

Ideaforge Technology

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Ideaforge Technology Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Parth Patel from MFSG Entime. Thank you and over to you.

Parth Patel – MFSG Entime: Thank you and good morning. On behalf of MFSG Entime, I welcome you all to the Ideaforge Technology Ltd. Q1 FY27 earnings conference call. From the management side, we have Mr. Ankit Mehta, Chief Executive Officer and Whole-time Director, and Mr. Vipul Joshi, Chief Financial Officer and Whole-time Director. I hope everyone had an opportunity to go through our investor deck and press release, which we have uploaded on the exchange and the company's website.

I would like to give a short disclaimer before we begin the call. This call may contain some forward-looking statements, which are completely based on our beliefs, opinions, and expectations as of today. These statements are not a guarantee of our future performance and may involve unforeseen risks and uncertainties. With this, I now hand over the call to Mr. Ankit Mehta. Over to you, sir.

Ankit Mehta – CEO & Whole-time Director: Thank you. Good morning, everyone, and thank you for joining us for Ideaforge's Q1 FY27 earnings conference call. I'm joined today by our CFO, Mr. Vipul Joshi, and our investor relations team. I will begin with the highlights of the quarter, progress on our key developmental programs, and how we are positioned for the year.

After a muted FY25, the Indian drone industry witnessed a revival in demand in FY26, and many of our long-term bets and investments materialized into our order book and financial performance. While FY26 was a turnaround year after a short blip in FY25, FY27 so far has been about building on the foundation that we have created over the years. Q1 marked a steady start to the year, supported by continued execution and advancement across key strategic developmental programs.

Let me start with a few highlights. First, we delivered more than 20% of our FY27 opening order book, recording revenue from operations of 68.6 crores, and closed the quarter with positive EBITDA. Second, we have made significant progress on our key developmental programs. These include advancement in combat capabilities such as air-launched effects and fuel-hybrid long-endurance capability for Zolt; the first technical demonstrator of Yeti completing a tethered hover test; multiple market-ready developments on Flight Cloud; improvements in our EW resilience stack; and DGCA type certification for our Q6 V2 Geo UAV.

Third, our deployed UAV fleet crossed 1 million customer missions. These missions were carried out in some of the most challenging terrains and conditions, providing us with learnings that help us drive our product and technology development efforts.

Fourth, we secured the capital required to fuel our next phase of growth, raising 500 crores through a qualified institutional placement and receiving a letter of intent for financial assistance of up to 151 crores for our middle-mile logistics UAV Yeti under the Government of India's RDI scheme.

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Fifth, the demand environment moved in a positive direction, with an announcement of 20,000 crores worth of drone procurements through fast-track mode and a substantial expansion in the delegation of financial powers to defense forces' field commanders, signaling increased procurement activities in FY27 and beyond.

Let me take each of these forward. On the execution and order book front, we entered FY27 with an opening order book of more than 300 crores, and our priority for the year is to convert the opening order book into revenue. We delivered more than 20% of it in the first quarter. We also reported positive EBITDA, marking another quarter of improving financial performance. While global supply chain disruptions and component availability continue to pose challenges, we remain focused on completing delivery of the remaining order book of 256.8 crores by Q3, as per customer timelines.

Coming to the technology and product side, our approach to new product and technology development has been to own the consequential technologies and deliver a complete solution to our customers. At Ideaforge, we have always focused on engineering ownership of the layers that are most difficult to build and replicate and that also turn out to be the most consequential for real missions and business health.

The consequential technologies in the present context include resilient communication systems that can withstand jamming; resilient navigation systems that can operate despite jamming and spoofing attacks; secure command-and-control software; edge computing for intelligence; and specialized mission payloads.

This approach provides a significant cost advantage compared with the competition's need to use state-of-the-art imported technology. It gives us technology sovereignty and reduces our exposure to denial or withdrawal of technology and sabotage threats. It allows us to adapt faster when customer requirements evolve rapidly and retain control over the security and performance of the system.

Along with this, we have built several layers of technology, including BlueFire Touch ground control software for real-time mission control; Flight App and Flight Web for remote drone flight requests and real-time monitoring; and Flight Cloud for data storage, post-processing, AI analytics, reports, and automation, to provide complete solutions to our customers. This enables customers to adopt secure and resilient mission-critical UAV platforms that can also deliver final outcomes without requiring the customer to coordinate between multiple providers for all of these necessary but complex layers.

In Q1, we made significant progress in the development of combat drone capabilities such as air-launched effects and fuel-hybrid long-endurance capability for Zolt. We are also in advanced stages of developing combat capabilities such as long-range strike platforms and loitering munitions along with our partners. With these new capabilities and our in-house strength in resilient communication infrastructure for collaborative autonomy, we would be targeting participation in the upcoming large opportunities from the Indian defense forces.

