Management Discussion

Vikash Singh - Analyst, ICICI Securities Limited
Thank you, Anna. Good morning, everyone. A warm welcome on Apollo Micro Systems H1 FY 2027 and Q2 FY 2027 earnings conference call.

Before I introduce the management, I just would like to give a short disclaimer. This call may contain some forward-looking statements, which are completely based upon the belief, opinion, and expectation of the management. So this statement should not take as a guarantee for the future performance.

We would like to thank Apollo Micro Systems management for giving us the opportunity to host them. From the management side, we have with us Mr. Karunakar Reddy Baddam, Managing Director, Mr. Krishna Sai Kumar Addepalli, Whole Time Director and Operation, Mr. Sudarshan, Chief Financial Officer.

Without taking any much time, I will hand over to the management for their opening remark. Over to you, sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Good morning, everyone. It's an exciting time in Indian defense and we are glad to have you with us as we share where Apollo Micro Systems stands today. We have delivered our strongest performance in our company's history with record results for both September quarter and first half of FY27. This is a defining milestone built on sharp execution, rising scale, and growing customer confidence. The momentum is real and we are only accelerating. I trust you have had the opportunity to review our financial results, shareholder letter, press release, tear sheet, and investor presentation.

This is our second investor interaction of FY27, and Q2 has been a quarter of landmark progress, four developments define it. First, a regulatory milestone. The CCI of India has approved the Premier Explosive transaction, clearing the way for the open offer to public shareholders. Second, a leap in indigenous precision guidance. In this, the distinguished presence of Honorable Raksha Mantri Shri Rajnath Singh ji, the transfer of technology for the semi-active laser homing system was awarded to us. This technology allows munitions to find and strike laser-designated targets with precision, and it strengthens India's self-reliance in advanced defense capability.

Third, a bold new chapter. Shauryastra Defense System. This new Apollo Group company will design and develop complete weapon systems, long-range systems, and integrated defense platform for the nation. It is going to be led by promoter Dr. VK Saraswat, ex-scientific advisor, Raksha Mantri, a celebrated architect of India's missile defense capabilities, and it takes us from building critical components to shaping an entire system. Fourth, scale on the ground. IDL has commissioned its Bolkunda silo unit near Asansol and spread over 8.5 acres land with 9,000 metric tons of bulk explosive storage. It deepens IDL's nationwide silo network and equips us to serve the long-term orders secured from Coal India subsidiaries.

Technology, systems portfolio, and infrastructure each advances a different front, and together they build the foundation for our next phase of growth, powered by indigenous innovation, disciplined execution, and enduring value creation. Let us come to the numbers that created a history and reinforced a strong confidence in us to serve the nation.

Let me now take you through our consolidated financial performance for half-yearly FY27, a

record-breaking half-year performance. We delivered our highest ever half-year revenue, EBITDA, and PAT. Revenue surged 78% Y-o-Y basis to a record INR639 crores from INR359 crores in H1 FY26. EBITDA excluding other income grew 65% to a record INR165 crore from INR100 crore. PAT grew by 50% to a record 71% -- INR71 crores from INR48 crores. We maintained positive cash flow from operations of INR22 crore during the period. Our working capital cycle also showed an improvement with working capital days reducing to 353 days from 359 in FY26.

H1 FY27 standalone performance is a record on every front including margins. We delivered our highest ever half-year revenue, EBITDA, and PAT. Revenue grew 29% year -on-year to a record INR462 crore from INR359 in the preceding year. EBITDA excluding other income outpaced top-line growth, rising 56% to a record INR156 crore from INR100 crore. PAT grew by 44% to a record INR76 crore from INR52 crore. EBITDA margin reached an all-time high of 34%, expanding by 600 basis points. PAT margin also hit an all-time high of 16%, expanding by 200 basis points.

Coming to the quarterly performance of Q2 FY27 consolidated, revenue grew by 72% year-on-year basis and 54% Q-o-Q, which reached all-time high of INR388 crores in the quarter. EBITDA excluding other income grew by 88% Y-o-Y and 107% quarter-on-quarter, outpacing the top line and reached all-time high of INR111 crores. In the respective quarter. EBITDA margin excluding other income reached all-time high at 29%, expanded 200 basis points Y-o-Y and 700 basis points quarter-on-quarter. PAT also reached an all-time high ever to INR46 crore, which grew by 40% Y-o-Y and 83% Q-o-Q, outpacing the top line.

Turning to the standalone business, Q2 FY27 was a breakout quarter Our top line hit an all-time high of INR306 crores, growing 36% year-on-year and 96% sequentially. EBITDA excluding other income grew even faster. EBITDA excluding other income soared 82% year-on-year and 122% quarter-on-quarter to a record INR108 crores. Profitability took a big step up with EBITDA margin reaching 35%, up 900 basis points year-on-year and 400 basis points sequentially. At the bottom line, we earned a record INR48 crore in PAT, up 46% year-on-year and 73% sequentially

A number captures the pace of our scale-up in Q1 FY27, our EBITDA excluding other income was INR48 crore. In Q2 FY27, our PAT alone was INR48 crore. What we earned at the operating level a quarter ago, we now delivered at the bottom line. That is the scale delivered with the discipline.

As of September 30th, 2026, our order book stood at an all-time high of INR1,765 crore. Every headline metric has scaled, and the pace reflects the strength of our execution. We are focused on sustaining this momentum through disciplined delivery, operational efficiency, and continued investment in our capabilities. Thank you for your continued trust and support.

We now look forward to addressing your questions.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question-and-answer session. [Operator Instructions] The first question is from the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit - Analyst, Goldman Sachs Group Inc
Hi, good morning, everyone and congratulations for a good set of numbers. So a couple of questions from my side. The first one is essentially, if I look at the performance and if I try to just subtract standalone from consolidated looks like some of our subsidiaries in particular, let us say IDL or

others, are not performing that well. So if I look at the consol PAT, it is lower than standalone, while revenue of course is higher. I just wanted to understand the -- the turnaround plan we have for these subsidiaries so that they can also contribute to the overall profitability like your standalone business. That is the first question.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah. Thanks, Amit. Good morning. So we have been vocal and we have been explaining earlier also, IDL was a loss-making company owing to thin margins. And we have refined its financials over a period of last few quarters, reduced a lot of expenditure and other things. And a few more initiatives are being planned and a lot of transformation into -- entering into full-fledged logistics [Phonetic] related to defense requirements and also improving the margins in the commercial and industrial explosives, which IDL is currently doing.

