

Premier Explosives

20 February 2026

Operator: Ladies and gentlemen, good day and welcome to the Q3 FY26 conference call hosted by 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Athilesh Gandhi from Stellar IR. Thank you and over to you, sir.

Athilesh Gandhi – Stellar Investor Relations: Athilesh Gandhi on behalf of Stellar Investor Relations. I welcome you all to the Premier Explosives Q3 and nine-month FY26 earnings conference call. We shall be sharing the key operating and financial highlights for the third quarter and nine months ended December 31, 2025. Today, we have with us the senior management team of Premier Explosives Limited: Mr. T.V. Chowdhary, Managing Director, and Mr. C.J. Vijayakumar, Chief Financial Officer.

Before we begin, I would like to state that this call may contain some forward-looking statements which are completely based upon the company's beliefs, opinions, and expectations as of today. The statements made in today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statement to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including the investor presentation, have already been uploaded on the stock exchanges. I now invite Mr. T.V. Chowdhary to share his initial remarks on the company's performance for the third quarter and nine months ended December 31, 2025. Thank you and over to you.

T.V. Chowdhary – Managing Director: Thank you. Good morning everyone. I welcome you to the earnings conference call of Premier Explosives Limited for the third quarter and nine months ended December 31, 2025. Thank you for joining us. I trust you have reviewed our Q3 and nine-month FY26 results along with the investor presentation available on the stock exchanges and our website.

Our performance during the quarter reflects efficient execution across our defense and explosives segments, despite a dynamic operating environment. While certain projects progress in a phased manner during the year, our manufacturing operations remain stable and efficient, with strong adherence to quality, safety, and delivery commitments. The year-over-year moderation is primarily due to the elevated base in the corresponding period last year, which included higher dispatches of chaffs and flares. Execution timing also influenced comparability. Importantly, the underlying demand environment and operational momentum remain strong, supported by a healthy order book and sustained opportunities across domestic as well as export markets.

Our outstanding order book stands at 1,294 crores, representing 3.1 times of financial year 2025 revenue and providing strong medium-term visibility. During the quarter, consistent execution strengthened our positioning and enabled us to secure larger and strategically significant contracts from the Ministry of Defence, domestic defense players, and international customers. In October, we secured a major order worth 429 crores from the Ministry of Defence, Government of India, for the supply of chaffs and flares to the Indian Air Force. This reinforces our leadership in countermeasure systems and reflects continued confidence in our technological capabilities.

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We also strengthened our order inflows during Q3 FY26 through contracts from international entities for defense products and commercial explosives, along with additional countermeasure orders from the Ministry of Defence. These projects are progressing across various stages of execution and are expected to support revenue momentum in the coming quarters. Premier occupies a unique strategic position as the only Indian company qualified to manufacture countermeasures and as a key exporter of fully assembled rocket motors. Our portfolio of warheads, mines, and ammunition further strengthens our role in advancing India's indigenization objectives.

With continued policy emphasis on domestic defense manufacturing and import substitution, the structural growth outlook remains strong. Our focus is clear: we will drive execution excellence, deepen technological capability, scale capacity prudently, and expand our global presence. We remain confident in our growth trajectory and committed to delivering sustainable value to our shareholders. Thank you.

Now I request Mr. C.J. Vijayakumar, CFO, to share the financial performance.

C.J. Vijayakumar – CFO: Thank you, sir. Good morning everyone. The results presentation for the quarter ended December 31, 2025 has been uploaded on the stock exchanges and on the company's website. The revenue from operations for Q3 FY26 stands at 81.4 crores. Our operating profit for Q3 FY26 stands at 11.6 crores. The operating margin for the quarter stands at 14.3%. Reporting a net profit of 6 crores, the PAT margin for the quarter stands at 7.4%.

The revenue from operations for nine months FY26 stands at 299.1 crores. Our operating profit for nine months FY26 stands at 39.1 crores. The operating margin for the period stands at 13.1%. We reported a net profit of 39.2 crores with PAT margins at 13.1%. The decline is primarily attributable to the high base effect arising from the elevated chaff and flare dispatches in the corresponding period last year, with execution timing affecting year-over-year comparability.

