



June 03, 2025

To

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai 400051, India

NSE Symbol: **Drone**

Dear Sir/Madam

Sub: Transcript of the Earnings Conference Call held on 30th May, 2025.

This is further to our letter dated May 27, 2025 and pursuant to the **Regulation 30 read with Clause 15(a) of PART A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, attached is the Transcript of the Earnings Conference Call held on Friday, May 30, 2025 at 03:30 p.m. (IST).

The transcript of recording can also be accessed on the Company's website.

This is for your information and record.

Thanking you.
Yours faithfully,

For and on behalf of
DRONE DESTINATION LIMITED
(Formerly Known as Drone Destination Private Limited)

CHIRAG SHARMA
Managing Director
DIN: 05271919



“Drone Destination Limited
FY25 Earnings Conference Call”
May 30, 2025



MANAGEMENT: **MR. ALOK SHARMA – CHAIRMAN – DRONE DESTINATION LIMITED**
MR. CHIRAG SHARMA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – DRONE DESTINATION LIMITED
MR. ARUN KUMAR – CHIEF FINANCIAL OFFICER – DRONE DESTINATION LIMITED

MODERATOR: **MS. MAMTA SAMAT – DENTSU CREATIVE PR**

Moderator: Ladies and gentlemen, good day and welcome to the FY '25 Earnings Conference Call of Drone Destination Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Mamta Samat from Dentsu Creative PR. Thank you, and over to you, ma'am.

Mamta Samat: Good afternoon, everyone, and thank you for joining us on Drone Destination Limited FY '25 Earnings Conference Call. Today, we have with us the senior management represented by Mr. Alok Sharma, Chairman; Mr. Chirag Sharma, Managing Director and CEO; and Mr. Arun Kumar, CFO.

Before we begin, I would like to say that some of the statements that would be made in today's discussion may be forward-looking in nature. We will begin the call with the opening remarks from the management, after which we will have the forum open for the interactive Q&A session. I would now request Mr. Chirag Sharma for the opening remarks. Thank you and over to you, sir.

Chirag Sharma: Yes. Thank you, Mamta. Good afternoon, everyone. I'm Chirag Sharma, CEO at Drone Destination Limited. Today, I'm present here on this call with our Chairman, Mr. Alok Sharma; and our CFO, Mr. Arun Kumar. On behalf of our team, I extend a warm welcome to you, and thank you for your presence today at Drone Destinations earnings call for FY '24-'25. We take this opportunity to thank all those who have reposed faith in us by investing in the company at various stages of our journey and look forward to continuous engagement, encouragement and support.

We would also like to thank all those who are present here today for sparing out valuable time for this call. We hope you've had the opportunity to review the results. To give -- to begin with, I'll spend some time giving a broad industry overview of the last financial year, including our company's current position as well as opportunities that lie ahead of us. I shall then invite Mr. Arun Kumar to share a summary of our financials for fiscal year 2024-'25.

We have, of course, it's been a roller coaster year for the drone sector. The Indian drone industry has so far largely been a government influenced and government-driven sector. Last year was a rather tardy year for the industry, primarily due to implementation hurdles and the government schemes owing to elections, both at center and state levels and cybersecurity concerns due to certain global events that paused the procurement of drones in the last year.

The overall slowdown in the procurement led to a ripple effect towards ancillary activities such as training, services and slowed down the drone adoption initiatives at large with respect to key sectors like agriculture, infra, utilities and defense. As for drone destination, we started our journey as a training company and continue to add different services in our portfolio.

First was survey and mapping, then we added the agricultural spray vertical. Training and services have been the major revenue generators for us thus far. Whilst training has largely been a low credit business, activities like survey mapping needed longer credit cycles. To manage growth in cash flows, we also added Agri spray service, which was largely an immediate payment business with promise for scalability and volume.

Our targeted activities got a very good flip at the start of last year and the year began with two major initiatives. First one was when Government of India through Ministry of Agriculture decided to procure 15,000 agriculture drones and train 15,000 drone Didi's and another 15,000 technical support personnel with an estimated budget of about INR10 lakh per drone subsidized 80% by the government.

Following this announcement, even the state governments became active to make their own drone policies to push for drone adoption in their states. And several of them, including Andhra Pradesh, Madhya Pradesh announced their own drone policies as well. We started building out our expansion strategy for the year '24-'25 with some learnings from Q4 of 2024 when the first trial for these drone Didi was launched. And this is when free distribution of about 1,000 drones was done.

