## QUARTER UPDATE

# PREMIER EXPLOSIVES LTD

RUDRA SHARES & STOCK BROKERS LTD

**BUY | CMP 257 | TARGET 335 | POTENTIAL UPSIDE 30%**

28 JANUARY 2019

| Stock Data | |
|---|---|
| M.Cap (₹ in cr) | 276 |
| Equity ( ₹ in cr) | 10.75 |
| 52 wk H/L ₹ | 160/397 |
| Face Value ₹ | 10 |
| Div. Yield | 1.18% |
| NSE Code | PREMEXPLN |
| BSE Code | 526247 |

| Valuation Data | |
|---|---|
| P/E | 24.01 |
| EV/EBITDA | 11.30 |
| P/BV | 1.32 |
| BV | 194.75 |

| Index Detail | |
|---|---|
| Sensex | 35656.70 |
| Nifty | 10661.55 |
| Index | B / S&P BSE Small Cap |

## LEAD RATIONALE

पिछले कुछ वर्षों में प्रीमियर ने Defence segment में खुद के लिए एक अलग जगह बना ली है और आगे जाकर यह segment उन उत्पादों का key beneficiary हो सकता है जिनकी continuous उत्पादन phase में प्रवेश करने की उम्मीद है। इसके अलावा, **कंपनी को Defense Segment में बड़े ऑर्डर के execution कि उम्मीद है जैसे भारतीय वायु सेना से Chaff और Flares | उसके साथ-साथ कंपनी को अगले 2-3 महीनों में export बाजार से ATI और अन्य ऑर्डर की तलाश है और Ammonium Nitrate (AN) की स्थिर कीमतों की वजह से अगले दो वर्ष में कमाई बढ़ सकती हैं। हालाँकि, Defense segment में कम ऑर्डर बुकिंग और AN की कीमतों में adverse movement के कारण मार्जिन पर प्रभाव पड़ सकता है |**

## Order Book Build-up Offers Revenue Visibility

Defense explosives ने, मुख्य रूप से AKASH dispatches के साथ-साथ RTRS मोटर TBRL को supplies के कारण, Q3 में `27.06 करोड़ का कारोबार देखा, जो Y-O-Y के आधार पर 45% अधिक है। जुलाई 18 में SHAR के पिछले order के पूरा होने के बाद, कंपनी ने जनवरी 2019 में O&M के लिए नए order की शुरुआत की। नया order 10 साल की अवधि के लिए है। **1 जनवरी 2019 को ऑर्डर बुक का कुल `402 करोड़ है** जिसमें `159 करोड़ commercial explosives के है, defense explosives `53 करोड़ और `190 करोड़ के O&M projects शामिल हैं। आगे देखते हुए, **कंपनी को वायु सेना से Chaffs ATI, ISRO से strap-on मोटर और NEYVELI से bilk विस्फोटक के ऑर्डर की उम्मीद है।**

इसके अलावा, कंपनी ने श्रीहरिकोटा के Satish Dhawan Space Centre, SHAR, से एक ऑर्डर प्राप्त किया है। ऑर्डर का size`181 करोड़ है जो **दिसंबर 2018 से दिसंबर 2028** के बीच execute किया जाना है। इसके अलावा, कंपनी को एक इज़राइल कंपनी से डिजाइन, डेवलप-मेंट, फैब्रिकेशन और रॉकेट मोटर्स की असेंबली के **लिए 41,000 USD का ऑर्डर भी मिला है जिसे 6 महीने में execute करना है।** यह नियत समय में regular commercial supplies के लिए संभावित trial order है।

# PREMIER EXPLOSIVES LTD



### Licenses Received Significant milestone for the company

कंपनी को Routhusurmala गाँव, चित्तूर जिले, आंध्र प्रदेश में propellants, ammonium perchlorate, और HTPB के निर्माण के लिए Arms License Issuance Authority, DIPP से लाइसेंस प्राप्त हुआ है। यह लाइसेंस कंपनी को ISRO-SHAR satellite launches की आवश्यकताओं को पूरा करने के लिए solid propellants बनाने और supply करने में मदद करेगा। ISRO को भविष्य में propellant motors की आवश्यकता को पूरा करने के लिए लाइसेंस प्रदान किया गया था, जो satellite launches के लिए अपनी आवृत्ति बढ़ाने की नई योजना के कारण आगे बढ़ेगा। इससे पहले, कंपनी को पहले से ही medium caliber ammunition (20 mm से 57 mm), large calibre ammunition (APFSDS और BMCS), sub-assemblies for ammunition, single base/bouble base/triple base / multi-base propel-lants और RDX और HMX और उसके compounds के लिए **Greenfield Katepally plant में शस्त्र लाइसेंस प्राप्त हुआ है | लाइसेंस प्राप्त होने के साथ, कंपनी के लिए नए रास्ते खुल जाएंगे और लंबे समय में इसका फायदा होगा।**

### Key Financials (₹ in crores)

| Particulars | Q3 FY 19 | Q3 FY 18 | Variation % | Dec. 18 | Dec. 17 | Variation % |
|---|---|---|---|---|---|---|
| Revenue | 69.36 | 67.49 | 2.77 | 182.34 | 177.23 | 2.88 |
| EBITDA | 10.99 | 4.42 | 148.64 | 20.41 | 15.64 | 30.50 |
| PBT | 8.54 | 2.42 | 252.89 | 13.46 | 9.35 | 43.96 |
| PAT | 5.69 | 1.60 | 255.63 | 8.91 | 6.27 | 42.11 |
| EPS | 5.29 | 1.49 | 255.63 | 8.29 | 5.83 | 42.11 |

संख्या के हिसाब से, कंपनी ने Q3 FY19 में मजबूत प्रदर्शन की सूचना दी, revenue के साथ `Q3 FY18 में `67.49 करोड़ के मुकाबले Q3 FY19 में `69.36 करोड़ रुपये से 2.77% की वृद्धि दर्ज की, जबकि EBITDA 148% से बढ़ा और PAT 255% पर बहुत अच्छी तरह से YOY के आधार पर बढ़ा | इससे Q3FY18 में EPS `1.49 प्रति शेयर के मुकाबले` 5.29 पर सिद्ध हुआ। Quarter के लिए EBITDA मार्जिन 6.55% से बढ़कर 15.84% हुआ और पिछले वर्ष के 2.37% के मुकाबले PAT मार्जिन 8.20% हो गया।

### Outlook and Valuation

कोयला कंपनियों से explosives के साथ detonating fuse और अन्य accessories के export orders का प्राप्त होना जिसकी राशि पहले की executed राशि से अधिक है, ऐसे orders revenue और मुनाफे को बढ़ाएंगे। **Robust accruals के साथ-साथ backward integration और मजबूत ऑर्डर बुक पर ध्यान केंद्रित करने से revenue visibility में सुधार होता है जिससे PEL एक सस्ती BUY बन जाती है। हम FY20E के लिए अनुमानित P / E 28x पर estimate करते हुए PREMIER को `335 'पर मूल्य लक्ष्य देते हैं।**

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