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BSE Limited, Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Ltd., Listing Department Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
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Subject: Transcript of the conference call held on May 26, 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 May 21, 2025, regarding schedule of the conference call with investors, we wish to inform you that the conference call was held on Monday, May 26, 2025, at 11:00 A.M.

Transcript of the above-mentioned 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

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“Apollo Micro Systems Limited Q4 & FY ‘2025 Earnings Conference Call”

May 26, 2025



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

MODERATOR: **MS. HIRAL PAREKH – DOLAT CAPITAL**

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Moderator: Ladies and gentlemen, good day and welcome to the Apollo Micro Systems Limited Q4 FY '25 Earnings Conference Call, hosted by Dolat Capital.

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 "*" then "0" on your touchtone phone.

I now hand the conference over to Ms. Hiral Parekh from Dolat Capital. Thank you and over to you, ma'am.

Hiral Parekh: Thank you, operator. On behalf of Dolat Capital, I welcome all participants to the Q4 FY '25 Earnings Conference Call of Apollo Micro Systems Limited. We appreciate the opportunity to host this call and thank the management for their presence today.

For today's call, we are joined by members of the leadership team from Apollo Micro Systems Limited. This includes Mr. Reddy, Managing Director, and Mr. Sai Kumar – Whole-Time Director, Operations.

With this, I now hand over the conference to Mr. Reddy to take us through the proceedings. Thank you, sir, and over to you.

Baddam K. Reddy: Yes. Good morning. My colleague, Mr. Sai Kumar, will be presenting our financials and all. Then, for any questions, then I am there to answer, okay?

Addepalli Sai Kumar: Good morning, everyone. My name is Sai Kumar – I am Director, Operations. I am joined by our Managing Director – Mr. Karunakar Reddy Baddam, and also our CFO – Mr. Sudarshan Chiluveru. Thank you all 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 Apollo Micro Systems has delivered yet another robust quarter, marked by consistent execution, operational discipline, and a strong commitment to indigenization and the Make in India initiative.

Let me first take you through our consolidated performance for the year and fourth quarter ended March 31, 2025:

FY '25 has been a landmark year for Apollo Micro Systems, marking our strongest performance to-date. We achieved a significant milestone and revenue reaching Rs. 562.07 crores, representing a robust 51.24% year-on-year growth, which is in line and exceeding the guidance that has been given by us over the past few quarters. EBITDA stood at Rs. 132

crores, reflecting a 54% increase year-on-year with a healthy EBITDA margin of 23.5%. Our net profit surged by 81.18%, in line with our annual guidance, and what we commit, we deliver.

Now let's move on to the Q4 FY '25 versus FY '24. In Q4 FY '25:

Our revenue saw an increase of 19%, reaching Rs. 162 crores, compared to Rs. 135 crores in Q4 FY '24. This growth is driven by a strong order book and the transition of several products into the production phase. Our EBITDA excluding other income also showed remarkable growth rising by 25% to Rs. 36 crores in Q4 FY '25, while the EBITDA margin registered an increase of 100 basis points as compared to Q4 FY '24 and stood at 22% in Q4 FY '25.

In a business defined by tailored, complex and mission-critical solutions, sequential, that is, quarter-on-quarter comparisons often fail to reflect the true picture, which we have been telling to all our investors from the beginning. The product mix and the delivery cycles of each product vary significantly based on the client-specific requirements. Accordingly, our annual performance remains the most meaningful benchmark for evaluating our financial and operational progress compared to our quarter-on-quarter results.

We are also pleased to announce a significant strategic milestone, which is the acquisition of IDL Explosives Ltd. This marks a new chapter for Apollo Micro Systems as we move closer to becoming a fully integrated Tier-1 defense OEM. The acquisition not only enhances our manufacturing capabilities but also broadens our solution portfolio across critical areas of defense supply chain.

Through this acquisition, it will not only be a vertical integration for us, but the various weapon systems that we have developed now and we are in the process of developing and the weapon system that we are going to take up in the future, the raw material will be sourced from there. We are going to increase our portfolio into warheads and rocket propellants and rocket motor designs through this acquisition. And also, we will be entering into a complete ammunition cycle where different calibers of mortar will also be developed in-house and supplied to our Indian defense forces which will also have a huge export potential.

As you are all aware that the huge inventory pile-up is being done across different parts of the world by different countries, so this acquisition marks a distinctive growth that will bring on to our company. It is a proud moment and a feather in our cap that positions us for greater impact and scale. The financial results of the acquired entity namely IDL Explosives Ltd. will be consolidated starting from Q2 FY '26.

