

CMP - 803

52Wk H/L 1,320 **803** **618**

About the Company

The company manufactures Unmanned Aircraft Vehicles for Mapping, Security & Surveillance. These drones are capable of a wide range of mining area planning, and mapping applications.

Recent Quarter Highlights

- Consolidated revenues for Q4 stood at INR102.3 crores, a significant increase from INR38.7 crores in Q4 FY23.
- Gross profit was INR44 crores with a gross profit margin of 43%.
- EBITDA for Q4 was INR20.2 crores, a notable increase from INR5.4 crores in Q4 FY23.
- PAT stood at INR10.3 crores compared to negative INR5.4 crores in Q4 FY23.
- Consolidated revenues for FY24 stood at INR314 crores versus INR186 crores in FY23.
- Gross profit for FY24 stood at INR156.7 crores with a gross profit margin of 49.9%.
- EBITDA for FY24 stood at INR85.9 crores with an EBITDA margin of 27.4% compared to 30.9% in FY23.
- PAT stood at INR45.3 crores compared to INR32 crores in FY23.

Management view and key highlights

U.S. Market Entry

- Promising progress in expanding global footprint and exploring new market opportunities in the U.S.
- Conducted beta testing with law enforcement agencies, successfully carrying out real-life missions
- Differentiated experience compared to existing drone inventory, contributing to product-market fit
- Early sales expected in FY25, with healthy contribution anticipated in FY26

Drone-as-a-Service (DaaS)

- Pilot programs with anchor customers yielded encouraging results and laid groundwork for commercialization at scale
- Transitioning from company-owned to franchisee-owned and operated model for scaling opportunity
- Unlocking new use cases to drive greater adoption of DaaS technology

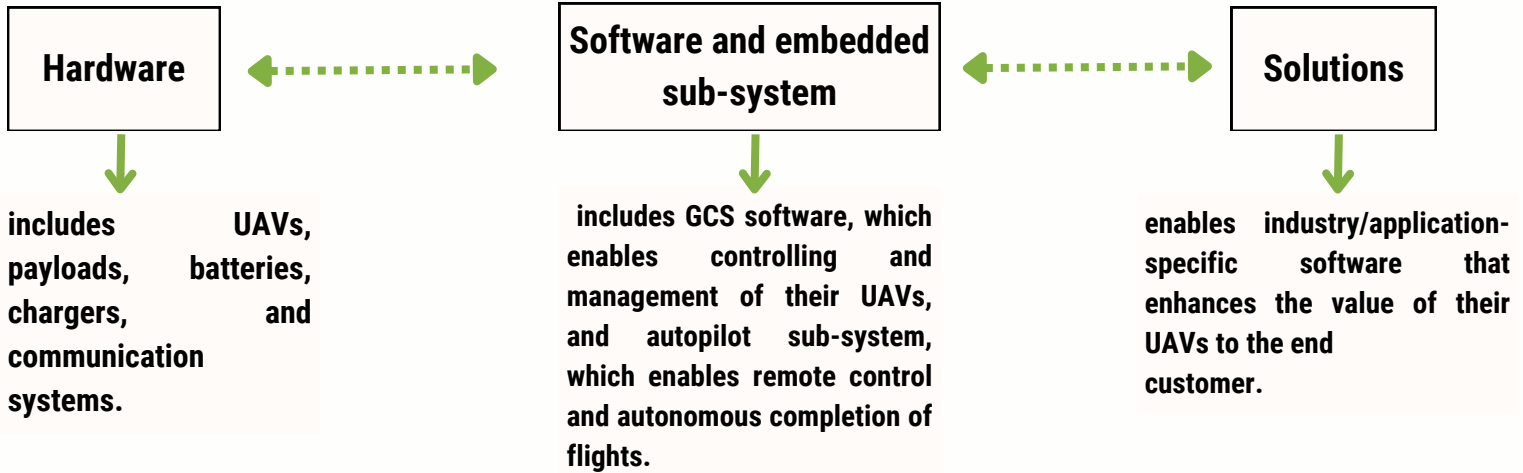
Technology and Patents

- Granted six patents in Q4, totaling 38 out of 72 granted and pending patents
- Robust patent portfolio and in-house software/intelligence capabilities extend comparative edge in market
- Continuously upgrading existing quadcopter and hybrid VTOL platform categories with cutting-edge features
- Collaborations with Esri and GalaxEye to develop joint solutions, unlock new revenue streams, and diversify portfolio.

