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Subject: Transcript of the Earnings Conference Call held on August 04, 2025 under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30, read with Part A of Schedule III, and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and further to our intimation dated July 30, 2025, regarding schedule of the Earnings Conference Call with investors, we wish to inform you that the conference call was held on Monday, August 4, 2025.

Transcript of the above-mentioned Earnings Conference Call is attached herewith and can also be accessed at: <https://apollo-micro.com/investors/>

We request you to take the above on record.

Thanking You

Yours Faithfully

FOR APOLLO MICRO SYSTEMS LIMITED

RUKHYA PARVEEN
COMPANY SECRETARY & COMPLIANCE OFFICER

APOLLO MICRO SYSTEMS LIMITED

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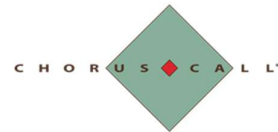
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“Apollo Micro Systems Limited
Q1 FY '26 Earnings Conference Call”
August 04, 2025



MANAGEMENT: **MR. BADDAM KARUNAKAR REDDY – MANAGING DIRECTOR – APOLLO MICRO SYSTEMS LIMITED**
MR. SAI KUMAR – WHOLE-TIME DIRECTOR, OPERATIONS – APOLLO MICRO SYSTEMS LIMITED
MR. SUDARSHAN – CHIEF FINANCIAL OFFICER – APOLLO MICRO SYSTEMS LIMITED

MODERATOR: **MR. MOHIT LOHIA – ICICI SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Apollo Microsystems Q1 FY26 Earnings Conference Call hosted by ICICI Securities Ltd. 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 Mohit Lohia from ICICI Securities Ltd. Thank you and over to you, sir.

Mohit Lohia: Yes, hi, thank you, Vishaka, and good morning, everyone. Thank you for joining us today for Q1 FY26 call of Apollo Microsystems Ltd. First of all, I would like to thank management for providing us the opportunity to host the call.

From the management side, we have Mr. Baddam Karunakar Reddy, Managing Director, Mr. Sai Kumar, Whole-Time Director, Operations, and Mr. Sudarshan, Chief Financial Officer of the company. So, without further delay, I would now hand over the call to management for the opening remarks. Thank you and over to you, sir.

B. Karunakar Reddy: Sai, can you present? You are presenting? Yes. Good morning, my name is Karunakar Reddy. My Whole-Time Director, Sai Kumar, will be presenting about the company and the Q1 results. Please go ahead, Sai.

Sai Kumar: Thank you very much, sir. Good morning, everyone. My voice will be a little low. I was not keeping well, so a little low voice. I hope it will be audible. Once again, good morning. Thank you for being with us today. It's always a privilege to engage with our valued investors and provide updates on our performance, strategy, and future outlook. I am pleased to share that AMS has delivered yet another robust quarter, marked by consistent execution, operational discipline, and a strong commitment to indigenization and the Make in India initiative.

At first, you had the opportunity to review our financial results, the letter to shareholders, the press release, and investor presentation. This marks our first interaction for the fiscal year 2026. Let me first take you through our consolidated performance for the first quarter ended June 30, 2025.

I'm sorry, June 30, 2025. In Q1 FY26, we delivered another outstanding performance, building on the momentum from a landmark FY25. Our revenues surged by 46% Y-o-Y, INR234 crores, up from INR91 crores in Q1 FY25, a result of a robust order book, execution, and successful transition of multiple systems into the production phase.

Our EBITDA rose sharply by 83%, reaching INR41 crores in FY26 Q1. This translated into an EBITDA margin expansion of 600 basis points, improving from 25% in Q1 FY25 to 31% in Q1 FY26 due to cost efficiency. Our PAT more than doubled, registering 110% Y-o-Y increase to INR18 crores, compared to INR8 crores in the same quarter previous year.

Correspondingly, PAT margin improved by 400 basis points, Y-o-Y, and Q-o-Q, reaching 13% in Q1 FY26 from 9% in Q1 FY25. These results underscore our continued operational excellence and reaffirm the strength of our growth trajectory in the current financial year and beyond. We are pleased to begin with two significant milestones that mark our continued growth and global progress.

Firstly, we are proud to share with you that we have received a maiden export order valued at \$13.37 million, worth around INR113.81 crores, which we have already informed the shareholders. For the development of advanced avionics system, which is one of the critical systems which will be for a dual use for both civil as well as for the military aircraft platforms. This is a very, very critical system, and we have been chosen as a development partner for it, and we are very proud about it and proud for the country as well.

Additionally, ACUITE has reaffirmed our financial strength by upgrading our credit ratings by two notches. Our long-term rating now stands at ACUITE A-, the A2+, reflecting enhanced confidence in our fundamentals and future trajectory. I would now like to give you a few updates on some of the corporate actions.

Firstly, regarding the capex, the capex is ongoing very smoothly as per the schedule, and there are no delays. And the phase two of the capex, which we have been talking about, the phase two already has started. I would also like to touch base on the working capital cycle days, reaffirming on the working capital cycle days.

As we have been informing earlier, we expected to reduce it by 100 to 120 days from FY27 onwards once we fully, you know, take a full-fledged advantage of the capex that we commission upon, and also going to a lot of systems getting into the production phase.

I would also like to give you one more update that we have received in principle approval from the stock exchanges for listing of equity shares in preferential basis. Looking ahead, we expect revenue to grow at a CAGR of 45% to 50% over FY26 and 27, driven solely by the core business, excluding any contribution from the recent acquisition.

This growth is underpinned by a healthy order book and multiple products entering the production phase. Operating margins are projected to improve in the first half of FY26 due to favorable operating leverage and product mix. However, ongoing capex is expected to moderate margin expansion in the later half of FY26 and into FY27.

Our vision is bold, built on strong fundamentals, and an unwavering commitment to creating value for our stakeholders. Thank you for your continued trust and support. We now look forward to addressing your questions. Over to you, Mohit.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shreyansh Gatani from HG Securities.