Now, I would like to give some updates on various corporate actions throughout the year. Our Unit-2 is scheduled to commence manufacturing its operations from the Q2 of this financial year. Partial operations have already started but a full-fledged operation will start from the Q2

FY '26. Our Unit-3, we will start occupying in different phases. For the Phase-1 of its operation, stage-wise we will start occupying the facility because some of the facilities from Unit-1, the production, we would be shifting to Unit-3 from September of this financial year. The total capital expenditure allocated for Phase-1 is Rs. 150 crores and for Phase-2 is around Rs. 100 crores. The Phase-2 of Unit-3 is expected to commence work in Q4 FY '26.

So, I would also like to give an overview on the working capital cycle of our company. The working capital cycle days are expected to reduce by approximately 100 to 120 days from FY '27 onwards. So the rationale I would like to give you is that the several programs will be transitioning into a full-fledged series production phase. As you are all aware that we have a huge footprint, varied type of technologies and products across the weapon systems, both onboard and the ground support equipment side.

So, during the development phase, the cycles are very, very longer and not very predictable. But during a full-fledged production phase, there is a defined production cycle and critical planning in terms of the sourcing of the raw material and when the production has to take place will be in a very clear manner which will effectively reduce the overall cycle of the working capital. At the same time, the facilities that we are outsourcing presently for the testing and other things, we are equipping ourselves within the Unit-3 by investing close to more than Rs. 50 crores for these test equipment which are critically not available predominantly across for catering to various programs. All those facilities we are going to put up in Unit-3 which will also further support us in reducing this overall working capital cycle.

Regarding the preferential round which we are doing now, I would like to update that the approval has been received from both the exchanges on 19th May last week and the process is expected to be completed within the next six months. The proposed preferential round of Rs. 816 crores of fund raise, it will be utilized for the working capital requirement, for the R&D expenditure, and also to foster innovation in future technologies including investment in subsidiaries and other general corporate purposes.

Looking ahead, we expect the revenue growth which we have been giving guidance earlier also to grow at a CAGR of 45% to 50% over the next two years also, driven solely by the core business, excluding any contribution from the recent acquisition. If I take into account the contribution of the recent acquisition, I am very happy to share with you that our revenue would double in this financial year. This growth is underpinned by a healthy order book and different product mix entering the production phase.

The operating margins are projected to improve in the first half of FY '26 due to favorable operating leverage and product mix. However, ongoing and planned capital investments are expected to moderate margin expansions in the latter half of FY '26 and into FY '27, but continuing to maintain the balance of the profitability in terms of the PAT. You are all aware

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that there are several conflicts happening across the globe and a huge compilation of inventory is being planned. We are slowly entering into that ecosystem and a very, very unique league of companies who will be able to supply such complete weapon platforms.

And also, notably, the recent conflict between India and Pakistan has also further accelerated the overall requirement, and especially the demand for indigenous defense solution. And we are very happy that our solutions are utilized in the recent conflict. And also several procurements that are being done presently and in next few quarters, we will have a significant participation in that. And we are very happy to contribute for the nation. Several of our systems, as I told you, are successfully tested and demonstrated during this period. It has also generated a significant interest and engagement across the different defense value chains.

Thank you all for your continued trust and support. And we now look forward to addressing your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Dhruv Nachrani with Sunil Investinfra Private Limited. Please go ahead.

Dhruv Nachrani: Hello, sir. I hope you are doing fine. I just wanted to ask you one thing, the recent acquisition that you have done of IDL Explosives, basically that company since the past three years was not reporting gross profits, so what do you have to say about that and how do you plan to turn it around?

Addepalli Sai Kumar: Thank you so much. It was a nice question. So, I would like to tell you that primarily the post-Lebanon issue, there was a setback in the company in terms of the COGS point of view. So, that has continued to give a setback in subsequent years as well. So as we see today, as of March 31, 2025, the company reported around Rs. 551.8 crores of revenue, but there is a significant improvement in terms of the COGS. Primarily the ammonium nitrate is a very sensitive item and the pricing of which keeps fluctuating. So that is the reason overall there is, I mean to say, EBITDA level loss that is marked in the company. But as we take over it will become a positive EBITDA in subsequent quarters is what we foresee.

We are now continuously talking to different suppliers for a long-term arrangement of ammonium nitrate which will be a serious mix of both domestic as well as international imports. Several of the companies are presently only doing imports of ammonium nitrate on a significant basis and little of domestic basis. Similar mix we are going to do. We are already in action. We have already employed a team of consultants for making this long-term arrangement. So this is point number one.

