May 20, 2024

To,	To,
BSE Limited	**The National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers, Dalal Street,	"Exchange Plaza", Bandra – Kurla Complex,
Fort, Mumbai – 400 001.	Bandra (EAST), Mumbai – 400 051
BSE Scrip Code: 543932	**NSE SYMBOL: IDEAFORGE**

Sub: Transcript of Earnings Call for the quarter and year ended March 31, 2024.

Dear Sir/Ma'am,

This is further to our letter dated May 15, 2024, whereby the Company had submitted the link to the audio recording of the Earnings Call hosted by the Company on Wednesday, May 15, 2024 at 11.00 a.m. (IST) post announcement of Audited Financial Results (Standalone & Consolidated) for the quarter and year ended March 31, 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 Wednesday, May 15, 2024. The Transcript is also available on Company's website at below link:

https://ideaforgetech.com/investor-relations/transcript-of-earnings-calls

Kindly take the same on your records.

Thanking you,

Yours faithfully
For ideaForge Technology Limited

SONAM DILIPKUMAR GUPTA

Digitally signed by SONAM DILIPKUMAR GUPTA
Date: 2024.05.20 17:38:02 +05'30'

Sonam Gupta
Company Secretary
Membership No. A53881

"ideaForge Technology Limited
Q4 FY '24 Earnings Conference Call"
May 15, 2024

MANAGEMENT: **MR. ANKIT MEHTA - CHIEF EXECUTIVE OFFICER - IDEAFORGE TECHNOLOGY LIMITED**
MR. RAHUL SINGH – VICE PRESIDENT ENGINEERING - 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 Q4FY24 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 a 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, sir.

Parth Patel: Thank you, Muskan. On behalf of Orient Capital, I welcome you all to ideaForge ideaForge Technology Limited's Q4 FY24 Earnings Con Call. From the management side, we have Mr. Ankit Mehta, Chief Executive Officer, Mr. Rahul Singh, VP Engineering, 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 Exchanges and Companies 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 beliefs, opinions, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

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

Ankit Mehta: Good morning everyone and a warm welcome to all the participants. Thank you for joining us today for our Q4 and FY24 Earnings Conference Call. As suggested by our investor relationship partner, I have my colleagues Vipul Joshi and Rahul Singh on the call with me.

I am delighted to present to you the progress and achievements of our company over the past quarter and the financial year, highlighting key developments across our operations and strategic initiatives. I would like to begin this call by sharing some good news with you all. Our company has obtained the coveted AS9100D Quality Management System Certificate recently, which is considered to be a gold standard in the aerospace industry and the ISO 9001:2015 also from one of the most prestigious certification bodies, which is TÜV SÜD.

This achievement is a testament to our unwavering dedication to upholding the highest standards across every facet of our operations, from design and development to manufacturing and sales in the UAV domain. This dual recognition further solidifies our position as the leader in the industry and highlights our relentless pursuit of excellence in everything we do. Moving on to Q4 updates, first and foremost, I am pleased to report that our operations have continued to thrive, with a particular emphasis on the timely delivery of large orders, thereby reinforcing the trust and confidence among our customers.

We are proud to announce that we have reached a significant milestone of more than 450,000 cumulative flights done by our customers on our systems, underscoring the ability of our systems to deliver performance and reliability in real-world conditions, including in extreme terrains.

Internationally, our foray in the US market has met with promising progress in expanding our global footprint and exploring new market opportunities. As a part of our beta testing in the US, we have deployed our UAVs, along with a few law enforcement agencies, to successfully carry out real-life missions on the ground, delivering a very differentiated experience to the users as compared to their existing inventory of drones. These experiences are contributing significantly towards our goal of establishing a robust product market fit in the US and are expected to lead towards initial sales traction in the US. In continuation of our efforts to understand the American market better, we also continue to participate in major exhibitions and events there.

On Drone as a Service front, our pilot programs with anchor customers have yielded encouraging results and have laid the groundwork for commercialization at scale for this initiative. Our next goal here is to evolve our Drone as a Service from a Company-Owned, Company-Operated initiative to a Franchisee-Owned, Franchisee-Operated business, which is our planned inflection point for scaling this opportunity. We are also unlocking new use cases to drive greater adoption of this technology. We will keep you updated on the progress as we have more insights into this initiative.

