

November 05, 2024

<b>To,</b> <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. <b>BSE Scrip Code: 543932</b>	<b>To,</b> <b>The National Stock Exchange of India Limited</b> “Exchange Plaza”, Bandra – Kurla Complex, Bandra (EAST), Mumbai – 400 051 <b>NSE SYMBOL: IDEAForge</b>
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**Sub: Transcript of Earnings Call for the quarter and half year ended September 30, 2024, of ideaForge Technology Limited (“the Company”).**

Dear Sir/Ma’am,

This is further to our letter dated October 29, 2024, whereby the Company had submitted the link to the audio recording of the Earnings Call hosted by the Company on Tuesday, October 29, 2024, at 11.00 a.m. (IST) post announcement of Unaudited Financial Results (Standalone & Consolidated) for the quarter and half year ended September 30, 2024.

Pursuant to the Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the transcript of the Earnings call held on Tuesday, October 29, 2024, at 11.00 a.m. (IST). The Transcript is also available on Company’s website at below link:

<https://ideaforgetech.com/investor-relations/news-and-announcements>

Kindly take the same on your records.

Thanking you,

Yours faithfully

**For ideaForge Technology Limited**

**Sonam Gupta**  
**Company Secretary**  
**Membership No. A53881**

*Encl: as above*



“ideaForge Technology Limited  
Q2 FY '25 Earnings Conference Call”

October 29, 2024



**MANAGEMENT: MR. ANKIT MEHTA – CHIEF EXECUTIVE OFFICER -  
IDEAFORGE TECHNOLOGY LIMITED  
MR. VIPUL JOSHI – CHIEF FINANCIAL OFFICER -  
IDEAFORGE TECHNOLOGY LIMITED**

**MODERATOR: MR. PARTH PATEL – ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 FY25 Earnings Conference Call of IdeaForge Technology Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Patel from Orient Capital. Thank you and over to you, Mr. Parth.

**Parth Patel:** Thank you, Michelle. On behalf of Orient Capital, I welcome you all to IdeaForge Technology Limited Q2 and H1 FY25 Earnings Conference Call. From the management side, we have Mr. Ankit Mehta, Chief Executive Officer, and Mr. Vipul Joshi, Chief Financial Officer. I hope everyone had an opportunity to go through our investor deck and press release that we have uploaded on our exchange and company's website.

A short disclaimer, I would like to say before we begin the call, this call may contain some of the forward-looking statements which are completely based upon our belief, opinion, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risk and uncertainties.

With this, now I hand over the call to Mr. Ankit Mehta. Over to you, sir.

**Ankit Mehta:** Thanks, Parth. Good morning, everyone, and thank you for joining us today for our Q2 and H1 FY25 Earnings Conference Call. Let me first take this opportunity to wish everyone season's greetings and in advance a very happy and safe Diwali.

Today on the call, I have my colleague, Vipul Joshi, our CFO, and Orient Capital, our investor relationship partner with me. As we reflect on this past quarter, I want to start with a few developments that can be expected in the industry in which we operate, starting with the much-awaited PLI drone scheme. India's PLI scheme for drones and drone components since its launch in 2021 has laid a strong foundation and helped this nascent industry to make significant progress.

The industry has been presenting a case for PLI 2.0, and I'm confident that it will be a game-changer for startups, MSMEs, and established players alike. With a much larger capital outlay and enhancements in its execution based on learnings from the original scheme, it can have an even greater impact across the entire drone ecosystem, making it a revolutionary step towards realizing the government's vision to make India a drone hub by 2030.

Our clarion call to promote indigenous technology development and ban the import of critical subsystems and components coming from geographies of concern are also moving in the right direction, particularly since the pager attacks.

We've been witnessing clear intent and increasing activity from customers to tackle this problem by looking under the hood of what is being supplied or proposed to be supplied. The same is being done in the CCTV industry as well, as we are all well aware of. It's a sign of the maturing of the ecosystem and signs of deeper evaluation ahead of – ahead for the Indian drone industry.

But it is also an exciting time for indigenous technology in the country. Operationally, our efforts for new technology and product development continue to be active on all fronts. We have been able to equip our existing quad and hybrid VTOL platforms with cutting-edge features and successfully demonstrated several of them to customers at high altitudes during HIMTECH 2024.

Development of our larger platforms, the tactical UAV and the middle-mile logistics UAV are on track. We continue enabling new use cases and unlocking new sectors through innovation on software fronts as well. We're proud of our innovation DNA and the filing of six new patents and grant of two new patents in this quarter exemplifies our commitment to developing cutting-edge technologies and products in this domain.

We also received the DGCA's type certification for our Q6 V2 UAV, which will enable us to strengthen our offerings and solutions in the Indian civil sector. We have made progress in our joint development with GalaxEye for fog and foliage penetration systems. As a part of our endeavour to create an ecosystem for drones, we partnered with Inertial Labs, a global leader in innovative inertial sensors and GPS systems to integrate their RESEPI LiDAR solution into our high-performance UAVs.

