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Subject: Transcript of the Earnings Conference Call held on February 9, 2026 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 February 2, 2026, regarding schedule of the Earnings Conference Call with investors, we wish to inform you that the conference call was held on Monday, February 9, 2026.

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

We request you to take the above on record.

Thanking You

Yours Faithfully

FOR APOLLO MICRO SYSTEMS LIMITED

BADDAM KARUNAKAR REDDY
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“Apollo Micro Systems Limited
Q3 FY '26 Earnings Conference Call”
February 09, 2026



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

MODERATOR: **MR. VIKASH SINGH – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Apollo Micro Systems Q3 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. Certain statements during the conference call may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties.

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. Vikash Singh. Thank you, and over to you, sir.

Vikash Singh: Thank you. Good evening, everyone. Welcome to Apollo Micro Systems Q3 FY '26 and nine-months FY '26 Results Conference Call. From the management side, we have with us Mr. Baddam Karunakar Reddy, Managing Director; Mr. Addepalli Sai Krishna Kumar, Whole-Time Director, Operations; and Mr. Sudarshan Chiluveru, CFO.

Without taking any much time, I'll hand it over to Mr. Reddy for his opening remarks. Over to you, sir.

Karunakar Reddy: Yes, good morning. This is Karunakar Reddy, Managing Director. Joined with me, Mr. Sai Kumar and our CFO, Mr. Sudarshan Chiluveru. Mr. Sai Kumar will be presenting. Then after questioning this thing, answering this thing, I will be responding to you. Okay? Over to Mr. Sai Kumar, please.

Sai Kumar: Thank you, sir. Good evening, everyone. 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'm pleased to share that we have delivered our highest ever quarterly and highest ever nine-month revenue marked by consistent execution, operational discipline, and a strong commitment to indigenization and the Make in India initiatives.

I trust you've had the opportunity to review our financial results, letter to shareholders, press release, tear sheet, and investor presentation. This marks our third interaction for the fiscal year 2026. We are pleased to begin with two significant milestones that mark our continued growth and global progress.

First, we are also pleased to announce that an additional acquisition by ADIPL, which is expected to be completed before the end of this financial year. This acquisition will significantly enhance our organic growth and overall strength.

Looking ahead, we expect revenue to grow at least at a CAGR of 45% to 50% over the next three years, which has always been our, guidance since few quarters, solely by the core business, excluding any contribution from the recent acquisition or the future acquisitions that we do in this financial year. This growth is underpinned by a healthy order book and multiple products entering into the production phase.

Let me now take you through our consolidated performance for nine months and third quarter ended 31st December 2025. In Q3 FY '26, we delivered highest revenue ever and the revenue surged by 70% YoY basis to INR252 crores, up from INR148 crores in Q3 FY '25 as a result of our robust order book execution and successful transition of multiple products into the production phase.

Our EBITDA, excluding other income, rose sharply by 33%, reaching INR50 crores in Q3 FY '26. PAT registered at 25% YoY increase to INR23 crores, compared to INR18 crores in the previous year same quarter. The order book as on 31st December stood at INR1,305 crores on a consolidated basis.

Considering nine months FY '26, we have delivered highest ever performance in our history. Our revenue from operations has spiked 53% to INR611 crores, up from INR400 crores in nine months FY '25. This trend has been continued in the EBITDA, excluding other income, which has increased by 61% to INR151 crores compared from INR93 crores in nine months FY '25.

EBITDA margin has been expanded by 134 basis points in nine months FY '26. Our PAT has climbed by 67% to INR71 crores, up from INR42 crores in nine months FY '25. These results underscore our continued operational excellence and reaffirm the strength of our growth trajectory in FY '26 and beyond.

We have evolved from being a subsystem and system manufacturer to establishing ourselves as a full-fledged weapon system manufacturer, a significant milestone in our journey of growth and technological excellence. Building on 41 years of technological excellence, we are poised to evolve into a multidisciplinary defense system powerhouse to drive next generation innovation. Our vision is bold, built on strong fundamentals and an unwavering commitment to create value for all our stakeholders.

Thank you for your continued trust and support. We now look forward to addressing your questions.

Moderator: Thank you very much. We will now begin the question and answer session. We take the first question from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please proceed.

Sucrit D Patil: Good evening to the team. I have two questions. My first question to Mr. Baddam is, looking ahead, how do you see Apollo Micro Systems balancing between expanding defense and aerospace contracts, investing in new technology, and protecting profitability? As the demand for advanced electronics grows, what will guide your decision on which of these areas should get the strongest focus in the coming quarters? That's my first question, I'll ask my second question after this.

Karunakar Reddy: Yes, see like, the last quarter result also I was talking to your people. If we see the Government of India, already DAC has cleared, Defense Acquisition Council has cleared already you must be knowing. QRSAM one program is going for bulk production. And another program is Akash NG also is going for a few hundred numbers. And if you see these two programs, our major contribution is there, QRSAM also, Akash NG also our contribution is there.

And other side, naval systems also limited series production we have completed heavyweight torpedo and we are now expecting bulk production order we are expecting. And also, we are also doing the complete, one of the program like mine program, underwater mine programs, 3-4 programs we are doing.