Coming to technology, a total of six patents were granted to us in Q4. With this, our total granted patent count reaches 38 out of the total 72 patents that we have granted, plus patents which are pending to be granted to us. With this robust patent portfolio and our in-house software and intelligence capabilities, we are well-equipped to extend our competitive edge in the market.

Furthermore, developmental efforts are continuously upgrading our existing categories of products in the quadcopter and the hybrid VTOL platform space. We are building cutting-edge features on our existing and upcoming platform categories that will enhance our customers' ability to carry out critical missions by multifold, including swarming and operating in GPS and communications-denied environments. Our collaborations with expert partners like ESRI and GalaxEye will open new opportunities for growth as we continue to deepen our joint solution development engagements and go-to-market strategies. These strategic initiatives will unlock new revenue streams and help us diversify our portfolio, positioning us for sustained growth and better profitability in the long term.

On the development front of our larger drone platforms, we have initiated flight trials of the early builds of our tactical UAV. Additionally, significant progress has been made in narrowing down on the operational envelope definition for our middle-mile logistics UAV development program. We are also moving towards configuration finalization at the expected pace. As I have mentioned earlier during our calls, these are long-gestation developmental programs involving significant efforts and resources. We are quite confident in our ability to complete these developments as per plan.

We are also confident that these product development efforts will result in unique and differentiated offerings for our customers. These efforts will not only help us with revenue growth, but also they will enable us to strengthen our margins in the future.

Through our relentless pursuit of excellence and our unwavering commitment to innovation, we are motivated to develop technology that reflects our aspiration to build the world's first or the world's best products in our industry globally.

Propelled by this approach to innovation, we will unlock new opportunities, disrupt existing paradigms, and create unprecedented value for our customers and stakeholders alike.

Thank you for your attention. Now I look forward to discussing our financial performance. From a financial perspective, we operate in a dynamic and nascent market with substantial growth potential. Our debt-free status with a strong balance sheet and a prudent approach to capital expenditure positions us well to capitalize on large market opportunities and to maximize shareholder value in the long term.

Now I will discuss the consolidated Q4 financial performance.

The consolidated revenues for the current quarter stood at INR102.3 crores versus INR38.7 crores in Q4 FY23.

Gross profit stood at INR44 crores with a gross profit margin of 43%.

EBITDA for the quarter was INR20.2 crores as compared to INR5.4 crores in Q4 FY23. Our EBITDA margin for Q4 FY24 was 19.8%.

PAT stood at INR10.3 crores as compared to negative INR5.4 crores in Q4 FY23. Our PAT margin for Q4 FY24 stood at 10.1%.

Moving to consolidated FY24 financial performance, the consolidated revenues for FY24 stood at INR314 crores versus INR186 crores in FY23. This is in line with our suggested plan to grow substantially in FY24.

Gross profit for FY24 stood at INR156.7 crores. Our gross profit margin was 49.9% as compared to 68.4% in FY23.

EBITDA for FY24 stood at INR85.9 crores with EBITDA margin for the full year being 27.4% in FY24 compared to 30.9% in FY23.

PAT stood at INR45.3 crores compared to INR32 crores in FY '23. PAT margin for the full year was 14.4% in FY '24 as compared to 17.2% in FY '23.

Our order book as of 31st March stood at approximately INR125 crores and we are closely monitoring an L1 pipeline of INR300 plus crores with expected progress in the coming quarters and more is expected to be added to this L1 pipeline very soon.

As you can see, we have closed the last financial year strongly, showing substantial growth from the previous year's revenues and profits in spite of visible variations in the quarterly results. This is in line with our projection of substantial growth overall in the year. It also accentuates our belief that comparison of quarterly performances and only looking at our financials will not provide the full picture of our business. We believe the right way to look at our business would be to also take into account our efforts and achievements in technology and product development, business diversification and tracking our overall strategy for growth.

With this, I would request to open the floor for questions. Thank you so much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Renu Baid from IIFL Securities. Please go ahead.

Renu Baid: Good morning and thanks, Ankit, for the opportunity. My question is around the order book visibility. You mentioned that you are L1 on orders worth INR300 crores. Can we share some insights in terms of which are the end segments, defense, civil, on which we are L1? And in addition, what are the timelines when we expect these L1 to convert to LOA? And related to this, in addition to this, what would be, in your view, the tendering pipeline over the next six to nine months for our portfolio?

