that you can probably get an inflow of Rs 1,000 Crores or thereabouts over the next couple of years, you would have taken those value quantum into consideration and attached to a win rate on top of that to get to that number, right?

T.V. Chowdary: Yes, we are participating, I think, in about Rs 700 crore, Rs 800 Crores if I remember offhand. We are expecting that at least Rs 500 Crores are part of it, that at least 60% - 70% will materialize, that's what we are thinking.

Abhijit Mitra: And any export orders will be over and above that?

T.V. Chowdary: Export orders are also included there.

- Moderator:** The next question is from the line of Jasmeen Kaur from Fortuna Investment Advisors.
- Jasmeen Kaur:** Sir, am I audible?
- Srihari Pakalapati:** Yes, please.
- Jasmeen Kaur:** Sir, last time, you had mentioned about trial orders for BrahMos which were being executed. And you had also mentioned that once you get executed, there could be a possibility of a bulk order. So could you tell us, sir, status of that?
- T.V. Chowdary:** Yes, the trials have been conducted. So that promotes business has got a very good potential. Definitely, it is going to be a good contributor.
- Jasmeen Kaur:** Okay. Sir, any -- I mean, if those are executed, sir, then any -- can we expect in the current year, the orders to be materialized? I mean I know you would not be able to tell us exactly.
- T.V. Chowdary:** Yes, initially, for the trial and all, we have a few numbers supplied and they are tried and tested and dynamic testing also done. The tests are good. This is a very latest information. And bulk order will not come in the current year. But again, a little enlarged quantity will come now as the next order. So we are expecting that already once the trial is over, they have asked us to submit the quotation for the next production. So it is at that process right now.
- Jasmeen Kaur:** Okay. And sir, any quantum would you be able to give in terms of rupees, Crores that we are expecting from this opportunity?
- T.V. Chowdary:** So what we hear is about 50 numbers of BrahMos per annum is the expected quantity. That is what we hear.
- Jasmeen Kaur:** Okay. And how does that translate into order in rupees, Crores for you, sir?
- T.V. Chowdary:** See, we have not yet submitted the quote for the bulk supply. So I don't think at this stage we can quantify figure and all those.
- Jasmeen Kaur:** Okay. Okay. Sure, sir. Sir, also, you had mentioned on the Pinaka order that would start flowing. Those trials at that time, the last time when we spoke, this was through and then I mean we were expecting orders to come in a few months, 1- 2 months' time line. So sir, on that.

- T.V. Chowdary:** See, the ToT we have taken for Pinaka Mark-I and Markk-II, now and looking at the slide, it is listed in the ToTs received by us. So -- but they are not in the production neither we have an order in our hands or we are producing them. Yes, we have the capability of producing in case we get order, but we don't foresee any immediate requirement of any RFPs coming because already they are being complied by MIL and other company atomic explosives.
- Jasmeen Kaur:** Okay. Okay. Sir, since July when we see in the last orders for chaffs and flares, any further orders that have come in from July '23, since then?.
- T.V. Chowdary:** Further RFPs are in pipeline.
- Jasmeen Kaur:** Okay. And sir, one last thing from my side. Sir, on the working capital side, sir, if you could tell us in terms of advances that you have available, advances from DRDO, which are from the ministry, which are there currently as of March '22?
- Srihari Pakalapati:** Yes. During the year, we have received some advance for countermeasures, which is about Rs 70 Crores, which we have. We received some advance from our export orders.
- Jasmeen Kaur:** Okay. And sir, we think this is sufficient in order to execute the orders because the execution is going to be quite a bit now going forward from this time onwards and the rest of the year? So in terms of working capital requirements, how are you placed?
- Srihari Pakalapati:** No, with the existing facilities we have from our banks and with the support of the advances, we are quite comfortable in working capital, and we can reach our -- I mean, we can reach our targets with the existing facilities. So we are fortunate to have limit available with us.
- Moderator:** Your next question is from the line of Viraj Mahadevia from Moneygrow India.
- Viraj Mahadevia:** I had a question regarding this investments you're doing in raw materials. Is that to be construed as backward integration in your manufacturing process? And where are you currently acquiring these materials from?

- T.V. Chowdary:** No. Like I explained, these are for the new products, which we are going to produce and also for the export inquiries which we are repaying, not for our existing products consumption, that much capacity we already have.
- Viraj Mahadevia:** Okay. Understood. And this Rs 900 crore order book that you currently have will be executed over a 2-year period approximately?
- T.V. Chowdary:** Yes. Except the one order from ISRO, which will be executed in the coming 6 years. Other than that, all others are within 2 years.
- Viraj Mahadevia:** Understood. My last question sir, if you have capability in detonators, how difficult is it to build capability in explosives and other ancillary areas from a technical R&D perspective?
- T.V. Chowdary:** You're talking about industrial explosives?
- Viraj Mahadevia:** Yes. And defense explosives. So if you have detonators, can you easily enter into both industrial and defense explosives from a technical R&D capability point of view? Or is it very, very different?
- T.V. Chowdary:** You have to go through a lot of agencies who are the controlling and all those things. So we come under regulating agencies like PESO, petroleum and explosives safety organization. And also, DCPD who are the people who are going to issue the license, industrial license because these products require industrial license. And after that, a lot of validation takes place for the product before the end user accepts it and does it. So it's a process which takes at least 5 - 6 years before you start making some supplies.
- Viraj Mahadevia:** Understood. So that's from a process perspective, but from a capability perspective, is that a relatively easier pivot?
- T.V. Chowdary:** No. capability, I don't know. I can't say about an individual's capability. But this is assessed by the controlling agencies like I mentioned about PESO and all those. The moment somebody wants to get into that, they expect them to submit all the capabilities, what all -- how they are going to handle, what capacities they have, what technical skills they have and all those. So based on the presentations made, they will decide whether to issue or not issue.
- Moderator:** And next question is from the line of Dipen Vakil from Research Analyst.

- Dipen Vakil:** Sir, just one question, sir, what would be our proportion of imports from the total cost or total revenue?
- Srihari Pakalapati:** Sorry, I didn't get you.
- Dipen Vakil:** So I'm asking what will be the proportion of our imports versus our total cost or total revenue?
- Srihari Pakalapati:** No, it varies depends on the product. But in FY 2023 - 2024, our imports are hardly less than 10% of the total revenue. That is a year-on-year -- it is not...
- T.V. Chowdary:** Year-on-year and product to product. So that percentage varies.
- Dipen Vakil:** Okay. So for FY '24, we can assume it to be around 10%. Sir, so you mentioned about the macroeconomic scenario hampering some of your supplies. So what is the scenario right now from the geopolitical front. And is that now in a way, has it recovered and the execution or the supplies have started or there is still a slowdown in that?
- T.V. Chowdary:** Already started that's what I mentioned, the delays caused in the last financial year already now we started, and the supplies have started.
- Moderator:** Ladies and gentlemen, as there are no further questions, I would now hand the conference over to Mr. Chowdary for closing comments. Over to you, sir.
- T.V. Chowdary:** Yes. Thank you. Thank you very much for the interest shown by all the participants in our company, and I hope that we could give them the input thoughts they asked for and expect to our best possible efforts. And we'll continue to be assured that we'll continue to perform the same way and then show the better results. Thanks for all the good wishes. Thank you very much.
- Moderator:** Thank you. On behalf of Premier Explosives Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.