Coming to the order book, the company's current order book stands at 1,294.6 crores. Out of this, the defense segment is the majority at 1,191 crores, which is equal to 92% of our total order book. The explosives segment stands at 51.8 crores (4%) and the service segment, which is operations and maintenance, also stands at 51.8 crores (4%). The order book shows solid strength toward the coming years. We are confident that with our continued execution run rate in the forthcoming quarters, we will continue with the growth trajectory. With this, we now open the floor for questions and answers. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. Our first question comes from the line of Neeraj Mansingka from White Pine Investment Management.

Neeraj Mansingka – White Pine Investment Management: Thank you for the opportunity. I have one question. The order book is 1,191 crores. In the December quarter, revenue reported for defense was only 61 crores. When you reported in the press release, you mentioned an inflow of 519 crores. What is the discrepancy? It seems we have added only 87 crores net. Have some orders been cancelled?

T.V. Chowdhary – Managing Director: No, those 430 crores came in October. In our last call, we had added that and gave the updated number already.

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Neeraj Mansingka – White Pine Investment Management: Okay, but that was a quarterly presentation. Is the current order book in the presentation as of December 31 or as of today, February 15?

T.V. Chowdhary – Managing Director: It is as of today's date.

Operator: Thank you. Next question comes from the line of Varun Jain from Dolat Capital.

Varun Jain – Dolat Capital: Good morning, sir. I have a couple of questions. First, what is the status of the explosives IDA expansion at Kaitapalli? Will it be completed by the end of this financial year, and do we expect 150–200 crores extra revenue from that in FY27?

T.V. Chowdhary – Managing Director: The civil construction and works are completed. Equipment installation and commissioning are going on. We expect this to be completed and come into production in the first quarter of the next financial year.

Varun Jain – Dolat Capital: And what will be the revenue contribution from this expansion in FY27?

T.V. Chowdhary – Managing Director: In the initial few quarters, it should be on the lower side as we scale up operations. We are expecting a contribution of around 150–200 crores in the next financial year.

Varun Jain – Dolat Capital: Regarding the chaffs and flares orders received in October, how much revenue contribution will come in FY27?

T.V. Chowdhary – Managing Director: Almost 50% of that order has to be executed within one year, and we have to complete it by the next financial year.

Varun Jain – Dolat Capital: Last quarter, we revised our guidance down to 500–550 crores for FY26. Is that number still possible?

T.V. Chowdhary – Managing Director: We are approaching that target. We have stocks that need to be inspected and delivered. If the inspections and deliveries are completed before March 31, we will hit those numbers; otherwise, they may move to the next quarter.

Operator: Thank you. Next question comes from the line of Shitanshu Bhatia from Sukrith Investment Private Limited.

Shitanshu Bhatia – Sukrith Investment Private Limited: Hello, sir. In our presentation, we mentioned anti-personnel and anti-armored vehicle mines. Could you throw some light on this?

T.V. Chowdhary – Managing Director: We already have a supply order and are executing that. We have already completed almost 50% of it. The balance is currently in the delivery and inspection stage.

Shitanshu Bhatia – Sukrith Investment Private Limited: Is this relating to Project Lancer? Reports suggest Solar Industries is developing an anti-tank influence mine. How are you positioned?

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T.V. Chowdhary – Managing Director: We are working with DRDO technology. DRDO has transferred the technology for anti-tank intelligent mines to us. Trials are completed, and we are waiting for the supply order from the Army. We are not part of the specific RFP you mentioned.

Operator: Next question comes from the line of Paras Kulkarni from Ignite Capital.

Paras Kulkarni – Ignite Capital: In the Q2 conference, management guided for an additional 300 crore order inflow for the remaining part of this year. However, Q3 order booking seems lower than that run rate. What led to this?