Ankit Mehta: So, Renu, thanks for the question and great to have you back on this call. The overall order book pipeline, particularly the L1 pipeline, is actually a healthy mix of defense and civil both. And we are expecting some more additions even from the international market in this pipeline. So, this L1 pipeline is something which is expected to grow quite healthily in the early part of the year. In terms of conversion of this pipeline, the conversion is expected in the next one or two quarters. We are continuously tracking it and we will keep you updated on the progress on that.

Renu Baid: So, just to clarify, as an L1 pipeline implies that we have already been well-placed for the lowest price bidder on these projects and it's a matter of getting clearance from the customer before we start executing them, right? Or this is the tendering pipeline?

Ankit Mehta: No. This is the pipeline where when we say L1, it sort of includes places where we are the only single vendor or, for example, we are already, sized as the lowest bidder or where perhaps overall the opportunity is, specifically built in our favor because of past performance.

Renu Baid: So, effectively, we have close to about INR400-INR450 crores kind of visibility for Fiscal '25. And in your view, in this backdrop, how should we look at the revenues with guidance for Fiscal '25?

Ankit Mehta: Renu, we do plan to grow in the year and but however, I think from a guidance standpoint, I think we will continue to hold back for the time being and we'll keep you posted when we have any progress on that direction.

Renu Baid: But you're confident of growth in Fiscal '25 in revenues?

Ankit Mehta: Yes, we do plan to grow in this year as well.

Renu Baid: Sure. The second question is around if you can share some updates and developments of where are we in terms of the R&D and capex for Make II programs and how is the progress in terms of the prototypes and developments on that side?

Ankit Mehta: Sure. Renu, what I'll request is for Rahul to take this question.

Renu Baid: Sure.

Rahul Singh: Hi, Renu. So, I think I'll try to respond both in terms of the exact product progress and the competency buildup that we have been doing to enable that in a sustained manner. Over the last year or so, the number of programs or product development targets that we're taking is expanding to additional high-growth areas and we have discussed and spoken about that publicly before which means that our bandwidth to develop that and sustain that also needs to grow.

So over the last year we have onboarded a substantial amount of very high-quality talent at all levels. A substantial number of top university talent coming on board, a lot of lateral talent coming on board and very importantly very high-quality leadership coming on board to lead this effort both on hardware software as well as experience design because we feel that the user experience is also a central part of the product growth story that we have.

With that on the competency side on the exact development stages, the tactical product is at a stage where it is starting its first stage prototype testing and validation-related activities which are ongoing as we speak. The middle mile logistics is at the concept and configuration design stage that we hope to conclude very soon in the near future which will then fix at the first stage of prototype building and validation.

Apart from this, a bunch of software-related and intelligence-related capabilities are also going on to enhance the capability of the rest of the product segments which are at advanced stages and we will have some product launches in this financial year which should bring forth some of those capabilities.

Renu Baid: Got it. And lastly if you can also help us understand today where does the R&D team strength stand for us and what was the quantum of R&D spend capitalized in fiscal 24? That's it from my part .

Vipul Joshi: Hi Renu Vipul here. So overall...

Moderator: I am sorry to interrupt sir there is quite a background noise from your side.

Vipul Joshi: Is it better now?

Moderator: Yes, it's better now.

Vipul Joshi: So, Renu basically we could add about our overall strength of 84 people over the year and our total strength on the R&D now stand at about 200 people approx. And in that as Rahul enumerated we have been able to add leadership as well as the significant strength from different institutes and lateral hiring combined. From a standpoint of overall R&D expenditures and all this year we added around about INR51 crores into overall expenditure of R&D and roughly about INR25 crores got capitalized in the year.

Renu Baid: Got it. Thanks much team and best wishes for fiscal 25. Thank you.

Vipul Joshi: Thank you.

Moderator: Thank you. The next question is from the line of Dipen Vakil from InCred Equities. Please go ahead.

Dipen Vakil: Thank you for the opportunity, sir, and congratulations on the great set of execution for Q4. Sir, my first question is on the line of this quarter we had seen some dip in margin and which looked like pertaining to mainly on our imports. So can you help us with the quantum of imports for fourth quarter and full year FY24?

Ankit Mehta: So, Dipen, I am not sure if we have numbers of imports on a quarterly basis, but overall in the year the imports stood at close to 20% as a fraction of our overall operating revenue.

Dipen Vakil: Okay. That's okay. Sir and second again on so this quarter we saw an uptick on the employee cost. So, was this pertaining to any one-off in employee cost and what can we factor in going ahead?

