

To,
The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai – 400051.

COMPANY SYMBOL: APSISAERO

ISIN: INE100J01011

Sub: Transcript of the Earning Conference Call with Investors/ Analysts for financial results for the half year and financial year ended March 31st, 2026.

Dear Sir / Madam,

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find enclosed the Transcript of the Earning Conference Call held on June 5th, 2026 with Investors/ Analysts for financial results for the half year and financial year ended March 31st, 2026.

Kindly take the same on your records.

Thanking You

Yours faithfully,

For Apsis Aerocom Limited

Saloni Jayati
Company Secretary & Compliance Officer
Membership No. A75583

Date: 08.06.2026

Place: Bangalore

H2 & FY26 EARNINGS CALL

TRANSCRIPT



Friday,
5th June 2026



4:30 PM
onwards

SPEAKERS



**Mr. Basavaraju
KS**

Managing
Director



**Mr. Vinod
Kumar M**

Whole Time
Director



**Mr. Mihir
Kumar Pradhan**

Chairman &
Director



**Mr. KN
Shashidhar**

Chief Financial
Officer



**Ms. Saloni
Jayati**

Company Secretary &
Compliance Officer



APSIS AEROCOM LIMITED

Earnings Conference Call — Transcript

H2 & FY26 (Half-Year and Fiscal Year ended 2026) Results

Friday, 05th June, 2026

MANAGEMENT REPRESENTATION

Mr. Mihir Kumar Pradhan	Chairman & Director
Mr. Basavaraju KS	Managing Director
Mr. Vinod Kumar M	Whole-Time Director
Mr. KN Shashidhar	Chief Financial Officer
Ms. Saloni Jayati	Company Secretary & Compliance Officer

Moderator • Finportal

Good afternoon, everyone and welcome to the **Half-Year and Fiscal Year ended 2026 earnings call for Apsis Aerocom Limited**. Thank you for joining us today. This call will cover the company's operational and financial performance, followed by an update on strategic priorities going forward.

Please note that certain statements made during this call may be forward-looking in nature, based on management's current expectations and assumptions. These statements are subject to risk and participants are advised to exercise due caution and not place undue reliance on such statements.

This call is being recorded for compliance purposes.

Representing **Apsis Aerocom Limited**, today we have with us:

- **Mr. Mihir Kumar Pradhan - Chairman & Director**
- **Mr. Basavaraju KS - Managing Director**
- **Mr. Vinod Kumar M - Whole-Time Director**
- **Mr. KN Shashidhar - Chief Financial Officer**
- **Ms. Saloni Jayati - Company Secretary & Compliance Officer**

I now invite the management team to share their opening remarks. We will subsequently open the floor to the Q&A session. Thank you, and over to you.

Mr. Basavaraju KS • Managing Director

Thank you. Good evening and thank you for joining us today. I am pleased to welcome our valued shareholders, analysts and partners to the Apsis Aerocom Limited H2 FY26 earnings call. I am Basavaraju, Managing Director and on behalf of the entire Apsis Aerocom family, I extend my sincere gratitude for your continued confidence and trust.

Starting with the H2 FY26 review. H2 FY26 has been a defining period for Apsis Aeroacom. We set clear goals, worked together as a team and I am proud to say we delivered.

Here is a summary of our key achievements for the last financial year.

- First, we set up a world-class facility. We are **establishing Unit 2**, a new modern precision machining facility **at the Hitech Aerospace and Defence Park in Bangalore**.
- We are **investing approximately 60 crore there to equip this facility** with advanced machining and inspection equipment and software.
- This unit is **going to be live by July** or tentatively August, this year and it will help us produce higher-quality components faster and more efficiently.
- Another achievement last year was that we went for our IPO, which was a major milestone. It was one of our **most important events in FY26 - our initial public offering**. Listing on the stock exchange was a proud moment for the entire Apsis Aeroacom company. It has strengthened our financial foundation and is a clear sign of the confidence that investors and the public have placed in our future.

We also made a couple of technology advancements. We continued to upgrade our machinery and adopted new digital tools across our facilities. These improvements have made our team faster and more precise, reducing turnaround time, improving quality and helping us serve customers better.

Another major milestone was that we **developed more than 250 new components last year**. Our engineering team worked hard throughout FY26 to develop over 250 new components across aerospace, defence and healthcare. All of these are now validated and many of them are ready for full-scale production. In FY27, this is going to be a pipeline for us to grow our business ahead.

Behind every one of these achievements this year was our strong team of more than 100 people. We entered FY26 with a clear target and I am happy to report that we **met our revenue target of more than 30.6 crore**, exceeding expectations in several areas. The dedication of our people, the trust of our customers and careful management of decisions and resources made this year successful.

On finance, I would like to highlight a few things, and later on my colleague will take over. We did more than **30.6 crore in revenue**, an **EBITDA of 11.4 crore** and a **profit of 7.5 crore**. A major achievement was our **strong order booking, which is more than 40.5 crore**. These results show the business is growing in a healthy and sustainable way. Margins have improved and the order booking is very strong.