This collaboration represents a significant advancement in the UAV-based LiDAR mapping domain, offering industries an enhanced, highly accurate, and reliable solution for mapping using LiDAR. Seamless integration of Inertial Labs' precise LiDAR payload with IdeaForge's advanced NETRA and Q6 class of UAVs will help deliver aerial data with extreme precision, speed, and help enable actionable insights for our end customers on ground. We've been gaining valuable insights from paid POCs on our Drone-as-a-Service business, even with enterprise customers now.

And they have been helpful in our efforts to mature this model and to unlock new use cases that we can service using our Drone-as-a-Service opportunity. As a next step for scaling the DaaS business, we have recently initiated an initiative called FLYGHT Franchise, a franchise-owned, franchise-operated model for Drone-as-a-Service. It is designed to empower both entrepreneurs and organizations, allowing them to leverage cutting-edge drone technology with AI capabilities while benefiting from IdeaForge's comprehensive technology and support.

I'm confident that it is a transformative step towards accelerating the adoption of drone technology to enhance security, governance, and disaster response across multiple industries in the country. Beyond the operational and financial benefits, the FLYGHT Franchise also enables franchisees to tap into diverse use cases across multiple sectors, such as traffic and parking management, security solutions, city planning and development, emergency response, and even outdoor inventory management. From the end-user's perspective, access to drone technology

would be in the customer's hands via India's first app-based Drone-as-a-Service model, setting new standards in the UAV accessibility for businesses and individuals alike.

Completion of the early adopter program with a few of our customers and their feedback on our systems has bolstered our confidence in our ability to make significant presence in the US in the coming times. Our presence in the US market has attracted interest of customers from other geographies as well, and we are getting inquiries globally now. We are evaluating these opportunities and have even participated in a few sizable opportunities in this category of systems.

From the order book perspective, there has been a shift in timeline for progress in large opportunities due to, as we all are aware, a reduced pace of capex spending by the government in the first half of the year. However, we are tracking these opportunities closely, and as we approach the second half of this financial year, we anticipate resumption and momentum in government spending that was slowed in the first half due to events like the general election.

This should help convert the existing big pipeline and fuel ongoing opportunities, enabling us to scale up operations and continue delivering excellence across sectors. We continue to track our L1 pipeline of now more than INR300 crores and a qualified opportunity pipeline that is multiple times larger. Given our in-house manufacturing capabilities and mature supply base, we are well equipped to fulfil large-scale orders within specified delivery timelines, and on occasion, we have even delivered orders well ahead of schedule.

Further, we have taken certain proactive steps for building capacity and capability for manufacturing and also have secured several critical items from a supply chain point of view so that we can fulfil even large opportunity within anticipated timelines. Our drones continue to gain traction and set new benchmarks across various use cases.

Notably, during the recent floods in Vijayawada, Andhra Pradesh, and in Florida in the U.S. after the Hurricane Milton, our drones proved invaluable by providing real-time surveillance, damage assessments, and guiding relief efforts with pinpoint accuracy to the officials and the relief operations personnel on ground.

Additionally, our drones have become integrated and integral to wildlife protection efforts, preventing human-wildlife conflicts in forest areas across multiple regions. These examples where drones have proven crucial in moments of crisis strengthen our faith in this technology and motivate us to work towards making this technology as democratized as possible.

Being a pioneer in the domestic drone industry, we would like to reiterate our commitment to offering unmatched performance, reliability, and commitment in service of our customers' missions. Our drones are now being leveraged over 550,000 flights or surveillance or mapping operations, particularly in India, with an IdeaForge drone taking off every four minutes.

Now, I will discuss our financial performance for Q2 and H1 FY25. Our order book, as of 30th September, stood at approximately INR21.5 crores, with an L1 opportunity pipeline of now more

than INR300 crores, where we will see momentum towards conversion to orders to be built up soon as we progress into the second half of the financial year.

Consolidated revenues for the current quarter stood at INR37.1 crores versus INR23.7 crores in Q2 FY24, and INR123.3 crores in H1 FY25 as compared to INR120.8 crores in H1 FY24. For the quarter, gross profit stood at INR9.1 crores, with a gross profit margin of 24.6%. For H1 FY25, gross profit stood at INR37.8 crores, with a gross profit margin of 30.7%.

EBITDA for the quarter was minus INR10 crores and INR minus 1.5 crores for H1 FY25. PAT for the quarter stood at INR minus 13.7 crores and INR minus 12.5 crores for H1 FY25. In the current period, the margin has been largely impacted because of increased scale of the business operations and a relatively lower revenue number for the quarter.

The reason for lower gross profit is because of the product mix and BOQ of the product delivered during this period, for contract that was signed about a year back. However, we believe this is temporary in nature and are confident of converting our pipeline for growth in our order book for this financial year and beyond.