It will take a couple of quarters, you know, more for us to make all these, what do you call, changes that has to be brought into the company. This is something that we have told earlier also. For four quarters, it will be a kind of a curve of changes that we would be incorporating. The new plant expansion, which we have done for silos is also an inching initiative towards that actually. And few more are offing in next two to three quarters down the line. So you will -- you will feel that there will be an improvement.

But this particular quarter specifically is a very lean quarter. Actually, it's an off-season lean quarter generally for the commercial explosive companies. So the impact is felt a little more. And -- but going down the line, this is something that a lot of improvement you'll be able to see in the overall performance towards the IDL explosives.

Amit Dixit - Analyst, Goldman Sachs Group Inc
Wonderful, sir. The second question essentially is that we are pursuing growth on all fronts across various products. There are multiple initiatives being taken, and now you have two subsidiaries, and congratulations for CCI approval, by the way, for Premier. Now we have Premier, we have IDL, we have our standalone business, we have a host of products that we are developing. I just wanted to understand that this multi-pronged growth approach, what constraints you are facing today and also how you are managing this multi-location, multi-pronged growth.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
The disciplined teams and leadership team already well built as far as the current subsidiaries whatever we have acquired, and we are about to acquire. And the, -- we continue to give the vision, strategy, and the direction for the leadership teams, who have been maintaining these companies. And a few more acquisitions in the future that we would be doing, we will continue to maintain a similar kind of a structure, where we will build the leadership team, will strengthen the team, will create layers, accountability transparency. And obviously, the vision is something that will be given from the company by our MD, Mr. Karunakar Reddy, Garu. That's how, we'll have to do and we will continue to do the same.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Lot of automation also we are now planning, and so that now they're sitting at one place, we are able to monitor all the locations and all the units.

Amit Dixit - Analyst, Goldman Sachs Group Inc
Yeah. Sir, the question was more on the -- I mean, of course, multi-location. When I said, I mean,

there are a lot of products that we are developing, MIGM, for example, is one of them, then -- the torpedoes, etc. So these are very varied products, and there are -- I mean, torpedoes particularly, there are -- there is a -- there are -- there is a company who is already into it. So, and these require a lot of technical excellence apart from the R&D efforts. R&D efforts, of course, I can see that your R&D expense is like at the higher end of Indian companies in general, 8%. So if you could throw some light on that the product development initiatives, the kind of if you are doing hiring in a better manner or around organization structures, that would be great.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
So we have a multi-layer structure as far as the development teams are concerned. On the topmost layer, MD and Director Technical, Mr. Prasad, both handle it. Under them, there are, you know, almost close to around 11, Head of the Departments, who handle different type of technologies. Someone who handles the pyrotechnics, someone who handles control, someone who handles RF, like that, different Head of the Departments are there. Under them, there is a team leaders, who have almost close to little less than six to eight years kind of an experience who handle.

And under them, we have a layer of zero to four, zero to five years' experience team. So there is a multi-layered structure with which we do it. We hire teams from some of the local engineering institutes and some from the upcountry. We hire, we groom them, and slowly we -- we grew them to the leadership levels. And then there is an architect team, who handles the entire, what do you call, the engineering point of view and other things. Okay. So -- so this is a multi-layered structure with which we operate the entire R&D team.

And the technologies point of view, you know, are generally common. Technologies will be there, which -- which are being used for different verticals, maybe for the naval defense and for the air defense, for the missile defense like that. Over and above that, we also have some of the retired scientists from the DRDO and some domain expertise, knowledge, which is parted by ex-Armed Forces, retired staff, so with which we take certain domain expertise and technological knowledge with the retired scientists from the DRDO like that. So this is a -- this is how we are able to maintain and sustain and develop and re-engineer the technologies, which are developed and come out with the newer technologies based on the current threat requirements. That's how we -- we are operating.

Amit Dixit - Analyst, Goldman Sachs Group Inc
Understood, sir. Thank you so much and all the best.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Thanks, Amit.

Operator
Thank you. The next question is from the line of Abhijit Singh from Systematx. Please go ahead.

Abhijit Singh - Analyst, Systematix
Yeah. Thank you for the opportunity. Am I audible?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yes, yeah.

Abhijit Singh - Analyst, Systematix
Sir, first question is on the standalone business. What has contributed to almost all-time high gross margins there, around 40% odd gross margins in standalone? That is the first question.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah, you can go ahead and ask question, all the questions I'll answer it once.

Abhijit Singh - Analyst, Systematix
The second question, sir, is on the path ahead for IDL Explosives. What is the kind of capex we envisage in IDL, and what is the plan that we have for the next four, five quarters that you mentioned? We will be sort of in a transition period, where you will be restructuring a lot of the business.

And sir, lastly, what is the status of the MIGM order? Are we expecting the RFQ anytime soon, or when can we expect the order coming into our city [Phonetic]? These are my three questions.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah. The further plans for IDL is something that we will keep divulging as and when we start those activities. On this con call, I would reserve the reply. Okay? As far as this quarter growth is concerned, we have executed decently good production orders, which has driven the margin growth for this particular quarter. And MIGM, MD will answer the MIGM.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. MIGM, we are in touch with headquarters -- the naval headquarters, and we are expecting RFQ next month. November anytime, we are expecting RFQ. Their plan is -- Indian Navy plan is before the January they want to, January, February, they want to release the purchase order, so that no like advance payment they so they want to release before financial year end. There is a provision in this order, 20% advance payment also in the sanction it is there. So 20% advance they want to release before financial year end. That is the -- that is of the Indian Navy team like expressed.

Abhijit Singh - Analyst, Systematix
Sir, just one follow-up on this. Do you think the trials can happen quickly in a two-month period after RFP is issued? Between RFP and the final order, I am sure the trials would happen, the user evaluation trials, final ones.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Purchase order, we will be -- purchase order, we are expecting it before February so that I have to submit the BGN [Phonetic] before 31st March, I have to -- we have to avail the advance payment.

Abhijit Singh - Analyst, Systematix
Trials.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Trials, MIGM trials already completed. User trials, everything we have already completed. No more trials. They are straight away production. The first lot will be subjecting -- we had to do some critical trials. Then after that, series of production will be going up.

Abhijit Singh - Analyst, Systematix
Understood sir. Understood. That is it from my end, sir. I will get back in queue.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Okay. Thank you.

Operator
Thank you. The next question is from the line of Pinakin from HSBC. Please go ahead.