Point two, going forward we will be transforming this IDL Explosives which is catering to the mining and infra base majorly end-to-end defense explosive site where we will be doing both

TNT, HMX and RDX based systems that will be used, for which the operational margin will also be on a higher side compared to the commercial explosive or the industrial explosive requirements. So, I will not give any assurance for the Q2, but in the subsequent quarters we will be improving the EBITDA level margins of the company. Continuous interactions with the company and operational this thing is happening. The corrections that were needed in the company are being already started implementation and you will see in subsequent quarters we will be doing it.

Dhruv Nachrani: So do you think the loss margins of IDL would affect your 25% to 30% EBITDA range that you are targeting?

Addepalli Sai Kumar: No. But you have to actually look towards the operational standalone P&L of Apollo Micro Systems, not on a consolidated basis for the next few quarters. But you can also appreciate that the overall accumulated loss which will be there in the company, that will give a benefit for us in terms of the taxation if you take it in the consolidated basis. So that is one additional advantage that will be brought.

As the complete acquisition is not complete, it is not appropriate on my part to give a detailed analysis on the P&L and the balance sheet of the company even before the actual clock date of the full-fledged merger. But you have to understand that for the next few quarters you will have to look at the standalone balance sheet of Apollo. Subsequently, we will also gain an advantage of the accumulated related loss because in terms of the taxation point of view, whatever the income tax outflow would be there, there I would get benefit because of the accumulated loss in the IDL actually. That will significantly improve the overall, I mean to say, PAT levels of Apollo in a consolidated basis.

Dhruv Nachrani: Got it. Thank you for the answer. Sir my second question would be that the operating cash flows of Apollo Micro Systems have been highly negative in the past few years, it's just reporting a slightly positive in FY '25. So can you explain the reason behind that and like how is it going to be in the future?

Addepalli Sai Kumar: If you see the rationale which I have given during the opening speech and also in my investor presentation in a very brief way, I would like to make everyone understand that predominantly the company has a huge footprint of having participation in almost every indigenous program in the country. And most of the business that we do or we clock in a year is a combination of development projects and development cum production projects. So year-on-year basis, the percentage of the production core into a series production phase is increasing, in FY '25 also it increased. Exact number I will not be able to quantify right now. But it will continue to increase in the current financial year and the next financial year also.

As the percentage of the production volumes in the overall top line keeps increasing the operating cash flow, there will be a significant improvement. You will see a huge remarkable

change in FY '25 in our operating cash flow, it will be totally positive and it is something that is going to carry forward in the subsequent years also. So you can see that very few weapon systems have gone into production. After Akash, there is no such weapon system which has gone into huge series production actually. Although there are several dozens of programs which are being done and the revenues are being clocked over it, but full-fledged production, not many systems have gone into.

Now things have changed, thanks to Indo-Pak conflict also that the forces have also realized the serious importance of the indigenous system to be quickly deployed on a spiral development basis because of which the revenues subsequently in the production phase also will increase, which will be anchoring the overall revenues, which will increase the operating cash flow of the company, which will also improve the overall number of working capital cycle also of the company.

Dhruv Nachrani: Got it. Thank you, sir. My last question would be in the Unit-3 --

Addepalli Sai Kumar: If you don't mind, to you and also to others, we have time up to 11.55. I have a 12 o'clock another interview with Zee Business. As the number of people are more, I would request everyone to keep their questions only for two questions, not more than that, so that everyone will have a chance. This is a humble request.

Baddam K. Reddy: Yes. If you have any further questions you want to clarify, you can always mail to us, we will respond to you.

Dhruv Nachrani: Sure. I will join the queue. Thank you for your answers.

Moderator: Thank you. Our next question comes from the line of Rupesh Tatiya from Intelsense Capital. Please go ahead.

Rupesh Tatiya: Thank you, sir. Congratulations for a good set of numbers. My first question sir is, can you give a comprehensive update on the naval programs? Primarily mines program, underwater mines, which we are expecting some orders, where are we on that? And then the three torpedoes; Varunastra, ALWT and EHWT, if you can give a comprehensive update on this, that will be very helpful.

Addepalli Sai Kumar: Yes. The multi-influence ground mine, if you are tracking the news, around three and a half weeks back, the last phase of the limited explosive trial is conducted, which is a combat trial. And it has been a very successful trial, similar to the other trials which we have been doing for the last couple of years.

We have been very positive based on the information that we were talking in the Ministry of Defense, that the RFP will be closed before March 2025. But because of this combat trial, and

also several stakeholders that are involved in this particular, because it is a very sensitive product, it has got a little delayed. But we are expecting this order to flow in this financial year, the finance approvals and other things, including the RFP and the release of order will be done in the upcoming quarters, actually.