Yeti achieved its first technical demonstrator milestone by completing a tethered hover test with all subsystems integrated, while the second technology demonstrator is already in the design phase. Our Q6 V2 Geo received DGCA type certification, opening up advanced GIS use cases across

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large-scale mapping, urban planning, and digital twin applications. Six of our UAV platforms are now type certified by DGCA.

Furthermore, we developed and released market-ready capabilities on Flight Cloud, including automated video summaries, AI-enabled event annotation and event search, and workflow automation for several use cases. This intelligence layer from Flight Cloud helps turn raw aerial data from hours of drone flights into insights that our customers can act on.

In Q1, we also strengthened our electronic warfare resilience technology stack, extending our advantage in the ecosystem as more procurement programs make EW resilience and GNSS-denied navigation mandatory. Our continuous development efforts on this front are converting into a stronger competitive position.

Many of these developments start as experiments, which we have started to showcase through Ideaforge Labs. In Q1, we showcased multi-UAV operations across mixed platforms tactically, air-launched effects where one platform deploys another mid-flight, munitions drops, and tactical deployment trials. These are experiments rather than released capabilities, and that is precisely their purpose. Labs is our way of showing that experimentation never stops at Ideaforge.

I am elated to share that during the quarter, our deployed fleet crossed the milestone of 1 million customer missions. Across our fleet today, an Ideaforge drone takes off somewhere in the world every 2 minutes. These are real missions flown by real operators in challenging conditions, from altitudes higher than the Siachen glacier and temperatures as low as those found near both poles, to the high temperatures of the Middle East and the Thar desert, as well as coastal environments.

Management: In the open sea and now even in EW-contested environments, each one has fed something back to our engineering and the choices we make in product development. With this field experience and a global patent portfolio of 112 patents filed, we continue to push the frontiers of UAV technology.

To fuel all of these developmental efforts and our working capital needs, we have also strengthened the financial foundation of Ideaforge. We completed a qualified institutional placement, raising 500 crores with participation from marquee domestic and global institutional investors. The proceeds are directed towards product development, working capital, and capability building.

Separately, we received a letter of intent for assistance of up to 151 crores from the Technology Development Board for the advancement of our Yeti program under the Government of India's RDI scheme. It is low-cost, long-term debt funding released against developmental milestones. We are among the first companies to be supported under this framework, which we read as a statement of where the country intends its sovereign deep-tech capability to be built.

The environment around us is becoming structurally more favorable, and the procurement frameworks are now also aligned with faster and broader adoption of drones, more than ever in our nearly 2-decade journey. On the capital procurement side, the reported opportunity pipeline is the largest our industry has seen.

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Public reports of 20,000 crores of drone procurement under the fast-track procurement route from the Indian Army are now seeing the light of day, with one opportunity in the RFP stage. Others remain in the approval pipeline, with the expectation of RFPs in the second half of the year.

Further, the Defence Acquisition Council has cleared capital acquisition proposals worth 52,000 crores, including a jet-based kamikaze drone system and a naval ship-borne unmanned aerial system, underscoring the increasing importance of drones in the armed forces' plans.

On the revenue procurement front, the Indian Ministry of Defence has nearly doubled the operational procurement limits for field commanders of the Indian defense forces through the revision of the Delegation of Financial Powers to Defence Services 2026. We are also receiving positive signals from the field, and we believe that this development would accelerate procurement activities in Q3 and Q4. We continue to see regular cycles on the civil side of the business that lead towards increased procurement activities in Q3 and Q4.

Let me now take you through the financial performance for the quarter. Revenue for the quarter stood at 68.6 crores compared to 12.8 crores in Q1 FY26. Gross profit stood at 33.6 crores compared to 7.9 crores in Q1 FY26, with a gross margin of 49% in the quarter and 61.7% in Q1 last year. EBITDA stood at 4.3 crores compared to negative INR 15.1 crores in Q1 FY26. PAT stood at negative INR 2.6 crores compared to negative 23.6 crores in Q1 FY26.

Our order book as of June 30, 2026, stood at approximately 256.8 crores. We plan to execute and deliver this order book by Q3.

Our focus for the rest of the year centers around a few key areas. We continue to focus on executing the open order book in line with customer timelines. We will deepen ownership of critical technologies while further strengthening our ability to deliver complete solutions to customers across platforms, payloads, software, analytics, services, and life-cycle support.

Lastly, we will expand into combat drones, enterprise applications, and international markets where our technology and operational experience provide a meaningful advantage. Thank you. We can now move to the Q&A.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Dipen Vakil from PhillipCapital. Please go ahead.