One program complete test trials also completed and anytime -- anytime this month I'm expecting Defense Acquisition Council, DAC clearance also we are expecting. That is going to be a major order what we are looking for immediately.

And other programs also underwater mine side if you see, couple of variants, other variants also we are doing, limpet mine, two variants of limpet mines we are doing. We are also doing, like deeper depth, there is a program called MOORED Mine, that MOORED Mine also anytime we are expecting -- we are going to sign DCPD partner, as a DCPD partner we are going to sign with DRDO.

That is also we are expecting already, fortunately, the MOORED Mine DAC clearance already happened, the fund is in place. Only thing user trials we are yet to perform, once we complete user trials, so we are expecting a very big order like MIGM, MOORED Mine also going to be a big game-changer order for Apollo Micro Systems.

And many other programs like short-range programs, short-range missile programs, our participation is there. Long-range like Agni missile, Agni 5, Agni 1 also going for a bulk production, our major contribution is there in these programs also. And as I explained you last previous meeting, missile technology side if you see, we have good contribution, subsystem-wise if you see 63% of our contribution is there.

You name any program from short-range 4-kilometer range to 5,000-kilometer Agni missile kind of thing if you consider, 63% of subsystems in fact Apollo Micro Systems is supplying to DRDO, more than 80-90 programs. And already we are, we became DCPD partner for couple of programs. We are also expecting two more programs we participated, anytime DRDO is going to decide.

We are expecting one naval-based missile program, anti-ship program we are expecting, that also I think this month DRDO is going to decide. And as you know like we are doing one program, RGB 60 program, it's an anti-submarine program and we have done I think lab tests and all we have done, we are going for a, I think trial tests, anytime we are planning for technical trials.

And other programs like complete weapon systems kind of, and one of the program like anti-drone swarm drones, hard-killing rocket we are making, that also I think we are going for trials next month, first quarter. First quarter we are going for trials. All cursory checks and all, lab tests and all we have completed, all simulations and all we have completed. The product is ready, first quarter we are going for trials.

And many, many other programs are doing, at least couple of hundred programs, few hundred programs we are doing. Every program our contribution is there as I explained you. Naval side

also we have contribution, and if you see land-based systems like launcher systems and all also we have contribution. Missile technology if you see also our contribution is there.

LCA Mk2 is there, AMCA is there, AMCA also we are participating. Already we started doing couple of subsystems. LCA Mk2 also we are doing almost something like five subsystems, very critical systems design development activity we are doing.

And as you know like, explosive company also like we acquired IDL Explosives, we are now going for a good expansion, we want to produce defense-grade explosive we want to produce, and I think we are going to start another six months' time we definitely going to start producing defense-grade explosive also. That is another plan is going on.

And also, we are planning to acquire couple of companies where we don't have presence. I think, in fact, I think, before this financial year end, at least some three companies we are going to, we are going for due diligence.

Sai Kumar: Due diligence is going on, at least one we will be able to close for sure.

Karunakar Reddy: Yes, if everything goes well, three companies are in pipeline and at least one or two companies' acquisition we want to complete before this financial year end. That's all.

Sucrit D Patil: Thank you. My second question to Mr. Chiluveru is, again along the similar lines, as Apollo Micro Systems plans for the next few quarters, what financial signals or metrics will be most important in guiding you to take the decisions on cost control, working capital, and capital allocation for R&D and capacity expansion? How do you see these levers shaping the company's ability to protect the margins and deliver sustainable growth in the coming few quarters? Want to understand your plan of action on this.

Sudarshan Chiluveru: As you already know, if you visualize, we have been spending around 9% to 10% of our outlay, topline, as R&D expenditure since our company is a -- bread and butter is R&D. Unless we do R&D, we cannot sustain and we cannot grow in the business. That's why sizable amount is allocated for R&D, and we have even availed a term loan sanctioned by one of the banks, INR75 crores. Lot of programs we have taken up for R&D and around INR50 to INR60 crores we are going to spend in the near future on R&D itself. That is one part.

The other part is we have massive expansion plans. As Phase 3 at Hardware Park we have already commissioned partly in the October end, with a INR150 crores outlay with a term loan of INR110 crores from State Bank of India. With our margin, INR150 crores worth of project we have already implemented and another 2.5 acres we have acquired and we have started civil works for further expansion.

And also, we have recently got allotment of another 5 acres of land adjacent to the existing expansion plant from Government of Telangana, where we will be spending at least INR100 to INR150 crores for further expansion. So it will be a state-of-the-art project once we complete entire thing of project in the 10-acre, 10.5 acres of land. That is our expansion plan.

And as far as growth is concerned, we have been growing at a CAGR of 30% to 35% for the last two-three years. The same tempo if everything goes well, whatever we are having plans of getting the orders and all that, if it fructifies and we will be growing at 35% to 40% in the years to come.

As far as order book is concerned, we are comfortable and with the addition of IDL Explosives, we are into -- we will be growing into a full-fledged weapon manufacturer thing, earlier we were having only a subsystem manufacturer. Now we can manufacture the entire missile. So order book is good. And as far as finance is concerned, we have mobilized funds as through preferential issue and bank finance is also made available to us as long as we need it, and all the things are in place.