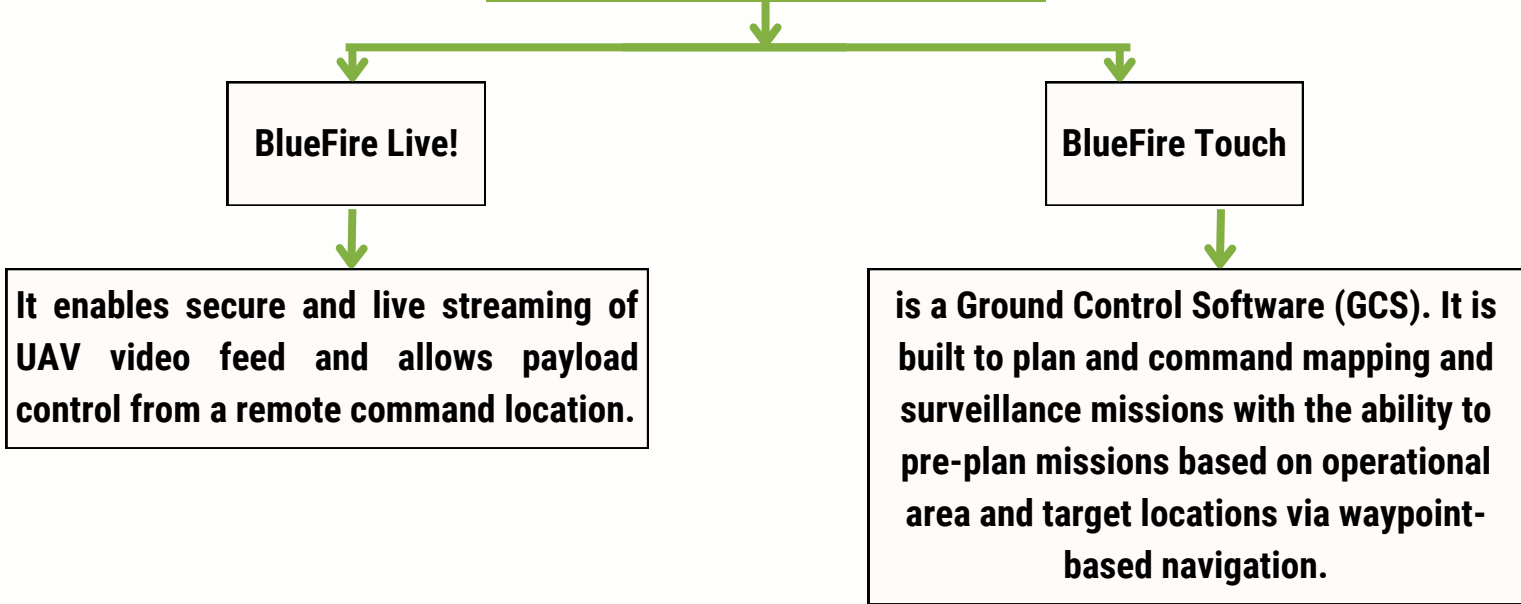
Sources: Company's profile

SERVICE PORTFOLIO

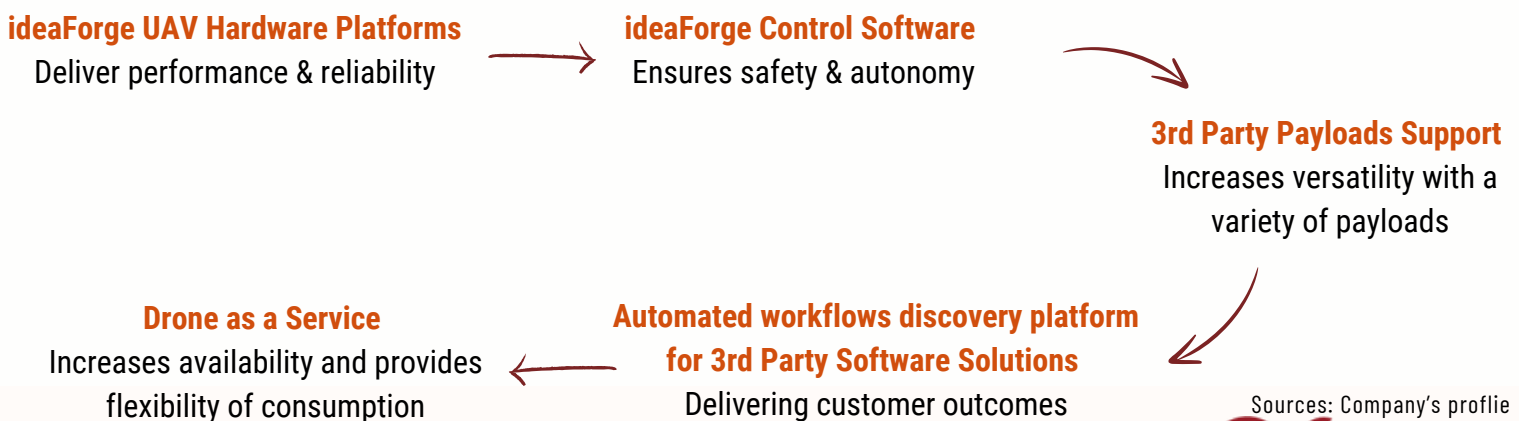
Extensive and Vertically Integrated Manufacturing Capabilities With Consistent Compliance Track Record