Vipul Joshi: Hi, Dipen Vipul here. So, basically, these are some of the provisions impact of ESOPs and overall bonus provisions which were taken in Q4 and that's the reason why you see a spike, but if you see an overall number we sort of are flat from our previous year's number to this year.

Dipen Vakil: And can we expect the similar trend going ahead?

Vipul Joshi: The ballpark numbers will stay in the same range.

Dipen Vakil: Got it. Sir and any capex plan for upcoming year?

Vipul Joshi: No large capex plan apart from our development expenditures will continue as we continue to grow our overall product portfolio and strengthen our team on the development side.

Dipen Vakil: Got it, sir. Sir, thank you so much for answering my questions and we wish you all the best for new order wins and for financial year FY25.

Vipul Joshi: Thank you, Dipen.

Moderator: Thank you. The next question is from the line of Ashutosh Adsare from Universal Sompo General Insurance. Please go ahead.

Ashutosh Adsare: Yes am I audible?

Moderator: Yes.

Vipul Joshi: Yes Ashutosh.

Ashutosh Adsare: Good morning and congratulations for a good set of numbers. Just wanted to ask you that last quarter you forayed into the US market which you've seen that it's promising. So, could you throw some light on that? Did you execute any of the orders from the US for Q4 and if not what would be the tentative order size or the pipeline which you're seeing from the US market?

Ankit Mehta: So, Ashutosh I think in terms of US market we have a gradual strategy into the market. In the last quarter also we were not rushing to the products sale because we believe that it's a new market and we need to know the customer a little bit better before we go and sell because a lot of times products don't do well when we try to push sales and the expectation mismatch in terms of not necessarily in terms of performance and reliability, but in terms of certain small features on software or certain experiences that they have from other products are not replicated on the new product that they're trying out.

So, what we did in the last quarter was gave our products to some of the law enforcement agencies over there who have actually tested our products and from all reports as latest as this morning I think there is a very differentiated experience that we're able to deliver to them. In terms of having a lot more autonomy on our platform as well as having performances on the platform that deliver far more ease of use for them in their operations, because whenever they have long flight time operations, their previous experience was that they would have to change batteries three to four times in an hour or in two hours before they would be able to conclude the mission with our platform they're able to do that entire mission in perhaps one flight or maximum two flights. So, that change in experience is extremely positive and there are certain product market fit adjustments that we will do on our software, and we will track and aggressively chase sales from the next quarter onwards in that one sense and we do expect conversions within the year and these conversions at the run rate level may not be very large, but there are other international opportunities which we are tracking which can be substantial for us in the year.

So, there is work going on not just in the US but across board, and our presence in the US helps unlock opportunities across the world as well and that's the benefit of creating a presence in that kind of a market.

Ashutosh Adsare: Okay, so would it be fair to assume that US market traction would be seen by FY'26 rather than FY'25? So, you'd be just entering the market having tested the market and then traction would be seen in FY'26. Would it be a fair assumption?

Ankit Mehta: I think FY'25, FY'26 yes is where we will see it contributing healthily. This year we will see early sales and we will sort of make sure that we are doing all the right things making sure all our risks are covered as we supply our products and we will have early sales this year. That's the indication as we see at this point in time.

Ashutosh Adsare: Okay. Relating to this, how are you seeing the competition in the US market? Prima Facie, I believe you will be catering to the defense segment of theirs. Am I right? So, how are you seeing the competition there?

Ankit Mehta: Yes, no actually the early segment for adoption in the US is likely to be the public safety segment there because defense in the US has a lot more you can say learning curve for us to understand the procurement processes than is probably our experience presently. So, defense is going to take more time. However, public safety, law enforcement agencies, and other use cases around enterprise are likely to be the early vectors in the US.

Ashutosh Adsare: Okay. Last question from my side, you had said that mid-mile you are working on that. So, could you just throw some light on that? Where are you currently? What's the progress? And where do you see the segment to pick up in this year?

Ankit Mehta: See, in terms of the plans for this year for the middle mile project is basically to get an early prototype up and flying. However, in terms of the current progress, I think given the size of the platform and the ambition that we have in terms of building it for certain very challenging environments, we are taking our time to do a lot more analysis than it would be sort of usual for other sized platforms that we do usually. And, therefore, we've invested a lot of time in simulation and analysis. We have investigated the best possible configuration that we can offer for this technology, given what physics will let us.