Shreyansh Gatani:

I have a few questions. So firstly, if you could outline what is the order book as of June 30th or the latest order book, if you could give some guidance on that?

- Sai Kumar:** Please complete all your questions, so we'll answer all together.
- Shreyansh Gatani:** Okay. So the second question was in the QRSAM. So on the BEL Con-Call Day, they mentioned that they should be expecting an order sometime in February, March. So I wanted to understand is our contribution going to be specific to the BDL side of production or it's for both the agencies since it's going to be manufactured by BDL and BEL both? And on the MIGM order update, if you could give us some sense on when do we expect because the DAC did not have that on the agenda. So if there's any progress on that front. So those were the questions that I had.
- Sai Kumar:** Okay. The order book currently stands at around INR735 crores. And regarding the MIGM order update, I would like to say that the priorities keep shifting in certain things. The first thing is that there are some deep sea mine requirements for which a little more priority was there, because it will take some more time. That's the reason the DAC has already approved a deep sea, which is a moored mine actually. We have been updating to all our shareholders that we have already developed this particular system and we have offered DRDO for its validation actually.
- Okay. So MIGM, as far as the MIGM is concerned, the process is that we will also have to sign a ToT agreement with DRDO. We have received a copy of that. We have signed and submitted to them. A formal handover takeover is something that's going to happen in next few weeks. I'll not be able to give you the exact dates and timings, unless we get a proper update from the DRDO.
- But the things are on track. There is no further delay. Everything is going on track, but only the timing and the priority based on the various other geopolitical situations and the other things MOD is taking, but things are on track. We have -- because these things are on track, everything we are going very strategic. Okay. We have recently acquired a few more machineries for manufacturing of the full-fledged composites other than the existing machines that we already have for the shells of the MIGM.
- And you also know that we have acquired IDL Explosives and the warhead of the MIGM will also be done by us. Strategically, we are aligning. Just last week itself, myself, MD and other senior colleagues, our other director technical and other senior colleagues, we were there with the DRDO, with the team.
- They have discussed in a very detailed way, along with the BDL team also, reaffirming that the order is going to come and asked us to gear up with the complete line of manufacturing and make a setup, all the documentation. They are asking us to keep it ready. All that is happening at the background. Okay. More than that, I will not be able to update in this particular thing, exactly timing further and all. Regarding QRSAM, our MD will give you an update.
- B. Karunakar Reddy:** Yes. QRSAM, we have good participation. We have almost four subsystems, critical subsystems we have supplied during development stage. Once the order comes to, the main order coming to BEL, from BEL, missile order comes to BDL, from BDL subsequently placing order on us. We are making onboard computer and complete navigation system for QRSAM and also power distribution units also we are making for QRSAM. And also one of the critical actuation system

also we are supplying to this QRSAM. Yes, we are -- once BDL receives, we are also expecting good order from BDL regarding this QRSAM.

Shreyansh Gatani: Got it. So, do we typically wait until the order comes or do we try to like start prepping for the order before the order is actually in hand?

B. Karunakar Reddy: Yes. Before only the budgetary offer and all we are submitting. Once black and white order receives BDL, then maybe next, immediately after receiving, couple of days they will be releasing orders on the sub vendors. That is generally BDL is following. Anything -- I'm sure, I'm expecting before December, this QRSAM order we are expecting.

Shreyansh Gatani: Okay, so before December. So, BDL was expecting on February, March. So, I was wondering. Okay.

B. Karunakar Reddy: Recently, there was a meeting, defense secretary, scientific advisor, defense secretary as presented. Along with QRSAM, some other programs also, they're going to release orders, almost 2 lakhs worth of orders MOD is going to release. In fact, there was -- they invited industries, all the industries and they requested industries to enhance the facilities to get up the upcoming production orders.

As per the defense secretary, this thing, next six months' time, he said INR2 lakhs crores worth of orders MOD is releasing. Not only QRSAM, there is another program called Akash-NG. Also, the process is going on. Next DSE, if it goes well, next DSE, I'm expecting clearance. There are some other strategy programs. Things are not coming on news and all, but other programs, strategy programs also, our participation is there. That order also, in fact, we are expecting. Altogether, like by December, as per the defense secretary projection, before December, the orders will be reaching to public sector units.

Shreyansh Gatani: Got it. That's good to know. So just one follow up. So on the IDL that you mentioned, so if you could give on where we stand in terms of the gross margins and you had mentioned that there was certain consultants that were appointed to get things in order. So how's that progress going and if you could give a progress on the capex where we are in time to begin.

Moderator: Sorry to disturb you, sir. I will request you to return the queue for follow up questions as there are many participants waiting for the question.

Shreyansh Gatani: Okay.

B. Karunakar Reddy: Should I answer for this IDL listing? IDL acquisition formalities going on. I think most probably this week we'll be completing. And like we appointed some of the consultants of ex-DRDO senior most scientists. They are working on it. So we are also applying for the technology transfer from DRDO lab for using ammunition for the MIGM and a couple of other missile programs also, we want to make our own explosive that is going on. Why other things like can you?

Sai Kumar: Yes, sir. So financials point of view we'll not be able to tell their quarterly results are not out actually. So we will give a more updates on IDL once this share transfer process gets completed

in the next couple of days. Until then, I think it will be better for us to refrain because GOCL is also a listed entity. To this extent, I think it should be sufficient that it produces.

Shreyansh Gatani:

Okay. Got it. Thank you.

Moderator:

Thank you. The next question is from the line of Kripashankar from Mirae Asset Capital. Please go ahead.

Kripashankar:

Hi, thank you for the opportunity. Congratulations for the good set of numbers. Sir, I just want to follow up on the gold mine. I want to understand what could be the overall opportunity for the gold mine and who all are the other competitors along with us working on this platform?

