

May 20, 2025

Premier Explosives Limited – Placed on Rating Watch with Developing Implications

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term –Fund-based –Cash credit	45.00	45.00	[ICRA]BBB+ Placed on Rating Watch with Developing Implications;
Short term –Fund-based limits	35.00	35.00	[ICRA]A2 Placed on Rating Watch with Developing Implications
Long term –Fund-based –Term loans	25.10	25.10	[ICRA]BBB+ Placed on Rating Watch with Developing Implications
Long term –Interchangeable	(35.00)	(35.00)	[ICRA]BBB+ Placed on Rating Watch with Developing Implications
Short term -Non-fund based	283.10	283.10	[ICRA]A2 Placed on Rating Watch with Developing Implications
Short term -Interchangeable	(385.00)	(385.00)	[ICRA]A2 Placed on Rating Watch with Developing Implications
Total	388.20	388.20	

*Instrument details are provided in Annexure-I

Rationale

Material Event

On May 12, 2025, Premier Explosives Limited (PEL) intimated on BSE it has received closure orders dated May 7, 2025, from the Telangana Pollution Control Board (TPCB) for company's factory at Katepally, Yadadri-Bhuvanagiri, Telangana.

Impact of material event

Based on the company's filings to the stock exchange and discussions with the company, it has been known that the Company has received closure orders dated May 7, 2025, from the Telangana Pollution Control Board (TPCB) to stop all industrial activities with immediate effect, in the company's factory at Katepally, Yadadri-Bhuvanagiri, Telangana, where an fire and explosion accident occurred on April 29, 2025 at propellant mixing building.

The incident resulted in three casualties. The exact cause of the fire and explosion is under investigation. The damaged assets are insured, and the company is in the process of ascertaining the actual loss caused by the incident. The company is in the process of taking necessary recourse with TPCB to receive the consent to operate at Katepally, Yadadri-Bhuvanagiri, Telangana. Timely receipt of consent to operate will remain a key rating sensitivity. ICRA will continue to closely monitor the developments and will evaluate the impact on the business and financial profile of PEL once more clarity emerges.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the key financial indicators, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Premier Explosives Limited

About the company

PEL, incorporated in 1980, is primarily involved in the manufacturing and sale of high-energy materials. The bulk explosives, packaged explosives and initiating systems manufactured by PEL find application in the mining, infrastructure and construction industries. The company also diversified into the manufacturing of propellants for missiles and rockets and strap-on motors for satellite launch vehicles. The company's extended capabilities include products such as chaff, IR flares, explosive bolts, pyro devices, smoke markers, cable cutters, tear gas grenades and other products, including pyrogen igniters for defence and space applications. PEL is also involved in the operation and maintenance (O&M) services of solid propellant plants at the Sriharikota centre of the Indian Space Research Organisation (ISRO).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	45.00	[ICRA]BBB+&	May 9, 2025	[ICRA]BBB+ (Stable)	Jan 15, 2025	[ICRA]BBB+ (Stable)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Apr 26, 2022	[ICRA]BBB+ (Stable)
						Aug 6, 2024	[ICRA]BBB+ (Stable)	Jun 05, 2023	[ICRA]BBB+ (Stable)		
Fund-based limits	Short term	35.00	[ICRA]A2&	May 9, 2025	[ICRA]A2	Jan 15, 2025	[ICRA]A2	Dec 22, 2023	-	Apr 26, 2022	-
						Aug 6, 2024	[ICRA]A2	Jun 05, 2023	-		
Fund-based – Term loans	Long term	25.10	[ICRA]BBB+ &	May 9, 2025	[ICRA]BBB+ (Stable)	Jan 15, 2025	[ICRA]BBB+ (Stable)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Apr 26, 2022	[ICRA]BBB+ (Stable)
						Aug 6, 2024	[ICRA]BBB+ (Stable)	Jun 05, 2023	[ICRA]BBB+ (Stable)		
Interchangeable	Long term	(35.00)	[ICRA]BBB+ &	May 9, 2025	[ICRA]BBB+ (Stable)	Jan 15, 2025	[ICRA]BBB+ (Stable)	Dec 22, 2023	[ICRA]BBB+ (Stable)	Apr 26, 2022	[ICRA]BBB+ (Stable)
						Aug 6, 2024	[ICRA]BBB+ (Stable)	Jun 05, 2023	[ICRA]BBB+ (Stable)		
Non-fund based	Short term	283.10	[ICRA]A2&	May 9, 2025	[ICRA]A2	Jan 15, 2025	[ICRA]A2	Dec 22, 2023	[ICRA]A2	Apr 26, 2022	[ICRA]A2
						Aug 6, 2024	[ICRA]A2	Jun 05, 2023	[ICRA]A2		

	Current rating (FY2026)			Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	May 20, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Interchangeable	Short term	(385.00)	[ICRA]A2&	May 9, 2025	[ICRA]A2	Jan 15, 2025	[ICRA]A2	Dec 22, 2023	[ICRA]A2	Apr 26, 2022	[ICRA]A2
						Aug 6, 2024	[ICRA]A2	Jun 05, 2023	[ICRA]A2		
Unallocated limits	Long term	-					-	Dec 22, 2023	[ICRA]BBB+ (Stable)	Apr 26, 2022	[ICRA]BBB+ (Stable)
Fund-based	Long term/Short term	-					-	-	-	Apr 26, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2
Unallocated limits	Long term/Short term	-					-	-	-	Apr 26, 2022	[ICRA]BBB+ (Stable)/ [ICRA]A2