Dipen Vakil – PhillipCapital: Thank you for this opportunity, sir. First of all, the opening remarks were very elaborate, so thank you for that. One thing that I felt was missing was commentary on your US operations. If you can help us with the scale-up happening in your export and US operations, what kind of market and opportunity size can we expect from your US operations, and if you can give us some numbers around it.

Management: Thanks, Dipen. From the US operations side, our focus at present has been shifting to 2 areas. One is that we are working with our partner to operationalize the JV that we have signed

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there. Secondly, we have a couple of regulatory approvals that we need to obtain, particularly around {? blue SUV certification ?}. This is work in progress because it is only after we obtain the certification—which has now become more open and follows an application process compared with earlier—that we will be able to make substantial progress on the defense and federal side of the business in the US.

That is work in progress for us, and therefore we are taking a little bit of time to fuel both these efforts and work towards operationalizing the JV and the {? blue SUV certification ?}.

With respect to the rest of the international market, we continue to look at partnership opportunities in Europe and the Middle East. In the Global South, in South America and Africa, we have live opportunities, and our partners are now looking to buy what are known as not-for-resale units, or NFR units. We now have orders for those as well, but we are working towards increasing our presence in some of these geographies where we believe we can get more traction without relying on joint ventures alone.

Dipen Vakil – PhillipCapital: Understood, sir. Any idea of the market size for the US space? What kind of market and opportunity can we expect once we receive those approvals and certifications?

Management: Many US programs that are coming up right now, such as the {? Cordite ?} programs around drone dominance and others, run into several tens of thousands of crores, or tens of thousands of dollars, at this point in time. In fact, I feel that at least one of the programs that is live right now is a 30 million dollar program in which many players will be participating.

There are many such programs that are coming up repeatedly. There is a very rapid pace of adoption in defense taking place there right now, and we are exploring participation in those programs once the certifications, which do take time, come through.

Dipen Vakil – PhillipCapital: Okay, understood, sir. My second question is about the order inflow that we expect going forward. While we have capabilities, are field-tested, and are also receiving funding from the government, orders are still not coming in from the government side, even though there is a requirement. Where is the disconnect, or where are the gaps in terms of government expectations or some criticality that is causing order movement to be slow—not only for you, but for the entire drone space? Can you help us understand that?

Management: Dipen, as I mentioned, there are some opportunities that are already in the RFP stage. These are the large FTP opportunities, which have a specific cycle of conversion from approval at DPB to final order placement. Those large opportunities are progressing through various stages of approval within the armed forces.

With respect to the run-rate business on the revenue side, where the army commanders' powers have been enhanced, the typical cycle for that business, when there is no FTP-linked timeline, is that it starts fructifying around the Q3 and Q4 timelines. That is the typical cycle unless and until there is an FTP program running. Therefore, we expect a number of those opportunities at that time.

Operator: Mr. Dipen, we request you to rejoin the queue for a follow-up question. Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in the conference, please limit your questions to 2 per participant. Should you have a follow-up question, we request you to rejoin the queue. The next question is from the line of Tushar Khurana from PS Wealth. Please go ahead.

Tushar Khurana – PS Wealth: Hi, thank you for the opportunity. My first question is regarding an article I was reading recently, which stated that the Indian armed forces have released the RFI for 2,715 logistics drones. As I understand it, another company by the name of Blue J Aero has also very recently flight-tested its logistics drone. I want to understand how Yeti is positioned in this RFI released by the Indian Army, and how different or similar the Blue J Aero logistics drone is to Yeti. Could you comment on that?

Management: This RFI has largely focused on the altitude at which they want to operate these systems, as I understand it. They have not yet looked at or specified the capabilities. They are seeking information from the market regarding what capabilities are available to serve at these altitudes. Obviously, we will be responding to the RFI.

However, in terms of your question about Blue J, in my opinion, it is not just Blue J; there are many people who have been delivering and demonstrating logistics drones across the Indian ecosystem. I think what will matter is the altitude at which people can operate these systems, the maximum payload they can carry, and the distance over which that payload can be carried.

For example, Yeti, in my opinion, is the only platform in the world, based on whatever we have searched, that is designed to take off at a 6,500-meter take-off altitude. No other platform that we are aware of has an ambition of this scale. Neither have we seen too many efforts that look at carrying up to 200 kg at that altitude.

Depending on the payload, the range of operation at 200 kg might be restricted to 50 kilometers, while at a payload of 50 kg it might extend up to 200 kilometers. That is the kind of challenge that we have taken on with Yeti.

It is slated to be the most challenging, yet the most required, platform because logistics at those altitudes is the hardest problem that our forces have to face every day. Our vision with Yeti is to make the world flat. If we can serve whatever high-altitude areas exist in our country from the Tarai at the fastest possible pace with high capability such as this, I think we would have genuinely changed the ecosystem and the game.