Sai Kumar:

Kripashankar, we have been talking for several years. You know what we have been. We can tell what we cannot tell. There are DAC approval value you are already aware of. It's a DRDO program primarily and presently we have a system which is already ready and we are working with it. It's too primitive on us to say that who will be the participants in that. It's in nascent stage as a system at our end is already readily available.

We have a fair chance and a better quantum of percentage out of the overall DAC approval, that is already been accorded is going to come to us is what we are expecting.

B. Karunakar Reddy:

So far we are the only people established this moored mine technology. For other people, it is going to take time. If any other people want to come into this business, it is going to take a couple of years.

Kripashankar:

And after the acquisition of IDL, so just want to understand the post-acquisition how much additional value we can create to the existing platform where we are currently. Like apart from electronic components, we are supplying them. What would be our total value we will increase for anything, product or anything platform, if you can highlight that?

Sai Kumar:

No, I didn't get your question properly.

Kripashankar:

So suppose if you are supplying 15% of electronic component to any missile program, then post-acquisition of IDL exclusive, what would be our value share to the particular platform will increase?

Sai Kumar:

See you have to understand IDL is not -- we are just in the process of acquiring. We are going to build up certain capabilities in that in terms of the propulsion and the warheads. But the present opportunities that we already have, like the short range rockets that we are developing, the anti-submarine warheads, rockets we are developing, the mines and the limpet mines and the underwater mines and other various systems like aerial bombs and all what we are developing. These are our in-house products actually, full-fledged products.

Presently, we are contemplating as a backward integration using IDL and the capacities will be more than sufficient for this. How the approach towards getting into a full-fledged missile programs and their warheads and other things like is something that we are contemplating to do over next few quarters actually.

At this point of time, how much percentage it would be and all to quantify it would be very difficult unless we enter into any program. But whatever these programs which are named currently are all of them, we are presently out posting that going forward we will be doing in-house based on the existing facilities and the capabilities that we have building up.

Kripashankar: Okay. Got it. Thank you, sir. Thank you very much. That is all from my side.

Moderator: Thank you. The next question is from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil: Hi, thank you for the opportunity, sir. So my first question is on the lines of so you mentioned that we are expecting some INR2,00,000 crores worth of orders on the defense side of it in the next six months. So what would be our order pipeline from those INR2,00,000 crores, like which all platforms will be involved with, any clarity on that?

B. Karunakar Reddy: While you are telling our portion is, I am not supposed to disclose right now. But a good number of systems we are supplying to all these programs. I want to tell you one very important this thing is, if you consider all the missile programs, whatever DRDO is doing, 63% of electronics and electromechanical activities and all, we are doing.

And name any program, our participation is there in small or big way. Overall, there is a list. The director general missile program is prepared. And the other day they announced 63% of electronics and electromechanical things we are doing for all the missile programs.

Order value, I can't disclose right now. But once the program names they announced, then we are in a position to arrive at least. But it is not, as I told you, I am not supposed to disclose other values, please.

Moderator: Hello, Mr. Dipen, your voice is not audible. Hello.

Dipen Vakil: Hello, am I audible now?

Moderator: Yes, yes.

Dipen Vakil: Yes. So thank you for that clarification, sir. And recently some competitors have mentioned about some development orders on project Kusha and other DRDO missile systems that they have received. So are you involved in project Kusha here? Whether we have received any developmental orders on that? And what could be the quantum of that?

B. Karunakar Reddy: Quantum, I can't tell you. But Kusha, we are also doing a couple of onboard systems we are doing. And we are the software, we are the only people, only company delivered these systems. No industry has delivered so far. It is under development. I think everything goes well. Next couple of months, the trial test file is they're planning DRDO.

But they're waiting for the other industries' supplies also. They're waiting for other subsystems. There is a recent review. They said the next 3 months' time, they're going for test file.

- Dipen Vakil:** So according to you, what will be the timeline for project Kusha from the development stage to contract finalization after this?
- B. Karunakar Reddy:** Under 2 years' time DRDO actually wants to take. Kusha is not a single missile. Almost four variants are there. One of the variants, I think, shortly is coming for test file, there is a time period that MoD has fixed. In the next 2 years' time, the development activity is complete. And it has to go to production phase.
- Dipen Vakil:** Got it, sir. Thank you so much for answering my question.
- Moderator:** Thank you. The next question is from the line of Rupesh from IntelSense Capital. Please go ahead.
- Rupesh:** Yes. Thank you for the opportunity and congratulations on fantastic set of numbers. My first question, sir, is on the torpedo side of the things. If you can give some comprehensive update on all three programs, Varunastra, when can we expect order, if you are in a position to disclose the quantity. Then the second one is EHWT electronic heavyweight torpedo.
- My understanding is this is linked with submarine. And how many, I mean, if you're in a position to disclose how many, what is the total of EHWT government is looking to order? Are these linked with the new submarine deliveries or existing submarine is going to, order this EHWT?
- And third one is ALWT. ALWT, my understanding is it is anti-submarine torpedo. And then there are two versions. One is ship-launched and one is helicopter-launched. So ALWT, is there any acceleration post, Operations Sindoor? So if you can give some comprehensive update on all three programs with the nuances.
- B. Karunakar Reddy:** Yes, thank you. And I think earlier this thing also we have announced. EHWT program, we are the only people, EHWT complete homing system we are providing. EHWT goes into, it's three variants we are doing. One is 6.3 version, 6.0 version also we are doing. 6.0 goes into P-75 tank.
- Indian Government has signed a way with France. They will be like, in collaboration with Indian industries, they will be manufacturing submarines. And P-75, 6.0 heavyweight torpedo goes into P-75 submarine. EHWT, another version 6.2 and all goes into Arihant and Aridhaman and all nuclear submarines. They're going to configure.
- And ALWT, you're talking about ALWT, has a good number of production is there. But I can't quote you what is the numbers and all. User trials, I think next couple of months, DRDO is going to complete the user trials first. Then after that, RFQ going to release by the Navy regarding ALWT program.
- Varunastra already 63 number order already BDL received. And we are supplying your signal processing and other technologies we are supplying. Right now, negotiation is going on. Shortly, we are expecting orders from Varunastra. BDL also, they're expecting order anytime, but they started doing negotiations. Once they receive order, the BDL will be releasing our orders also.