Our business is driven by technology and innovation, which means that focusing on solely quarter-on-quarter performance misses our true growth potential. By embracing new developments and strategic partnerships, we are positioned to unlock substantial results in the coming timeframe.

Our commitment to leveraging technological advancements will enhance our operational efficiency and expand our service offerings, creating significant value for our stakeholders. We are a dedicated team executing our vision. We are confident of achieving meaningful growth in the long term and maintaining our leadership in the market.

Thank you and over to you, Parth, for Q&A.

**Moderator:** Thank you very much sir. We will now begin with the question-and-answer session. The first question is from the line of Hardik Rawat from IIFL Securities. Please go ahead.

**Hardik Rawat:** Thanks for the opportunity. My first question was with regards to the L1 position. You mentioned that our L1 position is over INR300 crores. So, this would be flat from where we were at the end of 1Q?

**Ankit Mehta:** It has actually gone up a little bit, but we are just currently retaining the position in terms of numbers.

**Hardik Rawat:** And what would be the split between exposure to the government of India and other customers in this L1 position of INR300 crores?

**Ankit Mehta:** Actually, there are a couple of sizable opportunities internationally that would cover up this position itself.

**Hardik Rawat:** So, that is included in this INR300 crores?

**Ankit Mehta:** Yes, that is included in this INR300 crores and that is something which is quite alive. Of course, being a large opportunity, it is expected to convert over a slightly longer period of time given the decision-making approaches even in other governments being similar. But yes, it is definitely alive and kicking.

**Hardik Rawat:** Any colour as to what percentage would that be? Any broader ideas and more than half is international exposure? Basically, what I want to understand is that we understand that across capex, government capex spends have been slower in the first half for the reason that you mentioned.

But what extent of our L1 position was exposed to this risk and what are our expectations going forward? Do we expect these orders to close in 3Q, at least the domestic ones? And what about the international ones? Why were they delayed?

**Ankit Mehta:** So, I think in terms of coverage, we had iterated earlier as well that we have some extra coverage within the L1. We have not sort of stated the entire L1 position here to have some coverage within this position.

So, we have opportunities that would cover up pretty much the entire L1 pipeline just from the international opportunities itself. They have been slow because of the size of the opportunities and decision-making processes being perhaps similar in governments across the world. But overall, we do expect them to close, and we are in good position in some of these opportunities.

Globally, we are the only vendor who is looking, who they have considered for providing the technology for drones within the opportunity. It is a much larger opportunity where drones are a part of the opportunity and not the only vector.

**Hardik Rawat:** So, any firm expectations with regards to order inflows in 3Q or maybe that slippage could happen in the fourth quarter? The reason that I am asking is that our order book is currently at about INR21 crores. There is very little visibility for the third quarter revenues.

**Ankit Mehta:** So, what has started happening, Hardik, is that we are seeing revenue opportunities within the Government of India and tenders have been floated that we are participating in. So, we can expect conversion of those opportunities within this quarter. However, as you are aware that some of the larger opportunities, the approvals for budgets and allocations have not happened yet.

So, we will have to, while continue to track it very aggressively, we will have to get back to you in terms of where we stand at the end of the quarter, given that, that motion is yet to begin within the government itself.

**Hardik Rawat:** Secondly, with regards to our export endeavours, so any updates with regards to execution that we have done for the US market or that remains a work in progress?

**Ankit Mehta:** So, what happened is that, for last year, we were, seeding the technology and we have had great feedback received on the product. There were certain hardware developments that we had to do

to make sure that we have a product that will be useful for that market. We have now concluded those developments, and we are, in a way, launching a couple of new offerings in that market, which will include those developments that we have done based on the feedback.

And we are, also because it's also a new financial year for them, we are expecting results starting this quarter itself in the US market.

**Hardik Rawat:** So, third quarter should see some revenue from the US market?

**Ankit Mehta:** At least some orders from the market.

**Hardik Rawat:** Some orders?

**Ankit Mehta:** Yes.

**Hardik Rawat:** So, execution likely to happen in the fourth quarter?

**Ankit Mehta:** Yes, because like you're aware, we need permissions to export, etc, right? So, we'll have to, once we get the orders, we have to take permissions and prepare for execution.

**Hardik Rawat:** Any material updates on the two new projects that we're working on in terms of R&D? And any, any tweak in the timeline that we're seeing for those developments, the middle mile logistics and the tactical drones?

**Ankit Mehta:** Presently, the developments are on track in terms of timeline. I think we had earlier also mentioned that we are in, we have started testing the first set of mules that we built for the tactical drone. And we are expecting that we will test advanced, development prototypes for the same this quarter itself.

And, hopefully, we will continue to be on track for the overall project timeline that we had suggested, which would definitely imply that while the development may complete in this financial year, we will be ready for, execution in terms of any opportunity that closes post that in the next financial year. And for the middle mile logistics platform, we do expect that we will fly an engineering prototype in the coming quarter. Not this quarter, but potentially the next quarter.

