

February 20, 2026

Timely execution and improving supply chain to drive growth...

About the stock: Premier Explosives (PEL) specializes in producing high-energy materials, including bulk and packaged explosives and initiating systems for mining, infrastructure & construction. Company also manufactures missile and rocket propellants, strap-on motors for satellite launches, and various defence products like chaff, infrared flares, explosive bolts, and tear gas grenades.

- Orderbook at ₹ 1294 crore as of date with defence contribution 92%

Q3FY26 Result: Revenue declined by 51% YoY (+7.7% in QoQ) at Rs 81.4 crore in on account of a higher base effect arising from elevated Chaffs and Flares dispatches in Q3FY25. However, EBITDA margin improved by 500 bps YoY (+573 bps QoQ) to 14.3%, led by lower RM cost. Subsequently, EBITDA stood at Rs 11.7 crore (down 24.6% YoY, +79.6% QoQ). PAT came in at Rs 6.1 crore, down 34.1% YoY (-65.8% QoQ).

Investment Rationale

- Execution expected to pick-up; Order inflows remain strong:** 9MFY26 revenue is down ~13% YoY, mainly on account of delay in dispatches due to pending inspection from MoD. Going forward, management expects pick-up in dispatches from Q4FY26E, though they revise their FY26E revenue guidance to ₹ 500 crore (vs ₹ 500-600 crore earlier). The implied revenue growth for Q4FY26E stands at ~170% YoY. However, we estimate a bit lower growth than guidance. With strong manufacturing capabilities, increasing capacity and faster procurement of indigenous explosives/propellants & other products, order inflow is expected to remain strong. YTFDY26 orders inflows stands at ~₹ 850 crore with a two-year execution cycle. Order book at ₹ 1294 crore (3.5x TTM revenue), with 92% from defence provides strong growth visibility. Management guides FY27E revenue of ₹ 500-600 crore
- Expanding capacities across defence segment with focus on increasing better-margin products:** Company is in process of increasing its capacity of Katepally facility (which focuses on RDX, HMX, and rocket integration) which is expected to be commissioned by Q1FY27E. Company plans a further capex in Telangana (land expected to be allotted in the coming months), which would further increase the overall capacity. A greenfield plant in Odisha is planned in three phases (~Rs. 800 crores capex over the next ten years). However, land has not been allotted for the same. We believe that, increasing capacity with focus on new products (like mines, ammunitions) provides healthy long-term growth visibility

Rating and Target Price

- We cut our estimates for FY26E/27E/28E, factoring in lower-than-expected revenue recognition during 9MFY26 due to delays in delivery of products as inspections from govt were pending
- We estimate revenue CAGR of ~19% over FY25-28E while EBITDA & PAT CAGR of ~28% & ~48% respectively over the same period. We maintain BUY on the stock with a revised target price at ₹ 610 (valued at 35x P/E on FY28E)

Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	199.1	202.0	271.7	417.5	28.0	474.4	555.0	693.8	18.5
EBITDA	20.9	25.9	58.5	58.0	40.4	69.5	85.1	120.3	27.6
EBITDA margin (%)	10.5	12.8	21.5	13.9		14.7	15.3	17.3	
Net Profit	5.2	7.0	28.4	28.7	76.5	59.9	71.8	93.3	48.1
EPS (₹)	4.9	6.5	26.4	5.3		11.1	13.4	17.4	
P/E (x)	97.8	73.2	18.0	88.9		40.0	35.6	27.4	
EV/EBITDA (x)	27.9	22.6	9.3	7.8		8.3	6.8	5.4	
RoCE (%)	5.3	6.6	18.2	17.0		22.7	22.8	22.0	
RoE (%)	2.8	3.6	12.9	11.7		21.3	19.6	20.7	

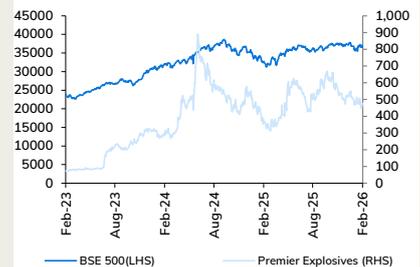
Source: Company, ICICI Direct Research

**Particulars**

Particulars (Rs Crore)	Amount
Market Capitalization	2,554
Total Debt (FY25)	40.6
Cash and Inv (FY25)	101
EV (FY25)	2,493
52 week H/L	680/ 309
Equity capital	10.8
Face value (Rs)	2.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	41.3	41.3	41.3	41.3
FII	0.7	0.7	1.1	0.9
DII	8.0	7.7	9.1	9.2
Others	49.9	50.3	48.6	48.5

Price Chart**Key risks**

- Availability of key raw materials
- Dependent on govt. contracts
- High dependence on limited customers