T.V. Chowdhary – Managing Director: Our order book stands at 1,294 crores as of today. We already included the major 430 crore order from October. As we execute, the order book fluctuates, but we are maintaining a healthy level representing over 2 years of revenue.

Paras Kulkarni – Ignite Capital: On the gross margin front, we had a sequential decline of 150 basis points. Why did that happen? Was it a change in revenue mix or raw material prices?

C.J. Vijayakumar – CFO: We had a specific Ministry of Defence order where margins were slightly lower. Otherwise, we are targeting 15–20% margins.

Paras Kulkarni – Ignite Capital: To achieve yearly guidance, you need to do 3x or 4x of Q3 revenue in Q4. Is there a definitive timeline for government inspections and execution?

T.V. Chowdhary – Managing Director: Deliveries have started. In defense, products must undergo Pre-Dispatch Inspection (PDI). We have already offered our stocks for PDI. If the inspection teams arrive and complete the process before March 31, we will record the revenue; otherwise, it moves to the next quarter. We are trying our best to pull those forward.

Operator: Thank you. Next question comes from the line of Sukrith Pathak from IFIS Thinking Private Limited.

Sukrith Pathak – IFIS Thinking Private Limited: Good morning. What steps are you taking over the next 1–2 years to mitigate risks from defense procurement delays and ensure steady execution in long-cycle contracts?

T.V. Chowdhary – Managing Director: We are building a broader portfolio of products. Years back, we focused on propellants and rocket motors for Indian agencies. Today, we are exporting rocket motors and are the number one provider of countermeasures in the country. We started delivering land mines and anti-personnel mines this financial year. The next step is ammunition, where we have completed trials and are in the RFP process. We are moving toward a complete medium-caliber ammunition line of business and expanding tactical rocket motor capacity with a new facility.

Sukrith Pathak – IFIS Thinking Private Limited: How will you maintain financial discipline regarding raw material volatility and working capital tied to defense contracts?

C.J. Vijayakumar – CFO: We have lines of credit from all banks and handle working capital based on project needs. For export orders, we include price escalation clauses to protect against raw material

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cost increases.

Operator: Thank you. Next question is from Mr. S.C. Gupta, an individual investor.

S.C. Gupta – Individual Investor: What is the breakup of export and domestic sales in the current quarter and nine months?

C.J. Vijayakumar – CFO: For the nine months, exports are about 40 crores compared to 78 crores last year. For the current quarter, it is about 40 crores.

S.C. Gupta – Individual Investor: And the breakup of export and domestic orders?

C.J. Vijayakumar – CFO: Export orders are about 454 crores, and the balance is domestic. Supply periods for exports are typically 12–24 months.

S.C. Gupta – Individual Investor: Because what I observe is that most of them are within 12 months. In that case, we should be exporting at least 400 crores during the next year, FY27.

T.V. Chowdhary – Managing Director: One thing to note is that all exports need an export license. The delivery clock starts only from the day we receive that license. We inform clients at the beginning that supply begins once the license is obtained, which takes anywhere from 3–5 months.

S.C. Gupta – Individual Investor: May I know how many export licenses we have today?

T.V. Chowdhary – Managing Director: They are in different stages; we can update you in the next call.

S.C. Gupta – Individual Investor: Can we assume that these 450 crores will be executed within 1.5–2 years?

T.V. Chowdhary – Managing Director: Yes, that is a reasonable assumption.

S.C. Gupta – Individual Investor: Regarding turnover, the guidance was 600 crores, then 500–550 crores, and now even 500 crores looks uncertain due to inspections. Does this delay just become a normal lead time? Are you confident in reaching at least 500 crores this year?

T.V. Chowdhary – Managing Director: We are targeting 500 crores. As you know, we had an accident earlier this year that affected our large rocket motor facility. We estimated then that it would impact about 20–30 crores of revenue. Geopolitical conditions also delayed some imported inputs. We are hoping to cover that up now.

S.C. Gupta – Individual Investor: Are we expecting any Liquidity Damages (LD) on these?