**Moderator:** Mr. Rawat, I'm sorry to interrupt.

**Hardik Rawat:** I'll get back into the queue. Sorry, I'll get back in.

**Moderator:** Thank you so much. Thank you. We'll take the next question from the line of Dipen Vakil from Phillip Capital. Please go ahead.

**Dipen Vakil:** Hi, thank you for the opportunity. So my first question is, can you, if you can give us some more guidance as to, so you mentioned that you have your L1 position worth of INR300 crores. So if you can give us some quantum as to what is your entire pipeline, what kind of opportunities are



available in the industry? So, and where, so because that will also at some point in time come into your order book as well. So a little bit more clarity will be helpful.

**Ankit Mehta:**

Absolutely. So Dipen, like I mentioned in the opening remarks as well, that while we are, talking about an L1 pipeline of more than INR300 crores, we are tracking an opportunity pipeline overall, which is, multiple times larger than that. And these opportunities are a mix of opportunities, particularly currently focused on opportunities that we are targeting with respect to the current portfolio of products that we have and that class of products.

So it's a testament to the fact that the current categories that we are in continue to remain important and sizable categories of, products in the Indian and the global market. And when we finish our development for the tactical and the middle mile logistics, those additional categories will open up even larger pipeline of opportunities for us. So that is one side of what's happening.

And then of course, within each category, as we develop new use cases, more opportunities get created in the market. And we have started to take a very solutions-oriented view of the opportunities. And we are working with several customers to deliver not just the drone technology, but the entire analytics and the solution piece so that we can help solve their problems comprehensively.

And this becomes particularly important when you look at enterprise use cases, and it's being appreciated quite a bit. We are seeing a bunch of success in that direction with our Drone-as-a-Service opportunity as well.

**Dipen Vakil:**

So what kind of execution was there in this quarter from Drone-as-a-Service segment?

**Ankit Mehta:**

Yes, so what has started happening is that earlier we were doing a lot of POCs with, government customers, particularly for traffic and public safety operations. This, particularly in the previous quarter, we have started doing POCs with a lot of enterprise customers who are looking to use it and deploy it for security and surveillance, we've actually helped them catch theft, ongoing theft activities using the platform. So it's been very effective in, mitigating certain security and theft related challenges.

We've in fact helped them a lot even on security related, safety related challenges where we find that people are not wearing the necessary safety gear that can be critical for enterprises. So it's a very exciting phase, we are expecting that early POCs revenues will initiate this year. But as the Franchisee Owned Franchisee Operated model gets matured over the next six months; we expect that next year is going to be a meaningful year for us on the Drone-as-a-Service side.

**Dipen Vakil:**

Got it, sir. And if I can squeeze in one more question. So, so what kind of outlook are you looking at for the second half with respect to execution, because right now we are standing at an order book of just around INR21 crores. So, do we see that so the execution in third quarter will be in the similar lines or do we see third quarter to be much better than INR21 crores in your opinion?

**Ankit Mehta:**

So, Dipen, while we are continuing to operate the run rate business that we have, we will get back to you in terms of the overall position for the year, etc, the moment we close any of our

large opportunities that we're tracking. So we'll probably be able to give you more color on that once we have overall execution clarity.

**Dipen Vakil:**

Okay. So, one last question. This is more on the industry perspective. So, we are looking at that there is a PLI scheme coming in and also government is encouraging more and more indigenous. At the same time, there were some news articles wherein some drone companies or some drone by the defense segment, where there were some technical difficulties and there were some incidences which have happened. So, what kind of repercussions does that company face when such an event happens? So, does that delay, does that put them into blacklist or there's some delay into the approval process? What kind of events have come after that?

**Ankit Mehta:**

See, typically in terms of execution we do not see any repercussions because see ultimately whenever the asset is in the hands of the end customer, it's an asset that the end customer owns. And OEMs collaborate very closely with the end customer to ensure that any of the challenges that they may face are mitigated effectively and from the point of view of the challenges that you saw on the indigenization side and some of the other issues like I mentioned.

Finally, the government is looking at now getting into evaluating what is the technology being delivered under the hood of the overall solution that is being offered and that's a great sign for any business that is doing a very, very in-depth indigenous development and has greater control over the technology. And that particularly puts us in an overall positive spot.

**Dipen Vakil:**

Got it sir. This was really helpful. Thank you and all the best.

**Ankit Mehta:**

Thank you.

**Moderator:**

Thank you. We'll take the next question from the line of Nikhil Gupta, who is an individual investor. Please go ahead.

**Nikhil Gupta:**

Thank you for the opportunity. So, Ankit, again, this question is related to the understanding more about the industry. So, I know that ideaForge's mantra is either the world's best or world's first technology solution. So, can you please highlight the solution we are working on the middle mile? So how much advance it is to the current standards and how many players and what is the best technology we have currently at this moment? You can just briefly describe the industry?