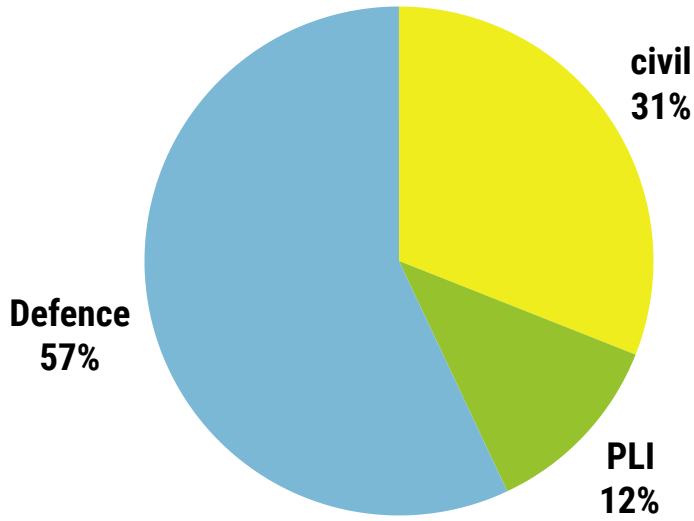
IdeaForge has two main software



Building India's First Drone Innovation Platform

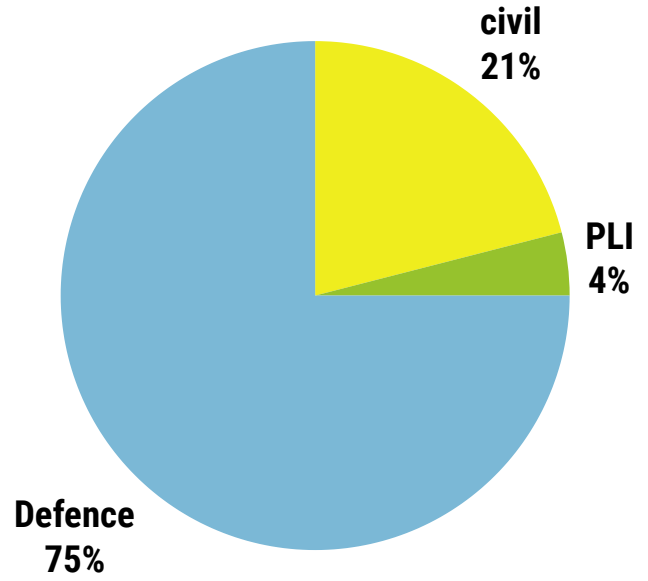


Q4 FY24 REVENUE MIX

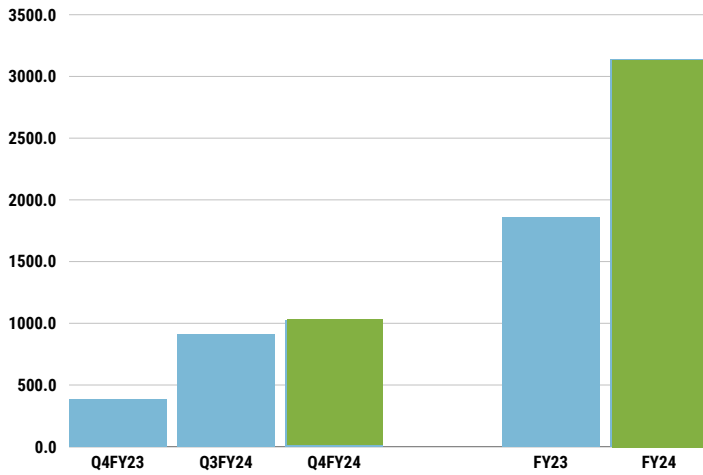


(COUNT IN MN, QOQ GROWTH IN %)