And, therefore, we are at a place where we are very soon going to finalize the concept that we are going to build. And, we are going to subsequently get into rapid prototyping of that concept and get into the early builds. In terms of revenue traction for this platform, I do not believe that we should expect it before a couple of years. Because, this is a much larger platform and it will take time to get built out in a way that it is safe to build and operate.

Ashutosh Adsare: Okay. That's it from my side. If I have any other questions, I'll get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Yes. Thank you very much Sir for the opportunity. So first up I just wanted to understand what is our capitalized amount in the balance sheet and what was the amortization schedule for the same?

Vipul Joshi: Hi, Deepak. This is Vipul here. On the face of right now on the intangible asset and the development, we have about INR47 crores. And what has been capitalized is that INR38 crores for FY2324.

Deepak Poddar: Total, I was asking total as on the balance sheet, how much is the capitalized amount that is sitting in the balance sheet as of FY'24?

Vipul Joshi: The total is INR47 crores under development is what I said. And INR38 crores has been capitalized for this year.

Deepak Poddar: Okay. And how do you amortize it?

Vipul Joshi: So we have a three-years amortization period for what has been capitalized in the year.

Deepak Poddar: Three-year amortization period?

Vipul Joshi: Yes.

Deepak Poddar: Okay. And what is the expected capitalization amount in FY'25?

Vipul Joshi: So, that will depend on what all projects basically get capitalized in the year. And, right now, if you see the amortization impact on the P&L for this year is roughly about INR12 crores for the current year. And as our other projects get matured, this amount will subsequently increase.

Ankit mehta: Also, Deepak, just to clarify, the product development expenses in terms of the quantum under development and the quantum that is capitalized, both have the historical carry forward data as well. So therefore, that is not the total expense that we bore in the year. Like what people had mentioned earlier, the total expense on development was close to about 16% of our revenues last year. And part of it was capitalized and part of it is in as an asset under development. And the rest of the plant and property, plant and equipment in terms of fixed assets stood at about INR12 crores.

Deepak Poddar: Understood. Fair enough. So, my another question is on your order book. I think FY'24, our order book stands at about INR125 crores. And there are INR300 crores L1 will take one to two quarters for it to come into your order book. So, the first half of FY'25, we might see a muted execution. That would be, I mean, a fair assumption for the company?

Ankit Mehta: We will obviously continue to deliver on the existing order book that we have and that we should be able to get done in the first couple of quarters. Whatever gets added within the quarter as well at times gets executed within the quarter for us. That's because of the pace at which we are able to execute is quite good as well as the opportunities come with certain timelines and we track execution on those timelines.

So, while I won't specifically comment on it being muted or otherwise, but yes, if you see how the last year also went, we did about two-thirds of our overall revenue recognition in the last two quarters last year as well.

Deepak Poddar: So, okay, understood. Yes, fair enough. And do we have any kind of vision for three years in terms of the, I mean, top line or the profitability? How do we see a company reaching in three years? That would be helpful.

Ankit Mehta: So, I think Deepak, our very clear plan is to continue to grow year-on-year and in terms of the quantum of growth and the actual results, we want to reserve our projections on that at this point in time because we believe that, that's the stage and position of the industry where we are at, where it will be useful to sort of continue to build on what is getting realized.

And in terms of what we are tracking from an opportunity standpoint and what we are tracking from the point of view of our product development and attended opportunities, I think that pipeline is very robust and we are going above and beyond merely trying to tackle what's visible presently.

We are also investing time and effort in learning from what's happening globally in various geopolitical conflicts, learnings from what's happening from utilization of the technology in various wars that are going on around the world and many other disaster management and other situations. And all of that technology has been brought in to make as seamless a product as possible for the end customer, which is useful in the real world and we continue to track that and that's always delivered great results to us when we track adoption in the right way for our end customers.

And our US strategy as well, based on that focus that whenever we deliver a product, it should be something that's very useful for the customer because then they will want to scale it to their full extent progressively.

Deepak Poddar: Okay, understood. But I mean in three years, do we have a plan that I mean to achieve maybe INR1000 crores or something of that sort, if that is a vision that we are currently holding?

Ankit Mehta: We definitely have very high aspirations, Deepak. However, I don't want to put a number on that aspiration presently.

Deepak Poddar: Fair enough. And just one last thing, FY '25 by end, what is the order book you're targeting given INR300 crores of pipeline and much more you're expecting in the first half, right?