& - Rating Watch with Developing Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Fund-based – Cash credit	Simple
Short Term – Fund-based - Others	Simple
Long term – Fund-based – Term loans	Simple
Long term – Interchangeable	Simple
Short term - Non-fund based	Very Simple
Short term - Interchangeable	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	45.0	[ICRA]BBB+(Stable)
NA	Fund-based limits	NA	NA	NA	35.0	[ICRA]A2
NA	Term loans – I	Nov 2021	NA	FY2025	1.5	[ICRA]BBB+(Stable)
NA	Term loans – II	Apr 2022	NA	FY2025	3.6	[ICRA]BBB+(Stable)
NA	Term loans – III	Sep 2023	NA	FY2028	20.0	[ICRA]BBB+(Stable)
NA	Cash credit	NA	NA	NA	(35.0)	[ICRA]BBB+(Stable)
NA	Bank guarantee	NA	NA	NA	263.1	[ICRA]A2
NA	Letter of credit	NA	NA	NA	20.0	[ICRA]A2
NA	Letter of credit sublimit	NA	NA	NA	(130.0)	[ICRA]A2
NA	Bank guarantee sublimit	NA	NA	NA	(60.0)	[ICRA]A2
NA	WCDL sublimit	NA	NA	NA	(35.0)	[ICRA]A2
NA	EPC/PCFC/FBD/EBR sublimit	NA	NA	NA	(25.0)	[ICRA]A2
NA	PCFC/PSFC/PCINR	NA	NA	NA	(30.0)	[ICRA]A2
NA	Invoice financing sublimit	NA	NA	NA	(65.0)	[ICRA]A2
NA	SBLC	NA	NA	NA	(40.0)	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Premier Wires Products Limited	80.00%	Full Consolidation
PELNEXT Defence Systems Private Limited	100.00%	Full Consolidation

Source: PEL annual report FY2023

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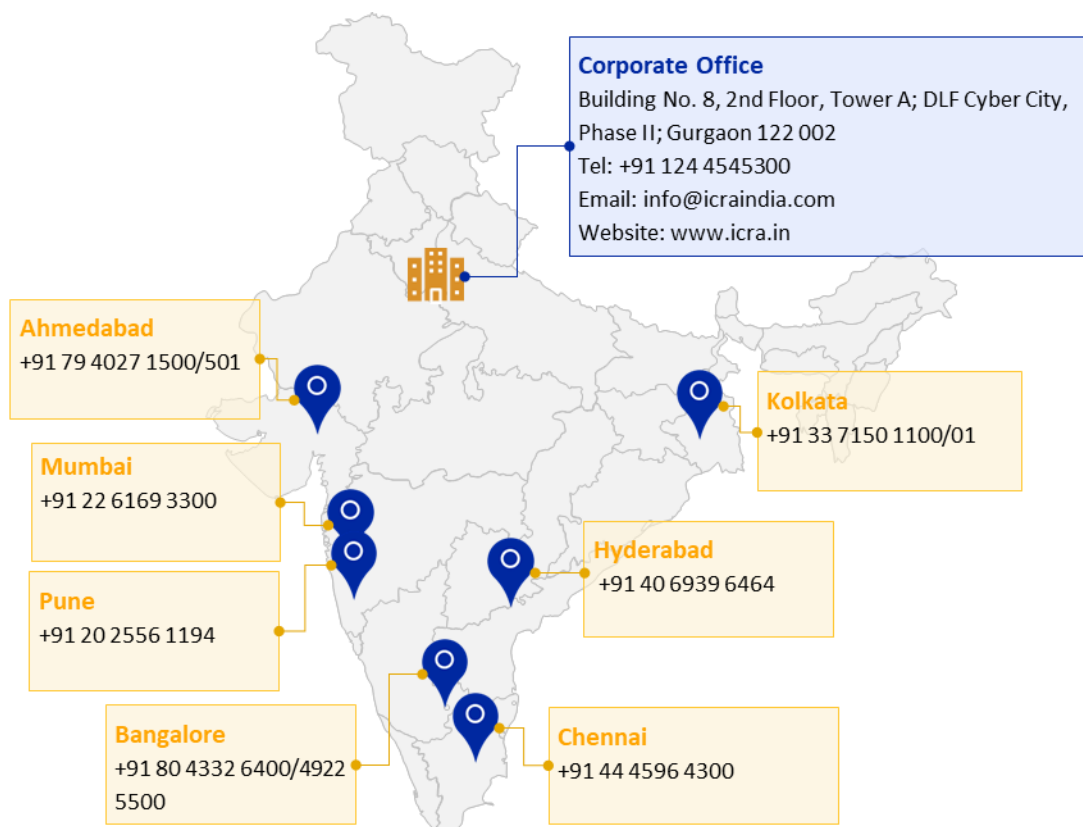


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