In this trial, we did bulk of the drone Didi training as well as had small participation in the drone sale. This time around, we intended to stay ready and quickly build our inventory portfolio and ramped up our training infrastructure to play a significant role in this new and upcoming opportunity. The new procurement hit two hurdles last year, which delayed the whole process.

First was the general elections followed by some key state elections and the second being heightened need for risk assessment of drones following simultaneous [inaudible 05:01] in the Middle East. Our government wanted to ensure that cybersecurity of such large number of drones to be additionally deployed in the country and to ensure that no third country is in a position to weaponize these flying drones.

Now the concerns are being addressed as we speak and we expect this pending business under the Namo Drone Didi scheme to accrue from the second half of this upcoming financial year. This delay resulted in a revenue drop of about INR6 crores in our training vertical, which was more than 40% revenue drop as compared to last year, which we definitely hope to regain as soon as the procurement process restarts because as the drones go back in the market, so would the commensurate training happen.

We already have the inventory and hope to capitalize that this year. The second initiative was made by IFFCO. IFFCO wanted to promote their nano products. This innovation from IFFCO has far-reaching positive consequences for the country as well as for the farmers. IFFCO also came to a conclusion that drones would be a great medium for faster and efficient spray of nano products.

First, they went for procurement of drones independently and plan to distribute about 5,000 drones with full paraphernalia, including generators, EVs and to select farmers and village-level entrepreneurs. But after procuring about 35% of the inventory, they paused to assess the success of this project and simultaneously chose to start another project by roping in drone as a Service or DaaS partners.

It's a collaborative approach with -- and they, in fact, kept an ambitious target of 5 crores acres to be sprayed using drones with the help of DaaS partners in the first phase of spray season last year. Out of the same target, IFFCO signed a 30 lakh acre spray with us as well. This project could not really take off.

The project envisaged that the DaaS partners would find IFFCO's nano products with farmers wherever they go, but this assumption did not come through. Drones and nano products were not at the same place for the lack of coordination and consolidation of the demand. Moreover, IFFCO pulled back its original Nano Urea from the market in mid-season and replaced it with a more potent Nano Urea plus.

Our learnings from working with other agri companies like Coromandel, Syngenta and UPS is that drone spray is much appreciated by the farmers, but the demand being new has to be consolidated, which was done by these agri companies. We, on our own, in fact, were also able to establish a direct network of 100-plus agri spray lead generation points with the help of our on-ground drone service teams.

We found decent success on the demand for spraying of agrochemicals over crops like sugarcane, soybean, paddy, chilly and maize in areas like Maharashtra, Telangana and Uttar Pradesh. Our assessment is that this type of project could work very well if the product to be sprayed is available with the drone spray team and more ideally even sold by the drone team. The selling of agri products is a highly regulated affair and requires multiple licenses.

Realizing this, we've gone ahead and started taking requisite licenses, and we are hopeful of working out a winning formula out of these learnings for this vertical of ours. All the agri companies, which worked with us in the last season have come back again this season, including its Coromandel, which is a sign of confidence in the technology and its benefits.

In fact, the farmers have also responded very well to the technology, particularly with pesticides, agrochemicals like pesticides, weedicides and other formulations. And this has turned out to be something which is in the favor of drones, primarily because drones have come in and replaced the shortage of labor. So we -- while this seems like a slowdown, we will definitely anticipate the technology adoption happening rather at a fast pace as we progress overall.

In this year, although we have the drone teams in the market, but due to lack of consolidated demand and reasons briefed above, our revenue dropped by about INR6.5 crores, which was almost 60% in this segment. On the services front, we had a modest growth as we diversified

our survey and mapping offerings from 2D to 3D survey and won country's first drone-powered 3D mapping and survey project by Bangalore Development Authority.

We continue to add credible partners in the GI space and partnered with Saptrishi Consultancy, a JK Group company for executing drone survey projects in Assam, Kerala and Karnataka. We've also partnered with Asteria Aerospace, a Jio platforms-backed company to take on drone-powered solutions in the oil and gas, utilities, surveillance and security domain for international markets.

Drone Destination also won its first direct contract from Survey of India for 2D, 3D urban mapping under the government's NAKSHA Pilot program. To give you a brief summary of the project, the Department of Land Resources has sanctioned NAKSHA program with a view to create digital land records in about 130 cities in different states and union territories with an expected time of 1 year in the pilot phase, followed by large-scale implementation in more phases to be completed over 4,900 urban local bodies within an expected time period of about 5 years.

This year, we also saw a growth of our kick starter consultancy programs, which helped us expand our network as we help several private and educational institutions pivot into different drone-related business verticals by offering comprehensive drone consultancy, drone sales and infrastructure development solutions for their bespoke drone business requirements.

