



**Premier
Explosives
Limited**

ISO 9001 REGISTERED



MGMT. SYS.
RvA C024

DNV Certification B.V., The Netherlands

July 15th, 2016

To,
The Bombay Stock Exchange Limited
Corporate Relationship Department
Floor – 25, P.J.Towers, Dalal Street,
MUMBAI – 400 001
Scrip Code: 526247

To,
National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051
Trading Symbol: 'PREMEXPLN EQ'

Dear Sir/Madam

Subject: Conference call with Investor Analyst

We would like to inform you that conference call between Company representative and Investor Analyst- Mr.Paresh Jain (Max Life Insurance) took place on 14th July, 2016 and the details of the Concall are attached herewith.

This is for your kind information and record

Thanking You,

Yours faithfully
For **Premier Explosives Limited**

Vijayashree.K
Company Secretary
Encl:a/a

**Concall between
Mr. Subbarao (CFO) and Mr. Paresh Jain (Analyst, Max Life Insurance)
on 14-July-2016**

Business of the company divided into Commercial Explosives and Defence Explosives-

Commercial explosives

Bulk explosives, detonators, detonating fuse and other accessories used in mining sector with customers like Coal India and in infrastructure sectors

Company has been manufacturing these items for the last 35 years.

Defence explosives

Most of the defence supplies, including missiles, are being imported by India. DRDO is developing a few missiles like Akash, Long Range Surface to Air Missile (LRSAM), etc.

- LRSAM is a joint development project between India and Israel. Some components like Solid propellants are Indian responsibility. DRDO accepted the solid propellant developed by Premier and induction of LRSAM by defence forces is expected at any time.
- Akash is a medium-range mobile surface-to-air missile defense system that can target any aerial threat up to 30 km range. ICBMs would have a range of ~5000 km. The purpose of tactical missiles is different from ICBM's. Tactical missiles are meant for battle field and to shield the strategic assets by continuously monitoring by radars..
- Recently the company delivered its 1000th Akash missile solid propellant to Bharat Dynamite Ltd who is the only integrator of missiles in India.
- Each Akash missile requires a booster grain and a sustainer grain. The company has been manufacturing booster grains till now and is expected to roll out sustainer grain within a month.
- Propellants have a life of 10 to 30 Years. Without Propellant there would be no Missiles.
- Other products include the Pinaka rockets, Igniters and Tear Gas Grenade. The company also provides O&M services to the solid propellant plants of Sriharikota Rocket Launching Station (SHAR) at Sriharikota and DRDO's Jagdalpur facility.
- The company plans to enter the ammunition business for which the technology is not available in India. The company is looking abroad for technological tie up with OEMs.
- There is no major replacement opportunity currently since the Akash Missiles were started recently, Premier started its Akash Missiles sales in 2012. It is not clear whether there would be replacement opportunity for older missiles.
- The contracts are rewarded through a tender based system, where the bidders are mainly Premier, Ordnance factory and Solar Industries.



- Currently only Premier is supplying solid propellants for Akash while others are waiting for product approval or facing capacity constraints.
- The government is firm on indigenization of missiles hence Premier is expected to perform constantly in the coming years.
- Gross Block of Fixed Assets of 60 Cr and 40% to 50% defence.
- New land of 250 acres has been acquired for manufacturing of new products.
- 30% increase expected from sales to Coal India this year. Margins are under pressure since realizations have dropped by 10%. Main raw material is Ammonium Nitrate which has not seen steep drop in prices hence margins will remain under pressure.