**Ankit Mehta:**

Thanks, Nikhil. It's a great question. When we look at the middle mile opportunity within logistics, as you can imagine there are several ways in which one could address the problem. For example, one could address the problem of regional mobility where you are carrying goods from one city to another city, or one could carry the problem of operating in high altitude environments and doing short range missions with a small payload.

What we have done in IdeaForge is we have taken a very challenging problem to solve. We have taken the problem of doing relatively long-range operation at high altitude with a very sizable load of 100 kilos and be able to take it at high altitudes to about 100 plus kilometers. So, it's a very challenging problem and therefore in order to solve that challenging problem, we have had

to innovate very deeply because it just does not come with the constraint of the load carrying capacity, but we have taken the constraint of building it in a certain weight limitation.

We have taken the constraint of building it in a certain size limitation as well that allows us to operationalize the technology potentially in far larger number of terrains that are available across board. So, we have taken a challenging problem and the solution to that challenging problem has had to be very innovative. It is a concept that is not an obvious concept. We will reveal that concept at the right time, but we believe that we are building something very unique, and it is not a problem statement that we have yet encountered people solving at this size and scale.

**Nikhil Gupta:** In short, we are innovating for higher altitudes and long distances which will be much more than current solutions in the middle mile?

**Ankit Mehta:** Yes.

**Nikhil Gupta:** Okay. And can you just provide the benchmark for the current solutions? What is the average altitude and the average distance the solutions have?

**Ankit Mehta:** So, for example, whatever the government has brought in that broad sense for high altitude presently is looking at carrying between 10 to 20 kgs at a distance of 10 odd kilometers at an altitude of close to about 3,000-3,500 meters. We are taking that challenge to make that significantly higher, even higher altitude. So, the challenge we have taken is a much bigger challenge as compared to what is being inducted presently.

**Nikhil Gupta:** Understood. One last question from my side. So, how do you see IdeaForge going into the urban air mobility going forward 4 years, 5 years?

**Ankit Mehta:** It is definitely an area that is of keen interest to us, and we do believe that the presence in the middle mile logistics market allows us that segment at the right time.

**Nikhil Gupta:** Okay. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Vikram, an individual investor. Please go ahead.

**Vikram:** Yes. Hi. Good morning. So, your revenue from operations is say up 50% Y-o-Y, but your cost of materials and changes in inventories are up 100%. Could you explain that, please?

**Ankit Mehta:** So, Vikram, last year we were executing a different set of opportunities. So, the product mix at that time was different and this year we were executing a different opportunity, and this particular opportunity is something that signed up about a year back. It was bid very competitively. And therefore, the biggest impact is of the delivery of that opportunity in the overall revenue mix that you see. And that's the reason why the numbers are different from the year-on-year.

And that's also the reason why we particularly articulate this in all our earning calls that it is very challenging for us to be compared Q-on-Q and Y-on-Y, because the orders being delivered and the mix being delivered becomes quite variable, because of executing on specific opportunity.

- Vikram:** But ideally, they should be matched, right? The revenue and the cost should have a matching concept, right?
- Ankit Mehta:** It is not that linear for us, Vikram, because it's not the same product being delivered.
- Vikram:** No, that I understand. But if you're getting a higher revenue for a different product, then automatically the cost will be higher and vice versa, right?
- Ankit Mehta:** So, the way -- so I'm not able to exactly, track what you are asking, could you repeat your question once again, Vikram?
- Vikram:** So, broadly, I'm saying that it's a matching concept, right? So, if your top line, you are delivering a higher value or a different kind of a product, and automatically those costs are higher, then they will be matched year-on-year, right? But here there is a, like the revenue is only grown 50%, but costs are grown much higher. So, are you, as per accounting, you have a matching concept, right? So, are you, I mean ideally, it should not be the case.
- Ankit Mehta:** Vikram, what happens is, let's say, for example, I have a product X, and product X, when sold at certain volumes, will have a certain margin profile, right? And a product Y may have a certain margin profile when sold at different volumes, right? So, we have to look at that as the driver overall.
- So, this is a very large opportunity, large quantity delivery that we had to do. And therefore, the margin when we bid for the opportunity was kept at a place where we could be assured of winning the opportunity given the overall tendering ecosystem in the country. We have to bid competitively at all times.
- Vikram:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Shreyas, an Individual Investor. Please go ahead.
- Shreyas:** Hi, Ankit, my question is about Drone-as-a-Service. What industry are we looking at, or are we looking at any industrial solutions, or it will be only traffic-related drone solutions? And when we are seeing at the civil aspects of applications of drone, what are the areas we are exploring on that? Any, like say, structural or electrical towers inspection? Are we getting those kinds of inquiries, or do we have a product for that?
- Ankit Mehta:** Sure. So, it's a great question, Shreyas. We are not just, at least now, looking at, traffic management or other opportunities as a service. Public safety was the initial vector where we have proven the capabilities of our Drone-as-a-Service technology. However, now we are increasingly seeing use of this technology in many security and surveillance scenarios for industrial use cases, where industries, mining agencies are looking at securing their perimeter given the kind of challenges they are facing on ground with respect to both security and safety and theft and many other issues.