On our business performance: last year, our **defence business** was the **largest contributor**, accounting for **approximately 65% of our total revenue**, which is **around 20 crore**. We successfully delivered most of the contracts ahead of schedule, which reinforces our reputation as a reliable, trusted partner to our customers in defence and aerospace manufacturing. New orders worth more than 30 crore were secured during this financial year, giving a strong pipeline going into FY27.

In **aerospace**, the business **contributed more than 26% of our total revenue**. Our engineering team has **developed more than 15 new aerospace components**. These are ready for production and will significantly increase our aerospace revenue in the coming years.

On **healthcare**: the healthcare business **contributed around 10% of our total revenue**. This year, we developed and upgraded the previous version we used to make and the new system is about to start production. This segment is growing steadily and we expect it to contribute more meaningfully in the coming year.

On quality, which is one of our key strengths: **Quality is at the heart of everything we do at Apsis Aerocom**. In FY26, we achieved a **quality rating of more than 99% and customer satisfaction of more than 95%**. We had zero major non-conformances in all our audits, and on-time delivery performance was our top priority.

On governance: in line with our IPO and as Apsis Aerocom, we believe that lasting success must be built on good governance and responsible practices. This year, we **strengthened the Board by inducting three independent directors, including experts in aerospace, defence and sustainability**. Their expertise and guidance will help us make better decisions and grow responsibly.

Our **priorities for FY27** are:

- Scaling our advanced precision machining to meet growing demand from aerospace and defence customers;
- Deepening partnerships with global OEMs and expanding our footprint in defence manufacturing under the Atmanirbhar Bharat programme;
- Investing in automation and digital tools to improve efficiency, reduce cost and further improve quality;
- Strengthening our team through a focus on upskilling programmes and strategic hiring.

Finally, let me close by thanking everyone who has been part of this journey. To our customers, thank you for your trust and for choosing Apsis Aerocom as your manufacturing partner. To our employees, thank you for your hard work and your commitment to quality. To our partners and investors, thank you for your support and confidence in our vision. In FY26, we have shown that our organisation is truly capable of achieving its targets, and FY27 will raise the bar even higher. Thank you once again.

I will now hand over to our CFO, Mr. Shashidhar, for the financial review. Thank you.

Mr. KN Shashidhar • Chief Financial Officer

Good evening to everyone. This is Shashidhar, Chief Financial Officer of the company. This is our first earnings call and it is my pleasure to present the financial performance of the company for the financial year 2025-26.

Financial year 2026 was a significant year for the company, marked by robust revenue growth, expansion of our customer base, continued investments in our manufacturing capabilities and strengthening of our organisational infrastructure.

I am pleased to report that the company delivered strong growth during the year. **Revenue from operations during H2 of financial year 25-26 increased to 16.9 crore from 9.5 crore in the corresponding period of the previous year, representing a growth of 78%.**

On a full-year basis, **revenue from operations increased from 20.49 crore in 24-25 to 30.65 crore in 25-26**, registering an impressive **year-on-year growth of 49.56%**. This growth reflects the company's strong execution capabilities, increasing market acceptance and continued demand across all three business segments.

One of our major segments, defence, continues to be one of our largest contributors, generating revenue of around 20 crore and accounting for nearly 65% of our total revenue during the year. The aerospace segment, another of our largest segments, contributed around 7.85 crore, representing 26% of our total revenue, while the healthcare segment contributed around 2.36 crore, accounting for about 8% of total revenue. The balanced growth across these sectors reinforces our strategy of serving high-technology, mission-critical industries with significant long-term growth potential.

As part of our strategic growth roadmap, the company made substantial investments during the year in strengthening organisational capabilities, enhancing governance frameworks, upgrading systems and processes and building a strong leadership team capable of supporting future scale. These investments resulted in a slight increase in employee-related expenses and other operational costs during the year as a percentage of revenue. However, we believe these expenditures are essential to support the sustainable long-term growth of the company.

Coming to EBITDA: **EBITDA** increased from around 10 crore in financial year 24-25 to **around 11 crore in 25-26**, reflecting the **growth in absolute operating profits**. However, the **EBITDA margin moderated from 49% to 37%**. The **primary reasons for this decline** include:

- First, the **delayed commencement of operations of Unit 2**. While revenue generation from the facility was deferred, the company incurred fixed costs related to rent, utilities, maintenance, manpower and other infrastructure expenses. These costs impacted the EBITDA margin during the year and are expected to normalise once the facility becomes fully operational and contributes to revenue generation in the upcoming years.
- Second, the **company incurred additional listing-related expenses, CSR expenditure and other governance-related expenditure** associated with operating as a listed company, which were generally not incurred in financial year 24-25.
- Third, **raw-material costs increased due to geopolitical uncertainties, supply-chain disruptions and foreign-exchange fluctuations**, particularly in the US and European markets.