- Rupesh:** Thank you for that clarification, sir. Another question. Second question is, sir, BDL recently received one order for ATGM. The system was not disclosed, but the order value was, I think, INR809 crores. Did we also get some component supply order from that?
- B. Karunakar Reddy:** We are doing one of the critical subsystems we are doing. MPATGM program also, yes, we are doing. I think only, they're not received order, they're yet to receive order...
- Rupesh:** Sorry, they announced one order to the exchanges, INR809 crores. What I want to know is, what is our contribution and the delivery timelines?
- Sai Kumar:** No, no, order received is order finalized and it has been given. For us, companies like us, the order received means they will come through all the documentation and other things like that is something which will take a lot of time. That's what MD is trying to tell.
- Rupesh:** What you're saying is, from BDL to Astra Micro, Apollo Micro, the order hasn't come?
- B. Karunakar Reddy:** Yes, yes. Maybe, before September, I'm expecting.
- Rupesh:** But what is the quantum, sir? I mean, out of this INR800 crores, 10%, 20%...
- Moderator:** Sorry to interrupt you, sir, I will...
- B. Karunakar Reddy:** All of you, I'm not able to give a value, please. As per the regulation, we are not supposed to disclose any values from, unless until I receive, I can't share with you any value, please.
- Moderator:** The next question is from the line of Malay Sameer from Breakthrough Stock Market. Please go ahead.
- Malay Sameer:** Sir, I would like to sort of highlight a communication from Ministry of Defense, where they have talked about two participants in MIGM orders. One is BDL and the other one is Apollo. Now, I want to take this question ahead. Number one, you said within a couple of weeks this order will come in. Would you like to share with us the outside date within which you feel you could get this order?
- The outside limit date, number one. And number two, what are your estimates within a range of the quantum of this order? And if that order comes in, will it necessarily be supplied by us and BDL and no other party, since we've been involved in the trial production?
- Sai Kumar:** Sir, I'll take the question, sir.
- Malay Sameer:** Yes.
- Sai Kumar:** So, I think, you know, you have wrongly understood. We have not said in a couple of weeks we are getting the order, actually. We told that there is a process. As a DCPD partner, there should be a DOT, you know, documentation sharing that is happening and that is likely to be completed in the next couple of weeks. That is what we have told. But not the order.

The order will take some more time. That's what I have explicitly clarified, you know, when we were talking about the Moored Mine and MIGM both, actually. And the timing of that was the first question, you know, which was asked by one of the panelists in the beginning.

Malay Sameer: So, the outcome of this order could be a year, two years, three years, a few months?

Sai Kumar: No, you meant to say in terms of execution or in terms of getting an order?

Malay Sameer: In terms of getting an order.

Sai Kumar: We are expecting we will get in this financial year.

Malay Sameer: Okay. And my second question was that since BDL and us are the two...

Moderator: Actually, your voice is breaking and there is some background noise from your line. Can you please...

B. Karunakar Reddy: Yes, this one, no, like I want to clarify here. MIGM case, BDL and Apollo Microsystem identified as a DCPD partner. So, like I think what we are hearing is 50% order goes to BDL, 50% order comes to Apollo Microsystem.

Malay Sameer: Okay. And, sir, do you have any estimate of the quantum that is coming to the electronics segment?

Sai Kumar: There is nothing electronics. We are doing the complete mine, actually. Okay. We are doing the complete mine. It's not about electronics.

B. Karunakar Reddy: This case is different. We are doing a complete weapon. We are doing, including electronics, including explosive, this thing, including instrumentation, including the shell and all, everything we are doing.

Malay Sameer: And, sir, what is the range of these orders in terms of size that you can estimate? I know you would not have it right now. But what is your estimate about the size of these orders once they start coming?

Sai Kumar: Both the companies may get close to anywhere around INR2,000 crores each.

Moderator: Thank you. The next question is from the line of Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.

Garvit Goyal: Good morning, sir, and congrats for a decent number. I have two questions. One is on the order book. We were speaking about some orders coming from naval sector, right, and this emergency procurement also. Can you put some color on this marine order status and particularly on the emergency procurement? Did you see any big orders coming at industry level, particularly to the private players like us in the areas of radars and electronic warfare? So, that is my first question, sir.

- Sai Kumar:** Sir, I would like to restrict the discussion related to Apollo. Industry questions, you know, I think this is an investor call. We can take it offline, sir, actually. But as far as the EP cases are concerned, we are bidding for certain EP cases. As and when we get an opportunity, we will update you. It being EP, they are very sensitive in nature. What specifically we are bidding, that also we are not in a position to disclose.
- Garvit Goyal:** Got it, sir. Secondly, on this rare earth metal issue. So, are we facing any challenges in the terms of execution from restrictions of this rare earth metal?
- Sai Kumar:** Not as of now. As and when something happens, we have to keep you posted. But, you know, nothing, you know, that we can comment as of now. It's a very sensitive topic. We are restrained and restricted to talk anything on this particular, you know, supply chain related issues. A specific directive has been given by our customers not to talk anything about it.
- Moderator:** The next question is from the line of Prateek as an Individual Investor. Please go ahead.
- Prateek:** Yes. Good morning, sir.
- Management:** Before Mr. Prateek speaks, I would like to sensitize the point that the entire world we are running in different areas, conflicts are happening. All the services are on toes. The entire industry, including Apollo, all of us are on toes. We are working hard 24/7 to meet the requirements pushed by our customers like DRDO and defense PSUs like BDL, BEL, HAL, and other private industry customers.
- I request everyone not to ask any extremely sensitive questions because these con calls get recorded and they are all published, actually, which will jeopardy the national security. I will very conveniently say no to you, but if you refrain from asking any extremely sensitive question, it would be good in the interest of the nation. So, that's my personal request on behalf of the company. So, Mr. Prateek, you may further go ahead and ask.
- Prateek:** Thanks a lot, sir, for giving me this opportunity and congratulations for a great set of numbers. Since most of the questions have already been answered, so I will not repeat them. My first question is with respect to the promoter pledge part. I think I have seen that the promoter pledge part has come down to 37% on. And the last time we spoke two quarters back, the roadmap was to bring it down to zero by FY '26. So, I just wanted to know if we are on track or any change in timelines?
- Management:** We are on track. We are on track.
- Management:** We are reducing. In fact, month after month, we are slowly reducing.
- Prateek:** Fantastic, sir. Thank you for answering that. My second question is with respect to the export side. So, just wanted to know if we have a dedicated team for export and what kind of market do we see from the export side?
- Management:** There is nothing like a dedicated team for export or anything. Primarily, the recent order which we have received is one of our development contracts which we have taken actually. But