Pinakin Parekh - Analyst, HSBC
Yeah. Thanks, sir, for the opportunity. Sir, can you give us some color on the potential export opportunities on the horizon over the next 12 to 24 months? And how do you see them progressing?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. See, like last many years, we were concentrating only domestic business only. Based on our capacity, we have not concentrated export side, but our third unit is getting ready. First phase of third unit is now operational. Once it is total operational, then we want to take foreign assignments also. So we are building lot of spare capacity we are building. Compared to our present capacity to the expansion, once it is ready, it is going to be almost 12 times bigger than the present facility. So We are in touch with many of the overseas companies, and I think maybe next financial year onwards, I'm sure we'll be doing good export orders also. We'll be taking and exporting.

Yeah, see, like, uh, last, uh, many -- because, no, we were concentrating only domestic business only. Based on our capacity, uh, we have not, uh, concentrated export side, but, uh, our 3rd unit is getting ready. First phase of 3rd unit is now operational. Once it is total operational, then we want to take up foreign assignments also. So we are building a lot of spare capacity. We are building compared to our present capacity to the expansion. Once it is ready, it is going to be almost 12 times bigger than the present facility.

So we are in touch with many of the overseas companies, and, uh, I, I think maybe next financial year onwards, uh, I'm sure we'll be doing a good export, uh, orders also we'll be taking and exporting.

Pinakin Parekh - Analyst, HSBC
Got it, sir. My second question is, sir, do you see that -- do you sense that there is a delay in the ordering process this year? While there was obviously a lot of expectation that order flow will increase across the board, but so far we have seen muted order flow, especially on the large systems. In your view, sir, what is driving this delay at the ordering level?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. See, some of the cases now, government is now changing their, this thing strategy. Like there is one case is there, QRSAM is there. QRSAM now, the government -- MoD is supposed to place order on Bharat Electronics and BDL this thing. But the like -- now the MoD is planning to split the order. Particularly, missile 1,000 numbers -- missile first lot of 1,000 numbers, they want to split actually. 50% they want to place on BDL, and 50% they want to consider private industry. That is also one dialogue is going on.

And I think that is one reason, one of the case now they're getting delayed. But all other things are going on as per the schedule, they're releasing orders. In our case, naval systems and all are going on in a fast track only. In fact, we are expecting some torpedo. Recently, one last order, you must have seen, BDL has received one last order and BDL is going to receive one more order also, electric heavyweight torpedo order also is in process. They've already received RFQ, submitted

quotation also, and any time, next one month time, they're expecting order also.

Pinakin Parekh - Analyst, HSBC
Got it. Got it. Thank you, thank you very much.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you,

Operator
Thank you. The next question is from the line of Amit Kumar from HDFC Securities. Please go ahead.

Amit Kumar - Analyst, HDFC Securities
Good morning, sir. Congratulations on a great set of numbers, and thanks for the opportunity. I wanted to understand two points. One is on the shorter horizon. In this quarter, which specific orders, if you could please highlight, were executed? And in next two quarters, how do you see from this INR1,700 crore order book, I mean, some guidance on how much would be executed and which specific programs you are focusing on? This is one.

And the second thing, on the longer-term order book trajectory, specifically for Apollo standalone. MIGM, we understand. Apart from that, how do you see QRSAM and Pinaka, these order inflows, how do you see them coming?

And the third one would be on similar thing on Premier Explosives. How the -- how do you see the order inflows for Premier in FY28?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah. So Premier -- Mr. Amit, thanks for joining. Premier, we do not want to comment as of now. Until the full process is over, then we will start giving our guidance and other things jointly. But as far as the order book of Apollo point of view is concerned, the current order book, which is standing at around close to little over INR1,700 crores, this will grow to around INR2,000 plus odd crores by March, other than MIGM order, which is -- we are going to get.

Amit Kumar - Analyst, HDFC Securities
Yes sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Okay. MIGM, we are -- it is for sure that we are going to get MIGM order in this financial year. MD has already told by February, but not exceeding March is something, a guidance that we have been giving right from beginning. We are continuing the same stand as we are continuously in touch with the customer on a regular basis.

And with regards to the, what you call Pinaka and QRSA, QRSAM MD has already told. And...

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. Pinaka already in process, some 2,000 numbers MoD is releasing orders on two, three companies. And we are expecting, already we have submitted, in fact, the RFQ also has come, and we have submitted also for MIL case. 300 numbers, they are going to release the orders. And also, Solar also has received some order, and MIL also received some numbers.

Bharat Forge also is getting some numbers. These Pinaka related orders, we are expecting maximum before December end, we are expecting orders. So QRSAM, as I told you, only 50% quantity only

they want to consider BDL. 50% they want to consider private industries. We are also in that race actually. So -- because the -- most of the things in QRSAM, most of the onboard systems Apollo is doing, and the propulsion side, Premier is doing. If anybody wants to see the major portion of the weapon, the Apollo Group only is doing. I am sure MoD wants to consider two private industries. I am sure -- I am sure that we also will be there in this thing.

Amit Kumar - Analyst, HDFC Securities
Sure. Thank you, sir. Sir, I had one more question which I had highlighted earlier. Next two quarters, which programs you are basically focusing on? And if any numbers you could please give me?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
We are doing one Indian Navy order we have executed this last quarter, and now also we are doing related to Pinaka also, the execution is going on. And there is a strategic program, so I do not want to mention program. So and that program orders also, execution is going on. And also, we are -- Indian Navy requirement related things also, we are in the process of executing. So lot of orders from the other companies also, like private industries also, we are now in the process of completing the production.

Amit Kumar - Analyst, HDFC Securities
Guidance next two quarters.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Next two quarters, yes. we are -- I think we have orders from various departments. Some R&D related orders are there; production orders are there. And limited series orders also we received from a number of programs. That order production also is going on. Next two months, I think we will be executing many of the production and R&D related orders. Program names, some of the programs are strategic programs are there. We are not supposed to disclose the names actually.

Amit Kumar - Analyst, HDFC Securities
Okay, I understand. But at least on the numbers side, I mean, do we expect similar run rates? Say, we had done INR400 crore approximately in H2 of last year. Do we see, say, close to INR700 crore this year?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes. We are targeting or aiming for yes, definitely more than that. I think.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Amit what's the question? Can you repeat?

Amit Kumar - Analyst, HDFC Securities
Sir, I wanted to know that out of INR1,700 crore, how much do we expect to execute in H2? Or some broader guideline would also be okay.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
The growth momentum, what we have been demonstrating, we will continue to keep the same momentum. That's how I would like to.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Anything 35%-45%, definitely we will be doing.