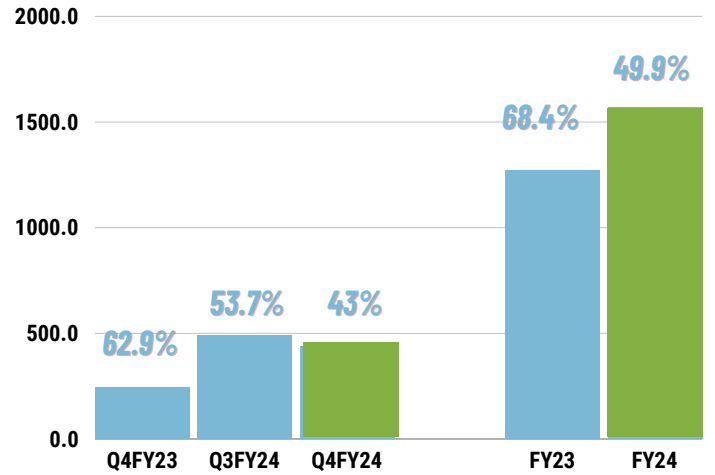
REVENUE MIX



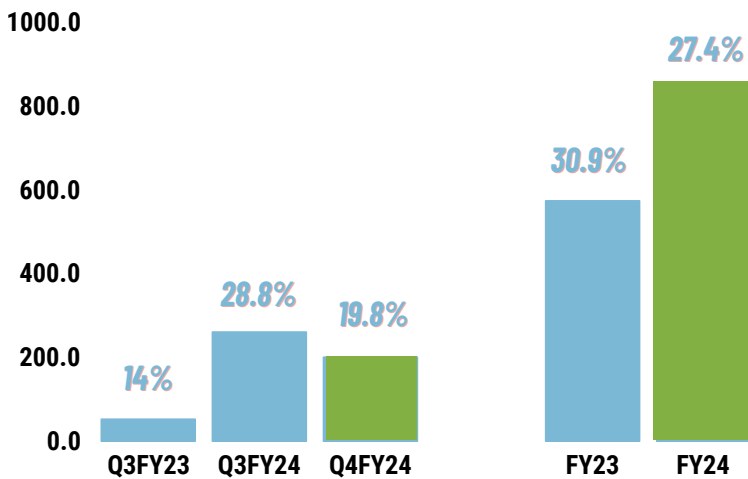
REVENUE FROM OPERATIONS



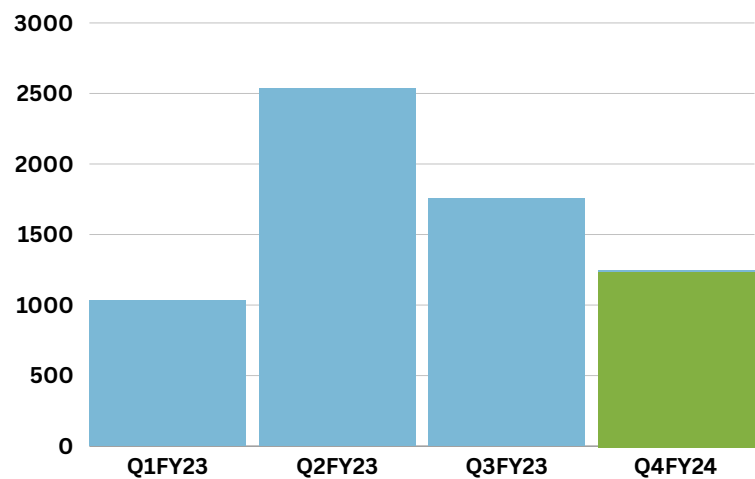
GROSS PROFIT & GROSS MARGIN %



EBITDA & EBITDA %



ORDER BOOK



Quarterly Result

PARTICULARS	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	97.07 100%	23.73 100%	91.61 100%	104.6 100%
Total Expenditure	68.58 70.65%	31.59 133.12%	70.91 77.40%	87.39 83.55%
Operating Profit	28.49 29.35%	-7.86 -33.12%	20.71 22.60%	17.21 16.45%
Other Income	3.54 3.65%	14.91 62.82%	6.61 7.21%	5.36 5.13%
Interest	2.31 2.38%	0.69 2.91%	0.37 0.40%	0.29 0.28%
Depreciation	4.66 4.80%	5.02 21.16%	5.67 6.19%	5.82 5.56%
Exceptional Items	0 0.00	0 0.00	0 0.00	0 0.00
Profit Before Tax	25.07 25.82%	1.33 5.62%	21.27 23.22%	16.47 15.74%
Tax	6.2 6.39%	0.44 1.86%	5.35 5.84%	4.67 4.47%
Profit After Tax	18.86 19.43%	0.89 3.76%	15.92 17.38%	11.79 11.27%
Adjusted EPS (Rs)	4.95	0.21	3.71	2.75

Profit and Loss Statement

Historical Financial Statement - IDEAFORGE TECHNOLOGY LTD

Years	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	LTM
Income Statement						
Sales	₹ 14.1	₹ 34.9	₹ 159.4	₹ 186.0	₹ 317.0	₹ 317.0
Sales Growth	-22.58%	147.91%	356.46%	16.66%	70.43%	0.00%