generally, it is a full-fledged product. Getting a development contract in an export is not so very easy. It is a very challenging task to get into that ecosystem. We are in the process of getting into that mode also.

But several of our fully matured products like one such case is our mine and similarly, some of the aerial bombs and submarine bombs, the rockets like full-fledged systems are getting ready. And some kamikaze boats also are in the process of development actually. This year, we have earmarked close to INR1,000 million rupees for developing certain full-fledged products which will be qualified to get into an export -- for an export opportunity.

And some DOTs also we are applying to the DRDO for a complete weapon systems also. So, addressable market is there. That is what we are trying to reach in the years to go forward.

Prateek: So, just wanted to understand, do we apply for those orders on an individual basis or through DRDO and other organizations?

Management: No, DRDO will give license. We will have to take a permission from them before we give any kind of a proposition to anyone actually.

Moderator: The next question is from the line of Alok Shah from SRE.

Alok Shah: I just want to ask one question. You had mentioned around January that there was a collaboration between Apollo and Garden Reach Shipbuilders. So, can you throw some light about what it was and where are we in that collaboration?

Management: We are jointly developing some products along with GRSE. But exactly what product and what is the current status, we are not in a position to share in the public domain, sir.

Moderator: Sorry to interrupt you, sir. There is an echo from your side and there is some background noise also. Hello. Hello?

Management: Yes, now it looks -- now it is okay.

Moderator: Yes, sir. The next question is from the line of Rupesh from Intel. Sir, again the voice is echoing.

Management: Vasant, is it from our conference room?

Management: No, no, no, no, nothing, nothing. Our conference has pin drop silence, you know.

Moderator: The next question is from the line of Rupesh from Intelsense Capital.

Rupesh: Yes, sir. Thank you for the opportunity again. Am I audible, sir?

Management: Yes.

Rupesh: Yes. So, sir, this mines order, my question is, is it linked to any sort of ship deliveries? I mean, is there like every ship should have X number of mines and then as and when the new ships get produced, the mines will be procured or, I don't know, some army, army or defense forces are

going to build a large inventory and then they will be distributed as and when needed. So I just wanted to understand this aspect of the mines order.

Management: Sir, it has nothing to do with any ship building. But rest of the inventory for what purpose, where and how, all that is very sensitive, cannot be disclosed in a public domain, sir. But it has nothing to do with any ship building.

Rupesh: Okay. So deliveries are not linked with any ship, mine deliveries are not any linked with the ship deliveries. That is the clarification you are giving.

Management: Yes.

Management: Independent of this thing. Not linked with any infrastructure, yes.

Rupesh: Okay, okay. And that's because, I think, I wanted to understand what is our contribution to BrahMos? Because I think that's such a big part of our defense arsenal. So what are we doing in that space? Any color, if you can.

Management: BrahMos, we had...

Management: BrahMos we are doing a couple of things we are doing. And BrahMos new version DRDO now going on. Because the old, this thing many of the technology is absolved. And that end up, this thing is -- format is going on. We are already bagged recently one of the orders. And we are expecting more and more subsistence from BrahMos also, yes.

Rupesh: So can it become a significant growth driver for us over the next 2, 3 years?

Management: See, BrahMos is one of the programs. See, I was talking to one of the investors at the same. If you consider all the missile programs like BrahMos, so many programs, Agni program, MPATGM, Akash-NG, several programs, around 100 programs are there. We are doing almost 63% of electronics Apollo micro system is doing.

Rupesh: I mean, that part I understand, sir. But BrahMos, at least my understanding is, it is slightly higher priority or on fast track?

Management: BrahMos also going on along with the other programs. Right now, we are doing only one subsystem for BrahMos.

Management: Great sir. I will take the answer. Sir, now that Ops Sindoor has taken place. Okay. And BrahMos has been used. So that's what we are getting the information. It has taken a different stance altogether. But strategic weapons are as important, like, other many other programs for a different type of missions, different weapons are being used, sir, actually.

Something that we can cut a small Mirchi with a small knife, same knife we cannot use to cut a chicken, sir, actually, or a mutton. So for different missions, different requirement, different projects will be used, different weapons will be used. So there is nothing that any specific importance is there for any specific weapon or anything like that.

BrahMos is a cruise missile. It's an Indo-Russian mission missile, out of which, after several years, a lot of indigenization has been done and there is a contribution. Similarly, the earlier program, you know, we didn't have contribution. Now, now we started taking contribution. We started taking orders in it. Going forward, we are going to have.

How much it is going to anchor? It is not like that. We are a company who have a position in almost every missile program of the country. Every indigenous missile program of the country, we have participation. So the revenue drivers or revenue, this thing, there is nothing like that. The contributions keep coming.

It's not like based like, you can see several companies having a huge size of order book. It doesn't mean that it gets executed. They executed over a period of 5 years, 10 years like that. So there is nothing like a revenue drivers or growth or anything like that. Contribution will be coming from one part or the other part of different, different programs and multiple programs like that. BrahMos is one such program actually. We are part of much more sensitive and classified programs also.