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Kush Bhandari
kush.bhandari@icicisecurities.com

Q3 and 9MFY26 Result Summary

- Revenue declined by 51% YoY (+7.7% in QoQ) at Rs 81.4 crore on account of a higher base effect arising from elevated Chaffs and Flares dispatches in Q3FY25
- However, EBITDA margin improved by 500 bps YoY (+573 bps QoQ) to 14.3%, led by lower RM cost.
- Subsequently, EBITDA stood at Rs 11.7 crore (-24.6% YoY, +79.6% QoQ). PAT came in at Rs 6.1 crore, down 34.1% YoY (-65.8% QoQ).
- For 9MFY26, revenue stood at Rs 299.1 crore (-12.9% YoY). EBITDA was Rs 39 crore (-18% YoY) with margins at 13% (-81 bps YoY), while PAT increased 57.1% YoY to Rs 39.3 crore

Q3FY26 Earnings call highlights

- Consolidated order backlog stands at ₹ 1294 crore as of date which includes major orders from defence segment (92%), followed by explosives (4%) and services (4%)
- Domestic contributes ~83% of the quarterly revenue (~70% in 9MFY26), while the rest is contributed by exports
- Company has revised its revenue guidance to ~₹ 500 crore for FY26E (vs Rs 500-550 crore earlier), owing to delay in dispatches due to pending inspection from MoD and raw material supply-chain issues. Going forward, management keeps a conservative approach and guides a revenue of ~₹ 500 – 600 crore in FY27E
- EBITDA margin is targeted at 15-20%
- The current order book would see execution over the next two years as maximum orders are of 12 months duration, with a domestic and export split at 65% – 35%
- Regarding the Katepally plant, the civil and construction work has been completed, management expects production to begin in Q1FY27E, which could contribute ~₹150-200 crore in revenues for FY27E
- The management expects Liquidated Damages (LD), previous orders revenue, goods under inspection revenue, all to the tune of ~₹ 110 crore to be received in either Q4FY26E or latest by Q1FY27E
- On order execution basis, company had received an order (₹430 crore) for Chaffs & Flares from Indian Air Force (IAF), on which the management expects 50% completion in FY27E, with the remaining in FY28E
- On the product front, the company has been expanding its portfolio since the past 3-4 years, earlier from supplying rocket motors and counter-measures to now into land mines (operational from next FY), ammunition for medium-calibre (RFP stage)
- Regarding orders from Quick-Reaction Surface-to-Air Missile (QRSAM) front, the management is positive of receiving propellants orders from Bharat Dynamics (BDL) post the order placing to Bharat Electronics (BEL) from Ministry of Defence (MoD)
- Total capex planned for FY27E is ₹ 60 crore, majority of which will be incurred towards the ongoing capacity expansion at Telangana for RDX & HMX
- The management has a strong outlook for product segments as they are in process in adding capacity and gaining global presence

Exhibit 1: Q3 and 9MFY26 result snapshot (₹ crore)

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comments	9MFY26	9MFY25	YoY (%)
Revenue from operations	81.4	165.9	-50.9	75.6	7.7	Revenue declined on account of higher base	299.1	343.4	-12.9
Other income	0.4	0.2		23.1			29.4	2.5	
Total Revenue	81.8	166.1		98.6			328.5	345.8	
Raw materials costs	40.8	120.5		36.6			171.7	205.2	
Employees Expenses	16.7	15.3		17.7			52.0	45.8	
Other Expenses	12.2	14.5		14.7			36.1	44.3	
Total Expenditure	69.8	150.5		69.1		EBITDA margin improved led by lower RM cost	260.1	295.8	
EBITDA	11.7	15.4	-24.6	6.5	79.6		39.0	47.6	-18.0
EBITDA margins (%)	14.3	9.3	500 bps	8.6	573 bps		13.0	13.9	-81 bps
Interest	0.9	4.0		0.7			2.7	9.7	
Depreciation	3.0	2.9		2.9			8.9	8.5	
Tax	2.1	-0.4		6.9			12.4	6.8	
PAT	6.1	9.2	-34.1	17.8	-65.8		39.3	25.0	57.1