Sai Kumar:

Yes, one more thing I want to share with you. See like cost-cutting wise, we are now going for a -- we have implemented SAP and we started migrating into SAP. And also, we are doing one automation, complete all factories now we are going for automation, we are almost implementing Industry 4.0 standard we are implementing.

Wherein the management can see the complete machinery, how machinery is utilized, how manpower is working, what is the machinery running hours, and if anybody/any of my customers want to see also, they can remotely they can see, through video they can see and their status and all in the text form also available, customer can monitor.

Management side also micro-level monitoring what we want to do, where manpower utilization and machinery utilization properly we want to do because now Unit 2 we are -- we have two units are there, explosive if you see explosive side four-five units are there, and third unit, third unit itself some four units within 10-acre campus only we will be having four units in fact.

Four different buildings and it is a huge, almost going to have 5 lakh square feet area kind of thing. Each main building is 2.6 lakh square feet area and other three buildings also more than lakh square feet area we are building. So at the same time we are going for automation, so proper utilization of manpower and complete machinery utilization also we want to monitor in an automated this thing.

Sai Kumar:

Yes, so the what CFO has talked about the R&D investment in the, we have already allocated INR100 crore, for the R&D. The fund is already in place, some of which investments have already taken place. The 9% to 10% what he talked about is in the subsequent years, up to 9% to 10% is the investment that we are going to do in R&D, which is currently, earlier it has been 7% to 8% then it got dipped to 6%, primarily because our revenues have started kicking on a continuous basis.

But going forward, the investments in R&D, will further increase. So that's one thing that I want to add to what the CFO has told as a clarification as well actually. Yes, we can go to the next question.

Sucrit D Patil:

Thank you and best wishes.

Moderator:

We take the next question from the line of Deekshant from DB Wealth. Please proceed.

Deekshant: Hello sir. Congratulations for the number. Impressed with the...

Moderator: Sorry to interrupt Deekshant, I would request you to come closer to your device and then speak.

Deekshant: Sure. Congratulations management, congratulations on the topline growth. We are seeing a significant rise of cost in our employee expenses and our other expenses. While I understand that we are in a growth phase right now and we are doing acquisitions so employee expense might go up, but what's the major contributor to our other expense?

Sai Kumar: So if you see compared to the previous quarter sir, the other expenses in terms of the finance cost and other things, got significantly reduced actually. Obviously, the depreciation going forward also will increase because there's a lot of investment in terms of capex and continuous investment in terms of the capital work-in-progress which is there in R&D, every quarter on quarter basis, we keep capitalizing actually. Okay, and other things like, okay.

But if you see the employee expenses, we have gone in for a very, very, very large expansion. Okay, from the current, size of the facility we have contemplated for an expansion of, 5.5 to 6.5 times. Now with the addition of the other new facility which we have recently announced that we have been allotted 5.6 acres, up to 12x to 13x times, the facility will increase.

Proportionately the manpower also will be increasing actually. So in the next few months, the manpower which is required for the next financial year, that recruitments also have started, continuous basis. Hence the financial -- because training and other things like at all levels the manpower have got increased.

From a managerial level, the head of the department level, the team leader level and at a junior level also. So obviously the manpower has also got increased because the number of per employee, number of projects handled by per employee is increasing on a continual basis. So we are continuously increasing the manpower, so the cost of the manpower is increasing on a, on a quarterly basis actually.

Deekshant: Sir, what is the core sort of other expense that is happening? Because depreciation I understand, the sort of interest cost we are getting that also makes sense. But what is it the other expenses that are really hitting us?

Sai Kumar: I will tell you. There's expenses related to, generally normally what happens that certain expenses in the Q3 and Q4 will increase actually, primarily owing to, I mean to say this has been the trend, primarily owing to we have an annual function, happening in, so that is one expense that gets added. We participate in the, international shows and exhibitions, that is one expense that gets added actually.

So these are certain expenses, which gets increased. But in last, few quarters, our travel expenses also have got significantly, increased, primarily owing to huge business development, activity that is taking place. And, in terms of the execution and integration also, lot of travel is happening across multiple laboratories across India, pan-India basis actually.

So these are the different heads under which, the cost have got increased in the, I mean to say, also we are doing trials, lot of trials also. Yes, the cost of the trials is also expenses that we are putting.

Deekshant:

So sir next, I have two quick questions. One is that you have mentioned 45% to 50% CAGR growth for the next three years in your opening remarks, and that's something that has been consistent. So what kind of margins on net that we can expect now? Because since we are now going through a new leap of growth in our business which as investors, we are proud of, but what kind of net margins can be seen now?

Sai Kumar:

See on a PAT level, if I talk about, we are going, we are targeting for a 15% PAT level. Yes, consolidated there could be a small, dip in the consolidated basis. Okay, I just want to talk on a standalone basis, I'll just want to talk about standalone basis that, standalone basis the net profit percentage, PAT percentage, we are targeting for 15%.