Amit Kumar - Analyst, HDFC Securities
Okay. Oka. That helps, sir. Thank you. Yeah. Those are my questions.

Operator
Thank you. The next question is from the line of Rau Thakur from NVS [Phonetic] Brokerage. Please go ahead.

Rau Thakur - Analyst, NVS Brokerage
Sir, we are India's premier defense company. Therefore, looking at the humongous opportunity in the defense sector, sir, when do you see our company hitting the big revenues of maybe, say, INR5,000 crores and maybe some commensurate margins of 20% or 22%?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. Coming years, definitely we are targeting. Once this acquisition completes and once the consolidation, all the companies started functioning under one management group, I'm sure the expected, this thing is going to happen. That's all I can say.

Rau Thakur - Analyst, NVS Brokerage
Okay. Thank you.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Operator
Thank you. The next question is from the line of Ronak Singhvi from NAFA Asset Managers. Please go ahead.

Ronak Singhvi - Analyst, NAFA Capital Group
Hello, congratulations for the good numbers. Am I audible?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah, yeah, thank you, thank you. Please go ahead.

Ronak Singhvi - Analyst, NAFA Capital Group
Yeah. So like the effective tax rate of this quarter two is around 51 percentage of the standalone. So like what makes this tax percentage too high?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See as per the income tax rules, effective from this year, wherever the turnover was INR400 crores and above during '22-'23.

Ronak Singhvi - Analyst, NAFA Capital Group
;19.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
'24-'25, it was a 25% rate of tax. Now it has been shifted to 30%. That is why the

Ronak Singhvi - Analyst, NAFA Capital Group
Old tax regime. Okay, not 115BA. Okay. So then my next question is around, in the previous call, about 155mm shells, you have said that Premier Explosives have provided some samples to Indian

Army for which testing is -- was in final stages, and once the order will be received, Premier Explosives will provide explosives, and Apollo will provide fuses for it. So what is the status like? Did the samples get materialized into order, and is Apollo ready to provide fuses for it?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
The Premier thing, like we want to comment only maybe after the completion of this acquisition. So there is a SPA -- as per the SPA, we are not supposed to discuss about that company.

Ronak Singhvi - Analyst, NAFA Capital Group
Okay. Okay. Got it, sir. So thank you.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Operator
Thank you. The next question is from the line of Shreyans Gattani from SG Securities. Please go ahead.

Shreyans Gattani - Analyst, SG Securities
Hello. Congratulations, sir. I had just one question. Trying to understand when the government splits an order between two parties, for example, MIGM is between BDL and Apollo, and we provide subsystems. So do we provide-- Is it compulsory for BDL to have like a separate vendor for the subsystems, like a complete separation, or is that like something that we will be providing the subsystems and also making MIGM for ourselves? And similarly, for QRSAM, the portion that BDL does and what is going to the private players, like is Apollo going to be involved in both or is there like a separation over there?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, in case of MIGM, whatever electronic subsystems and other critical sensors and all, Apollo only has provided to DRDO. Okay. So -- now also, the future production order also, Apollo only is going to provide the electronic processing system and the sensors and all, Apollo only is going to supply. There is no second source for that. Only Apollo is the source. Okay. And in case of QRSAM, yes, one case, couple of systems, Apollo only has established so far. And we are going to be a proprietary, even nomination basis, I am expecting a couple of subsystems. One or two systems, there a second vendor also is there. The order will be sharing between two companies.

Shreyans Gattani - Analyst, SG Securities
Okay. Okay. So there is no restriction that the vendors have to be separate for certain systems when it goes to two different parties. We can be a party to both, right?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, not we. See like during development, like whosoever supplies the subsystems, they have to go with the same vendors, actually. So since we have completed during development time, and anybody has to come to us only.

Shreyans Gattani - Analyst, SG Securities
Got it. Okay. Okay. That's helpful. That's, that's all I had. Thank you.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thanks.

Operator
Thank you. The next question is from the line of Abhijit Singh from Systematix. Please go ahead.

Abhijit Singh - Analyst, Systematix
Thank you for the follow-up, sir. So just continuing with the previous participant question on the QRSAM scope that we have. So you are saying broadly, even if there is a competition in certain subsystems or products, there is -- it is limited to maximum two or three players in addition to Apollo, right? And in MIGM, we are the only supplier for the electronics part to the system integrator. Is that correct understanding?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes, yes, yes, yes. QRSAM, I think if I remember correct, three subsystems, three very critical systems. Like one subsystem is navigation and onboard computer. We are the only people established so far. And two more other subsystems also, so far Apollo Micro Systems only has supplied with using our technology only, the technical trials, user trials and all happened. So they had to stick on to the same company, in fact.

In future, they may be developing couple of more vendors. say DRDO policy, they want to have minimum two vendors. So their process is, if at all if they are providing technology to a second company, they have to observe the technology, they have to produce samples, they have to do the qualification test and all, and they have to use in a couple of trials they have to perform, then they will be considering second source, like that. It is like that, actually. So at present quantity, I think since there is no second vendor is developed so far, we are expecting a couple of systems on nomination basis. And two, three subsystems are there wherein two vendors are there. Apollo is there, one more vendor also is there.

Abhijit Singh - Analyst, Systematix
Right. Sir, on Pinaka, you mentioned that this is for the Pinaka long range, right? That you mentioned MIL has the order already, and we are also expecting some order. So that is for...

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Not long range. Pinaka, two variants are there. One is 80-kilometer range, another one is 120-kilometer range is there. 120-kilometer one, so far MoD has not finalized the DCPP partner, production partner, they have not finalized. So we are also in that race, actually. Okay. Pinaka, that 80-kilometer range one only, at present, three vendors are there, MIL and Solar and Bharat Forge is there.

Abhijit Singh - Analyst, Systematix
Right. So there was one order that they got in FY 2025. So this is a follow-up for that -- of that.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes. That order is Armenia order, 2,000 numbers, these three companies have received. And the recent this thing also, our own requirement, Indian Army also is kind of placing order for 2,000 numbers. That is also there. Already negotiation, everything, RFQ, submission of quote, negotiation, everything has completed. So anytime they will be getting orders. In fact, they started procurement also. MIL has already sent the RFQ, we have submitted our quote. So once they receive the order...

Abhijit Singh - Analyst, Systematix
Overall 4,000 for Pinaka. Overall 4,000 rockets, right?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes.