Tushar Khurana – PS Wealth: That is great to hear. As a follow-up, how large could this opportunity be for us if this RFI, which has been released for 2,700 units to begin with, proceeds? What could be the opportunity size for Yeti in this case?

Management: Tushar, the thing is that it is currently at the RFI stage. We are not aware of the final specifications or the altitude that the customer will finalize. It may also not be the case that everything required falls within the Yeti domain. Therefore, it may be too early to comment on that.

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I only know that if this converts into a fast-track procurement case, the budget for each fast-track procurement case is up to 2,000 crores. That is what happens in a fast-track procurement case, whereas capital procurement does not have a budget limit. It will depend on which mode this comes through, and that will define the budget for the opportunity.

Tushar Khurana – PS Wealth: Okay. My second question is regarding the first RFP that has already been released, as you mentioned in your presentation. Which category of drones is this RFP for? Have we also bid for it, and are we going to bid for all the combat drone RFPs as well?

Management: This one is particularly centered around the hybrid variant of our {? Zold platform ?}, and yes, we have participated in it. We are also going to continue putting in efforts towards participating in any combat-related platforms that come through within the category of systems that we currently build.

We do not build for every category, so we will certainly have to let some of them go. Again, I think it is an FTP opportunity, so my assumption is that the budget would be up to the value I mentioned in terms of the opportunity itself. This one is currently an ISR opportunity.

Tushar Khurana – PS Wealth: It is heartening to see that our current revenue mix is 60% defense and 40% civil. Can you help me understand the customer profile—whether the civil customers are government or private—and the segments for which these civil revenues are generated? That is my last question.

Ankit Mehta – CEO & Whole-time Director: This was not the split of our order book; it was the split of the revenue we delivered. In terms of customers, it is split between a few customers on the homeland security side of the civil business and some private customers as well.

Tushar Khurana – PS Wealth: What is the current order book split between defense and civil?

Ankit Mehta – CEO & Whole-time Director: We typically do not disclose that at this point in time, Tushar, but it is heavier towards defense.

Tushar Khurana – PS Wealth: Okay. Thank you so much, Ankit, and all the best.

Ankit Mehta – CEO & Whole-time Director: Thank you.

Operator: Thank you. Ladies and gentlemen, I request you to limit your questions to 2 per participant. The next question is from the line of Nikhil Gupta from Vayu Capital. Please go ahead.

Nikhil Gupta – Vayu Capital: Thank you for the opportunity. Hi, Ankit. As always, it is nice speaking to you. My first question is on our combat capabilities. It is still not clear to me whether we are focusing on air-launching another combat system from our existing platforms, adding missiles or munitions as payloads to our existing platforms, or also working on increasing our capabilities towards developing airframes that are variants of existing platforms such as Zolt and Switch.

Ankit Mehta – CEO & Whole-time Director: Both, Nikhil. Both. We are doing both. We are creating variants of our quadcopter platforms that can act as kamikaze systems, and we are also evolving the air-launched effects. If you look at the air-launched effects, it is another drone carrying a

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munition that will go ahead and conduct the mission. Essentially, when we do that, we are developing an airframe that can act like a kamikaze system as well. When we do one, we do both as well. That is what happens.

Nikhil Gupta – Vayu Capital: My last question is on our inorganic growth. We have completed the QIP, and we can also see that there is a lot of tailwind in the industry and a lot of participation. Are we looking at any inorganic growth? There are a few companies that may have similar DNA to ours, while we may lack some capabilities. I think we should pursue inorganic growth in that segment so that we can add capabilities. I wanted to know your opinion and thoughts on the broader issue.

Ankit Mehta – CEO & Whole-time Director: We are open, Nikhil. If we find a partner with the right mindset, the right depth of capability, and the right value for the market, we are open to it. As you can see, the combination of all 3 is harder to find, and therefore we continue to evaluate.

However, there is no specific target that we have in mind that fits all 3 of these criteria because we build from first principles. Building from first principles is a slightly harder problem than integrating systems with capabilities that others have built.

Nikhil Gupta – Vayu Capital: Thank you so much for your answers. Good luck.

Ankit Mehta – CEO & Whole-time Director: Thank you.

Operator: Thank you. Ladies and gentlemen, the next question is from the line of Rajveer Singh from Vivek Investment Managers. Please go ahead.

Rajveer Singh – Vivek Investment Managers: Hi, Ankit. Thank you for the opportunity. My first question is on the combat drones, loitering munitions, and long-range strike platforms that you have spoken about. Can you help us understand whether these are still primarily R&D and development programs, or whether you are already seeing identifiable procurement opportunities and customer requirements?

My second question is whether you can build a software and autonomy moat. Hardware can potentially become commoditized, so where do you believe Ideaforge's strongest long-term moat will reside? Will it be in EW resilience, autonomy, communication software, or system integration? I would appreciate your thoughts on this.