Consolidated basis, primarily what happens there is only one major consolidation which is happening which is IDL Explosives actually. Okay, there, we are, we are having a little dip because of the, previous RC contracts of the Coal India which IDL was handling actually. That may -- that may have a little small impact towards, this thing, but I think overall on consolidated basis also, if you see on a year-on-year basis, there will be a significant improvement in the, PAT level margins which will be there, even after, the consolidation.

Deekshant:

So you are expecting that this year end, the next quarter we will see around 15% on consolidated basis plus-minus 1% or so?

Sai Kumar:

No, no, no, on standalone basis 15%. There will be a dip in the consolidation, because of the IDL, that's what I was trying to say.

Deekshant:

So what would be the number?

Sai Kumar:

But it will be better than year-on-year basis consolidation. That's what I was trying to say.

Deekshant:

If possible, can you give us a number, sir?

Sai Kumar:

Quantifying at this point of time is very difficult. We are just taking control of the full control of the management because there are spread across seven plants, continuous basis, we are reducing wherever there is a redundancy of, the expenses or the manpower and other things, costs and other things, are being, done.

You have to accept a fact that, the acquisition and, this thing is a very organic process. We cannot take, actions overnight because there are traditionally employees which are older than this company. There are 41-42 years since, employees are there who are working in the company actually. Stage-by-stage we are doing, but currently guidance point of view to give also, I do not have a clarity of the numbers currently.

But from Q1 next financial year onwards, we will be able to give a guidance on the consolidated basis. But the only thing, guidance that I can give at this point of time, not in an absolute number,

is that even after consolidation, even after there is a small dip also, year-on-year point of view, the PAT level margins are going to be on higher side.

Target for the standalone basis we are targeting for a 15% margin. That's what is our internal target.

Deekshant: Sir lastly is on underwater mines. This is something that we have been expecting from the government and from our partners with PSUs for some time now. So what's been update on this and what's like been a deterrent for us right now?

Sai Kumar: All necessary approvals at all levels are over actually. The, it is just awaiting for a DAC approval, it has come to that level actually. We are most positive and likely that, it may, the file may come up for the DAC approval in the upcoming DAC meeting or maybe it, if it gets slipped, for an operational reasons because certain files, certain number of X number of files only they take up actually, if it slips it may go for another DAC meeting.

Some clarity is yet to come for even for us, as much as you are waiting, the same way we are also waiting. Operational-wise, everything is set, we are ready up for production, the documentation, quality plans, everything are up and ready from our end, we are fully geared up.

The moment the switch is on, we can do production, that's the stage we have already geared up ourselves. We are still awaiting as much as you were, as soon as something comes out, we will -- we will give our disclosure.

Deekshant: And this would be a INR2,000-INR2,500 crores order that we are thinking of, right?

Karunakar Reddy: Yes, it is going to be INR2,500 crores. Plus we are also expecting my other DCP partner BDL also going to take equal order, from that also we are expecting few hundred crores orders. Because we are making...

Deekshant: Do I have permission to ask one more question, sir?

Sai Kumar: Pardon me? Yes, yes.

Deekshant: Can I ask one more question? Okay. So sir right now we are also sort of seeing some increase in approvals, so the production state that we are going to go into, at what point can we expect our COGS to like, start going down? You are going for automation and everything else. So at what -- right now it's around 70% our material consumed, right? So at what point can we see a significant improvement here?

Sai Kumar: Yes, see this question we have been giving a reply to all the investors. Once again, I will give. There's a significant improvement at a COGS level will happen once a large-scale production orders kick up and which are going to be an anchoring orders over the overall topline actually.

Till such a time, the similar COGS levels would be maintained actually because predominantly most of the projects that we are addressing are, typically R&D projects and there is no control at COGS level actually for that. But as the large-scale production orders which we are awaiting,

okay, they are, they are something, which are going to give a significant benefit at a COGS level for them.

Management: And you must be knowing already DAC clearance now, I think around INR2 lakhs crores orders MoD has already given clearance. Many, many programs, naval programs, missile programs, couple of missile programs, and long-range missiles if you see, all together INR2 lakhs crores DAC, already Defense Acquisition Council has already cleared. So, I think,

Sai Kumar: So these are all production orders what he means to say. These are all production orders. Once they get into system integrator level, we are going to get that production orders, which will definitely give a benefit for it.

Deekshant: Is there any timeline for these DAC meetings so that we are aware of?

Sai Kumar: It is not in our control, sir. It depends on availability of Raksha Mantri, various other officials who are part of this thing, not in our control. Nor do we have any, we are not privy to the information also most of the time.

Deekshant: No, I get it sir. That's confidential on their level, but I get it. Jai Hind, sir. Thank you so much for continued work on this.

Sai Kumar: Thank you. Yes, I request everyone to restrict themselves with two questions. I am available tomorrow, day after tomorrow for the two different conferences, you will have, if you are attending the conference, if you are in Mumbai, you can meet me in person also. But I think, because we will have to give opportunity for many of them, some of them are messaging me personally also, that two questions I request most relevant two questions.

Moderator: Thank you. We take the next question from the line of Abhi Shah from Siddhi Technologies. Please proceed.