Despite these investments and temporary margin pressures, the company continued to deliver healthy growth in profitability. **Profit after tax** increased from 6.6 crore in 24-25 to **7.5 crore in 25-26**, reflecting a **growth of approximately 13.8% year-on-year**. The **PAT margin stood at 24.51%**, compared to 32% in the previous financial year, which is primarily due to the factors already discussed.

The company's earnings per share (EPS) increased from 7.5 rupees in financial year 24-25 to **8.4 rupees** in financial year 25-26, demonstrating continued value creation for our shareholders and reflecting the

company's ability to deliver sustainable earnings growth despite ongoing strategic investment for future expansion.

The company also continues to maintain a strong balance sheet and remains focused on building long-term value through disciplined capital allocation. As part of our capacity-expansion strategy, we continue to invest in manufacturing infrastructure and production capabilities. Consequently, net property, plant and equipment (PPE) increased from around 7 crore to around 12 crore during the year. These investments are expected to strengthen our manufacturing capabilities and support our future growth requirements.

The company continues to **maintain strong working-capital discipline**. Our management process remains highly efficient, with the **average collection period maintained at approximately 45 days**. **Outstanding trade receivables as a percentage of revenue** reduced significantly from 18.38% in 24-25 to **13.14% in 25-26**, reflecting improved collection efficiency and stronger cash conversion. **Inventory turnover stood at 77 days**, which remains at an appropriate level considering the nature of our business and customer requirements.

I am also pleased to highlight the operating cash flows, which remained very strong throughout the year. **Cash flows from operations increased from 4.95 lakh in financial year 25 to around 7 crore in financial year 26**, demonstrating the company's ability to convert earnings into cash and to manage working capital effectively.

The company also continues to witness healthy order inflows across its core business verticals. Our **current order book stands at 40.5 crore**, providing strong revenue visibility for the upcoming periods. Of this, the **defence sector contributes around 25 crore**, while **aerospace contributes around 12.9 crore**. The **current order book represents approximately 1.32 times the revenue achieved during financial year 25-26**, reflecting the strength of our market position, our capabilities and customer confidence. Additionally, we already have a healthy business pipeline that is expected to convert into orders over the upcoming quarters in this financial year.

One of our **key strategic priorities has been reducing customer concentration risk and expanding our customer base**. During the year, we successfully onboarded several leading customers across our target sectors. As a result, **the contribution of our largest customer reduced from 52% to 35%**, while the **contribution from our top 5 customers reduced from 94% to 87%**. This diversification strengthens the resilience of our business model and reduces dependency on any single customer or project.

Looking ahead, we remain optimistic about the company's growth prospects. We expect Unit 2 to play a pivotal role in driving future growth, improving economies of scale and enhancing our operating leverage. Supported by a healthy order book, strong customer relationships, growing market opportunities and enhanced manufacturing capacity, we anticipate strong business momentum during financial year 26-27.

We remain confident of delivering growth that exceeds our historical rates, while continuing to create sustainable value for all stakeholders. Despite short-term margin pressure on account of strategic investments, the company's fundamentals remain strong, supported by a healthy balance sheet, positive cash flows, robust order visibility and a clear roadmap for long-term growth.

Thank you for your continued confidence in the company. I now request Mr. Mihir to go ahead. Thank you.

Mr. Mihir Kumar Pradhan • Chairman & Director

Good evening to everyone. On behalf of the directors and the management team of Apsis Aeroacom Limited, I would like to thank all our shareholders, investors, analysts and stakeholders for joining us today.

The last year has been a significant milestone in the journey of Apsis Aeroacom. What we started as a focused precision-manufacturing enterprise has steadily evolved into a trusted partner for customers operating in the aerospace, defence and healthcare sectors.

A key driver of our future growth is the successful operation and ramp-up of our Unit 2. This expansion is not merely an increase in floor space or machinery capacity; it represents a strategic investment in the future of the company. It will enhance our manufacturing capabilities, increase throughput, support larger and more complex projects, and position us to cater to a broader range of customer requirements at both the domestic and international levels.

As many of you are aware, we are in the process of establishing our Unit 2 facility at the Hitech Defence and Aerospace Park, Devanahalli, which is close to Bangalore International Airport. As part of this expansion, we are **planning to install almost all 25 machines during the current year** and I am pleased to inform you that **8 machines have already arrived at the facility**, with the installation process currently underway. We expect to commence operations from Q2 FY27.

Looking ahead, by FY27-28, Unit 2 will be fully operational with approximately 35 advanced manufacturing machines. This facility will be equipped with state-of-the-art milling, turning, terminal centers and machining centers, further strengthening our manufacturing capabilities.