Ankit Mehta: No, absolutely. I think, we will definitely grow. That's our plan through the year as well as we will definitely close more opportunities than we'll be looking to execute in the year. So we should have a certain exit pipeline at the end of the year as well. And hopefully, that number will be reflective of potentially the growth we can achieve in the subsequent year.

Deepak Poddar: Okay. I think that's it from my side. All the very best to you. Thank you so much.

Ankit Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from Aionios Alpha Investment Management. Please go ahead.

Abhijit Mitra: Yes, thanks for taking my question. Yes, so I just wanted to understand your thought process behind, ideaForge's investment in the nautical wings. What kind of opportunity you see there? And, is this a sort of bolt-on investment? And are there other bolt-on investments that you see, available in this space? So just to sort of hear your thoughts on some of this.

Ankit Mehta: Absolutely. I think, broadly, Nautical Wings for us came across as an investment where we believe that there was a differentiated capability for one of the downstream supplier ends of our business. And, it has the potential of increasing the indigenous content, not just for us, but for the industry in general.

We have taken early ecosystem view of the industry and therefore, we thought that if we can support the ability to build technology, not just at the system level, but also at the subsystem level in the country, we will see greater indigenization de-risking of the overall country's ability to produce drones from global geopolitics. So the investment was in line with that. It's been useful for us as we've also been able to adopt, subsystems from them in our production itself.

On top of that, I think our view is that wherever there is a differentiated capability in the subsystem ecosystem, where we are not merely trying to emulate what the rest of the world has done, but are willing and keen on going above and beyond what's possible through what the world has already delivered, which means that companies that are focused on intellectual property, building their own capability in certain segments, we will continue to be open to looking at those opportunities and support them in a way that can help both us and the ecosystem in the long term.

Abhijit Mitra: Got it. And this investment is helping you to gain orders as well, or is that like, your view of having a slightly more integrated ecosystem with you?

Ankit Mehta: I think one of the strategies that we had also outlined even during IPO was indigenization. And therefore, this particular approach is to boost indigenization and progressively also mitigate, cost as a factor in our overall efficiency of operations and delivery. So we've seen positive outcomes on both the cost of input materials for us, as well as we've seen improvement in the indigenization percentage. So that's how we track it. We look at this particular investment and other investments of a similar nature when we do.

Abhijit Mitra: Got it. And you have created a separate as in budget or a wallet to sort of invest in this new age or so-called higher indigenization investment? I mean, is there a thought on that?

Ankit Mehta: We do want to keep something in our hands to be able to do that, because we've also tasted, a minor sort of success in being able to do that. We will keep our eyes and ears open for that. And we do have some budgets for that as well.

Abhijit Mitra: Got it, got it. Thanks, and all the best.

Ankit Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Jayesh Parekh from JMP Capital. Please go ahead.

Jayesh Parekh: Good afternoon. I just need a small clarification. This 12% PLI is included in the revenue of Q4, am I right?

Ankit Mehta: Yes. Yes. Yes.

Jayesh Parekh: So, if you exclude this 12% from the revenue side, and if you take that down below the line, below the PBT line, then I think your EBITDA margins compared to sequentially as well as YOY, you know, is very much on the lower side. So, can you guide us what exactly is the performance in Q4? Or are we depending on PLI for our profitability, viability?

Ankit Mehta: So, as you can see, Mr. Jayesh, the PLI - see, first of all, we have been very clear from the very beginning that our performance and tracking of the performance quarter-on-quarter, and, year-on-year may not be very linear. And, therefore, we should expect a lot of variability in that performance across quarters, in that one sense. Secondly, I think if you look at the overall years' numbers, you will see that it has a contribution to our profitability.

However, it does not imply that we are not profitable without it as well. Therefore, these are not necessary crutches for us to generate profits. But these are obviously incentives that will boost profits whenever they accrue to anybody in the ecosystem. And, therefore, our view of these incentives is of that nature itself.

Moderator: The participant has left the queue. Thank you. The next question is from the line of Naveen Bajaj from NBA. Please go ahead.

Naveen Bajaj: Yes. Okay. So, first of all, congratulations on a good set of numbers and also on a fantastic listing. And you must have had a lot of new investors in your company. And a lot of new investors look at your company as the next Infosys. So, you had a fantastic listing at 1343.

But my question is, what steps are you going to take to increase shareholder value in the coming quarters and coming years?