Abhijit Singh - Analyst, Systematix
Near term demand. Half of that is export and half of that is Indian domestic demand, right?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Correct, Correct. Yes.

Abhijit Singh - Analyst, Systematix
Okay, sir. And lastly, just on heavyweight torpedo, I think you mentioned that RFQ is out already, and you are expecting an order. Is that correct? I heard that correctly or you want to correct that?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
RFQ is there for small quantity, around 30 numbers RFQ has raised on urgent basis. So Indian Navy has I think raised the RFQ to BDL. Okay. I think any time this November month, they are expecting orders for 30 numbers. That is only on fast track we have to do, in fact. So that order will be finalized during November month.

Abhijit Singh - Analyst, Systematix
But the advanced heavyweight torpedo order, that is the volume order for that, which is submarine torpedo, that is going to come in FY '28, right?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. Yeah. See, these 30 numbers they want on an emergency basis within nine months only they are expecting, okay? And after that, they are going to place order for some 125 number requirement also is coming up. But this 30 number is on emergency basis, so we have to supply. They will be giving only nine months' time.

Abhijit Singh - Analyst, Systematix
Understood, sir. Thank you for answering all the questions, sir.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Abhijit Singh - Analyst, Systematix
Thank you.

Operator
Thank you. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal - Analyst, Surge Capital
Yeah. Hi, thank you for taking my question. So firstly, during the H1, our standalone revenues have grown about 30% versus the guidance we have maintained is around 45% to 50%. So do you expect H2 will cover for that, or this year will be lower than what we had earlier guided for the standalone business?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
We already gave a guidance. We will continue to keep up with the guidance that we have given.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, one side, we are now -- capacity we have increased already. Unit 3 phase one, we have already started, and we have already order base is there. And as I was talking to another gentleman also, like what is the guidance? Anything 35% to 45% of growth, definitely we are going to make.

Ankush Agrawal - Analyst, Surge Capital
Okay. Secondly, sir, BDL has received around INR1,700 crores of orders recently for, I think, a torpedo. Would it be possible for you to share how much of that will flow towards in terms of subsystems?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
I think we have to work our. Varunastra thing -- you're talking about Varunastra thing?

Ankush Agrawal - Analyst, Surge Capital
Yeah, I think they recently got in last month about INR1,700 crores.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes. The Varunastra thing we are expecting, I think around INR100 crores plus order we are expecting.

Ankush Agrawal - Analyst, Surge Capital
Okay. That was all. Thanks.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Operator
Thank you. The next question is from the line of Gaurav Shukla from Finster. Please go ahead

Gaurav Shukla - Analyst, Finster
Am I audible sir?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes.

Operator
Yes, sir.

Gaurav Shukla - Analyst, Finster
Sir, congratulations for very good results, sir. Q2 EBITDA margin improved to 28.6%, while H1 margin was approximately 25.8%. What drove the Q2 improvement and what sustainable EBITDA margin should we think in respect of FY '27 and FY '28, sir?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah, Sorry, Kannan. I am sorry, can you repeat the question?

Gaurav Shukla - Analyst, Finster
Sir, as we see that Q2 EBITDA margin improved to 28.6% and H1 margin was approximately 25.8%. What drove the Q2 improvement and what sustainable EBITDA margin should we think for FY '7 and FY '28? That is my question, sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
See, actually, quarterly margins, they keep varying sometimes few hundred basis points here and there. But this is not like a kind of neither can be construed as a kind of an annuity performance nor any this thing. The product mix generally varies from quarter-to-quarter; hence the margin also keeps varying.

As far as the drive-in margin is concerned, during my opening presentation, I already explained that there is some production orders that we have executed vis-a-vis some development projects, which has drive the margins actually. Okay? But broadly, we can give a guidance that we will continue to maintain the good amount of momentum going forward for the further quarters as well, in line with the top-line momentum that we have already given a guidance.

Gaurav Shukla - Analyst, Finster
Okay, sir. Sir, one question more, sir. What is the company's target for operating cash flow and FCF, free cash flow in FY '27? When would we expect cash conversion improvements related to reported PAT?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Totally on an annual basis, the positive operating cash flow throughout all quarters, you will start seeing it from FY '29 onwards, okay? Where the anchoring orders majority will be the production orders.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Production orders.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Compared to the current orders, combination where we are doing development projects more and production orders lesser. FY '29 onwards, the anchoring will be totally like by production orders. That is where there will be both advanced payments, regular cash flow momentum will be there as and when the quarter-on-quarter execution takes place actually, where you will start seeing a good amount of positive cash flow.

Gaurav Shukla - Analyst, Finster
Okay, sir. One thing more, sir. As we have INR17 crore order book, sir, what is the exposure of QRSAM, Akash-NG, Pralay and other major programs? What is exposure of these all in this order book?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Currently, we are not giving any breakup of the order book, sir. Actually, we would refrain.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Pralay and all we have not received [Indecipherable] finalized. Pralay, we are there in -- in fact, production as a complete missile production also, we are one of the company participating for production. MoD has not yet to place order. Okay. That is in RFQ stage only.

Ankush Agrawal - Analyst, Surge Capital
Okay. RFQ only. [Foreign Speech] Thank you, sir, and all the best for very good result, and all the way for future, sir. Thank you.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Operator
Thank you. The next question is from the line of Raj Rishi from DCPL. Please go ahead. Mr. Rishi, you're not audible. Mr. Rishi, so the line for the current participant in the question queue seems to have disconnected. Maybe move to the next question. Oh, so -- yeah. The next question is from the line of Ronak Singhvi from NAFA Asset Managers. Please go ahead.

Ronak Singhvi - Analyst, NAFA Capital Group
Hello. Thank you for the follow-up question, sir. My question was how much of order book is of standalone, sir? Out of INR1,765 crores [Phonetic], standalone order book is?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Little less than INR1,300 crores.

Ronak Singhvi - Analyst, NAFA Capital Group
Little less than INR1,300 crores. Okay. Thank you, sir. The rest is of IDL?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah.

Ronak Singhvi - Analyst, NAFA Capital Group
Okay. Thank you, sir.