Our **focus** going forward will remain **on four strategic pillars**:

- First, **capacity utilisation and operational excellence**. We will continue to optimise the utilisation of Unit 2 and improve manufacturing efficiency to support profitable growth.
- Second, **customer diversification and deeper engagement**. We are actively pursuing opportunities with existing customers while expanding our presence across the aerospace, defence, healthcare and high-precision engineering segments, in domestic as well as international markets.
- Third, **technology and capability enhancement**. Investment in advanced machining, process automation, quality systems and skilled manpower will continue to strengthen our competitive position.
- Fourth, **sustainable and profitable growth**. While revenue expansion remains important, our objective is to create long-term value through disciplined execution, healthy margins, strong governance and prudent capital allocation.

I would like to thank all our employees, customers, business partners, shareholders and all our stakeholders for their continued trust and support. We remain committed to building Apsis Aeroacom into a leading and respected manufacturing company serving the aerospace, defence and healthcare ecosystem.

Once again, I thank you and look forward to delivering sustainable growth and creating long-term value for all our stakeholders. Thank you all once again.

QUESTION-AND-ANSWER SESSION

Moderator • Finportal

Thank you so much to the management team for those comprehensive opening remarks. We will now proceed to the Q&A session. Participants wishing to ask questions are requested to use the raise-hand feature and submit their questions in the Q&A tab. We will then invite investors to unmute themselves and ask their questions one at a time.

We will take the first question from Mr. Aditya Mutha.

Aditya Mutha • Participant / Analyst

Sorry, I might have missed it. What was your order book at the end of March 2026?

Mr. Basavaraju KS • Managing Director

In March 2024, we had declared **an order booking of around 24 crore.**

Aditya Mutha • Participant / Analyst

Okay, and what is the current order book?

Mr. Basavaraju KS • Managing Director

The current order book is more than 40 crore.

Aditya Mutha • Participant / Analyst

And can we complete this order book in the next one year?

Mr. Basavaraju KS • Managing Director

Yes, we can complete this order in the next one year and I think a very small portion may go into FY28 as well; but we have big pipelines.

Aditya Mutha • Participant / Analyst

Okay, and what is the guidance for this financial year?

Mr. Basavaraju KS • Managing Director

On guidance: as I told you, we are coming up with the Unit 2 facility. **Unit 2 is two times bigger than the existing one. In Unit 1, we are doing approximately 30 crore of business; Unit 2 is going to be two times bigger, so it will contribute around 60 crore of additional revenue for FY28. For FY27, it will operate only partially, so we are targeting to close at approximately 48 crore.**

Aditya Mutha • Participant / Analyst

So, basically, FY27 revenue you will close at 48 crore.

Mr. Basavaraju KS • Managing Director

Yes.

Aditya Mutha • Participant / Analyst

And 30 crore will come from Unit 1, and 18 crore will come from Unit 2.

Mr. Basavaraju KS • Managing Director

Yes.

Aditya Mutha • Participant / Analyst

And that is at how much capacity utilisation?

Mr. Basavaraju KS • Managing Director

That will be **less than 50% capacity utilisation of Unit 2.**

Aditya Mutha • Participant / Analyst

Okay. And Unit 1 is completely utilised, right?

Mr. Basavaraju KS • Managing Director

Yes, it is completely utilised.

Aditya Mutha • Participant / Analyst

Okay, sir. And when are you planning the inauguration of Unit 2?

Mr. Basavaraju KS • Managing Director

It will be the **end of July or the beginning of August.**

Aditya Mutha • Participant / Analyst

End of July, okay. Okay, sir, I'll get back in the queue. Thank you.

Mr. Basavaraju KS • Managing Director

Thank you.

Moderator • Finportal

Thank you so much, sir, for asking the question. We will take the next question from Mr. Hemant.

Hemant K • Participant / Analyst

Yeah, hi, sir. Thank you for giving me an opportunity. I just wanted to understand a couple of things. Whatever revenue we are generating, is it all India concentration or are we exporting anything?

Mr. Basavaraju KS • Managing Director

Most of the orders we are doing are basically from foreign OEMs, because of the defence offset business. But we deliver within India itself; 90% of our components are delivered within India and they then go to the Indian Air Force, Navy and other Indian defence applications. The OEMs are mainly foreign companies, but they have joint ventures and offices here in India.

Hemant K • Participant / Analyst

Okay, so basically the major revenue is coming from defence, right and the second is the aerospace vertical. So what kind of revenue mix are you looking at going forward?

Mr. Basavaraju KS • Managing Director

Going forward, our defence revenue will remain the major contributor to our revenue. In aerospace, we also want to increase in terms of value. But percentage-wise, if you ask me, defence will remain the larger share.

Hemant K • Participant / Analyst

In terms of percentages, can you give a ratio for defence to aerospace?

Mr. Basavaraju KS • Managing Director

Defence will remain **around 60%**, aerospace approximately **around 30%**, and **around 20% from other sectors** such as healthcare and other industries.

Hemant K • Participant / Analyst

Okay. And, sir, what are the operating margins for defence versus aerospace? Can you give me a range?