COGS	₹ 22.9	₹ 43.2	₹ 83.0	₹ 134.5	₹ 210.8	₹ 258.5
COGS % Sales	162.31%	123.70%	52.06%	72.28%	66.49%	81.53%
Gross Profit	-₹ 8.78	-₹ 8.28	₹ 76.44	₹ 51.56	₹ 106.22	₹ 58.55
Gross Margins	-62.31%	-23.70%	47.94%	27.72%	33.51%	18.47%
Selling & General Expenses	₹ 4.33	₹ 3.01	₹ 1.89	₹ 3.50	₹ 47.29	
S&G Exp % Sales	30.73%	8.62%	1.19%	1.88%	14.92%	0.00%
EBITDA	-₹ 13.11	-₹ 11.29	₹ 74.55	₹ 48.06	₹ 58.93	₹ 88.96
EBITDA Margins	-93.04%	-32.32%	46.76%	25.84%	18.59%	28.06%
Interest	₹ 0.43	₹ 1.19	₹ 19.10	₹ 5.81	₹ 3.65	₹ 3.66
Interest % Sales	3.05%	3.41%	11.98%	3.12%	1.15%	1.15%
Depreciation	₹ 2.30	₹ 3.14	₹ 7.28	₹ 11.86	₹ 21.17	₹ 21.17
Depreciation%Sales	16.32%	8.99%	4.57%	6.38%	6.68%	6.68%
Earnings Before Tax	-₹ 15.84	(₹ 15.6)	₹ 48.2	₹ 30.4	₹ 34.1	₹ 64.1
EBT % Sales	-112.42%	-44.72%	30.21%	16.34%	10.76%	20.23%
Tax	-	-	₹ 6.2	₹ 8.8	₹ 16.7	₹ 16.7
Effective Tax Rate	0.00%	0.00%	12.81%	28.99%	48.84%	25.99%
Net Profit	(₹ 15.8)	(₹ 15.6)	₹ 42.0	₹ 21.6	₹ 17.5	₹ 47.5
Net Margins	-112.42%	-44.72%	26.34%	11.60%	5.50%	14.97%
No of Equity Shares	0.01	0.01	0.01	2.13	4.29	4.29
Earnings per Share	-₹ 1,584.00	-₹ 1,562.00	₹ 4,200.00	₹ 10.13	₹ 4.07	₹ 11.06
EPS Growth %	12.98%	-1.39%	-368.89%	-99.76%	-59.85%	171.98%