Ankit Mehta – CEO & Whole-time Director: Thanks, Rajveer. At Ideaforge, we decide to enter a domain, and once we decide to enter a domain, we conduct certain experiments to build foundational capability in that domain. There are also specific projects and programs that we deliver to meet some of the customer requirements that are visible to us in the domain.

Therefore, you will see that our development is a mix of both. The platforms that we intend to release and develop need to be platforms that we are aware our customers want to deploy. Therefore, they are geared towards that developmental effort.

However, to initiate development in a domain, you run some experiments that allow you to develop familiarity with the domain, and you choose to do that in the fastest possible way. That is the mix of how development typically happens in any new domain for us.

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In terms of our moat, as I clearly articulated during the call and in my remarks, Ideaforge looks at the moat in 2 domains. One domain is hardware: what technologies are not yet commoditized, and whether we have control over those technologies. Are we going to pay a disproportionate premium to the market to acquire those capabilities, or can we build them ourselves?

Today, I am glad to report that we own most of the consequential technologies, along with having spent years building the technologies that were consequential at that point in time. For example, when we started Ideaforge, there was no autopilot company that could provide us with an autopilot that we could use, and nothing was available as open source. Therefore, we built our own autopilot.

We built our own regular communication system. As things became important, we started to build our own resilient stack around GNSS and communications. Today, we own communication technology that is non-commoditized, we own GNSS-denied navigation that is non-commoditized, and we own payload technology, which is again a specialized domain as the class of the platforms increases.

We own the consequential parts of what goes inside a drone. We continue to keep track of what else could emerge for us to control that is not yet commoditized.

Secondly, with respect to intelligence, there is no debate in my mind that ultimately we need to deliver an outcome to the customer. The customer does not achieve an outcome merely by operating a drone. Therefore, the intelligence that enables a mission and the orchestration that delivers the mission outcome to the end customer represent another stack on which we have progressively worked. We now have a fairly robust stack for a few use cases that has also been delivered.

Because we have that stack, we also deliver it as drone-as-a-service in many places. We are a mix of both. I think both are important for a business like ours because, while technology will become commoditized in parts, we will always continue to look at where the puck is going rather than where the puck has been, in order to establish and retain the moat that is necessary for the market. It helps us build tightly integrated, better-performing, and more reliable solutions for our end customers.

Rajveer Singh – Vivek Investment Managers: Perfect. Thank you for answering my questions, Ankit.

Ankit Mehta – CEO & Whole-time Director: Thank you.

Operator: Thank you. Ladies and gentlemen, I request you to limit your questions to 2 per participant, as there are several participants waiting for their turn. The next question is from the line of Nilotpal Sahu from JM Financial. Please go ahead.

Nilotpal Sahu – JM Financial: Good morning, sir. Am I audible?

Ankit Mehta – CEO & Whole-time Director: Yes.

Nilotpal Sahu – JM Financial: Congratulations on the strong execution. I wanted your thoughts on the ordering prospects. How much of these prospects do you see converting in the near term in FY27? Or do you see most of them being pushed out to FY28 and FY29, given that they are still at

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the approval stage? If you can quantify some of it, that would be helpful.

Ankit Mehta – CEO & Whole-time Director: We are expecting much more outcome from the revenue programs and the run-rate programs in the current year. There are certain other opportunities that are not linked to any specific opportunity and that also have visibility for the year.

In terms of the fast-track procurement programs, as some of them reach the RFP stage towards the end of the year, we will see some of them slip into FY28. For at least a couple of them, we expect the outcomes to occur within this year itself.

Nilotpal Sahu – JM Financial: In your assessment, what could be the ballpark quantum of inflows that you see converting into orders during the year?

Ankit Mehta – CEO & Whole-time Director: We are not presently projecting that, Nilotpal.

Nilotpal Sahu – JM Financial: Understood, sir. Since we delivered very strong execution in a challenging environment, are we seeing any major supply chain constraints in executing our order book by Q3, or have those components largely been procured?

Ankit Mehta – CEO & Whole-time Director: Due to the current ongoing geopolitical conflicts, there is pressure on the supply chain for thermal cameras, and the electronic supply chain is also seeing some pressure, with timeline delays occurring. We are reviewing these matters very closely and preparing for deliveries in line with our customer timelines.

Nilotpal Sahu – JM Financial: Understood, sir. One last question: is there anything on exports that we expect to materialize this year, aside from the opportunity in the US, where we are still working on certification?

Ankit Mehta – CEO & Whole-time Director: As I said, we have seen good interest from partners across the world. Many of them are also investing in our NFR systems. Therefore, as we conduct more demonstrations and some of our live opportunities come to fruition as the year progresses, we should see some conversion. However, we will continue to report as we receive those orders.