Mr. Basavaraju KS • Managing Director

More or less, the two remain similar. It all **depends on what kind of component we choose in the aerospace and defence industries**. If we choose a complex part, the margins will remain the same and we generally target such components.

Hemant K • Participant / Analyst

Okay, and sir, are most of our contracts short-term contracts or long-term contracts?

Mr. Basavaraju KS • Managing Director

I would say they are medium-term contracts. **Around 30% of our contracts are shorter**, something like **less than one year or one and a half years**. **Another 30%** — and I am talking about **defence** here — are for a slightly longer term, something like **two to two and a half years**. These are confirmed orders that I am referring to; otherwise, the projection would be something like 5 to 6 years. I am talking about orders in hand.

Hemant K • Participant / Analyst

Okay and what percentage of our clients are basically long-standing clients with us?

Mr. Basavaraju KS • Managing Director

They have been with us from the beginning — for the **last 12 years**.

Hemant K • Participant / Analyst

Can you give me a number of the clients that are with us for, say, more than 5 years or 10 years?

Mr. Basavaraju KS • Managing Director

Our current customer base is approximately 15 to 20. More than 7 to 8 customers have been with us for a long time and we have added another 12 to 15 customers over the last 5 years.

Hemant K • Participant / Analyst

And the last question, sir: how are we tackling the fluctuations in raw materials? Do we have some kind of price pass-through clause in the contracts we are getting into with clients?

Mr. Basavaraju KS • Managing Director

We always work on a risk-mitigation strategy whenever we approach a customer. We keep monitoring global situations and while finalising the order, these factors are marginally considered. This is manageable. For all upcoming orders there will not be a problem, because we will know the current situation and quote accordingly.

Hemant K • Participant / Analyst

Okay, last question: where do you see our company in, let's say, a 3-to-5-year time frame?

Mr. Basavaraju KS • Managing Director

Over 3 to 5 years, there is a uniqueness in our business. Scaling this business is, in a sense, easy because the aerospace and defence market is so large; but we cannot take very big orders, because most of the time that becomes an execution issue. We are targeting more complex parts, which require a lot of skilled employees and proper infrastructure. In this context, **over the next 5 years we are targeting a range of around 500 crore.**

Hemant K • Participant / Analyst

Okay. All the best, sir, all the best for your future. Thank you.

Mr. Basavaraju KS • Managing Director

Thank you.

Moderator • Finportal

Thank you so much, sir, for asking the question. We will take the next question from Mr. Rishav.

Rishav Rittitva • Participant / Analyst

Yeah, thanks for the presentation. I have one question on EBITDA. As the CFO explained, we saw the dip in EBITDA due to certain reasons; but what is going to be my steady-state EBITDA for, maybe, this year, the next 2 years or 3 years down the line?

Mr. Basavaraju KS • Managing Director

We can confidently say we can **manage an EBITDA margin of 37% to 40%.**

Rishav Rittitva • Participant / Analyst

And the other question is on the machines we are going to procure from the IPO funds we received. As our Chairman said, the fully operational part will be in the year 27-28; but for the Phase 2 part,

which you said will start from July this year or maybe from the start of August, I'm getting a little confused between those two aspects. Are those different?

Mr. Basavaraju KS • Managing Director

Okay, I will clarify. As you know, the IPO came recently, around March end almost. After that, we started procuring the machines. These are precision machines mainly advanced machines and the **delivery lead times are very high, ranging from 6 to 10 months, as most of them come from Europe and Japan.**

Since the delivery lead times are high, some machines have been procured partially and are getting installed. Some of them are already installed and a few are getting installed this month and next month. That is how the partial operation is going to commence from the month of August. **The full set of machines will be delivered by the end of December** or so. That is when we are committing the Unit 2 facility will be in full-fledged condition, in FY28.

Rishav Rittiva • Participant / Analyst

Got it, got it. Thank you, I'll rejoin the queue for other questions.

Mr. Basavaraju KS • Managing Director

Thank you.

Moderator • Finportal

Thank you so much, sir, for asking the question. We will take the next question from Mr. Rahil.

Rahil Mehta • Participant / Analyst

Thank you for giving me the opportunity to ask my questions and congratulations on delivering a very strong set of results for FY26.

My first question is related to the capacity expansion and future growth. You've indicated that the company could achieve a revenue run-rate of approximately 90 to 100 crore by FY28 if we have full capacity utilisation of both the existing manufacturing units. So, beyond that milestone — if we achieve 90 to 100 crore of top line after FY28 — what are the company's expansion plans, given that we have a potential third unit where the land has already been identified? Could you please throw some light on that, sir?

Mr. Basavaraju KS • Managing Director

Yes. We also have spare land capacity for further expansion and we have many other solutions that we have not yet started for our customers; we are going to start those once the Unit 2 facility is established.

The Unit 3 facility will mainly be used to provide value additions. We are going to start some mechanical assemblies within aerospace, defence and healthcare manufacturing and we are also **going to add more product lines.** With that, we are going to reach our next 5-year targets.