Rupesh: Okay. Yes, just finally, if you can give some incremental update on Pinaka compared to our last conference call where are we on the Pinaka? There is no further. My last question.

Management: Hi. I answer about Pinaka. Pinaka, I think, two industries are doing that export order, I think. MIL and economic explosive. The complete guidance electronics, in fact, we are supplying to MIL and EEL also. There is a huge requirement coming up from our MOD also under the emergency procurement

Recently, MIL also, we had a meeting. I deployed a team of people in Nagpur. They had a meeting. So there is a projection from MIL and EEL also. Some good numbers. I think everything goes well. Next 3, 4 months' time, we are expecting that production order also from our MOD related things.

But other thing, like export audit, Armenia, everybody knows that Armenia audit, these two companies are doing. That audit already we received -- and partially we received and we are in the process of completing the execution also next 2, 3 month's time.

Moderator: The next question is from the line of KS Subramanya, as an individual investor, please go ahead.

KS Subramanya: Good morning, sir. First of all, I would like to congratulate and also as an Indian citizen, express my indebtedness to this company for everything that it is doing for the sake of our defense and making us secure. Now, I don't want to go into any details.

All I just want to know, is it possible to divulge that how much was the order intake in this quarter? That is my first question. And second thing, in the 3 months or maybe by December, any of the large ticket orders that the company has been expecting, is there a possibility of getting, bagging any of these large ticket orders like INR500 crores or maybe more than that, INR1,000 crores orders? These are the two questions which I have. Thank you, sir.

Management: There's something under process going on. But figure, I'm sorry, I'm not able to give you a figure. But there's a good number of programs under process where things are going on. Like QRSAM we are doing. Once the QRSAM order, the bell rings, then we'll be knowing how much order we'll be receiving.

Before December, we are expecting, as per the recent meeting with the defense secretary and the DRDO, so before December, the bell and BDL are going to receive orders. Finally, BDL also plans to place orders on the vendors. Value and all, I think I'm not able to give you any value right now. So I don't need the value, but something large might come. That is a possibility. Just a possibility within three to six. By December, some large things might come. That's the thing, right?

Management: I want to share with you, this financial year is going to be, I think, a game changer year. Yes. Because various company has participated and I told you. Many programs our Pandit special is there. Underwater weapons are also participating there. Missile electronics are participating there. Airborne is also participating there.

Management: So this thing we are expecting, this financial year, and everybody knows that we are going for major expansion. And Unit 3 also is getting ready. We are going to start occupying from October onwards. By December, we want to complete the operational listing. We want to start.

KS Subramanya: Okay. Okay. Thank you, sir. Thank you for your kind information.

Moderator: The next question is from the line of Hardik Rawat from IIFL Capital.

Rupesh: Thanks for the opportunity. Good morning, Badam sir, SAI sir, as well as and Sudarshan sir. My question is slightly long-ended in terms of, we are expecting further expansion OPMs in the first half or vis-a-vis the previous year, but then some moderation in the second half in FY '27.

How do you expect, margins to move forward from there in FY'28 and beyond, considering that large part of our, systems will go into production and our facilities will also lastly, the utilization will also be improving by then. So what are your expectations in the slightly longer term?

Management: Hardik, FY '28 is very far. We are still in FY 'Y26 middle. It's like, I think we should not be talking 2 years ahead. But broadly as we have been giving you guidance several quarters, there will definitely be a margin expansion once the systems get into core production phase. And that is something that you will start partially seeing starting from this financial year and subsequently the next financial year and FY '28, I think it will be much better. I think, quantification at this point of time may not be very appropriate. But Yes, this is all I can tell you.

Rupesh: Got it, sir, That helps. My other question was with regards to the working capital cycle. Now you're expecting a reduction of 100 to 120 days, with improvements starting from FY '27. These savings will largely come from inventory days. Would that understanding be correct?

Management: Yes.

Moderator: The next question is from the line of Sunil Shah from SRE PMS.

- Sunil Shah:** Yes. Thanks for the opportunity. Sir, my question is to understand the entire different cycle. If you just go back 5 years, the entire concept of Atmanirbhar gave defense PSUs a huge kick up in their businesses. Majority of them grew by more than compounded 30%, the defense PSU.
- So now that order book is very high in defense PSU and they are outsourcing it to the private sector as well. So can we see a similar kind of a growth rate for private sector defense companies over the next, let's say, 3 to 5 years at a compounded 30% kind of an opportunity? Is that a safe directionalism? If you could just let me know on that, please.
- Management:** Broadly, I can say yes. Broadly, I can say yes. But much in detail, it is not appropriate to say because they are also our customers and directly me telling that private industry share is going to grow compared to PSU. That will not be a very appropriate way of putting forth, but you will -- there will be a consolidation in terms of the business working style, wherein the public sectors and the private sectors, I think, we foresee would jointly come forward in execution of the orders based on the capabilities. That is how you have to look forward.
- Currently, I do not differentiate in terms of understanding that whose share of order book is growing, whether it's the PSU or a private. Whoever is able to deliver, they will have a better edge in the market. Obviously, PSUs will continue to have a better edge in the market because they are a MOD.
- Sunil Shah:** Yes. So...
- B. Karunakar Reddy:** One more thing I want to add here. Recently, like last three years, four years, as per the government policy, MOD wants to have one public sector unit, one private unit like that. Many of the programs...
- Sunil Shah:** Okay.
- B. Karunakar Reddy:** DcPP, case like they are considering one public sector unit, one private unit like that.
- Sunil Shah:** Right. Sir, so appreciate that the opportunity landscape is so huge. Then in that context, would capacity or technological tie-ups or technological knowledge be an hindrance to really make this opportunity into numbers? Would technology or capacity be a hindrance or that is too much?
- Sai Kumar:** No. Both. It is not specifically, like, see, one is that you need to have a technology. The technology has to be proven on ground. Then once it's proven on ground, when there are numbers, you need to build up a capacity, both infra wise and a financial wise, okay. So these are all hand-in-hand, they have to go hand in glove.
- Moderator:** The next question is from the line of Kishan Bang, an investor.
- Kishan Bang:** Yes. Most of the questions have been answered. I just wanted to understand the order execution for the coming years.
- Sai Kumar:** That's a very broad question, actually. Can we take offline?
- Kishan Bang:** Sure. Sure. Sure.