Balance Sheet

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity AND Liabilities					
Share capital	0.13 0%	0.13 0%	0.13 0%	21.4 4%	43 6%
Total reserves	68.35 86.68%	60.27 48.80%	163.18 74.02%	303.32 62.84%	620 83.33%
Borrowings	0.06 0.07%	37.32 30.22%	0 0.00%	0 0.00%	0 0.00%
Other N/C liabilities	1.21 1.53%	1.94 1.57%	9.96 4.52%	8.56 1.77%	14 1.88%
Current Liabilities	9.11 11.56%	23.85 19.31%	47.18 21.40%	149.43 30.96%	67 9.01%
Total Liabilities	78.85 100.00%	123.5 100.00%	220.44 100.00%	482.71 100.00%	744 100.00%
Assets					
Net Block	3.59 4.56%	12.63 10.23%	26.21 11.89%	48.7 10.09%	114 15.32%
Capital WIP	0 0.00%	0 0.00%	0 0.00%	3.41 0.71%	6 0.81%
Intangible WIP	16.84 21.35%	14.22 11.52%	19.09 8.66%	21.51 4.46%	0 0.00%
Investments	0 0%	0 0%	0 0%	1 0%	0 0%
Loans & Advances	1.41 1.79%	1.39 1.13%	1.96 0.89%	2.86 0.59%	0 0.00%
Other N/C assets	9.57 12.14%	13.62 11.03%	29.58 13.42%	21.54 4.46%	94 12.63%
Current Assets	47.44 60.16%	81.64 66.10%	143.61 65.15%	383.69 79.49%	530 71.24%
Total Assets	78.85 100.00%	123.5 100.00%	220.44 100.00%	482.71 100.00%	744 100.00%

Cash Flow Statement

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Profit from operations	-13.54	-14.29	50.18	40.8	75
Adjustment	0.99	8.64	29.95	37.19	22
Changes in Assets & liabilities	-4.23	-26.13	-6.47	-124.8	
Tax paid	-0.35	0.05	-7.14	-6.41	-20
Operating Cash flow	-17.13	-31.73	66.52	-53.23	77
Investing Cash Flow	4.52	-10.95	-30.76	-148.91	-108
Financing Cash Flow	2.09	43.87	-10.6	176.23	189
Net Cash Flow	-10.52	1.19	25.16	-25.91	158