It is not only about Unit 3 — we are also getting a lot of demand from existing customers as well as new customers within the existing business. And second, as I told you, we are going to add more value for our customers by adding assemblies and other services. With this, we can increase our revenue to the next level.

Rahil Mehta • Participant / Analyst

Okay, so just to clarify, sir, by 2031 you are expecting the company can do a top line of 500 crore if everything is in place?

Mr. Basavaraju KS • Managing Director

Correct.

Rahil Mehta • Participant / Analyst

And I think we are going to take a margin hit as well, right? Once the capacity expands and the revenue goes up, the margins won't be the same.

Mr. Basavaraju KS • Managing Director

On margins: for the next 3 years we have a very clear plan and a good order booking. Strategically, when we plan, we also have to think about the conditions over the next 3 years, because of the dollar fluctuation. On internal operations and internal factors, we have the confidence to achieve our existing margins. Because of the global situation and the current conflict situation, the material impact and all those things — we have to do a little bit of risk analysis for FY30 and FY31.

Rahil Mehta • Participant / Analyst

Got it. And one more thing on the order book. Currently, we have an order book of more than 40 crore, which has to be executed over this financial year. Could you please throw some color on the order pipeline beyond the existing order book? For example, if the order pipeline is about 100 crore, what is our conversion rate? If our conversion rate is 20% of 100 crore, we would get 20 crore of orders.

Mr. Basavaraju KS • Managing Director

Apart from the existing order book, **we have a pipeline of more than 100 crore.** Generally, **our conversion rate is in the range of 30%.** And this is for this year, FY27, that I am talking about.

Apart from FY27, we have a huge pipeline for FY28 and FY29 as well. In this business, in defence and aerospace — the project timelines are sometimes a little short, as I mentioned in my previous answer. The customer will ask us to deliver in less than one year, sometimes less than one year. So we cannot take more bookings. Practically, we can grab whatever new opportunities and targets we set; that is not a problem here.

Rahil Mehta • Participant / Analyst

Got it. And so, conservatively, this year I completely agree that Unit 2 is not going to have an operational capacity of more than 50%; but optimistically, can we achieve operational capacity beyond 50% in this FY27?

Mr. Basavaraju KS • Managing Director

Of course. Generally our plan is set up that way. But in this forum, we are not committing to anything beyond what we have set as a target.

Rahil Mehta • Participant / Analyst

Conservative numbers.

Mr. Basavaraju KS • Managing Director

Yes.

Rahil Mehta • Participant / Analyst

Got it, sir. And just this last question regarding new customers. How are we adding new customers? Do they need any more certifications and are we going for NADCAP certification as well?

Mr. Basavaraju KS • Managing Director

No, at this moment we don't require NADCAP certification. NADCAP certification is required for special processes and since we are not in the special-process business, we don't require it.

On how we are going to add new customers: there are many activities we do. In terms of results, recently over the last 4 months, I can say from February onwards — we have added more than four potential customers to our customer list. We have also received good order bookings from them, and we have started delivering some of those orders.

Generally, we follow many regular activities. **We participate in many defence and aerospace exhibitions and we have strong networks and a benchmark.** In aerospace, the market works like an ecosystem: once one big OEM approves us, other OEMs come to know that we manufacture similar components. That way, we also get customer references.

Rahil Mehta • Participant / Analyst

Just to clarify this statement as well: we are completely into critical components, we do not make basic components at all. Out of those critical components, do we have any monopolistic components where we are the only supplier to that OEM?

Mr. Basavaraju KS • Managing Director

Yes. I cannot disclose the numbers, but **we have many components where we are the exclusive supplier** at this moment for our customer.

Rahil Mehta • Participant / Analyst

For example, I think we have around 350 SKUs — correct me if I'm wrong. Out of those 350 SKUs, how many products are monopolistic components, percentage-wise?

Mr. Basavaraju KS • Managing Director

Percentage-wise, in terms of revenue, they **contribute close to 40% of our revenue.** It is more, but I will say it contributes around 40% of our business. For the other components too, we don't have much competition; I can say there are hardly one or two competitors in India, but we are the major supplier for those.

Rahil Mehta • Participant / Analyst

Why isn't anyone else or any of the other suppliers, doing the same thing we are? Is it very difficult to crack what Apsis is doing?

Mr. Basavaraju KS • Managing Director

Yes, it is very difficult to crack at this moment. It is not that customers haven't tried to work with other suppliers; they have been trying for the last 5 years, but other suppliers couldn't develop these components.

Rahil Mehta • Participant / Analyst

Okay, fair enough.

Mr. Basavaraju KS • Managing Director

It is mainly an engineering limitation, I can say. It is not something you can simply buy; it requires individual skill, the competency required to develop this component.

Rahil Mehta • Participant / Analyst

Got it, sir. And a last question regarding Unit 2. You said we have to invest about 60-odd crore for Unit 2 to get the machines and all. Is there any number on Unit 3 as well, if we go for it in FY28, FY29 or FY30 how much will we have to invest, and how are we going to invest? Do you have any idea on that?