This will be an opportunity, one of the largest opportunities for Apollo that we have been telling. But yes, this is the reason for the delay, but it is something that is going to come. Coming back to the heavy weight Torpedoes, the Varunastra approval, the financial approval is already obtained, given by MOD. All the formalities are complete. It is only BDL getting an order that after subsequent to that we will get our size of opportunity. Same is the case with ALWT. I am restricted to give the numbers, but the numbers are going to be very, very large for ALWT, and we are having a significant contribution in that.

And the heavy weight Torpedo, electrical heavy weight torpedo's point of view, if you see the couple of months back, we have announced an order received from Bharat Dynamics Limited, which is a production takeover kind of a project. During the development phase to production phase few numbers will be produced by the lead integrator, which is now BDL here in this case. So, that order limited, for couple of numbers is placed. Few more numbers are going to come this month we are expecting actually for that particular thing. And as far as the navy induction point of view is concerned, in this financial year, electrical heavy weight torpedo order will be received by BDL and also to us.

Baddam K. Reddy: Yes, EHWT case now, they are also configuring for the P-75 Scorpene-class submarine also. Majority of the people are producing the submarine and missile they are going to use EHWT torpedo only they are configuring. But also limited series order we are expecting any time in next two weeks' time.

Rupesh Tatiya: Thank you. Thank you for that update, sir. My second question is what is our order book as on date and where do you expect it by let's say March '26? And also, there was very interesting this transfer of technology, I saw Prachand Munition Hardware, we got a TOT. And I am hoping this is a helicopter. So if you can expand, give some color around that. So this is my second question.

Baddam K. Reddy: Prachand Munition is a landmine actually. It has nothing to do with the helicopter Prachand actually. This is a landmine, anti-tank landmine.

Rupesh Tatiya: Okay. And order book, sir?

Baddam K. Reddy: Rs. 615 cores as we closed last Friday.

Rupesh Tatiya: Okay. And where do you expect by March '26?

- Baddam K. Reddy:** I think we will triple our order book by March '26.
- Rupesh Tatiya:** Thank you. Thank you for answering my questions, sir.
- Moderator:** Our next question comes from the line of CA Garvit Goyal from Nvest Analytics Advisory LLP. Please go ahead.
- Garvit Goyal:** Good morning, sir. Congrats for decent execution in the quarter. Sir, my first question is like Apollo Micro Systems' extensive track record in electronic subsystems for missile platforms and its participation across 150-plus indigenous defense programs. So can you please elaborate on the company's current or perspective role in DRDO's Project Kusha, particularly in the development of fire control systems, onboard electronics or radar integration for that matter in the components for M1, M2 and M3 interceptors that will be under Phase-1 and Phase-2? That is my first question, sir.
- Baddam K. Reddy:** Kusha is like S-400 type of a program. It is going to be 150 kilometer range, 250 kilometer, 400 kilometer kind of a thing, okay. We are providing lot of subsystems to Kusha. In fact, because of urgency and lot of pressure from MOD, DRDO has placed order on couple of industries. We are the first people to deliver the systems. Almost four, five subsystems we are doing for the Kusha program, it goes into onboard this thing. Critical actuation system like radar actuation, front actuation and all we have already supplied. We are the first people to deliver the subsystems. We are also doing launcher systems also we are making, and we will be completing any time next quarter before September.
- And also, you must have heard about QRSAM and Akash-NG and all, QRSAM already government has released Rs. 25,000 crores. We have huge contribution in QRSAM program also, so continuously meetings are taking place and we are gearing up for the production activity. So any time next two quarters from we are expecting order from BDL. BDL is a production agency for QRSAM. BDL and Bharat Electronics together they are doing the production.
- Garvit Goyal:** Got it. And secondly, given our expertise in RF and microwave subsystems through Ananya and your long-standing participation in critical indigenous defense programs including missiles and naval platform, so how is the company positioned to capitalize on emerging demand in radar and electronic warfare domain? Particularly if I speak about the fire control radars and GAN-based SR radars, so has the recent conflict with our neighbor, and India has demonstrated operational readiness led to any concrete engagement or any visibility around large scale contract either from the Ministry of Defense or any export inquiries for that matter?
- Addepalli Sai Kumar:** So RF side we went a little slow. This year we are going to accelerate, we are talking to couple of companies in RF space for acquisition further actually, the RF portfolio we will increase.

Presently in RF side, our presence is very, very less, but this is something that we are going to accelerate.

Baddam K. Reddy: Akash-NG and QRSAM we will be getting good orders of RFQs.

Moderator: Thank you. Mr. Goyal, may we request that you return to the question queue for follow-up questions as there are several participants waiting for their turn. Our next question comes from the line of Deekshant with DB Wealth. Please go ahead.