In 2024-'25, Drone Destination also made its foray into defense and has established different layers of engagements with the stakeholders. It comprises of supply of customized drone solutions to developing different levels of drone center of excellence projects to improve the drone skilling and training infrastructure with different defense entities, including establishment of RPTOs as well as a recent installation of a drone battlefield soccer arena in one of the key defense institutions.

With the recent unfortunate incident in Pahalgam, the Armed Forces have intended to undertake a large-scale drone skilling initiative. Owing to our prior success, we are witnessing a huge surge in demand for executing such drone center of excellence projects from multiple organizations within the Indian Army.

These initiatives with respect to the kick starter programs, drone sales and rentals have also contributed to more than 30% of this year's revenue for us. As we progress in the upcoming financial year, the future looks promising as we would see completion and revenue realization of some of the projects which we've already completed and under process on the drone survey side as well as addition of some new GIS projects in the near future.

We've also forayed into aircraft-based survey and partnered with Latex India Private Limited to execute our first area LiDAR survey for a river basin master plan project. And post monsoons from late Q2, early Q3, we would be starting operations for the same. The company also looks to play an integral part in the Namu Drone Didi scheme.

To strengthen our agri DaaS vertical, Drone Destination has also developed a robust agri input sale and spray consolidate network in Uttar Pradesh, which shall commence from this kharif season starting mid of June 2025. Subsequently, we intend to scale this network in Maharashtra as well.

Drone Destination shall continue to strengthen and scale our offerings for defense entities to upskill the forces in the field of modern day warfare. We've also received some keen interest from select countries in Middle East, EU and Africa to expand our business in the global markets. I shall now hand over the forum to Mr. Arun, our CFO, who shall shed light on financial performance for the last year. Over to you, Arun.

Arun Kumar:

Hi. Thank you, sir. Good afternoon, everyone. Our performance last year was in line with the macro drone industry slowdown due to reason already explained. Our consolidated revenue for this financial year stood at INR25.74 crores compared to INR32.6 crores last year. EBITDA for financial year was INR0.5 crores compared to INR13.86 crores in financial year '24.

Our PAT stood at minus INR6.81 crores for financial ear '25 as compared to INR7.08 crores in financial year '24. Our consolidated revenue for this financial year INR25.74 crores compared to INR32.6 crores last year. EBITDA for financial year was INR0.5 crores compared to INR13.86 crores in financial '24. Cost and assets overview. Our fixed assets increased from INR15.35 crores to INR18.04 crores.

Due to increase in fixed assets, depreciation expenses rose from INR4 crores to INR7.9 crores, reflecting capital investment into infrastructure and technology. Employee cost increased from INR6.5 crores to INR7.69 crores, indicating ongoing team expansion and capacity building. Stock in trade has also grown as we began strategic stocking inventory to support our drone sales and service activities.

Our current ratio stands at 3.73, indicating high liquidity. In this year, our trade receivables turnover has improved from 2.48 to 1.40. Going forward, we expect to generate more revenue from our current drones and allied inventory, reduce our debtors and optimize our inventory level. Despite short-term setbacks, we remain committed to driving sustainable growth and delivering long-term shareholder value. We thank you our investors for their continued support and confidence. We are now happy to take your questions. Thank you.

Moderator:

Thank you gentlemen. We will now begin with the question and answer session. The first question comes from the line of Avinash Kumar from DXC Technology. Please go ahead.

Avinash Kumar:

So my question here is Mr. Chirag that what is the status of the Namu Drone Didi scheme? Do you think the scheme shall be implemented this year? How do you see yourself participating in this scheme in the coming time?

Chirag Sharma:

Yes. So yes, Namu Drone Didi scheme is very much in line. In fact, there were just a few multi-stakeholder committee that was basically running this whole show. And over the last 6 months, they have finally streamlined the exact procurement process because this was happening at state

and center level both. As we last heard that the women self-help groups and the women from these self-help groups are getting towards the final stage of finalization.

And once those names are clear because eventually, the way Namu Drone Didi team works is you have to train these women and then, of course, also run a tender to procure drones to provide to these women. So this is very much on course. So once the schedule finally comes out, we should start training these Didi's from the second half of this year and eventually the procurement would also be in place.

And this time around, as compared to last year, now we're looking at about 14,500-odd women to be trained and similar number of technicians, which will support these women. So this is almost a 30,000 number that we're looking at from a training perspective. And from a drones perspective, also, you're looking at about 14,500 drones to go out.

Avinash Kumar: Yes. Thank you, Chirag.

Moderator: Thank you. The next question comes from the line of Himanshu Sharma from Clovek Wealth. Please go ahead.