Operator
Thank you. The next question is from the line of Kaushik from Bharat Petroleum Corporation Limited. Please go ahead.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Yeah, can you hear me?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yes.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Yeah. The Defense Secretary, Mr. Rajesh Singh, has constantly talked about opening up the missile production, especially for the private sector and he also talked about how the conflicts which are happening, Ukraine, Russia, etc., and Iran and U.S., how Ukraine has a capacity for many times missile production compared to, say, India. So how do you see Apollo Micro Systems in this context, sir?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah, like we are also shortlisted for the competitive weapon manufacturing. And if you see it, once Premier acquisition completes, we are going to place in a different position like addressing complete ecosystem producing a missile, the complete like electronics, mechanical, propulsion, rocket

motors, all together, we are the only people going to have that facility, that kind of this thing. So many of the programs we are participating in a DPP, this thing, and everybody's coming in a different route now. The -- some eight, nine programs, they're offering ToT actually, technology transfer. Once we receive technology, then we have to produce some samples to show the performance. Then based on that, they'll be considering production orders.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Okay. And sir, can I -- can I come in? Yeah. So how do you see the entry barrier in this, sir, both domestically and internationally?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, entry barrier for the new companies coming into this business, one has to understand the quality standards of the defense. And overnight getting into this business is not that easy.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Okay.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
And this is not any commercial, this thing. One has to understand first quality process, and they have to face the audit levels and all. Once they clear, then people can get into this thing. At least in my this thing, I can say at least four or five years' time it will take for anybody getting into defense business.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Okay. Okay.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Although I would like to add, although the government in last few years have been continuous and quite bullish about, and the remark which you talked about, what DEFSEC has told, it is the ability of the new companies who would like to come into this business. Earlier, there was a huge entry barrier, but now although there is an encouragement given by the government, it is their ability to sustain in this business, as it will continue to be a lumpy business. With one or two products trying to do, sustain, and because again, to get a similar size of orders, their ability to go offshore and market it and match the quality requirements of the international standards, this is all -- it's a very long-term bet and a long-term plan, not just by means of there is a push by the government. It;s an interest that to be and to continue in the defense is something that will decide the core entry barrier as the day stands, actually.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Right sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
So that is how you will have to also understand.

And also, to the question of what you have talked about the Ukraine having a mass, this thing. Yes, more number of players are being encouraged as the arsenal requires very large quantities, and ability to produce large quantities with the similar levels of the quality expected by the armed forces is something which is paramount at this point of time.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Right, right. And sir, last -- yeah, can I put in one more question?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Yeah, yeah,

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Yes. Sir, the MD in a South Indian channel had talked about his aspirational target, not aspirational, actually, he talked about a target of overwhelming figure of INR25,000 crore in five years. So, is....

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, it is like this, as a total group of companies, we are aiming that, because now, we are now planning for the big expansion in IDL also. We are planning to start 15 types of manufacturing plants an all we are planning. That investment this thing and all, we will be releasing very soon, we will be releasing, and we are going to raise a big investment. And also, we are in the process of acquiring 2,000 more acres close to Hyderabad. We are already holding 1,200 acres. Many big plants that they based on, all that big plants, I told that I am aiming to achieve so much this thing. Now also, I am telling you, I am aiming for that kind of number for years, yes, definitely.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
All the best sir and it will be great for all of us.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you. Thank you so much.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Thank you so much.

Mahesh Kaushik - Analyst, Bharat Petroleum Corporation Limited
Thank you. Thank you, sir.

Operator
Thank you. The next question is from the line of Sagar Shetty from [Indecipherable]. Please go ahead.

Unidentified Participant
Yeah. Hi, good afternoon, sir, and congratulations on the great set of numbers. So actually, most of my questions have been answered, so I have just one more question. It is regarding the order book replenishment like we have seen a really good revenue execution in Q2. And at the same time, the sequential order book, like the incremental order book, there has been only a minor jump. So going forward, how do you think like what are the key drivers that will help us achieve the revenue goal, which we are targeting? And if you could also give us some visibility on how, like apart from QRSAM and MIGM, like what kind of orders do we have going forward as well, and like what is the execution timeline for the same?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, this QRSAM and all are big production runs. There are so many projects now, limited series, 50 number, 100 number kind of things. Many are there, actually. Few hundred programs are going on. Okay? So these programs are highlighted programs so where everyone knows about QRSAM,

everyone knows about Akash-NG and all, everybody knows. Pinaka and all, people knows.

There are so many strategic programs are there, where nuclear-warhead and all will be there. We are not supposed to talk about such programs. So many programs are going on, okay? So not just Pinaka and all, only two, three programs only people knows, public knows, general public. But several other programs also are going on.

Unidentified Participant
Okay. And like what was the like why was there a lag in the sequential incremental order book? Like in the previous quarter, we had like INR1,700 crores of order book. Now we have INR1,765 crores. So what is the reason behind that?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
See, orders-wise, every month we are receiving some R&D orders, production orders and all, we are receiving. As I was telling like we had say like the growth point of view, if you ask me, anything 35% to 45%, this thing we are projecting. And orders-wise, there is no problem. At present, we are having some INR1,700-plus crore orders we are having. But every month we are adding orders, okay? And I am sure by this financial year end, any thng my -- this thing everything, MIGM order, once they place, it is going to be anything INR4,500 crore to INR5,000 crore kind of orders we will be holding.

Unidentified Participant
Okay. And like what would be the execution timeline going forward of new orders coming in?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Anything, they will be having 18 months' time, generally. MIGM, I think will be having time for I think two and a half years.

Unidentified Participant
Okay. Thank you so much, sir.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you

Operator
Thank you. The next question is from the line of Jinit Jain from WealthMine Advisory Services LLP. Please go ahead.

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Am I audible? Yes, sir please.

Operator
Yes.

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Yes, actually, you have given a bit of a guide of INR5,000 crores to be achieved in the long term. So when and we expecting [Phonetic] this to be achieved in which year? Any ballpark number?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Your voice is not clear. I think see like, one side, as I was telling you, we had production capacity,

we are increasing to almost 12 times. My first phase of this thing already started. Orders-wise, lot of orders are in pipeline. everyone knows that so many big programs like QRSAM you take, MIGM you take, Moored Mine you take, and so many programs are in pipeline. And many of the programs we are also participating in, like programs like Pralay, we are also one of the participant like the complete weapon manufacturing.

I think MoD has shortlisted some three, four companies. Out of three, four companies, Apollo also is there. There are so many programs are there. Some of the programs we are doing subsystems, some of the programs complete sections we are doing. Some of the programs, the complete weapon also we are doing. Okay. MIGM complete weapon we are doing. Moored Mine also complete weapon we are doing. The limpet mines, complete weapons we are doing. RGB-60 rocket complete weapon we are doing. And we are expecting couple of more programs. I think very soon we are going to announce. I think you are going to hear next 15, 20 days' time. Couple of more DCPP this thing finalize -- going to finalize in Apollo. We will be announcing very soon.