Operator: Thank you. I request you to rejoin the queue for a follow-up question. The next question is from the line of Gaurav Chaudhary from Systematix Group. Please go ahead.

Abhijeet Singh – Systematix Group: Yes, am I audible?

Ankit Mehta – CEO & Whole-time Director: Yes, Gaurav.

Abhijeet Singh – Systematix Group: Thank you for the opportunity. I am Abhijeet Singh from Systematix. My first question is regarding having more and more capabilities in-house in terms of a drone. As you mentioned in your previous comments, we now develop communication systems and certain payloads in-house, whereas 5 years ago we might have outsourced them.

Comparing these 2 scenarios, in which we have more capabilities in-house and a more integrated manufacturing capability, how do you see the competitive advantage in terms of bidding in both domestic and international markets from this perspective? What are your thoughts on having more and more manufacturing capability for a drone?

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Ankit Mehta – CEO & Whole-time Director: In terms of having more of our own capabilities, it is very important to understand that we essentially do this because we find that the capability we are trying to acquire from our partners or other providers in the market is available at a very high premium that we believe our customers cannot afford in the long term. Therefore, we invest in those capabilities.

Number 2, in terms of manufacturing and partnering with other partners across the globe, we are continuing to build a more open ecosystem around us. For example, we support third-party payloads on our platforms. In order to participate in a collaborative manner, we can create many variants because we are happy to have our partners and their systems integrated into our systems if there are opportunities that require that kind of partnership.

Therefore, we are not as concerned about this becoming a bottleneck for expansion or other areas because we are open to partnering with people who have the right capabilities for the right application. At the same time, having control over some of these capabilities as a core part of what we do provides the benefits we mentioned: we can be more competitive, and we do not have dependencies that can cause denial or create risks that some of these platforms have started to show in the global ecosystem and environment.

Abhijeet Singh – Systematix Group: Understood. What is the current level of indigenization that we have? If we produce a 100-rupee product, what is the value of the components that are imported, and how much do we manufacture in-house? I am referring to last year's numbers.

Abhijeet Singh – Systematix Group: What kind of value gets imported for the components, and how much do we do in-house compared with that? I am referring to last year's numbers.

Management: Roughly, about 20–22% of our revenue relates to imported content or substitutes, and our indigenized content across our product line is roughly about 60–65%.

Abhijeet Singh – Systematix Group: Is 65% the imported portion?

Management: No, that is the indigenized content.

Abhijeet Singh – Systematix Group: Okay. Thank you, sir. I will get back in the queue.

Operator: Thank you. The next question is from the line of Alisha Mahawala from Trust Mutual Fund. Please go ahead.

Alisha Mahawala – Trust Mutual Fund: Good morning, sir. I have asked previous participants this question, but I did not hear the answer clearly. {? [unclear] ?} the challenges that we are seeing—

Management: Alisha, apologies. Alisha, apologies, your voice is not very clear.

Alisha Mahawala – Trust Mutual Fund: I hope I am audible now.

Management: Yes.

Alisha Mahawala – Trust Mutual Fund: My question was: considering the challenges or pressure we have seen in Q1 with respect to gross margin, and the fact that we are looking at executing the

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order book over the next 2 quarters while geopolitical issues and supply chain constraints are not resolving anytime soon, would you expect this pressure to continue while we execute this order book?

Management: The product mix was more or less our usual product mix. For example, last year it was 70-30, and this quarter it was 60-40. This is the kind of variation that happens in our business because of what we deliver in a specific quarter.

Today, because EW resilience is a necessity on the defense side, that business has a higher margin contribution than the civil business, which does not involve delivery of an EW-resilient product. Therefore, you see some movement in gross margin.

However, it is not going to move us substantially away from the 50-55% range that we had mentioned as our blended expectation for the year. We do not expect that number to shift on an overall basis.

Quarter-on-quarter, as I said, in our business it depends on the deliveries and other work that we are undertaking. Therefore, I hope this provides some clarity. There is no pressure, in that sense, on the overall gross margin expectation because of these challenges. It is simply the timing of supply that we sometimes struggle with.

Alisha Mahawala – Trust Mutual Fund: The material required to execute this order book over the next 2 quarters is in place, correct? We will not see any delays because of this supply chain disruption?

Management: We are not anticipating delivery delays as of now. As I also answered in the previous question, there are challenges in terms of the thermal supply chain, and the overall timelines of some parts of the electronic supply chain are shifting. However, as of now, this is not affecting our overall time commitments to customers.

Alisha Mahawala – Trust Mutual Fund: Okay. Thank you.

Operator: Thank you. The next question is from the line of Midhun James from Motilal PMS. Please go ahead.