Mr. Basavaraju KS • Managing Director

It is a little too early to give the investment figures, but maybe during our next call we can discuss them. We can indicate that **Unit 3 can also generate up to another 70-plus crore of business**, in addition to Unit 1 and Unit 2.

It will be more, basically. All these numbers we are going to exceed, but we are committing to more accurate numbers later.

Rahil Mehta • Participant / Analyst

Got it. So, to cut the story short, I think our target is 500 crore of top line to be achieved by 2031. That's what we are aiming at over the next 5 years.

Mr. Basavaraju KS • Managing Director

Yes, we are aiming for that.

Rahil Mehta • Participant / Analyst

Got it. Great, so thank you so much for giving me the opportunity. Thank you.

Mr. Basavaraju KS • Managing Director

Thank you, sir.

Moderator • Finportal

Thank you so much, sir. We will take the next question from Mr. Priyansh.

Priyansh Miri • Participant / Analyst

Hi, sir. Hope I'm audible. Congratulations on a great set of numbers. My first question is regarding the 99% success rate in our products that you mentioned. According to you, what are the critical areas of expertise that have enabled that? For example, do we have any process IPs or does it mainly depend on the skills of our employees? Can you throw some light on that part?

Mr. Basavaraju KS • Managing Director

Both are there, basically. Skill & competency is our main core strength. Prior to founding this business, we were working on developing the most complex parts and that was our core competency in the aerospace and defence industries.

Second, on process: making aerospace and defence precision components requires very good process skills and there too we have a specialised skill. We do not target regular products, where many people are available to do the work. We mainly target complex parts, where advanced machining and advanced process planning are required, and we know how to make them optimistically and consistently on the machine.

Priyansh Miri • Participant / Analyst

Understood, sir. One follow-up question. Given that, if we want to add any new product to our existing SKUs that we can bring to a customer, how does the actual process setup happen? If you find out that there is one new critical component we can build, will the process we already have ingest it directly, or do we need to study it and improve it again? How does the whole cycle of designing the process work?

Mr. Basavaraju KS • Managing Director

Study and implementation are always required whenever we get a new opportunity. We generally make the initial process plan and there is a lot of engineering stage involved in aerospace component manufacturing. To briefly explain: once we get any complex part and I am specifically talking about **complex parts, we do internal studies and our own analysis and then we go for the concept design.**

Once the concept design is done, we validate that process and then go for sample-part machining. Once the sample part is machined, we inspect it and monitor the consistency of the component. We do many things at the engineering stage, on the computer. In the last stages, we run this process practically on the machines and test the parts. And not only do we test them; we also offer them to our customer to test from their side. That is how the process flows.

Priyansh Miri • Participant / Analyst

Okay, thank you, sir. So, if I understand correctly, stepping back and thinking at a higher level: the customer might own the IP or the design — say, what is built in the CAD/CAM, correct?

Mr. Basavaraju KS • Managing Director

The CAD they will own; the CAM we will have.

Priyansh Miri • Participant / Analyst

So the process is locked with us. In a way, even though a tender may be floated for the first time, once we develop this process and deliver at 99% accuracy, the customer effectively gets locked to us as a partner. Is that a fair understanding?

Mr. Basavaraju KS • Managing Director

Yes, most of the time. Quality is one part; on-time delivery, transparency and ethics are also important. We also have to undergo their audits, so we have to pass all these criteria to retain a good customer for the long term.

Priyansh Miri • Participant / Analyst

Understood. Okay, that is my question. I am really impressed with the scale and the numbers we are delivering, sir. Congratulations to you and the entire employee base. Many congratulations for the future.

Mr. Basavaraju KS • Managing Director

Thank you, thank you very much.

Moderator • Finportal

Thank you so much, sir. We will take the next question from Mr. Vaibhav. Sir, you can unmute yourself.

Vaibhav Temani • Participant / Analyst

Yes, sir, I want to know: why did we go with an SME IPO? We have good business quality, the numbers are showing well, and even the cash flows are really good. Why didn't we go for the debt option? I just want to know your point of view. Does going for an SME IPO give us some leverage with our customers or what is the biggest factor here?

Mr. Basavaraju KS • Managing Director

No, sir. The biggest factor is basically investment, because we were getting a lot of opportunities. If you see our DRHP and RHP that we filed earlier, many of our investors used to ask why we work only with 3, 4 or 5 customers majorly. The major problem was that we were unable to accept more orders and unable to add more customers to our business.

Basically, investment was required. The current facility is very limited and small, so we were unable to grab the opportunities coming from the market, our networks and customer referrals. We needed investment initially in order to grow to the next level and our internal accruals were not sufficient. That was the major reason to go for the SME IPO.

Vaibhav Temani • Participant / Analyst

Sir, but why not debt? Why did you go with equity? You could have taken debt as well.