T.V. Chowdhary – Managing Director: LD clauses exist, but when we submit detailed reasons for delays beyond our control, they are often accepted in our favor. We are approaching clients regarding this.

S.C. Gupta – Individual Investor: Can we achieve a turnover of 700–800 crores next year due to the spillover from this year?

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T.V. Chowdhary – Managing Director: Based on our experience this year, we are being cautious. We are currently expecting 500–600 crores of turnover next year. That is a conservative assessment as of today.

Operator: Thank you. Next question is from Neeraj Mansingka from White Pine Investment Management.

Neeraj Mansingka – White Pine Investment Management: We are present in QR–SAM (Quick Reaction Surface–to–Air Missile). What is our share of those orders?

T.V. Chowdhary – Managing Director: We are hearing about QR–SAM orders but have no fixed orders yet. We expect to supply propellants to Bharat Dynamics Limited (BDL). Generally, our propellant contribution is about 10–15% of the total rocket motor value, but this varies between different motors. We supply the propellants, and they perform the full integration.

Neeraj Mansingka – White Pine Investment Management: Regarding the countermeasures order from July 2023, how much is unexecuted?

T.V. Chowdhary – Managing Director: Around 110 crores is left. We have completed the chaff part; some flares remain, which we hope to complete in the first quarter of the next financial year. We currently have around 30 crores of work–in–progress materials for these.

Neeraj Mansingka – White Pine Investment Management: What is the status of the LD refund for countermeasures?

T.V. Chowdhary – Managing Director: We have already approached the authorities regarding the chaff portion to waive LD. For flares, we will approach them once the order is fully completed. The decision is currently under review at various levels.

Operator: Thank you. Next question is from Varun Jain from Dolat Capital.

Varun Jain – Dolat Capital: What is the capex guidance for FY27 and FY28?

T.V. Chowdhary – Managing Director: For the next financial year, we expect around 60 crores in capex.

Varun Jain – Dolat Capital: Any update on the Odisha capex?

T.V. Chowdhary – Managing Director: The Odisha land is still not clear due to forest and hilly terrain issues. In the meantime, the Andhra Pradesh government has cleared our application for land, which appears more promising. This 60 crore capex for FY27 is for expansion in the Kaitapalli plant, adding propellant manufacturing and casting capacity at the PDK plant, and rocket motor integration.

Varun Jain – Dolat Capital: For FY27, since majority revenue will come from chaffs, flares, and higher–margin RDX/HMX products, should margins be in the 20–22% range?

T.V. Chowdhary – Managing Director: It depends on the product mix. It could be anywhere between 15–20%. We are also hoping for the higher side based on the order book.

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Operator: Thank you. Next question is from Deepak Narwa, an individual investor.

Deepak Narwa – Individual Investor: Our cash conversion cycle has improved from over 300 days to around 90 days. Where do you expect this to stabilize?

C.J. Vijayakumar – CFO: We are trying to maintain this. It depends on the customer mix; Ministry of Defence payments take some time, but we are working within set timelines.

Deepak Narwa – Individual Investor: How much working capital is required for the 1,300 crore order book?

C.J. Vijayakumar – CFO: We have substantial working capital lines. Where required, we utilize them; otherwise, we use customer advances. This keeps our finance costs low.

Deepak Narwa – Individual Investor: Are you expecting any sustainable orders for bulk explosives from Coal India?

T.V. Chowdhary – Managing Director: Coal India prices are very low. Unless we get a reasonable price that at least breaks even, we are not entering that market. Currently, we are not supplying bulk explosives to Coal India. We are serving SCCL and some other mines. Our Coal India plants are currently under shutdown.

Operator: Thank you. As there are no further questions, I hand the conference back to Mr. T.V. Chowdhary for closing comments.

T.V. Chowdhary – Managing Director: Thank you very much, Mr. Gandhi. Thank you all for supporting us. This call was slightly delayed as I was traveling for meetings with the Andhra Pradesh government regarding land. We will inform everyone once the land allotment is completed. Thank you.

Operator: Thank you. On behalf of Premier Explosives Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.