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Understood. As you said that the new capacity will come in live in March 2027. So what the revenue can be [Technical Issues] from the optimized capacity?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Your voice is not that clear. The sound is coming. Can you repeat your question?

Jinit Jain - Analyst, WealthMine Advisory Services LLP
I was saying that the new capacity will come live.

Operator
I'm sorry to interrupt you, sir. Your voice is not clear. Can you please use a handset?

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Hello, Am I audible now?

Operator
Yes, sir. Please go ahead.

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Yes. I was saying that the new capacity Unit 3 is going live by March 2027, as you said. And so, what peak revenue can we expect from the optimized utilization?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
So the quantifiable peak revenue is not something you have to understand. But the capacity size is increased largely, fairly by also equipping with multiple machinery, by scale of machinery, and by scale of the test equipment. We will be able to effectively reduce the overall cycle time of the production when large production orders are coming. Quantifiable point of view, we supply multiple types of system for several hundreds of types of programs, and quantification is not something possible.

But the revenues -- whatever the scaled-up revenues which we are talking for next five, six years, I think for all that, current type of business on the subsystem level, whatever we are doing, this facility is good to go, actually. And on a scaled up, level of something like, larger systems like, MIGM and other thing, minus explosive, for that also, the integration and other things, this facility is good to

go. That is how we wanted you to understand.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah. One more important thing is, qualification testing and all, at we are -- at present, we are using third-party facility, wherein we are losing a lot of time. Now we are going to have our own facility. Installation is going on. By next one month time, we are going to have the complete EMMC [Phonetic] test facility, complete navigation system and all. We had to do calibration and all. We had to do the calibration system also; installation is going on. All that we are building in-house now.

So the production time will be reduced, actually. At present, what is happening though, some of the very critical test now we are depending on DRDO facility, where we are not getting on a continuous basis. We have to wait for weeks together, months together, sometime. So a lot of change, like we are going to see a lot of change near future.

Jinit Jain - Analyst, WealthMine Advisory Services LLP
Okay, sir. That was helpful. That's it from my side. Thank you.

Operator
Thank you. The next question is from the line of Deekshant from DB Wealth. Please go ahead.

Deekshant Boolchandani - Analyst, DB Wealth
Hi, management and congratulations on the good results. Sir, so our inspiration, as you have said in the last few quarters, is also Solar Industries and how we aspire to be like them and even be better than them, knowing the quality of management and execution that we have done so far. What I really want to understand is with the opportunities that we are seeing right now, and with the integration of the explosive business we have already had, what kind of more acquisitions will we need to do to become better or at least at par with our inspiration? And -- that's point one.

Point two is that we are now in the integrated side, or we are close to getting integrated with our sort of capex that we have done so far. How long do you think that this capex will be enough for us to scale to the ambition of INR25,000 crores, before we need another set of capex to start?

And point three is that how -- what is the sort of importance of our explosives, new acquisitions that we have done? What is the sort of importance in sort of the integration that that will help us with? Any particular product program that it will help us with?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Okay. The last question is quite a lengthy one. I think that is something that we can take one on one. Not something that I cannot explain just over a few words.

But broadly coming back to your first question, we don't aspire to compete with anybody in the market, neither in the private nor in the public sector thing. We independently are growing strength by strength, brick by brick, we have grown ourself from a grassroot level, building the core intelligence that forms part, either a weapon system or any other platform system. That is the strength with which we have grown. Now that a lot of push and encouragement is being given by the government, that the private industry can start building a larger systems because larger quantities are also required, which cannot be catered by the government-owned, state-owned entities. That's how we also continue to aspire ourself to start building a larger platforms, keeping the existing capabilities and strengths that we have in building the intelligence systems, which form part of the platforms. Okay.

We are looking forward to emerge as a global OEM in next five to six years, rather than trying to compete with anybody in the industry. All the industry players and partners which are in India, we want to either partner, collaborate with them, and jointly work towards the sovereignty of the country in building good systems at a, what do you call, cost competitive price for our armed forces. That is how we want you to understand. I want to set the tone by taking your question as a platform and thank you for asking this question.

As far as the energetics is concerned, this is a very strategic move that we have made, and we will continue to build and scale the size of the energetics in our subsidiary company, IDL Explosives. They are already, MD has told, and we have been vocal earlier also, we have large investments that we would continue to do in IDL Explosives. This is something that we will continue to grow as the arsenal requirements are required in a very large quantities going forward actually. Right, sir. Any question I missed out?

Deekshant Boolchandani - Analyst, DB Wealth
So, how long do you think that this current capex will last us before we start another cycle?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Capex is something -- capex is something that what we are doing now, for Apollo as a standalone in three phases, we are doing. But incremental capex, we will keep continuing to do. As the scale of the business keeps growing, the capex is something -- there are two fundamental things with which we are running this business.

All the while, for the last 15 years, we have been consistently investing on R&D. But as the policy change has started in an aggressive way by the government, we are encouraging the private industry. We have also started increasing the capex in infrastructure. Augmenting the infrastructure will be on a continuous basis, as the scale of the business keeps growing, so will be the size of investment that we will do in R&D. That is how we want you to understand.

Deekshant Boolchandani - Analyst, DB Wealth
Sir, one more question. Now that IDL has started positively contributing to our consolidated business, what sort of guidance do you think you can give us one year down the line or two years down the line because we are also now integrating with the new business that we have an open offer for, and now that integration will also come in. And so, what kind of consolidated outlook do you have for the next 12 to 24 months, on the bottom line?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
The overall thought process towards the energetics and the guidance related to the revenue of our entire energetics business is concerned, once post-acquisition is complete, we will start giving effectively. Now we want to refrain from giving any idea because we want the entire platform to be coming on one umbrella first and then pan out a proper plan on a pan-India basis, and then we will give a better guidance to you from then onwards.

Deekshant Boolchandani - Analyst, DB Wealth
But sir, my apologies for harping on this a little bit, but I know for a fact [Foreign Speech] and we really appreciate that as your investors. And you will be looking for more acquisitions also. So having some light, I completely understand you can't discuss that today, but having some light on the consolidated going forward would really help us, sir. That's just a request.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
No, it's not very far away. I didn't memorize your name, sir.