Himanshu Sharma: Now I have a few questions. First, although you share details about the IFFCO collaboration order, can you share some more light as to why the order was not successful? And my follow-up question is what do you intend to change in the coming year to make the agri service model successful?

Alok Sharma: Thank you, Himanshu. This is Alok Sharma. I will take this question. So this old IFFCO order activity was an ambitious plan. If you really see the ambition out of it, there is some kind of a light which was kind of looked at that this is a possibility. That's why this whole scheme was started.

But when the rollout happened, what happened was that when the drones were rolled out, the drone teams were rolled out, the IFFCO nano products were sold through the dealer network of IFFCO, whereas our drone teams were on their own when they were going out. So incidentally, there were two factors which came into play. There was some bit of more coordination required for consolidating the demand at the farmer level.

When we reached the farmer, the inputs were unfortunately not available with the farmer. It was a timing issue or a demand issue. So somehow, the timing of us and the product being available at the same time when we are visiting the farmer was not there. So as a result, it is just not with us. It was also with all the other DaaS partners, which came into play.

So this folly was learned by IFFCO and also by us that this needs to be fixed. So the effort is being made to fix it for future usage. And another thing which happened was that whilst this scheme was in motion, the Nano, which was in earlier formation called Nano Urea was pulled out and the new better product called Nano Urea plus was introduced in the market.

So whilst this transition was happening, the whole availability of the product and availability of the drone team at the same time could not be achieved. So that was the reason for the -- for this project not really taking off as it was envisaged. Both IFFCO and the DaaS partners are working closely to ensure that it works in future.

So all the effort is being made. So whilst this was happening, some new learnings we had whilst dealing with some other agrochemical companies like Coromandel, Syngenta and UPL, which Chirag also tried to explain. The good part, and we got some success out of there, and that success came because these companies consolidated the demand and then gave the demand to us on a daily basis.

So this was a more efficient model when the demand was consolidated. So this is something that we learned. And another learning that we have had some more learnings in this whole sector. So we understood there are about 8 to 10 crops where the demand of drone spray service was more acceptable, more where it is more difficult to kind of spray agrochemicals when the crop is going high or it is marshy or it has got water.

So things like -- the crops like sugarcane, paddy, soybean, maize, which are going taller, the drone was far more acceptable than some other crops which were otherwise there. So what -- another thing that we learned was that most of the times when we were going to the farmer for spraying activity, the farmer was asking us for the input.

So normally, the question would come that whether you have brought the input or not. So this is what was another learning that we had. And we also appointed some consolidation points that, okay, some lead generation consolidation points ourselves. And as Chirag explained to you, if we were to now carry the input ourselves in our vehicles, so it was important for us also to ensure that we are able to sell those products.

So as a result, we had to go through a little bit of modification of articles wherein we brought in an additional feature that Drone Destination would be able to do drone agri input sales as well. And now we have procured some license in UP. We are in the process of getting some more licenses in Maharashtra.

And as these licenses come into come into play, we think that we will be able to carry agri inputs, whether supplied from IFFCO or some other players along with the drones in our vehicles, which then results into an incremental revenue without really getting any much of incremental cost.

So it is likely the -- input sales is likely to add substantially to our bottom line as we progress -- as we take this forward. And with this thing coming into play, the scalability of this business takes a completely new dimension. So we are really looking forward to this new coming season, wherein we would be giving agri drones based service along with agri inputs. I hope that answers at least -- okay, both the questions, I think.

Himanshu Sharma:

Yes. Thank you so much sir the answer was very satisfactory and I got my answer. Thank you.

Moderator: Thank you. The next question comes from the line of Vinay Agarwal from Profast Global. Please go ahead.

Vinay Agarwal: Sir my question is, what is your foraying the defense industry? And you used to be an agro aggregator. Now you are focusing in defense. So what is the whole methodology and what are the technology you are going to use? Can you please explain it?

Alok Sharma: Thank you, Vinay ji, for the question. Yes. So of course, our entry into defense, as you are aware that primarily we've been a training and services company. So in fact, we have taken a nonconventional approach to defense. So over the last year with certain geopolitical scenarios happening, where we have all heard that wars are being run, be it the Israel-Palestine war or the Russia-Ukraine war and the unfortunate recent incident as well in Pahalgam, which resulted in a drone-based warfare.

We realize that there is a significant gap in terms of skilling our forces when it comes to drones, largely the skill was centric to companies which were selling the drones to specific officers at different unit levels or at regiment levels. And unfortunately, what would happen is these offices would move and jump, right, because they would change duties.