Source: Company, ICICI Direct Research

Exhibit 2: Order book build-up and current segmental breakup



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement					
	₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	271.7	417.5	474.4	555.0	693.8
% Growth	34.5	53.6	13.6	17.0	25.0
Other income	4.1	2.1	30.0	31.5	33.1
Total Revenue	271.7	417.5	474.4	555.0	693.8
% Growth	34.5	53.6	13.6	17.0	25.0
Total Raw Material Costs	110.7	238.9	271.4	316.4	395.5
Employee Expenses	57.5	61.9	71.2	81.9	94.2
other expenses	44.9	58.2	62.3	71.6	83.8
Total Operating Expenditure	213.2	359.5	404.9	469.9	573.5
Operating Profit (EBITDA)	58.5	58.0	69.5	85.1	120.3
% Growth	125.7	(0.9)	19.9	22.4	41.4
Interest	10.5	10.8	3.6	8.6	12.6
PBDT	52.1	49.3	95.9	108.1	140.8
Depreciation	11.5	11.5	11.9	13.6	18.0
PBT before Exceptional Items	40.6	37.8	84.1	94.5	122.8
Total Tax	12.2	9.1	18.9	22.7	29.5
PAT	28.4	28.7	59.9	71.8	93.3
% Growth	308.1	1.1	108.6	19.8	30.0
EPS	26.4	5.3	11.1	13.4	17.4

Source: Company, ICICI Direct Research

Exhibit 4: Cash Flow Statement					
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	28	29	60	72	93
Depreciation	12	11	12	14	18
Interest	11	11	4	9	13
Cash Flow before WC change	50	51	75	94	124
Changes in inventory	(8)	(66)	11	(17)	(40)
Changes in debtors	(19)	35	(111)	(18)	(23)
Changes in loans & Advances	-	-	-	-	-
Changes in other CA	(26)	18	(4)	(5)	(9)
Net Increase in Current Asset	(53)	(13)	(104)	(40)	(72)
Changes in creditors	(0)	101	(39)	10	22
Changes in provisions	0	0	(1)	0	0
Net Inc in Current Liabilities	74	81	(50)	25	48
Net CF from Operating activit	71	119	(79)	79	100
Changes in deferred tax asse	-	-	-	-	-
(Purchase)/Sale of Fixed Asse	(24)	(10)	(40)	(60)	(150)
Net CF from Investing activiti	(14)	(12)	(40)	(60)	(150)
Dividend and Dividend Tax	(2)	(3)	(5)	(6)	(8)
Net CF from Financing Activit	(35)	(35)	36	(19)	59
Net Cash flow	22	72	(83)	1	9
Opening Cash/Cash Equivaler	7	29	101	18	19
Closing Cash/ Cash Equivalen	29	101	18	19	28

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet					
	₹ crore				
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	10.8	10.8	10.8	10.8	10.8
Reserve and Surplus	209	235	290	355	440
Total Shareholders funds	220	246	300	366	451
Total Debt	61	41	86	86	166
Total Liabilities	307	312	412	477	642
Gross Block	238	259	303	348	443
Acc: Depreciation	67	78	90	103	122
Net Block	193	192	213	245	322
Capital WIP	3	3	10	25	80
Total Fixed Assets	203	202	231	281	413
Non Current Assets	4	6	6	6	6
Inventory	88	153	143	160	200
Debtors	73	38	149	167	190
Other Current Assets	45	27	30	35	44
Cash	29	101	18	19	28
Total Current Assets	235	319	341	381	462
Current Liabilities	16	117	78	88	110
Provisions	10	11	11	11	11
Total Current Liabilities	135	216	166	191	239
Net Current Assets	100	103	175	190	223
Total Assets	307	312	412	477	642

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios					
(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
EPS	26.4	5.3	11.1	13.4	17.4
Cash per Share	27.2	18.8	3.3	3.5	5.2
BV	204.8	45.7	55.9	68.0	83.9
Dividend per share	1.7	0.5	1.0	1.2	1.5
Dividend payout ratio	6%	9%	9%	9%	9%
EBITDA Margin	21.5	13.9	14.7	15.3	17.3
PAT Margin	10.5	6.9	12.6	12.9	13.5
RoE	12.9	11.7	21.3	19.6	20.7
RoCE	18.2	17.0	22.7	22.8	22.0
RoI	18.6	25.1	15.7	16.5	17.4
EV / EBITDA	9.3	7.8	8.3	6.8	5.4
P/E	18.0	88.9	40.0	35.6	27.4
EV / Net Sales	2.0	1.1	1.2	1.0	0.9
Sales / Equity	1.2	1.7	1.6	1.5	1.5
Market Cap / Sales	1.9	1.2	1.1	0.9	0.7
Price to Book Value	2.3	10.4	8.5	7.0	5.7
Asset turnover	1.0	1.5	1.2	1.2	1.1
Debtors Turnover Ratio	4.3	7.5	5.1	3.5	3.9
Creditors Turnover Ratio	17.3	6.3	4.9	6.7	7.0
Debt / Equity	0.3	0.2	0.3	0.2	0.4
Current Ratio	6.8	1.6	4.1	4.0	3.9
Quick Ratio	3.9	0.5	2.3	2.3	2.1

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Vijay Goel, PGDBM, Kush Bhandari, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report