Deekshant B: Hello, sir. Congratulations on the good results. Firstly sir the question is, we have a pattern of pledging our shares and then revoking it, so specifically for Mr. Reddy, could you help us with this sort of thought process because I think it will help with investor confidence as well.

Addepalli Sai Kumar: So primarily, two and a half years back we have done a preferential round. In order to maintain the shareholding percentage, the promoter had also participated in it. Not only for that reason, promoter by himself is quite positive and bullish about the company and in the current preferential round also promoters participated. So the participation has been done by raising funds by pledging the shares.

As per the terms and conditions governing the Loan Against Securities (LAS) facility, when the market price of the pledged securities exceeds a predefined upper threshold, a proportionate release of shares may occur, as the Loan-to-Value (LTV) ratio improves significantly. Conversely, in the event of a price decline, the LTV ratio deteriorates, necessitating an increase in collateral to maintain the required coverage. So you will see a share pledge and release from time to time happening for that reason actually.

And I would also like to mention that the funds that are raised through pledge of shares are all deployed in the company and no pledging or any debt is raised by the promoter for any of his personal requirements, investments in any other entity or any other requirements. It is purely for investment back into the company as an equity back in the company. The current preferential round also, the promoter group has participated significantly and that is being done.

Baddam K. Reddy: And also for the acquisition purpose also these funds are raised.

Addepalli Sai Kumar: And we have also raised some funds in our subsidiary for which the promoter has also given his shares as a guarantee actually. So that is how the pledge also took place for that reason as well. And this is something that we are going to do. There is nothing alarming situation. Everything is purely in our control. We anticipate that the company's upcoming performance, coupled with its current strategic defense initiatives, will underscore its inherent strength and resilience. And the investors would understand what the company is doing all about. And the promoter's LAS also will come down in the subsequent quarters.

- Deekshant B:** Sir, I completely understand that. In fact, if we are going for a new phase of growth then we would need capital. This is very helpful. Sir, secondly, what kind of dilution of shareholding can we expect in the next FY, like current to next FY, the next two years?
- Addepalli Sai Kumar:** Currently, promoter holds around 55% overall stake in the company. It will come to close to around 50-point some change which is close to 51%.
- Deekshant B:** Okay. And what is the total pledge, if you could clarify that, for us right now?
- Addepalli Sai Kumar:** I will have to check the records, if I can give the answer to you by checking the records appropriately.
- Deekshant B:** No problem, sir. Sir, two questions on the production stage here. You have mentioned that we are now going into production stage for a lot of class of weapons. Could you just elaborate this? And also, in this presentation we have seen BrahMos being mentioned, so what is our role in this and any other air to surface weapons?
- Baddam K. Reddy:** We are working on a program called AAD program and also working on QRSAM program, Akash-NG is also surface to air missile. And KUSHA also S-400 class type, KUSHA also a lot of contribution is there.
- Addepalli Sai Kumar:** ASTRA, air defense point of view.
- Baddam K. Reddy:** ASTRA air defense program also our contribution is there.
- Moderator:** Thank you. May we request that you return to the question queue for follow-up questions. Our next question comes from the line of Ankush Agrawal from Surge Capital. Please go ahead.
- Ankush Agrawal:** Hello, sir. Thank you for taking my question. So the first question is, could you highlight which are the products and programs wherein we as a company are supplying the products end-to-end? Like the underwater mine is an end-to-end product wherein we will supply the product directly to navy, and for those programs what is the estimated price and the timeline that you expect those programs to come in?
- Addepalli Sai Kumar:** Underwater mines, I have already given the reply, sir.
- Ankush Agrawal:** Similar to underwater mines, which are the products wherein you will be directly supplying the entire product?
- Addepalli Sai Kumar:** Yes, we are doing one anti-submarine warfare rocket also for Indian Navy and there is a man-portable mines called Limpet Mines also that we are giving to Indian Navy. Presently our

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medium range rockets are under development under Make 2 which will go for trials in the coming quarter actually. That is one full-fledged system that we would be doing.

Apart from that, we have started an in-house development of **VSHORADS** rockets also. There is a recent EP program which is happening from Indian Army for which we have submitted bid last week actually, which is going on a significant thing. As you are aware that we have entered a joint development MOU with Garden Research Shipbuilders & Engineers for developing a mini torpedo. All the building blocks are already available, continuous interaction is happening. So, mini torpedo is one such thing which will go for development.

And in the mines classification also, there are some deep sea deposition mines requirements which are basically with the mooring mechanism called moored mines. That is also something which the development is already complete. It is a non-DRDO program presently. It has got converted into DRDO program last couple of months back only, but we finished development more than one and a half year back and we submitted our samples for evaluation to DRDO.