So, there are green shoots of that happening very effectively at this point in time. And then, in terms of inspection as a use case, we are developing inspection as a use case. Presently, it is not a part of our Drone-as-a-Service offering. We are developing it as a use case for our products. The concept of operations for inspection as a use case is quite different, and it needs a lot of proximity to the asset for the operation to be safely conducted.

And that's the reason why the inspection in terms of the tower inspection is still something that we are working and evolving, and we are seeing opportunities in that side as well. However, to look at power line inspections from the point of view of vegetation management and right-of-way inspections, I think those use cases can be very well enabled with our current Drone-as-a-Service opportunity in that.

**Shreyas:** And one question about as we have launched Drone-as-a-Service, how many partnerships or like onboarding of the partners we are able to do, or we are targeting on that aspect?

**Ankit Mehta:** The opportunity is very large. Think of the entire country and particularly the urban areas as an opportunity here. And we have just started inviting applications for bringing on partners who can help us scale this for the entire country. We already have dozens of inquiries, but of course, as you know, that conversions will take their own time, as well as take their own evaluation methodology. However, we are seeing a lot of interest, and we are very excited to offer this capability across the entire length and breadth of our country.

**Shreyas:** And so when we are saying for this civil cases, so we are having different payloads for that, because I suppose the tools would change when we have this civil industrial application, is it?

**Ankit Mehta:** Yes, absolutely. So, our platforms when they get type certified as well, they get certified with multiple payloads. So, that option does exist with the end customer to leverage the technology across multiple payloads.

**Shreyas:** And so these payloads are kind of interchangeable or it depends like?

**Ankit Mehta:** Yes. So, they are modular payloads. One can swap one payload out for the other to deliver the usable outcome to the end user.

**Shreyas:** Okay. Thanks and we wish you best of luck.

**Ankit Mehta:** Thank you.

**Moderator:** Thank you. The next question is from the line of Miten Lathia from Fractal Capital Investments. Please go ahead.

**Miten Lathia:** Hi, thanks for the opportunity. So, while we appreciate the point that you are making that, you do not have one homogeneous product that you sell year-after-year or quarter-after-quarter and hence things are not comparable. When we stack H1 FY23, H1 FY24 and H1 FY25 side-by-side, on broadly the same turnover, our EBITDA margin is down from 47% to 32% to minus 1.2%. So, should we then read into this that the construct of the industry segment or the sub-

segment that we are operating in has become that much more competitive and hence those historical margins are not sort of fair to assume anytime going forward?

**Ankit Mehta:**

Miten, it's a great question and analysis. No, it is not true because, many of these opportunities, how it happens in our industry is that the customer will induct a specific technology for a specific use case, and they will try it out in that use case before they adopt it for the greater scale of their operations.

And typically, the timeline between the evaluation cycle and the new procurement is one of the gaps that you will see. So, you will see that some of these opportunities come back into the cycle once exploitation of the technology has started and at that time, the mix can again evolve in a different direction.

And when it comes to competitiveness, within what we have to look at is the overall, the way the ecosystem is developing. In fact, I would argue that it's actually going to become slightly less competitive now because once the customer starts looking under the hood, people no longer have the ability to merely slap anything which is available at the lowest cost.

They have to look at the country of origin of the technology. They have to make sure that the national security interest is also kept into mind when building technology. And therefore, we will see that it will mature the industry quite a bit and it will make it a much safer industry from a national security point of view, which also implies that everyone cannot come in without that depth of understanding of the industry.

So, I would say that again, competitiveness with these movements is actually gone in the right direction for the industry while securing our national interests. So, for both the points it is not linearly comparable, particularly because of the cycles of procurement, induction, and then reordering that we end up getting into the end customer.

And so, and that's one of the reasons why our pipeline in that one sense is significantly healthier as compared to what we are seeing on ground right now.

**Miten Lathia:**

You're saying the mix of the pipeline is much different from the mix of the order executed on H1 this year? And hence, going forward, EBITDA margins should be far healthier than what we are seeing right now?

**Ankit Mehta:**

Yes, yes. As the orders close, we should see improvement.

**Miten Lathia:**

Thank you. I'll get back in with you. Thank you.

**Ankit Mehta:**

Sure.

**Moderator:**

Thank you. The next question is from the line of Garvita from Seven Island PMS. Please go ahead.

**Garvita:**

Hello. Hi, sir. Good morning. I wanted to understand if you could please give the bifurcation between the revenue by sales and revenue by product, like what I mean by this. I want to

understand that how much is the revenue from the manufacturing and how much is the revenue from DaaS?