Ankit Mehta: Absolutely. Naveen, I think for us, it's very clear that we need to track our order book very, very closely. We have a very tight tracking for that. And, we are also adding continuously to the L1 pipeline that will convert into orders in a shorter timeframe than expected. And then in terms of what we do to build shareholder value is something that we've done all along at ideaForge, right? We have always ensured that we build world-class technology. And having taken that technology now to a very different geography, which is considered to be a very advanced geography as well, as far as the use of these systems is concerned, our confidence in what we build has only gone up. And therefore, we are very, very confident that if we continue on this trajectory, continue to focus on intellectual property, we will be building the ability of the business to generate opportunities anywhere in the world and to create a business which is able to offer differentiated technology solutions from India to many parts of the world. And that is something that we are increasingly seeing evidence of on the ground. Some of this evidence will convert into orders as well as we progress through the year.

Naveen Bajaj: Great. So, as of now, I believe that you are ranked number 5 in the segment globally, if I'm not mistaken. So, I would like to know that do you have aspirations to become the number one?

Ankit Mehta: So, that's a great question. I think yes. I think as ideaForge, I think we like to build capabilities and technology. And, we are not just focused on building capabilities and technology, but we are very, very focused on getting it used in the real world. And I think if we continue on that vision, we will reach that milestone whenever is the right time for us to reach that milestone. But I think we are not driven by that. We believe that these ranks are incidental to our efforts. And if we continue to do good work, the recognition will happen in some form or fashion.

Rahul Singh: Rahul, coming in, I'm just reinforcing that part because that's the core part of the motivation of what we do. And, some part of that answer is in our vision statement that we track internally as well where we try to be unrivalled in the domain of unmanned systems and drive adoption. So, we feel that's the core part of the impact that we're trying to create. And in that pursuit, being unrivalled globally is a core part of our DNA.

Naveen Bajaj: As investors are investing in your company, thinking that this is a great business for the future and, you know, defence sector, aerospace sector is the booming sector right now. And our government's focus is on strengthening our defence capabilities.

And not just India, all over the world, the situation, the geopolitical situation is such that I believe that we'll see great growth going on. And we do believe that ideaForge Technology can become –has the potential to become the next Infosys of India. So, all the best to you.

Moderator: Thank you. A reminder to all participants, you may press star and 1 to ask questions. The next question is from the line of Arnab Bhattacharya from an individual investor. Please go ahead.

Arnab Bhattacharya: Hi, I had just one question. I wanted to understand this, the next segment. I think there were some things which you're working on was around hybridization, like taking your drones and fitting into lets say other sort of applications. For example, like I think, fertilizer spreading or something like that.

Now, in these new upcoming facilities, I just wanted to understand if the business trying to adapt the plug-and-play model so I can do multiple things using one drone by just plugging in this add-ons or these are going to be separate drones that a customer is going to purchase?

Ankit Mehta: No, it's a great question. I think, Arnab, what we are planning or what we are doing is essentially taking a particular drone platform that we have and we are opening it up for other people to innovate on the platform in the form of creating more payloads, which could sense things in a different way and sense different kind of spectrums and sense different kind of - in terms of signatures that are available on the ground. And, on top of that, there is innovation possible in the form of delivery use cases, innovation possible in the form of creating certain mechanisms for tracking signals, etc. So there are a lot of innovations that are possible. All of those kind of payloads that can unlock more use cases are not possible to build by ideaForge alone. And, therefore, we are trying to build an ecosystem that also contributes into this.

And I want to report that we have been successful in doing that. We've been successful in people making multispectral payloads on our drones. We've been successful in people making LiDAR payloads on our drones.

On top of that, we are also partnering with people who are going to build and help us build specialized payloads like fog penetration and foliage penetration ra da rs. As well as what we have also done is that we are building a platform that will allow a lot of the ecosystem players to build analytics on top of the data that these systems collect. And what we do is we create a seamless way for that data to come from the drone all the way to the cloud.

And, then there can be a partner who can build automated analytics on top, which can be delivered to an end customer as the outcome because a lot of enterprise users want to essentially focus on the outcome that they want from a drone flying. And that is what we are trying to enable in as much automated way as possible. And, I just wanted to remind that as ideaForge, our focus has been to build on three pillars of our technology, which is performance, reliability, and autonomy. And, this is something which will help boost the autonomy with respect to outcomes that the customers want very effectively.