Abhi Shah: One question regarding the subsidiary IDL Explosives. So there is a standalone losses on the books of IDL Explosives. So what is the figure and when can we expect this figure to turn around positive on an EBITDA margin and also on the net income basis? So when the subsidiary could turn positive?

Sai Kumar: See primarily, if you see, there is INR4 crores loss that got added actually in the quarter, okay, out of the 45 days that this thing is there. This quarter I think, we are expecting an EBITDA level to be, break even, break even, okay. From next financial year Q1 onwards, the EBITDA level and at a PAT level it was going to be a positive PAT, a positive EBITDA company actually.

Abhi Shah: Okay, so can we expect margin dilution this, this year in FY '26?

Sai Kumar: There will definitely be a margin dilution. There will definitely be a margin dilution which we have told last quarter also actually. Okay, we have given that indication very brightly last quarter itself. But you have to also observe that, the margin levels of the standalone financials, it has significantly got increased, owing to, multiple types of systems, also entered – which have got

entered into production order in this financial year, which has given a benefit at a, I mean to say EBITDA level as well as at the overall at the PAT level.

Okay, so owing to that, although there is, certain, in the consolidation basis there is certain impact that is going to be there, but on overall as a consolidated basis although there is an impact because of consolidation, on a comparative basis of year-on-year, there is still going to be an improvement in the all the fronts, both at EBITDA level as well as at the PAT levels. That's how we would like everyone to look at.

The rationale behind the purchase of IDL at the time of, entering the SPA agreement also we have given in very much in detail, a detailed comprehensive, presentation we have given, that it's a strategy with which, the IDL Explosives is acquired and, it takes few quarters for us to, implement that strategy and bring it on to, defense-grade explosive, full-fledged this thing.

A huge capex is also being planned in IDL, which will contemplate for the future energetic requirement both in terms of the propellant as well as in terms of the warhead explosive, for, for our backward integration and also for, forward integration as a vertical integration, all three levels. So it will this transition will take some time.

At the same time, in our investor presentation also we have told that, there will also be an improvement from the next financial year owing that, we are doing a huge business development for IDL Explosives alone on a standalone basis also where, huge export-oriented, market which was untapped earlier is also being explored. Okay, and we have also given, decent amount of funnel is already there in place, which will further improve the margins of the company.

Traditionally whatever, the levels at which this is there, it is going to be, subdued or compensated with the export business as well as increase in the domestic business. Predominantly the business comes from the Coal India, but also other, mining and infra projects also one after other, we have started getting projects. And we have played a, key role by fighting in the court of law for the ban of Coal India to be lifted actually.

And that was successful, we got Coal India projects, so the survival point of view there is no problem, but Q1 onwards from the next financial year the EBITDA is going to be positive, PAT is going to be positive. This year there could be a small, impact but there is not going to be a serious dent on the financials at EBITDA level or the PAT level because the margin expansion has significantly been there in the last three quarters for Apollo on a standalone basis, so that small, impact of, the consolidation may not have a significant impact on the console side.

Abhi Shah: Thanks for the detailed answer. So again, one question I want to ask regarding the order book. So can you just guide me what is the order book for IDL Explosives this quarter?

Sai Kumar: This quarter, the complete order book of IDL is standing at around INR500-odd crores actually.

Abhi Shah: INR500 crores. Okay. And okay. Yes, that's it.

Moderator: Thank you. We take the next question from the line of Akshay from AK Investment. Please proceed.

- Akshay:** Hello, thanks for giving me the opportunity and...
- Moderator:** Sorry to interrupt Mr. Akshay, could you please come closer to your device and then speak?
- Akshay:** Okay, thank you sir and thanks for giving me the opportunity. Sir, my first question is about the EBITDA margin, so at consolidated level not for this year because we have acquired IDL and margin is stressed somewhat for that reason, but for the next financial year and FY '28, what would be the consolidated EBITDA margins going forward? What are our targets?
- Sai Kumar:** No, margin levels guidance, For the EBITDA or at a PAT levels, at a Q3 level, I am not in a position to give you. Okay, guidance we will give you, once the Q4 quarter ends based on the outstanding order books that we have and the funnel that we have at the end of the 31st March. Okay, that's point number one.
- But broadly, there is an internal target of maintaining on a standalone basis 15% margin at a PAT level. This is what is the guidance that we give, and we continue to stand on our guidance on the topline revenues of increase of 45% to 50% growth. Okay, that that guidance we have been giving and we will continue to stand on that point.
- Akshay:** Okay sir, and sir, my second question is about the promoter pledge, so when -- by when are we clearing the promoter pledge?
- Sai Kumar:** Okay, see like everything goes well, no, like -- We are we are working towards it in few quarters, we should be coming out. We have initially contemplated to come out in this quarter actually, but I think in next few quarters, step by step one after other we should be coming out.
- Akshay:** Yes, Yes. Okay, thank you.
- Moderator:** Thank you. We take the next question from the line of Manoj Jain from Jain HUF. Please proceed.
- Manoj Jain:** Namaste sir and Jai Hind. I would like to first state that, on the 5th of January I had sent an email to you people, asking a certain question but I don't know why it was unanswered. Now the question I'd like where which I placed there, I'm placing it once more here, which is that recently in CNBC-TV18 and other some websites some allegations some articles came on this your company in which it was alleged that something like that the shareholders had rejected a proposal for approving related party transactions in tune of INR500 crores between Apollo Defence, Apollo Strategic Technologies and IDL Explosives with almost 99% of the institutional shareholders voting against the resolution.
- So is this true? I don't know why the company did not refute it or say anything about it. So if you can kindly clarify on this matter. Thank you very much.
- Sai Kumar:** I will clarify, sir. The point is like this, it is not a neither an allegation nor false, sir, it is in a public domain. We have went we have gone in for an approval to shareholders stating that we would like to give a corporate guarantee towards subsidiary companies actually. Okay, sir.