**Ankit Mehta:** From?

**Garvita:** From Drone-as-a-Service

**Ankit Mehta:** Yes. Presently, Garvita, the revenue from DaaS opportunities is a very small fraction because like I said, we've sort of only last quarter started to do certain enterprise use cases, which we believe will add up over this year. We do expect to do more than INR1 crore in revenue this year because these are early days for our POCs as well. But next year onwards, we should start seeing good improvement in revenue from products.

**Garvita:** Okay. So major strengths for revenue for you, sir, one is manufacturing, one is the Drone-as-a-Service, and what are the other streams for revenue for you, sir?

**Ankit Mehta:** We do have support revenue that comes in from the product support that we offer to our end customers. So that's another vector of revenue for us and spare parts as well.

**Garvita:** Okay.

**Ankit Mehta:** And essentially, AMC revenue is also there.

**Garvita:** Which revenue?

**Ankit Mehta:** AMC, Annual Maintenance Contract.

**Garvita:** Okay. And the products or the equipments or the parts of the drones, which are used in the manufacturing, from where do we import those products? Are they all like imports from foreign countries or some are available in-house or so?

**Ankit Mehta:** So, there is a large portion of our bill of materials that is actually indigenous. It is sourced from Indian vendors. And increasingly, the percentage of input from global vendors is becoming much smaller. Having said that we do build most of the technology in-house. So what we get from our vendors is usually subsystem level capability, which typically is designed to our specifications as well. And therefore, we have a very large control over the overall spec and the overall technology stack in this industry.

**Garvita:** Okay. Thank you so much, sir. That's all from my side.

**Moderator:** We'll take the next question from the line of Hardik Rawat from IIFL Securities. Please go ahead.

**Hardik Rawat:** Thanks for the opportunity again. One of the questions, like I wanted a broader understanding you mentioned that the EBITDA margins going forward should be better based on the mix that we are seeing in the L1 position and the order pipeline that we have. Any indication as to what EBITDA margins we could achieve in FY25-26 broadly based on the L1 position and pipeline?

**Ankit Mehta:** So, Hardik, the blended numbers, like I had mentioned, and now we have to, of course, see what actually when the pipeline converts, and we are able to execute. But having said that, with that caveat, I think we were expecting to track numbers equivalent to our performance last year on those vectors.

**Hardik Rawat:** So last year as in around 17%, 18% is the expectation?

**Ankit Mehta:** That was, I think, the PAT number, but the...

**Vipul Joshi:** Hardik, the EBITDA that we were tracking was about 25% to 30%. Vipul here.

**Hardik Rawat:** Hi, Vipul. Okay. Understood. One last question was with regards to our expectations. Now, we understand that it has been a rough quarter. And so, are there any changes in our expectations with regards to FY25? Do we still plan -- we were earlier envisaging growth in FY25. Do you think that that still remains?

**Vipul Joshi:** Hardik, we are awaiting the closures on the order that we are tracking. And depending on when these finally get executed in the timeline that we are left with to overall execute, we will come back to you and the overall market as well to communicate our positioning for this year.

**Hardik Rawat:** All right. That helps. Thank you so much.

**Vipul Joshi:** Thank you, Hardik.

**Moderator:** Thank you. We'll take the next question from the line of Sahil Vora from M&S Association. Please go ahead.

**Sahil Vora:** Hi. So I just had a couple of questions, but largely they have been answered. So just one question from my side. So internationally, how are we placed? As I understand, we have good interest for our products when it comes to quality. But is there a slowdown in US market as well, or how is the scenario in the international market in general?

**Ankit Mehta:** So, in fact, slowdown -- it's the exact opposite of slowdown, Sahil, in terms of the market and the opportunity there because the global wars and several of these geographies are participating in those wars. So overall, there is an uptick and there is a huge uptick in preparing for any eventual conflict that is being seen globally. Of course, in terms of our ability to capitalize on that, it is dependent on us making sure that the products that we have are contextual to their approach and their requirements.

And that's the phase in which we are presently, we are discovering certain changes that we would need to do in our products, merely because of the method that they have employed for deploying them. I will not necessarily venture out to say it is superior or inferior, it is just a different method of employing the technology. So we have worked through that over the last six months. And we are, like I mentioned, soon going to come up with products that are more suitable for the geographies from both the pricing and the technology point of view.

**Sahil Vora:** Understood. Thank you so much, sir, and all the best.



**Moderator:** Thank you. The next question is from Ashish Jindal, an individual investor. Please go ahead.

**Ashish Jindal:** Good morning, sir. Sir, given that the drone orders are intermittent and even competition is high on a global scale, how does the company plan to maintain a competitive edge? And also, sir, in the longer term, is there a strategy to innovate or expand into other, let's say, defense-related products, or some complementary technology areas to enhance revenue stability and leverage our competencies?