Midhun James – Motilal PMS: Thank you for the opportunity. Based on the reports and other information, I believe we are actually facing a decade-long opportunity in drones and anti-drone systems, with significant demand across armed forces worldwide. Ideaforge has the right to win based on its pedigree, lineage, and vintage. However, are we moving fast enough? For example, do we have capabilities in the HALE and MALE categories?

Can you provide more detail on the defense capabilities that we are trying to develop and the new segments we are pursuing, particularly from a defense perspective? Which new areas and opportunities are we currently pursuing?

Management: Midhun, it is a great observation that we are at an inflection point that seems to be a very imminent and opportune moment for the industry.

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In terms of how much we can do, we have deliberately stayed away from runway-dependent systems because we believe there are certain challenges with respect to the nature of those systems, the quantities that can be procured, and the overall development timeframe for those systems.

If you look at most of the players in the ecosystem, they are able to reach the market with this particular class of systems through partnerships with someone who has already developed them, because building them from the ground up would take longer. Therefore, we will not enter that category.

Apart from that, we continue to develop capabilities that require operations from a backpack, a rucksack, a pickup truck, or a container-portable system. These are the 4 broad categories in which we continue to develop capabilities.

Given that we also own the subsystem layer, we are accelerating our deployment and development journey across many programs at this point in time. One of the capabilities we mentioned is combat drones. We are working towards hybrid propulsion for some of our systems. As we also mentioned, we are looking at one-way attack systems.

On the software side, we have multi-UAV operations, swarming, and many other facets for which we have the entire hardware infrastructure built. We are working on evolving these capabilities towards more intelligent operations. Edge computing, edge AI, and many other facets have been built over the last few years, and we are now bringing them together to deliver advanced capabilities to end customers.

Midhun James – Motilal PMS: I understand your point. My second question is whether, given your many in-house capabilities in autopilot, payloads, GNSS-denied navigation, software stack, and other areas, we are looking at being not only an OEM but also a Tier 1 supplier to some of these OEMs. We see many companies entering the drone business, particularly in anticipation of defense procurement.

Since you have these capabilities, and traditionally we have seen that most of the money is made by Tier 1 suppliers rather than by OEMs and platforms, do you have any thoughts on that?

Management: One of the things we are doing is that when we partner with certain collaborators, we enable them by taking their airframes, populating them with our subsystems, and building capabilities that combine their hardware capability with our entire avionics, GNSS-denied, and resilient navigation stack.

These are the kinds of activities we are currently working towards because they are more convenient to handle when we look at them in this manner. Supplying a subsystem is another area that is under exploration, but we have not yet arrived at the final configuration that can be explored there.

It takes significant effort to support other companies in their development. Therefore, we are exploring the right way to do this while balancing everything we need to do for the opportunities available today.

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Midhun James – Motilal PMS: I understand your point. May I squeeze in one last question?

Operator: Sorry, Midhun—

Midhun James – Motilal PMS: Sure, I will get back in the queue.

Operator: Thank you. Ladies and gentlemen, I request you to rejoin the queue for a follow-up question and to limit your questions to 2 per participant, as we have several participants in the queue. The next question is from the line of Deeya Jain from Sapphire Capital. Please go ahead.

Deeya Jain – Sapphire Capital: Thank you for the opportunity. How should we look at revenue and gross margins for FY27 and the coming years?

Management: Deeya, while we do not disclose or provide forward-looking projections for the top line, as we have also stated historically, our blended gross margin for this year would likely remain in the 50–55% range.

In subsequent years, as Ankit has stated, the current opportunity size and the shift resulting from the fast-track procurements, along with the enhancement of the Army Commander's powers, are bringing sizable opportunities for our size of drones. Hopefully, that will start to show up in the order book from Q1 of FY27 and move into delivery over the subsequent 18 months.

Deeya Jain – Sapphire Capital: In terms of CAPEX, how much are we targeting in the coming years?

Management: At present, we do not have any CAPEX planned other than our regular product development efforts, which will continue as we push the boundaries of our ongoing programs. However, there is no plan to establish a factory to enhance our capabilities because we are currently using a single-shift model and can increase production to 2 or 3 shifts in the same space.

Deeya Jain – Sapphire Capital: Okay, sir. Thank you and all the best.

Management: Thank you, Deeya.

Operator: Thank you. The next question is from the line of Pratik Singh from Helios Capital. Please go ahead.

Pratik Singh – Helios Capital: Thank you for the opportunity. Ankit, I want to understand the opportunity in the non-order-book space. You said your FY27 pipeline of regular revenues and repeat orders is quite strong. Can you provide a sense or some ballpark numbers around that?

Ankit Mehta – CEO & Whole-time Director: Pratik, are you referring to opportunities beyond the FTP and revenue opportunities?