Arnab Bhattacharjee: Awesome. Thank you. Thanks for sharing the information.

Moderator: Thank you. The next question is from the line of Swapnil Jariwala from Expulso Investments. Please go ahead.

Swapnil Jariwala: So I have two questions. So one is on EPS. So please comment on the year-on-year EPS situation. And the second one is, can you explain a bit more on the other income and expenses? Thanks. Those are key questions.

Vipul Joshi: Yes. So I think I'll take the second question first, in terms of other income right now, other expenses I'm sorry both other income as well as. So I mean, last year, obviously, the other income at about INR10 crores is the overall other income, because of our FDs and investment that was there. There's a slight dip for this year, which is about INR5 crores in other income, which is because we utilize our own funds for expenses of the company and the working capital requirements, and to maintain the zero debt situation that the company currently holds.

From, the other expenses perspective, right now, there's a slight increase in the other expenses because of the overall marketing expenses that we are doing for international expansion, and certain legal and professional expenses due to IPO. And, there are certain non-cash expenditures, which is basically our warranty provisions and ECL provisions, which are right now part of the other expenses.

Swapnil Jariwala: Thank you. And on the EPS front?

Ankit Mehta: EPS. Yes. So, sorry, if you could repeat the question, please.

Swapnil Jariwala: So what is our EPS now? So has there been any change in the shareholding, number of shares, etcetera?

Ankit Mehta: So currently, EPS is right now, basic EPS is about 10.96, and the diluted EPS is 10.77 for the years. And for the quarter, its standard about 2.4. There hasn't been any change in the overall dilution as well.

Swapnil Jariwala: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Jayesh Parekh from JMP Capital. Please go ahead.

Jayesh Parekh: Sorry, sir, my line got disconnected.

Ankit Mehta: No problem, Jayeshji. Please.

Jayesh Parekh: I appreciate that we should not go by quarter, but even if we take full-year performance of last three years, FY'22, FY'23, and FY'24, you will find that contribution margins are continuously falling in spite of increase in revenue. EBITDA margin is falling in spite of the increase in revenue. So what exactly is the reason for this?

Ankit Mehta: Thank you, Jayeshji, I think for that question. I think we have to understand that when we grow, we have to invest in future growth as well, right? And therefore, to plan for future growth, all expenses that we do to plan for the future growth, to make sure that we're investing adequately in sales, marketing, in processes, and systems we will obviously, and we have seen this in the past as well, given that we've had a reasonable history even before listing that whenever we invest in growth, you will always see a phase where that investment in growth will not necessarily track how it would track for a mature business. And, therefore, from time to time, our investments in growth will show up in terms of some variability in these numbers. And that's usually our experience. And I think that's pretty common for any business that's investing in growth.

Jayesh Parekh: But I don't think the contribution margin will fall. I can understand that it can cause you to have expenses. But how contribution margin will fall from 74% to almost 49%?

Ankit Mehta: So the gross margin is something which has definitely been lower than the previous year. That, if you would remember from our previous conversations as well, that is typically a function of the particular contracts that we close. Some of these contracts were bid for technology, which was very very advanced. And some contracts were bid for a competing specification where we have to be aggressive. And the way we look at some of these things is that when you look at EBITDA, you will find that there is not as much variation in the EBITDA in terms of percentage, as much as you are seeing in the gross margin, because there are certain products that we have, where we would have recouped our investments on the product development and other expenses, we would have recouped those investments. And, therefore, they give us the flexibility of pricing our product more competitively in the market. And that's pretty much in line with what many businesses would do, wherein they would essentially take products where there has been a recovery of development expenses, you are able to then be a little bit more aggressive with them in terms of the pricing and the market. And overall, if you see the trajectory will flow in that direction that our latest and greatest products will enjoy a certain higher contribution and then products which have sort of redeemed their investments due to earlier opportunities will be products which will end up giving us the flexibility of being competitive, even more competitive in the market. The good part is that when we build technology in ideaForge, we build technology such that we are able to create very differentiated offerings and they allow us to have that kind of strategy in the long term.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will take this as the last question. I now hand the conference over to Mr. Ankit Mehta for closing comments.

Ankit Mehta: Thank you everyone for joining us and I hope we've been able to answer all your queries. In case you require any further details, you may please contact us or Orient Capital our Investor Relationships Partner.

Moderator: Thank you. On behalf of ideaForge Technology Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.