Mr. Basavaraju KS • Managing Director

Do you mean equity in the sense of private equity or something like that?

Vaibhav Temani • Participant / Analyst

You could have just taken a loan from a bank.

Mr. Basavaraju KS • Managing Director

No, no. As you know, the bank interest rate was very high. Currently they say it is 9% or 10%, but it would ultimately cost us more than 11-12%. So most of our profit would go to them. Taking a 40-crore or 50-crore loan from the bank doesn't make any sense for us, as we know.

Vaibhav Temani • Participant / Analyst

Sure, sir. Okay, I'm good. Thank you and all the best.

Mr. Basavaraju KS • Managing Director

Thank you, sir.

Moderator • Finportal

Thank you so much, sir. We will take the next question from Mr. Aditya.

Aditya Mutha • Participant / Analyst

Hi, sir, hi once again. Just one question on my mind. When you say you don't target simple parts and you only target complex parts, then why is our conversion rate on the order-book pipeline only at 30%? When customers come to us, don't you think the conversion rate should be much higher than what you are suggesting?

Mr. Basavaraju KS • Managing Director

Yes, I will tell you. I did not say that we only target complex parts; I said that the majority of our business comes from complex parts. Because from our existing customers, if they want to give us a non-complex or medium-complex part as well, we have to accept it in order to satisfy our customer. That is one part.

Second, on the conversion ratio: basically, our capacity is limited, so we cannot take more orders. As I told you, our next-year target is around less than 50 crore, so I cannot take on the whole pipeline, which is more than 100 crore. And, as I mentioned, in this business the lead time is generally short, something less than one year or one and a half years. So that is another constraint.

Aditya Mutha • Participant / Analyst

Thank you, sir. And the next question is: have you added some new programmes, or have you onboarded new clients after the IPO?

Mr. Basavaraju KS • Managing Director

Yes, sir. As I mentioned, over the last 4 months from February we have added almost more than 4, around 4 customers.

Aditya Mutha • Participant / Analyst

Okay, sir, thank you, thank you.

Mr. Basavaraju KS • Managing Director

Thank you so much.

Moderator • Finportal

Thank you so much, sir. We have a question in the Q&A tab. Do we have an R&D team?

Mr. Basavaraju KS • Managing Director

Yes, we do R&D. I mentioned this in my presentation as well. Last year, in healthcare, we were working with R&D to develop a new product line and we also developed many defence and aerospace products. We have a dedicated team for this activity.

Moderator • Finportal

So, sir, how big is the R&D team and what is our spending on R&D?

Mr. Basavaraju KS • Managing Director

The team size is **around 15 to 20 people who work on R&D**. We spend **around 7% to 10% of our business on R&D**.

Moderator • Finportal

Okay, sir. And we have another question: is the 500-crore revenue a cumulative 5-year revenue, sir?

Mr. Basavaraju KS • Managing Director

No, it is not cumulative, madam; it is per year. In the next 5 years, we are going to reach a 500-crore turnover.

Moderator • Finportal

Okay, sir. We will take the next question from Mr. Rishav.

Rishav Ritiiva • Participant / Analyst

Yeah, hi. My next question is on the same scenario. As you said, we are going to achieve 500-crore revenue. Given that investors tend to react negatively when guidance is missed, is the management actually confident of achieving that number?

Mr. Basavaraju KS • Managing Director

Yes, of course, sir. We are very, very much confident of achieving this number.

Rishav Ritiiva • Participant / Analyst

Okay, thanks, that's what I wanted to confirm. All the best.

Mr. Basavaraju KS • Managing Director

Thank you.

Moderator • Finportal

Sir, we have a piece of feedback in the Q&A tab, a suggestion to consider for our disclosures. Although the SME board mandates half-yearly numbers, given the size of the business, your stock may be subject to price-movement restrictions. Hence, there is a suggestion to disclose even unaudited numbers on a quarterly basis, or perhaps just revenue, EBITDA and PAT highlights. This would avoid surprising participants and make the stock movement more linear.

Mr. Basavaraju KS • Managing Director

Okay. We will consider this suggestion, but we will also look into the compliance-related issues. We will consult with our auditors and the rest of the team, and once we get confirmation from them, we will definitely try to do this.

Moderator • Finportal

Okay, thank you. On behalf of Finportal, I would like to extend our sincere gratitude to the management team of Apsis Aerocom Limited for their time and the detailed responses shared today. We also thank the participants for their active engagement and thoughtful questions. Now, I will invite the management team to give their closing remarks.

Mr. Basavaraju KS • Managing Director

Yes, thank you, everyone. Thank you for giving your time to attend this H2 FY26 earnings call. We value your participation and we will continue to keep our commitments. Thank you for trusting us. Thank you once again.

Moderator • Finportal

If there are any unanswered queries from the participants, please do not hesitate to reach out to us at the email address mentioned in the chat box. This concludes today's earnings call. You may now disconnect.