So, more in offerings there are another four, five programs which are very classified and sensitive which I will not be able to divulge at this point of time. But as and when certain things keep happening, we will inform to the investors about it and then we can have a more elaborative discussion on that.

Ankush Agrawal: Got it. Sir, the second is just a clarification on the margin commentary which you said that in H1 FY '26 we will see a better margin, and that margin expansion will stop. So does that comment mean that the margin expansion will stop but we will maintain the improved margin that we will see in H1 FY '26? Or do you expect margins to contract from say H2 and FY '27?

Addepalli Sai Kumar: I didn't get your question. Somehow the voice was breaking in between.

Ankush Agrawal: So the question is, you have mentioned that in H1 FY '26 we will see improved margins, right, but you expect that expansion to stop from H2 FY '26 and going into FY '27. So does that comment mean that in H2 and FY '27 we will see margins contract or is it just that the expansion will stop?

Addepalli Sai Kumar: No. It's not that the expansion will stop actually. You will have to understand that as the quarters progress, there is a lot of interest loading that keeps happening because of the long-term debt that is there in the company, okay? So, initial part of the financial year there will be a margin expansion, later there may not be a significant margin expansion but it would be flat actually. It is not that it will reduce. There is an interest loading that happens because of the continuous completion. By September we will be drawing the complete this thing. That is the guidance that we are giving at this point of time.

- Moderator:** Thank you. We move to the next question from Deepanshu Bhatia with FinWizz. Please go ahead.
- Deepanshu Bhatia:** Yes. So I have two questions. First thing is, for the fundraising, the round that we have planned, it is now around Rs. 816 crores. Are we confident that we are going to receive almost 98% to 99% of the payment? Or is there a risk some investors can back up at this moment?
- Baddam K. Reddy:** Something which is not in my hands, I cannot comment. It is only a matter of one week, you will get an answer, so please.
- Deepanshu Bhatia:** So the payment will be received by a week or two?
- Addepalli Sai Kumar:** No, no, I wanted to tell you that the promoter group has already put in money, okay. So that is the only thing I would like to give a comment as of now. How much participation would be there based on market conditions or something. As I speak to you, we are continuously interacting with the investors. Most of them are very positive, they are talking to us. Promoter, on the first day itself promoter has already put in his money.
- Deepanshu Bhatia:** Okay. And for you people also, in the next two weeks you will be able to like assess how many people are committed, right? You will be receiving the payment for the preferential at least?
- Addepalli Sai Kumar:** Preferential and warrants, both, right? Both has to be done, yes.
- Deepanshu Bhatia:** In a week or two or it will take six months to receive the payment? That is what I want to understand.
- Addepalli Sai Kumar:** No, no, week or two only.
- Baddam K. Reddy:** Our participation is only one week or two weeks
- Addepalli Sai Kumar:** The six-month context during the speech was that in six months the complete conversion of preferential will be complete, because the warrants is for the six months only. And for the preferential equity point of view, in six months the conversion will be complete. That was the context.
- Deepanshu Bhatia:** Okay. There is a conversion, okay. Got it. Sir, second question is about the order, I think you have already answered that but I want to know is there a possibility the huge order for the naval defense and those Rs. 1,000 crores type of orders that everybody is waiting for some time and I hope you are working your best towards that. Is there a possibility it can move beyond 2025, which we might be receiving in Q4 FY '26 or something or is it like we might get in three, four months max?

- Addepalli Sai Kumar:** As the day stands, the information what we are getting it will not go beyond.
- Baddam K. Reddy:** The file is moving and, what is this thing, RFQ in June month we are expecting. From there it is only processing time.
- Moderator:** Thank you. We move to the question from Aman Vij from Astute Investment Management. Please go ahead.
- Aman Vij:** Good morning, sir. My first question is on IDL. So could you talk about what is the order book currently and where do we see this order book going in the next one to two years?
- Addepalli Sai Kumar:** We are not in access to that presently. We have only entered in SPA agreement. Until the share transfer agreement is done, that information may not be accessed to us, and I cannot comment on that as of now.
- Aman Vij:** Sure. Next question is, if you can give an update on the ATGMs because there is lot of things happening on that side as well as I read couple of articles on Rudram, STAR and I think it should be LRGB also there is lot of trial happening. So do you expect any orders from these programs in FY '26 as well or mostly it will be in FY '27 and later? First if you can give update and then, please.
- Baddam K. Reddy:** LRGB, we are expecting orders, when it is some emergency orders also we are expecting. This LRGB DCPD partner, Adani is one of the DCPD partner. In fact, there was emergency enquiry also we have submitted and under emergency they are expecting some orders. And also bulk quantity orders also they are expecting before this financial year end.
- Addepalli Sai Kumar:** And also NAG, HELINA and other MPATGMs we have participation. There are different actuation system, fuses and other things like several systems are going in multiple ATGMs actually.
- Baddam K. Reddy:** Few hundred already enquiry has come already. I think next one month's time they will be releasing order.
- Addepalli Sai Kumar:** Which also includes Rudram and STAR.
- Baddam K. Reddy:** Yes.
- Moderator:** Thank you. Our next question comes from the line of Utkarsh Somaiya with Eiko Quantum Solutions. Please go ahead.
- Utkarsh Somaiya:** Thanks for the opportunity. Can you please give guidance on EBITDA margin, interest and appreciation for FY '26 and '27?