The fact which -- the fact which every investor has to understand is that if we are taking a stake in a company, maybe a 100% acquisition or a minus stake or a majority stake, those companies typically rely on a parent company for support in terms of the financials. Right, sir?

Manoj Jain:

Yes, yes, yes. Yes.

Sai Kumar:

By being a support to the give a financial support to those companies, some certain guarantees has to be given as a corporate, okay. We have to stand as a guarantee and give that comfort to their either their lending partners or we may have to give some guarantees when they want to bid for a higher, tender projects or something like that.

Based for that purpose, in order to give such kind of a comfort letters or a corporate guarantees, this this resolution has been moved by us, which shareholders largely shareholders have accepted actually, but certain shareholders, they have gone with the what do you call biased, what do you call reports of certain report -- certain agencies who have made a report that, certain RPT, related party transaction based, corporate action is being initiated by Apollo.

Here the related party transaction point of view, none of the, the fund is not coming going to any of the, what do you call promoters, no such this thing is being given, only corporate guarantee, we are standing as a guarantee corporate guarantee has to be given without which, those company survival will become difficult actually. Okay.

Further we did -- there is nothing to refute nor is it an allegation. There are you -- there are certain people who will write some, irrational topics in the social media which are being picked by few other people and, we do not want to respond certain things which are there on that actually.

The fact is that the resolution got defeated because certain people did not understand, whoever has voted negative we have reapproached and we have given a presentation, but they being certain mutual funds, they go by these agencies' reports actually. We did not further move that resolution once again for a reason that even if we move now for the next financial year starting from 1st April we will have to once again approach for, shareholder approval.

For the purpose of this one or two months, there's no point in taking approval because once again we have to take, it's a cost for the company, it is your company who is incurring loss by again going to the ballot, it is INR20-INR25 lakhs expenditure for me actually. I did not want to spend that, we have requested our bankers to, maintain certain refrain over it and wait for some time, we will further go in for shareholder approval.

This time we will make a comprehensive presentation to all the people, whoever has written reports to them also we will approach, and we will tell them the rational. There is no benefit that is being accorded to any of the, subsidiary companies nor any benefit accorded to any of the promoters by moving this resolution.

It is purely for the purpose of supporting the subsidiary companies so that they become independently they will be able to run over a period of time till such time When a baby is born,

it should eventually be able to stand and walk on its own two feet, but until then, it needs to hold its father's hand to walk, right?

So, if I'm extending my hand to help him, and someone says, "Don't give him your hand, let him fall," that wouldn't be right, would it? We appreciate and understand the concerns of that reporting agencies, we are going to address it, I will come back with the resolution, I will convince them, once again we will get it fast. That is the thought process that we have internally. I hope this is clear and there is nothing hanky-panky happening there.

Manoj Jain: Okay, actually the report was made in such a way that as a shareholders, I could not understand that what was going on, so that's why I wanted clarification. And one more thing, sir, that I don't know why my question was not answered.

Sai Kumar: Jain sir, I request, please when reading -- when you read the report, whether the report has been written, appropriately by understanding what further resolution has been moved or not is also I request you to understand it, not just reading the report alone because reports are being prepared by certain analyst not understanding.

Because, when you prepare a report see I ask like you are an investor, whenever we conclude a call also now also, I want to tell, if when you are talking to us over the call of half an hour, one hour, you will not understand anything about the company, please visit us, talk to the management at least once in a lifetime. Okay?

Then only you will understand, after that we can have any number of calls. So whenever whoever is writing analyst also, I request analyst to please visit us, understand us, we can give you one hour, one and a half hour time, then you can write the report. Sir, what is not clarified I will clarify again.

Manoj Jain: Yes, sir, regarding this only I said that I had sent an email to you people but, regarding this only and but it was not answered, sir. That's why...

Sai Kumar: I regret it is unanswered, sir, verbatim it will be answered in next 72 hours.

Manoj Jain: Okay, sir, thank you, thank you for this and one more, one more question, small question I can ask, that any further plans of equity dilution for your company, means can you give any kind of indication that any kind of equity dilution in the future which you are planning?

Sai Kumar: As and when as and when it is contemplated, we'll keep you informed, sir.

Manoj Jain: Okay, sir. Okay, thank you very much.

Moderator: Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please proceed.

Ankush Agrawal: Hi, sir, just a clarification. So you said out of INR1,300 crores of order book, INR500 crores is IDL and rest INR800 crores are standalone.