Moderator: The next question is from the line of KS Subramanyam, an investor. Please go ahead.

KS Subramanyam: Okay. Sir once more, I would like to ask one simple question, which is that -- is there any possibility of the company going into a manufacturer of drones? That is one of the questions. And the offline thing, which you're saying that contact offline, if you have any questions, can you please elaborate a little bit on that for individual investors like me?

B. Karunakar Reddy: You're going to reply, Sai?

Sai Kumar: Sir, I missed the question, sir. I missed the question somehow.

KS Subramanyam: Okay. I'll -- hello.

Sai Kumar: Gentleman is asking.

KS Subramanyam: Can I say, okay, the thing...

Sai Kumar: Can you repeat the question.

KS Subramanyam: Yes. Surely. Surely. The thing is that, is there any opportunity of the company going into drone manufacturer in the future or maybe in the near future -- distant future? That is my first question. And second thing is regarding contacting you offline and stuff like that for individual investors like me. Can you please elaborate a little bit how we can contact the company and to get some information or something like that?

Sai Kumar: Investor Relation email ID and mobile number are published in the IP. That...

KS Subramanyam: Okay.

Sai Kumar: Number is only for the purpose of WhatsApp, okay. You can just put a message, you want any specific call to be taken, we can -- the Investor Relation team will arrange a Zoom call or something like that, okay. That's point number one. Or if you have any queries...

KS Subramanyam: Okay.

Sai Kumar: You can send an email ID. Regarding drones, yes, we are developing certain delivery cargo drones. It's in offing actually.

KS Subramanyam: Okay.

Sai Kumar: And we have already given a glimpse of it during the recent Aero India show. And the final model also we will release once our internal trials are complete.

KS Subramanyam: Okay. And sir, any defense -- the drones for the defense sector, anything that you are trying to develop or thinking about...

Sai Kumar: It's for the defense only, sir. We are not talking...

KS Subramanyam: Okay. Okay.

Sai Kumar: About commercial drones. It's a defense drone.

KS Subramanyam: Okay. Thank you for the clarification.

Moderator: The next question is from the line of Subodh, a retail investor.

Subodh: Sir, my question is regarding the DRDO's transfer of technology. So you mentioned that you, Apollo and BDL were the DcPP for MIGM. But I can see that on DRDO's website, the MIGM technology is available for other companies through the ToT process. So I just wanted to understand, like won't the DcPP -- I wasn't under the impression that DcPP partners have sole access to the technology. So...

Sai Kumar: No, no, no, no. Where did you see? Where did you see?

Subodh: Sir, that -- I was under the impression. I don't know. I don't exactly remember where I saw that. But logically speaking, a company which invests in R&D and spends a lot of time on it and after the completion of the project, if DRDO awards DcPP to other companies also, then -- I mean, that's a bit unfair, isn't it?

Sai Kumar: No. But I think, that's a question. That's a question we are addressing internally with DRDO. I think in the investor forum, we are not able to talk about it and it will be unfair on our part to talk. It's an issue which is being addressed by DRDO. Okay, that's point one. But when you were asking, you were asking a question differently, actually, about you saw something on BDL website or something like that.

Subodh: Sir, on DRDO website, there are a list of technology transfers available. If you just Google MIGM, DRDO, ToT, you will get a link on the DRDO website and there DRDO mentions that companies can send letter to NSTL with supporting documents.

Sai Kumar: See, normally what happens, anything, whatever government does, it puts it -- it puts on a website, actually, okay. But there are licenses that are fixed to it. There are only two licenses, only two people developed it, okay. There is no such larger quantities, like, 1000 of -- 10,000 of numbers production that is required, which mandates it for multiple partners. I think, please be rest assured, there are only presently two partners who have developed and two partners are yet to enjoy the business. It's a long way to go. Okay, sir.

B. Karunakar Reddy: Sai one thing. One more thing, Sai.

Sai Kumar: Yes.

B. Karunakar Reddy: MIGM case is different. MIGM case, no, spec to design, actually. We have complete development, we have done, actually. So, we are the only people holding the technology, like Apollo Micro Systems and BDL. There are other cases, like DRDO is developing the complete design and all, whereas other industries also participating in subsystems and all. That technology, they can give it to a number of people, but MIGM case is something different, actually. All the technology developed by these two companies only, Apollo Micro Systems and BDL.

Subodh: Okay, sir. Understood.

Moderator: The next question is from the line of Ashok Shah from Eklavya.

Ashok Shah: Sir, we are taking technology from the DRDO. So, do they charge any royalty or are there any condition that after a few years, they will be charging some royalty, because all the research are done by them and we observe the research and technical details also?

B. Karunakar Reddy: See, here it is like this. If already DRDO developed technology, if anybody is looking for the ToT, then they are charging. But our role, if you see, most of the cases, we are the people, based on DRDO specifications, we are doing development. In many of the cases, we are not paying any royalty. But the other thing -- other case is like DRDO is available technology there. Somebody wants to take the ToT. In that case, we have to pay the royalty.

Sai Kumar: Not royalty, sir. Sir, not royalty. Licensing fee. Licensing process.

B. Karunakar Reddy: We have developed. We are not going to pay any royalty.

Ashok Shah: Okay. And secondly, sir, we have raised the fund. So, does the fund has been utilized fully or it will take time still to utilize fully? Because the construction and project starting, it takes time?