- Addepalli Sai Kumar:** Not presently on the EBITDA and the PAT levels, but on the top line levels, I gave my this thing, 45% to 50% we will grow. But I can say, even in spite of the long-term this thing, our PAT levels will continue to grow. But how much expansion would be there on a PAT level, I think a better guidance I will start giving from H1 onwards.
- Utkarsh Somaiya:** No, I want EBITDA margin, interest cost and appreciation, these three.
- Addepalli Sai Kumar:** Both the guidance up to H1, I will not be able to give, because we are in a severe expansion mode. All put together on H1 period only I will be able to give more clarity on that. But I would like to say there will not be any dip in the EBITDA levels. There will be an improvement. But exact guidance on the numbers, H1 period I will be able to give with more clarity actually.
- Utkarsh Somaiya:** Okay. And with the acquisition you said your revenue will double in FY '26 approximately Rs. 1,100-odd crores, am I right?
- Addepalli Sai Kumar:** Yes.
- Utkarsh Somaiya:** And from there you expect a 50% growth in FY '27 to Rs. 1,600-odd crores?
- Addepalli Sai Kumar:** Whatever growth guidance I am talking, I am talking only on a standalone basis.
- Utkarsh Somaiya:** No. You also mentioned you would double your revenue in FY '26 with the acquisition, right?
- Addepalli Sai Kumar:** That is what. The guidance which we gave 45% to 50% growth is on a standalone basis, but on a consolidated basis our revenues will double, that is what I said.
- Utkarsh Somaiya:** Yes. I understand that. So, what I am trying to understand is, in FY '27 when we look at the growth from the consolidated revenue we will do in FY '26, do we still take that as 50% or a lower number on a consolidated basis?
- Addepalli Sai Kumar:** No, no, you are not understanding actually. I am giving a guidance, I will continue to grow 45% to 50% in this financial year, next financial year on a standalone basis. Consolidated revenue, this financial year we are going to double the revenue, okay? Next financial year, unless the company comes into my hold, where I start fully operating the company, I will not be able to give any guidance on that particular company. But keeping the way the trend with which the company is recording its sales for last three, four financial years, we foresee that we will double the revenues on a consolidated basis. But my standalone guidance of growing at a 45% to 50% CAGR, on a standalone basis it will continue this financial year and next financial year also, on a standalone basis.

- Utkarsh Somaiya:** Okay. And one last question if you don't mind, what will be your total share outstanding post the dilution?
- Addepalli Sai Kumar:** Numbers are very tough to remember actually, you may record the question, I will answer it to you offline.
- Moderator:** Thank you, sir. Our next question comes from the line of Pratik Bagadia who's an investor. Please go ahead.
- Pratik Bagadia:** Yes. Hi, good morning, sir. Thanks for giving me this opportunity. Most of my questions have already been answered. So I just want to understand one thing that, last time when we spoke in the last quarter, our promoter pledge part was around 33% which now has moved to close to 48%. And as per my understanding, our company's guidance was that by FY '26 we will completely remove our promoter pledge part. So are we still sticking to that?
- Baddam K. Reddy:** No, the pledge percentage will come down, when the price was Rs. 55, Rs. 60 only we have pledged actually. I am expecting back the shares from various vendors. But the percentage will come down like anything. Maybe I am expecting some 15% will come down, next one week, 10 days' time.
- Pratik Bagadia:** Okay. No. But by FY '26, how can --
- Addepalli Sai Kumar:** 33% to 47% we have raised funds in our subsidiary for which the shares are pledged, for the acquisition the funds are raised for which the shares are pledged, that's why you are able to see. But 33% to 47%, I do not think it has jumped. But exact thing, I have to check actually how much it is.
- Baddam K. Reddy:** And some of the accounts we are carefully also, we are closing also maybe in next one week, 10 days' time, we are closing some accounts also, in fact.
- Pratik Bagadia:** Fair enough, sir. So just a request, if you can share a press release whenever our process is done that this is the exact promoter pledge part that comes, it would be very helpful for all the investors.
- Addepalli Sai Kumar:** Press release is not mandated actually. As and when there is a release, it gets automatically updated in the exchanged. But you can keep track of it or you can get in touch offline through our Investor Relationship email ID, we will quickly reply on to that.
- Baddam K. Reddy:** In fact, yesterday, somebody has released some 4 lakh, 5 lakh shares. That will come automatically, you can see on this thing.