Pratik Singh – Helios Capital: Yes, correct.

Ankit Mehta – CEO & Whole-time Director: I will not be able to share—

Pratik Singh – Helios Capital: I am trying to get a better sense because your current order book is executable through Q3 FY27. I am trying to understand how you bridge the remaining 3 months of

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FY27. Is there any non-order-book-related revenue that usually flows through during the year?

Ankit Mehta – CEO & Whole-time Director: We have our run-rate business, where command-level procurements happen on both the civil and defense sides. That continues to happen through the year. Those powers have been enhanced for the armed forces, and that is something we are excited about. We should see the outcomes of that materialize in the Q3-Q4 timeframe.

In terms of other opportunities, there are some additional opportunities that we are pursuing which we cannot necessarily discuss at this point in time.

Pratik Singh – Helios Capital: Understood. Fair enough. All the best.

Operator: Thank you. The next question is from the line of Shaurya Yadav from Growth Spear Ventures. Please go ahead.

Shaurya Yadav – Growth Spear Ventures: Am I audible?

Operator: Yes, sir. You are audible.

Shaurya Yadav – Growth Spear Ventures: Thank you for the opportunity. I want to understand something. There has been some circulation of RFPs regarding 100-kilometer and 50-kilometer ISR drones, and the field trial was supposed to happen in July—this July. Has Ideaforge participated in the technical trial for the 100-kilometer system?

Management: Those are opportunities currently under evaluation. The trials have not happened yet.

Shaurya Yadav – Growth Spear Ventures: What about the 50-kilometer system?

Management: I do not think there was anything for 50 kilometers at this point. All of them were only at the RFI stage. RFPs have been issued only for the 100-kilometer system. The remaining RFPs are currently in progress.

Shaurya Yadav – Growth Spear Ventures: What white space is being targeted by Ideaforge in the US retail market, given the strong presence of SkyDio and DJI in the US market? Where can we differentiate against SkyDio and DJI in the US market?

Management: Our specialization is the ability to operate in extreme cold and extreme hot environments. Secondly, we are among the best assets globally for persistent surveillance operations.

These are the 2 areas on which we focus, and customers appreciate our platforms because of the long flight time we offer while operating in challenging environments, as well as our high-altitude capability.

Operator: I request you to rejoin the queue for a follow-up question.

Operator: Ladies and gentlemen, please limit your questions to 2 per participant. The next question is from the line of Shashank Jha from SB Capital. Please go ahead.

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Shashank Jha – SB Capital: Am I audible?

Management: Yes, Shashank, you are audible.

Shashank Jha – SB Capital: I am more interested in understanding the market share you can capture. Suppose the Indian government floats a tender of 10,000 crores. How much of that could come to you? There are many larger defense players, such as Adani and Tata, also participating. How much market share can you capture?

Management: Shashank, in terms of market share, what remains to be seen is the shape and form in which these opportunities emerge and whether there is a ready product or a near-ready product that can be pitched for these opportunities.

Since some of those details are not yet finalized, I cannot suggest a specific market share. However, what I can say is that our objective is to participate in the maximum number of opportunities that emerge. We are geared up for maximum participation at this point in time. Once the opportunities become real and come up for bidding, we will be able to assess what is possible based on what emerges from our segment.

Shashank Jha – SB Capital: As a follow-up, what will be the success ratio? Suppose you participate in 100% of the tenders. What success ratio do you expect? I want to understand the bid success ratio.

Management: That is entirely dependent on the final requirements that customers have for the particular product because competition is determined by the depth of the specifications that the customer asks for. I will probably be able to comment only on a case-by-case basis.

Wherever the specifications are challenging, participation is usually low, and fewer products exist that can meet such tough challenges. Wherever the requirement is slightly more lenient, there is more competition. Therefore, it will entirely depend on the nature of what emerges. It will be determined on a case-by-case basis.

Shashank, since the opportunities are distributed between an {? ISR ?} and combat, some of the combat opportunities will also depend on the readiness of our partners for those opportunities. It is not only the {? ISR ?} readiness of Ideaforge, but also the combat readiness of some of our partners and the related specifications in these RFPs that will determine the success ratio of the outcome.

However, I want to reiterate that our efforts to participate in the maximum number of opportunities are ongoing at this point in time.

Operator: Thank you. We will take that as the last question due to time constraints. I would now like to hand the conference over to the management for the closing comments.

Management: Thank you, everyone, for your questions and for your continued engagement. I would like to reiterate that opportunity cycles, product mix, delivery schedules, supply disruptions, working capital requirements, and customer acceptance can affect our quarterly results.

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However, we are focused on managing these variables and building a strong and resilient business to create long-term value. Thank you once again for your support and confidence in Ideaforge. Victory to India.

Operator: On behalf of JM Financial, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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