Sai Kumar: We have received only 50% of the amount mobilized.

Ashok Shah: Okay.

Sai Kumar: Slowly, we are utilizing. But the purpose part is mentioned in the objects of the issue.

Ashok Shah: So, by what time it will be utilized? So, because the investor, if you demand, they will be paying partly paid-up share and fully paid-up share or something like that.

Sai Kumar: Whatever we have already issued is fully paid-up share plus warrants, 50% of the warrants. Out of the warrants amount of INR400 plus crores, INR100 crores we have received another INR325 crores we are yet to receive within the next four months.

Ashok Shah: So, all the fund around INR400 crores will be utilized for the capex or it will be for the working capital also?

Sai Kumar: It will not be for capex. It is only for working capital requirement.

Ashok Shah: So, generally?

Sai Kumar: For that, a lot of working capital requirement will be there. It will be utilized for working capital, most of it.

Ashok Shah: Okay. Sir, one last question from my side. Sir, from the start of the raw material purchase and completing the -- whatever the production we do and then we do the billing. Sir, what is that time?

Sai Kumar: Time?

Ashok Shah: Time. So, because of whatever order we -- sir, we have to purchase the raw material and we have to execute order...

Sai Kumar: Correct. I got your question.

Ashok Shah: Three months, six months and then we have to -- then we prepare the bill.

Sai Kumar: Sir, I got your question. It depends on the type of the system. We are not a product company. There are different types of systems that we develop for different type of programs for different verticals. Maybe for a missile application, underwater application. But broadly, for your understanding, it ranges anywhere between four months, five months up to 4 months to 15 months like that depending upon the type of the project.

Ashok Shah: 14 months to 15 months.

Sai Kumar: Yes. Yes. As in when you are -- as -- whenever you are in Hyderabad, sir, you can come to our office. We'll explain you how the process would be by prior taking a time from the Investor Relation team. We'll tell you how the process and all will be there, okay.

Ashok Shah: And, sir, last question. Sir...

Moderator: Sorry to interrupt you sir.

Ashok Shah: Sir, it's an important question, sir.

Moderator: Okay.

Ashok Shah: If the GRSE receives the fund when the order is received, GRSE, Mazagon Dock. So, do we receive any fund for the 10%?

Sai Kumar: Public sector companies, they are government in nature, sir. That is totally different. We are a private company. No private company will get any advance fund. But in case whenever orders are received directly from the services, like maybe from Army, Air Force or maybe, we are likely to get some advance payments. As and when there is something like that, we'll quickly post it. But most of the programs that we are presently doing are with the DRDO and defense PSUs and other private customers. And there are no advance payments currently that we are having.

Moderator: The next question is from the line of Shreyansh Gatani from HG Security.

Shreyansh Gatani: So, my question was on the RF business that you are looking to build. So, trying to understand like what kind of revenues are we looking at that on that front and looking at some acquisitions in that space. If you could give some progress, give some updates on that side of the business?

Sai Kumar: Yes, RF, you -- we have started building up our own RF capabilities and we were also contemplating for an acquisition of a RF company. But in the process, we got this IDL acquisition. We first want to consolidate our position in terms of completing this transaction. Then in a further expansion on that particular area, as and when we move forward, we will keep you posted. But yes, we are going to go strong on RF.

There are other some sensitive technologies in RF that we will be developing, starting to develop right from this financial year. What exactly we will be developing and all, I will not be able to divulge at this point of time. But you can keep us in track. We'll keep posted to all the investors as and when things are progressing.

Shreyansh Gatani: Got it, sir. At this point, we don't have RF contributing much to our revenue.

Moderator: Sorry to interrupt you, sir. I will request you to join the question queue for further questions. The next question is from the line of Vinod Bangera from Carvin Capital.

Vinod Bangera: Yes. Thanks for taking my call and congratulations for a good set of numbers. Sai, sir, what is the revenue break between products and current costs? And what are – what is it likely to be in FY '27 given that the order book inflow is expected to increase going forward?

Sai Kumar: Vinod, we have never given such breakup. But you can clearly estimate that there is a little improvement in the production percentage in this quarter. That's why the margins have got improved. So you have to actually make estimates like that, yes.

Moderator: Ladies and gentlemen, we will take that as the last question. I now hand the conference over to management for closing comments.

B. Karunakar Reddy: Sai.

Sai Kumar: Thank you so much. Yes. Yes. Thank you so much. We extend our sincere gratitude to the Ministry of Defense and the Government of India for their continued trust in the Indian defense manufacturing ecosystem in which Apollo Micro Systems plays a vital role for all the indigenous weapon programs.

The confidence reflected through substantial investments is a strong endorsement of our nation's industrial capabilities and innovation potential, which we have already seen throughout Sindoor recently. We remain steadfast on our commitment in delivering advanced solutions that bolster operational readiness and strengthen national security. It is an honor to serve the nation and we stand fully prepared to support our armed forces under all circumstances.

I extend my heartfelt thanks to all our esteemed investors and analysts for being with us today. Your continued trust and partnership mean the world to us. Your participation and feedback are invaluable to us. We remain committed to enhancing our performance and driving sustainable growth. We look forward to welcoming you to our facilities where you will have the opportunity to observe our operations and initiatives at the ground level.

Should you have any further questions or wish to share your thoughts, please do not hesitate to contact our Investor Relations team or write to us at investors.relations@apollo-micro.com. Thank you once again for your time and trust. We look forward to reconnecting with you during our Q2 update. Wishing you all a great day ahead. Jai Hind. Jai Bharat.

Thank you ICICI for facilitating this and on behalf of the company and joined by me, our Managing Director, Mr. Karunakar Reddy; our CFO, Mr. Sudarshan and all our secretarial team. Thank ICICI for facilitating this wonderful conference.

Moderator:

Ladies and gentlemen, on behalf of ICICI Securities Limited and Apollo Micro Systems that concludes this conference. Thank you for joining us and you may now disconnect your lines.