- Pratik Bagadia:** No. I understand, sir. Sir, my last request is, I do not know if how much we are allowed to ask on specific on the programs because defense being a very sensitive area from the national security point of view. So I am not sure if all the participants are allowed to ask on programs like torpedoes, missiles and submarines. So I just wanted to check on that if we are allowed to ask such questions or not.
- Addepalli Sai Kumar:** You can ask any question, there is no bar for it. To what extent we can reply, we will reply to it based on the sensitivity of that particular program.
- Moderator:** Thank you. We move to the next question from Divysha Shah from Uchit Capital. Please go ahead.
- Divysha Shah:** Sir, my question is somehow conceptual question. Sir, we are becoming a Tier-1 for the defense and aerospace ecosystems. Sir, what will be the difference and what is the financial potential for becoming a Tier-1? And who are our two or three nearest competitors as a Tier-1 supplier? And sir, what is the total addressable market for Tier-1 supplier, total addressable Indian defense market for Tier-1? This is my first question, sir.
- Addepalli Sai Kumar:** Addressable Indian market, over a period of next few years is going to be few lakhs of crores, okay, which is very highly mind boggling kind of a figure. But we would not like to say that we are trying to address that market. In a very subtle way we want to tell you that the size of the market is going to be so big that any single company will not be able to address that particular market. That is the reason when the only mandate was there with the PSUs, the mandate, government has started believing that it has to be spread across the different private industries also who can raise the capital fast and who can able to take a decision fast and meet the inventory requirements of the forces.
- We are also getting into that particular specific league wherein we will be able to address that particular market. By acquiring explosives company, we have got into a very, very unique league as a company who can design the systems inside the weapon and who can integrate the weapon, which we have been doing for other programs in different, different applications. And also, we have an expertise in the ground support equipment side in terms of the launchers and the fire control system side.
- Explosive becomes a very extremely added advantage because today in Indian ecosystem the explosive filling capabilities hardly any companies have, like Premier Solar and Munitions India Limited. There are other very small companies. But everyone has to understand, understanding the composition in terms of the warhead explosive and the propellant and the design capability for that, and in-house investing in terms of the development during the development is something very, very critical and not many players are doing, including the players which I told.

This is the league which we are entering. It's not a short-term goal for Apollo, it's a long-term goal for Apollo. By fostering this relationship with this IDL Explosives in terms of the acquisition, we would be aiming towards a league where we will manufacture the entire weapon, both for the country's requirement and also for the lot of exploding inventory pile-up requirements across the globe wherein we will be manufacturing not only a missile kind of a thing, short-term, medium-term rockets, hand-launched rockets, ATGMs, mortars and aerial drop-bombs. So, the portfolio size is actually going to increase in terms of the value chain, that is the rationale in acquiring this company.

Moderator: Thank you. Ladies and gentlemen, due to time constraint and other commitments, we hand the call to the management for closing comments. And for further questions, please mail to the Investor Relations team. Thank you.

Addepalli Sai Kumar: So thank you so much. I would like to sincerely thank all of our investors for their valuable participation in today's conference call. We are fully committed to continuously improving our performance as given in our guidance. And we also assure you that we will make every effort to achieve better results moving forward. Thank you once again, and we eagerly anticipate reconnecting with you for the Q1 update. Wishing you all a wonderful day ahead. Jai Hind.

Moderator: Thank you.

Addepalli Sai Kumar: Thank you, Dolat Capital, for facilitating this earnings call. We truly appreciate the questions asked by all the investors and enlightening all other investors. I also understand that many investors could not ask their queries because of the short period of time, but we would love to answer every question. And personally, and joined by me, our Managing Director, Mr. Karunakar Reddy, we both personally invite every investor to come and visit our office and see the exact process and the criticality of which in developing a weapon system, an avionics system which are safety critical, and what makes it so critical to manufacture it. Every first system to every 100th or 1,000th system that is produced, every system has to undergo the qualification, which is a tedious, time-taking, critical process. Only if you see, you will be able to understand. You may take our time and visit our office, we would love to host and showcase the capability and overall process.

Baddam K. Reddy: You can also see upcoming facilities like Unit-2, Unit-3 also you can see.

Addepalli Sai Kumar: Thank you so much.

Moderator: Thank you. On behalf of Dolat Capital, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.