**Ankit Mehta:** So in terms of global competition, Ashish, what is very interesting is that, like I mentioned, there is an increased scrutiny globally, with respect to the nature of the technology that is embedded in the product that is being supplied, right? So given that, scrutiny, competitiveness, from the standpoint of, what was prevalent earlier, where everyone and anyone was looking at entering the space, that barrier has gone up, right? Globally, people are looking at alternative, technologies, and it takes longer for people to develop products, because they have to make sure that the supply chains are not emanating from geographies of concern.

So that means, the scenario isn't necessarily hinting towards increasing in terms of number of players, while they do keep, coming up new players, but the intensity has definitely reduced globally. And in terms of our ability to be competitive in that market and those opportunities, I would say that our country has had a unique advantage where we are building technologies that work in more extreme environments than what typically we are finding people build for in the western world as well.

And therefore, our ability to operate in very low negative temperatures, our ability to operate in high altitudes, many of these vectors are quite, attractive to our potential customers globally. And it is something that we are seeing interest in, and we are working with our customers to demonstrate the technology in those environments, which are equivalent to the environment that we have here. And that is one of the areas where we will differentiate quite heavily. And what also happens is that it is not just about building the technology that survives in that environment, but it is also about delivering a meaningful mission there.

And our impetus and our focus on delivering high performance on our technology is a big instrument for them to do operations in those conditions with meaningful outcomes expected at the end, so I think our competitive advantage does emanate from that sector. And it is visible out there when our products perform almost two to three times better in terms of lifetime as compared to the typical systems that are in operational use there.

**Ashish Jindal:** And Sir my next question was that if we are trying to innovate or expand into some other technologies also?

**Ankit Mehta:** So in terms of related technology areas, I think we have a little bit of a focus in the short term, Ashish, from the point of view of doing things which are connected to our ecosystem. We are working with a large, we are creating a larger ecosystem where more use cases, more innovations can connect with our platform so that we can make sure that the efforts that we are doing can go to a much larger customer base. That is something that's definitely being done, and we are unlocking more and more opportunities within this space.

In so far as expanding into other areas serving a specific customer, no, at this point in time, we don't have that mindset. We want to remain focused, and we believe that the future for drone technology and its adoption is an inevitable future. If we persevere and we continue to build the right technology, the right products, it is in itself a very, very large opportunity that we can grow into.

**Ashish Jindal:** Okay, Sir, and I have heard other managements talk about the anti-drone opportunity. Are we doing something for it at IdeaForge?

**Ankit Mehta:** See, as a participant in the overall drone ecosystem of which anti-drones also form a part of, we may in future build technologies that can participate in countering the threat. We will also be participating in this overall space by being a whitelisted entity for our customers because the same customer who wants to deploy counter-drone technology wants to use drones as well for their end effects.

So, it is a pretty much a sister, I would say technology area, and we will be more and more collaborative, number one, and eventually participative as well, in so far as countering the tech is concerned or in the form of maybe delivering aerial methods of detection. And as our payloads become more sophisticated, some of this will be available for delivery as well.

**Ashish Jindal:** Sir, is it in idea stage or we have done some significant contributions for it?

**Ankit Mehta:** Presently, we have not even started on that journey, Ashish, because we've been focused on the opportunities on the drone side that we are seeing a real need for on-ground as well.

**Ashish Jindal:** Okay, thank you, sir. Thank you for your time.

**Moderator:** Thank you. The next question is from the line of Nikhil Gupta, an Individual Investor. Please go ahead.

**Nikhil Gupta:** Yes, a very quick follow-up from my side. So, Ankit, you mentioned that currently on the middle mile, the government has bought solutions which has the current, the capacity of 10 to 20 kgs. But I believe the current solution which we are building has an overall weight of 50 kgs, and it can carry, I think, up to 10 to 15 kgs. So, is there anything wrong in my understanding?

**Ankit Mehta:** Yes, Nikhil. So, we are building two platforms, Nikhil. One platform that we are building is the tactical platform, which is targeted to have a load-bearing capacity of around 10 kilos for about a 50 km range of operation. The objective for this platform is not necessarily logistics as the primary end goal. However, the middle mile logistics drone platform is a platform that's going to be about, 10 times heavier than the tactical platform, where we are looking to load up to about 100 plus kilos to 100 plus kilometers. So, I think these are two different platforms, if at all, Nikhil.

**Nikhil Gupta:** I understand. So, middle mile is around the weight of 500 kgs, right?

**Ankit Mehta:** Yes.



**Nikhil Gupta:** Thank you so much. Understood.

**Nikhil Gupta:** Thank you.

**Moderator:** Ladies and gentlemen, in the interest of time, this would be the last question for today. I would now like to hand the conference over to Mr. Ankit Mehta for closing comments. Over to you, sir.

**Ankit Mehta:** Thank you, everyone, for participating in this earnings call. As a team, I hope that we've been able to address and answer your questions. And we're looking forward to engaging in the next results as well. Thank you. And once again, wishing everyone a very happy Diwali in advance.

**Moderator:** Thank you, members of the management. On behalf of IdeaForge Technology Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.