Deekshant Boolchandani - Analyst, DB Wealth
Deekshant, sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
DeekshantI. DeekshantI Ji, I am not deferring your question forever actually. The acquisition process is due only a month. I am not asking you to wait for, what do you call, a quarter period of time to wait for this question to be answered. Let the acquisition process be complete. Okay. Once it is complete, then we will make one more proper call.

Post-acquisition, we want to make a joint call and give an effective thought process, guidance, we are a very, very, very transparent company, and what is the vision of the company in the energetics line is something that we will be vocal about it. And coming back to the aggression, what you are talking about. Thank you for understanding that we have been aggressive. We are not doing anything great, nor is our thought process anything great. Exactly what the government wants the industry to be, we are just responding to it, that's all. Government wants a private industry to be aggressive, invest in R&D, invest in infrastructure, and build scaled-up systems at a cost-effective price. Only that we are doing.

Deekshant Boolchandani - Analyst, DB Wealth
Sir, we 100% admire your aggression, and thank you so much for the growth that you have been giving to the shareholders. Jai Hind.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Thank you, Mr. Deekshant.

Operator
Thank you. [Operator Instructions] The next question is from the line of Rahul Gupta from Arya Research. Please go ahead.

Rahul Gupta - Analyst, Arya Research
Hello.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah, yes.

Rahul Gupta - Analyst, Arya Research
Hello. Sir, my question is that as the major anticipated order under QRSAM or MIGM or Pinaka are delayed, so what alternative program or existing order can support the FY '27 revenue guidance? And which program represents the largest execution risk today?

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
The existing order book that we are having and the order book where we owe the orders from our existing customers, which means that we being a tier 2, tier 3 supplier for larger system integrators, both government and private, that orders are bound to come to us, that also is a very strong number. I do not want to spell out any specific number now. That is also a very strong number.

Any -- under any circumstances of a last mile that a month here and there, MIGM order to be getting

delayed, if that's the question which you are asking, still the momentum of the business are going to continue owing to the current order book that we are having and the orders that are already there with my customers, which I am only supposed to get, where I am the proprietary supplier for it. Keeping that in view and the regular orders that we keep getting every year on for various programs, this is something that will continue -- maintain to continue the momentum, sir.

Rahul Gupta - Analyst, Arya Research
Okay. And sir, my second question is, how much contribution from new order or old orders?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
There is no old or new.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
In the sense.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Execution, you mean to say?

Rahul Gupta - Analyst, Arya Research
Okay, okay, sir. Thank you, sir.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank you.

Operator
Thank you. The next question is from the line of Abhishek Kamdar from Value Plus Advisors LLP. Please go ahead.

Deekshant Boolchandani - Analyst, DB Wealth
Yeah. Hi. Am I audible?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Yeah.

Operator
Yes, sir.

Abhishek Kamdar - Analyst, Value Plus Advisors LLP
Congratulations on a great set, and thanks for the opportunity. I just had a question around Shauryastra, the new associate company. Just trying to understand the opportunity here and how will the IP and the commercial economics work over here?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Super. Shauryastra is started with Dr. Saraswat Ji, former Chairman, DRDO, and former NITI Aayog member also. Keeping the -- in the view like wherever gaps are there, DRDO is doing so many programs, but certain programs DRDO is not doing. Dr. Saraswat Ji wants to take up certain programs, wherever gap is there, he wants to take up.

Let us say, we are having only Pinaka. We have only up to 120-kilometer range only we are having. Wherein now the armed forces are looking for 300 kilometers kind of thing also they are looking for. 500-kilometer, 900-kilometer kind of this thing also they are looking for. So all that we want to

address, in fact. You are asking about IP and all. We will be doing joint development. The development portion -- development this thing will be doing by Shauryastra and production is going to take up by Apollo Micro Systems. That is our understanding. IP will be holding as a joint this thing. Apollo is holding 33% stake in that. And rest of the -- at present, Mr. Saraswat is there, a few more people are going to join. 34, sorry, 34% Apollo is holding right now.

Abhishek Kamdar - Analyst, Value Plus Advisors LLP
Right. So are we looking for -- In the projects that we do under Shauryastra, are we looking to be a lead integrator and lead development of these long-range and new systems?

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Complete weapon design, we are doing -- we have already started doing. Okay. Complete weapon design we will be doing our own.

Abhishek Kamdar - Analyst, Value Plus Advisors LLP
Okay.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
That is how we are aiming, yes.

Abhishek Kamdar - Analyst, Value Plus Advisors LLP
All right. Okay. Thank you and all the best.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
When Saraswat is there, then we will be doing -- naturally we will be doing our own design only. He is a highly experienced person.

Abhishek Kamdar - Analyst, Value Plus Advisors LLP
Sure. Okay. Thank you and all the best.

Karunakar Reddy Baddam - Managing Director, Apollo Micro Systems Ltd
Thank You. Thank you

Operator
Thank you. That was the last question for today. I now hand the conference over to the management for closing remarks.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Thank you so much. Before I conclude, a word on the bigger picture. India's defense sector is entering a structural growth phase. Strong tailwinds are covering -- converging. The government's push for indigenization and military modernization, Telangana ambition to become a leading defense manufacturing destination, and rising global demand for Indian defense exports.

Globally, initiatives like Eu, ReArm Europe, are reshaping procurement and supply chains, opening a real and a very high opportunity for Indian companies to participate beyond the domestic spot market. Our view is simple. The winners will be those who design in India, manufacture in India, and earn the trust of customers worldwide.

Apollo Micro Systems is built for this moment. We develop mission-critical technology-driven solutions for the increasingly complex demands of modern defense platforms. Our principle is clear: build for today's challenges, invest in tomorrow's capabilities, and create lasting value through

disciplined execution. I thank the Ministry of Defense, Government of India, our customers, and our partners for their trust. To our investors and analysts, thank you for your engagement and constructive perspectives. We know confidence is earned through performance, transparency, and consistent delivery, and that is our commitment. We would welcome you to our facilities to see our manufacturing and development capabilities firsthand.

For any questions, please write to our investor relation team at investors.relations@apollo-micro.com. India's defense ambitions are expanding, technology requirements are deepening, and the opportunity for indigenous companies is growing. We intend to meet it with innovation, execution, and unwavering commitment to the nation. Thank you for your time and trust. We look forward to updating you on our Q3 results. Wishing you and your family a very happy Diwali in advance. Jai Hind.

Operator
Thank you, sir.

Krishna Sai Kumar Addepalli - Whole Time Director, Operations, Apollo Micro Systems Ltd
Thank you so much, ICICI Securities.

Operator
[Operator Closing Remarks]