Sai Kumar: Yes, sir, yes, sir, yes.

Ankush Agrawal: So INR800 plus INR500, that's the number, right?

Sai Kumar: Yes, yes, order book.

Ankush Agrawal: Okay, okay. That was all. Thank you.

Moderator: Thank you. We take the next question from the line of Shreyans Gathani from SG Securities. Please proceed.

Shreyans Gathani: Hi, good evening, sir. I had a question on the acquisition. So if you could give some more details around, which space the acquisition is in and what size of acquisition are we doing, what revenues, just some more details on what we are looking to acquire?

Sai Kumar: Acquisition is strategic in nature once again, okay. But we are bound by NDA, I cannot disclose, on exactly what it is actually because many of the people, will make their own assumptions out of it, but good strategic acquisition. Wherever we are doing acquisitions, we will be doing where we do not have a significant presence or we do not have a presence at all.

Shreyans Gathani: Got it. Sir, not just like any in which specific space because I know that we're looking to acquire some RF company for a while now, so?

Sai Kumar: NDA is signed and NDA is signed, due diligence is in the process, after we do our internal due diligence, it will come to merchant bank stage actually, okay, where the merchant banker is involved right from the NDA stage itself actually, okay. This is what I can tell you.

Shreyans Gathani: Got it. Okay. And second question is on the QRSAM order, it's already passed DAC, so when do we expect that order coming in because I assume that that'll also be quite a significant order for us?

Karunakar Reddy: Yes, Yes. QRSAM order, BEL already negotiation is going on, MoD is negotiating with Bharat Electronics. I think anytime, anytime this month only I think BEL is going to sign the MOU with MoD. I think this month we are expecting. Before March, all subsystem-level orders also they want to finalize. That is what the public sector undertaking, BDL is going to produce the missile, overall project Bharat Electronics is going to handle.

So BDL we are in touch with BDL now because missile onboard systems we are doing. BDL already they started negotiations and the, I think before March they want to finalize, in fact.

Shreyans Gathani: Got it. Okay, that's very helpful. Thank you. That's all from my end.

Moderator: Thank you. We take the next question from the line of Vivek, an individual investor. Please proceed.

Vivek: Hi, thank you for the opportunity and congratulations on good set of numbers. My question one is, probably I did not hear clearly, this order of MOORED Mine would be somewhere around INR2,500 crores?

Karunakar Reddy: Yes, DAC approval is there in place, I think INR2,500 crore, correct, yes.

Vivek: Okay, okay.

Karunakar Reddy: Two variants we are doing, two variants we are doing, one approval already is there in place. One DAC approval is in place, MOORED Mine already approval is there, MIGM we are expecting anytime this month.

Vivek: Okay. Regarding this Directed Energy Weapons, any progress on the order from the DAC?

Sai Kumar: No, sir. It will take some more time.

Vivek: Okay. Thank you so much.

Moderator: Thank you. We take the next question from the line of Disha from Sapphire Capital. Please proceed.

Disha: Yes, thank you so much for this opportunity. So, sir, just couple of questions. So what has been the contribution for IDL so far in terms of the revenue?

Sai Kumar: It means in the consolidation.

Disha: Yes, Yes.

Sai Kumar: See there is a consolidation happened for 45 days actually, okay, with a clock date of 16th November. So in terms of the topline, the contribution is around INR50.8 crores.

Disha: And what sort of contribution are we expecting overall for this year?

Sai Kumar: This quarter could be around INR90 crores.

Disha: Okay. And sir just going ahead, I think you mentioned 45% to 50% is what we're planning on a standalone basis, that is organic growth. But with this IDL, we'll get the full year for consolidation next year, and a lot of other acquisitions also that are in pipeline. What sort of growth are we targeting for FY '27 and for years going ahead?

Sai Kumar: The futuristic acquisitions may not add to the consolidation even if it is done before 31st March actually because hardly any time will be left, that may not be very significant actually. But typically whatever consolidation has happened I told whatever guidance happened I told actually.

So on a consolidation basis, guidance I told you I will not be able to give any guidance on the consolidation. My guidance is only on a standalone basis. Guidance we will start giving from the next financial year onwards on a consolidated basis.

Disha: Okay. Okay. Fair enough, sir. And for the IDL, I think you mentioned just to just to clarify...

Sai Kumar: So my guidance ceases, till now whatever guidance we have given that ceases as of 31st March 2026. Fresh guidance, on a because now that consolidations are happening, fresh guidance on a consolidated basis we will start giving from the next financial year onwards.

Disha: Okay. All right, sir. And just so just to clarify, you mentioned that IDL will be EBITDA break even we are expecting by this quarter and PAT and EBITDA positive from 1st Q FY '27, right?

Sai Kumar: Yes, yes.

Disha: Okay, okay. Alright. That's it from my side. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Santosh Singh, an individual investor. Please proceed.

Santosh Singh: Good evening, sir. Hello, am I audible?

Sai Kumar: Yes, Yes, good evening. Good evening.

Santosh Singh: Sir, my question is around the debt level. How are you going to fund this acquisitions which you have planned and how would the debt would look like? That is my first question.