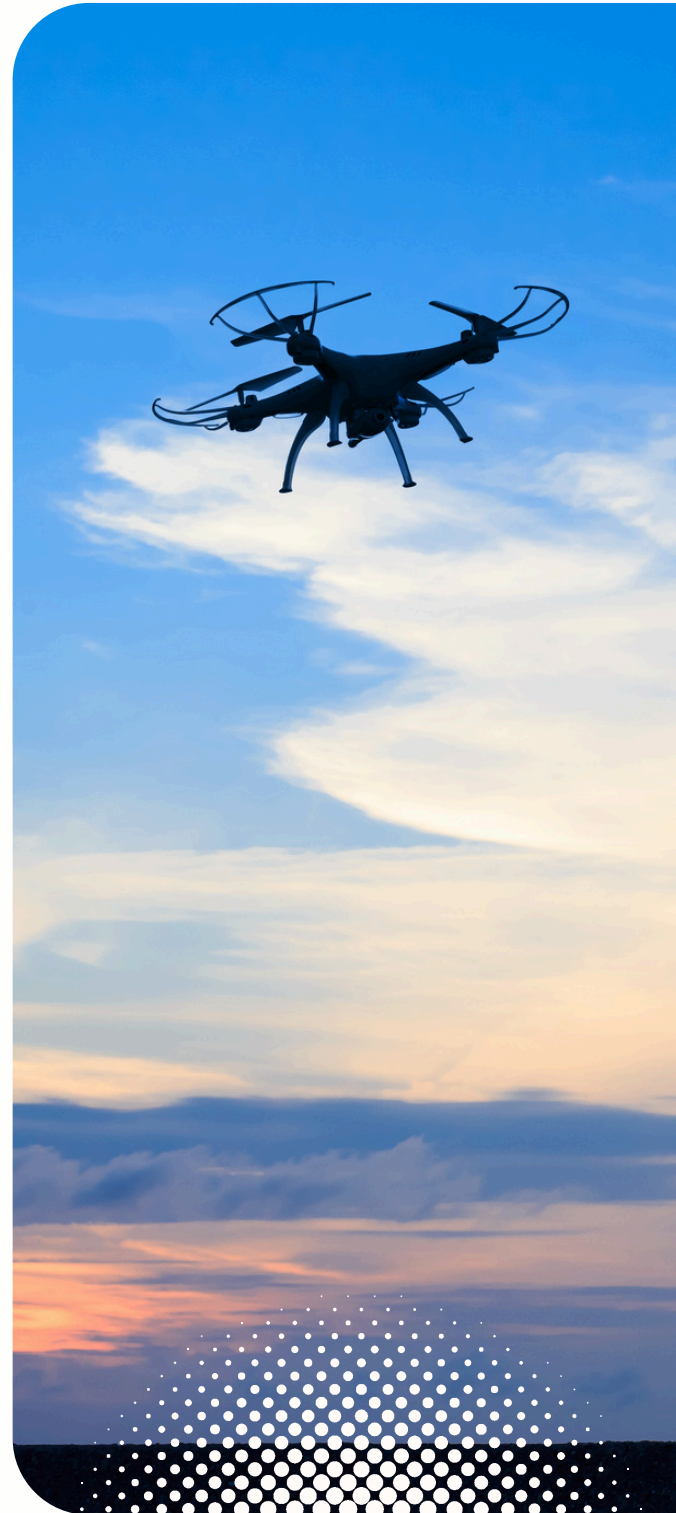
WHAT SHOULD INVESTORS DO?

They have started flight trials for their tactical UAV and made progress in defining the operational envelope for their middle-mile logistics UAV. The configuration finalization is moving at the expected pace. These long-term projects require significant effort and resources, but the management is confident in meeting their goals, resulting in unique products for customers and future revenue growth and margin strengthening.

The defense and aerospace sectors are booming, and with the government's focus on defense, ideaForge Technology is poised for growth. The management believes it has the potential to become the next Infosys of India.

Financially, their basic EPS is 10.96, and diluted EPS is 10.77 for the year, with a quarterly EPS of 2.4. Their order book stood at approximately INR 125 crores as of March 31st, with a closely monitored L1 pipeline of over INR 300 crores, expected to grow soon. This pipeline includes a mix of defense and civil orders, with expected additions from international markets. The L1 pipeline is expected to grow early in the year, with conversions anticipated in the next one or two quarters. The company will keep updating on this progress.

Using the Earnings Multiple Approach, with EPS growth over the past three years, the company's intrinsic value is estimated at **953**. The neutral case assumes continued EPS growth, with a P/E of 10% initially, rising to 90% by the 10th year, and a current P/E of 65, with a discount rate of 10%.



 **Rohit Kumar Sharma (Equity Research Analyst)**

 Research@ganeshstock.com

 www.Ganeshstock.com

 122 Vinoba Puri, Lajpat Nagar Part II,
New Delhi 110 024

 8448899576

DISCLAIMER:

This report is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to others. None can use the report as a base for any claim, demand or cause of action and, also none is responsible for any loss incurred based upon. The investments discussed or recommended in this report may not be suitable for all investors. Opinion expressed is the current opinion as of the date appearing on the material only.

Further, the information in the document has been printed on the basis of publicly available information; internal data and other sources believed to be true and are for general guidance only but which may have not been verified independently. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no responsibility and assumes no liability for any error/ omission or accuracy of the information. Recipients of this material should rely on their own judgments and conclusions from relevant sources before making any investment.

The investment advice should not be considered to be or taken as an offer to sell or a solicitation to buy/sell any security. Price and value of the investments referred to in this material are subject to volatility. Past performance is not a guide for future performance. Certain transactions - futures, options and other derivatives as well as non-investment grade securities are subjected to substantial risks and are not suitable for all investors.