Sai Kumar: Continue, sir, you ask all the questions, I will answer at a time.

Santosh Singh: Okay, that is the first question, Yes.

Sai Kumar: As far as, the ADIPL, which is going to do the acquisition, okay, we are going to infuse funds into that, which will meet that this thing, sir, actually.

Santosh Singh: Okay. No, my question was basically is it from internal accruals or you are going to raise more fund, that can you give more clarity on that?

Sai Kumar: Currently internal accrual, sir.

Santosh Singh: Okay, okay. Second question was around this order line, I mean, order which you have, what is execution timeline you're targeting? I mean and what percentage of that will be, executing each quarter or maybe a yearly. Can you give some idea around that? The rate of execution basically.

Karunakar Reddy: No, coming orders you are talking about, sir, which order?

Santosh Singh: Order book, which you have. INR1,300, right? So how is that going to be, executed? Per year, per quarter, how is that going to be, executed?

Sai Kumar: Sir, the current outstanding order book is around INR1,300 crores. On a consolidated basis actually, okay. So partially of that will be concluded in this financial year, and some running orders, fresh orders, keep coming on a short-term this thing. But majorly, the current for the next 45 days, 50 days to for the end of this financial year, the orders what has to be executed everything are already in the pipeline.

Rest of the orders, what do you call are the ones which will be executed in the next financial year where we have further funnel, where we are expecting orders, to contemplate for the guidance that is given on a standalone basis for the company actually.

- Santosh Singh:** Okay, okay, I got it. My last question would be basically what percentage we are, I mean maintaining our R&D expenditure, could you help me with that currently?
- Sai Kumar:** Sir, average of 6% to 8% has been traditionally our R&D spend, sir, actually. Okay. This year it may cross that trend actually. That's how I can tell you.
- Santosh Singh:** Okay, got it, sir. Yes, thank you for answering all my questions and best wishes for the next quarters. Yes, thank you so much.
- Sai Kumar:** Thank you so much. Thank you.
- Moderator:** Thank you. We take the next question from the line of Deepen from PhillipCapital. Please proceed.
- Deepen:** Hi, thank you for the opportunity and congratulations on a great set of numbers. Sir, my first question is on the lines of your acquisition for IDL Explosives. So, sir, I wanted to understand as to where have we reached in terms of licensing and certification pertaining to the defense explosives and what all are what more certification and licensing are pending?
- How much time it could take us and when can we start with the commercial production and maybe even foresee orders for defense explosives?
- Sai Kumar:** Sir, it is too detailed an information which I am not in a position to disclose at this point of time. But broadly, I will answer your question, that a detailed compendium of the different explosives related to defense explosives has, is already ready. And we are for some of the things, we have already started placing orders for the machinery.
- For some of the things, negotiation is going on, parallelly licensing activity is also parallelly going on. And there is a team of expert consultants who have been nominated to do this job actually. Next financial year, we are likely to get, large-cap, weapon system orders for which we are geared up.
- Deepen:** Got it, sir. Sir, in one of the DPSUs' commentary, so they told us that there was some supply chain issue that they are facing, so any slowdown from ordering from DPSUs that you might be seeing in or any commentary on the industry side of it that you would like to...
- Sai Kumar:** Obviously, when the context when the context of IDL has come, I told to the previous, this thing also, that this is a backward integration for us, it's also a forward integration for us and a vertical integration also, okay. We are we are building capacities which will not only meet our internal captive requirement going forward, but will also be, serving as an outsourcing for the many.
- So in the current scenario, doing it in a very, very large quantity, the ecosystem is very small and the requirements are growing exponentially in every quarter-by-quarter basis, every month, rather, I should position it as. And we are observing the trend. As we do not have a full, although we have a clarity and idea, we have appointed, very, very senior consultant panel actually.
- Not one member, okay, a panel of senior consultant who is expertise in the explosives in the different types of, someone who is expert in the warhead, someone who is expert in propellant,

within propellant someone who is expert in different things, someone who is expert in ammunition, okay. So like this, artillery, okay.

Like that, a panel of, consultants are, working on it, in terms of the current captive requirement of us and the futuristic requirement of to serve different industries, both for the public sector and there is a growing demand in the private sector, lot of people are entering into this project this thing. Even for them also IDL is going to be a support system, sir, going forward.

Deepen: Got it, sir. That's all from my side. Wish you the best. Thank you for the opportunity.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. And I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Sai Kumar: Thank you so much. We extend our sincere gratitude to the Ministry of Defence, Government of India, for their continued trust in the Indian defense manufacturing ecosystem. Their confidence reflected through substantial investments is a strong endorsement of our nation's industrial capabilities and innovation potential.

We remain steadfast in our commitment to delivering advanced solutions that bolster operational readiness and strengthen national security. It is an honor to serve the nation by all of us from the company 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 opportunity to observe our operation and initiatives at a 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.relation@apollo-micro.com. Thank you once again for your time and interest. We look forward to reconnecting with you during our Q4 update. Wishing you all a great day. Jai Hind. Thank you ICICI team, for arranging this call.

Moderator: Thank you. Thank you, management. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.