So of course, when it came to the actual time to operate these drones, many times, the forces found themselves ill-equipped with -- or there was lack of skilled resources available. So what we did is we, in fact, with certain CAT A defense institutions, we ended up empowering them to open up their own training schools, which essentially meant right from training the trainers to providing the requisite drones and the simulators, which are required.

So from a defense perspective, there were three specific asks that were given to us. One was to train the forces with flight operations. Now even in flight operations, there are different types of drone technologies involved. We have all heard of a technology called Kamikaze drone. We have heard of technology of surveillance and reconnaissance drones, then there is -- then there are these first-person view drones, SV drones.

All of them require customized trainings. So what we realized was that, a, there exists a gap to address this training module, so we should upgrade the training infrastructure from a flight training perspective. Then the second question -- then the second section was with the E&E wings in the forces where we're responsible for maintaining these drones.

So I think as we are now in discussions with separate, several different defense entities. We realize that there is also a need to assemble and integrate drones at unit level and post assembly and post flying, even maintain it on their own, which was another opportunity that we see for ourselves, where now we are working on some projects to curate these advanced drone assembly and maintenance labs, again, to upscale the officers in the training side.

So this has turned out to be something new for us, but we have had some success. We put up a drone battlefield arena. So in fact, in civil parlance, we call it drone soccer, but essentially at one of the institutions we have installed and they realize that a mechanism to treat drones in an

enclosed environment is a great way to get officers initiated on drone flying because rather a common problem statement arises, that defense procures very expensive drones.

And generally, the training is happening on expensive drones. So they want to now replace the expensive tech with high-volume, low-cost tech. Now to enable that, the forces are in requirement of training on low-cost drones as well, and that is what we intend to do through these programs.

And the drone soccer ended up fitting the bill pretty well when it came to certain things, and we have tons of inquiries right now because it provides a very safe environment for offices to learn flight training. So this has been our approach. And as we speak, we're bombarded with multiple requests at all levels for creating different levels of infrastructure and these projects, they vary anywhere between INR25 lakh to INR2 crores. So these are all great opportunities that we foresee in the coming year.

Vinay Agarwal: Sir, my second question is why the company is borrowing so much and why the financial cost has jumped to approximately 5x?

Chirag Sharma: I will ask Arun to respond to that.

Arun Kumar: So the borrowing is basically for the vehicles we purchased and the other thing is we have OD from the ICICI Bank. So basically, the borrowing is for vehicles and the OD limits only.

Vinay Agarwal: Okay. So it is an essential loan or it is any business expansion loan or what type of loans?

Arun Kumar: Yes, sir. The vehicles were purchased for this agri spray business. And basically, the majorly we -- they were purchased in the financial for '24-'25 so all for business activity only.

Vinay Agarwal: Okay. Thank you so much.

Moderator: Thank you. The next question comes from the line of Ankur Sablok from Pine Capital. Please go ahead.

Ankur Sablok: So just during the course of the discussion, you mentioned about the aerial survey. So as I understand, we happen to be a drone company. So what typically made you decide foraying there into aircraft-based survey? So is this something as a part of the strategy in the long term? And are we really trying to create a disruption in this space as well as a first-mover advantage?

Alok Sharma: So I'll take this question, Ankur ji. So what -- in the last 2, 3 years that we have been doing survey mapping activity, we realized that we were having enough orders, okay? So we were having 2 problems that the number of days available for doing survey were very less. So they range between 120 to 150 days only in the year when you could take a picture. Otherwise, you would have cloudy weather or heavy rains or it was rainy or fog.

So one of those things, you're having the effective number of days were very few. So -- but the quantum of work which was there and which is also likely to come in future is substantial. And that substantial thing would require deployment of an aircraft as well for conducting the activity.

So the government of India has got very ambitious plan to do both large-scale mapping and also to conduct, as you would have seen something called a NAKSHA project. And then there is a project called AMRUT 2.0 project. So put together, there is a large requirement of survey and mapping activity as well.

So there were two things which are happening. One was that when we were doing this activity with drone, which also is a very meaningful medium to do the survey and mapping activity when the area is smaller. When the area is smaller, drone is a more effective vehicle. When the area is larger, then the medium as an aircraft is much better. When we were doing survey with drones, the time taken was a little longer and the processing time was also increasing.

So to give you some kind of a perspective, if you were doing an aircraft survey, you would take in a typical format apple-to-apple comparison. If you were taking 16 images in a square kilometer in a drone environment, it was going all the way up to about 16,000 pictures in 1 square kilometer, requiring many more hours of processing time as well.

So now to bring some kind of optimization on performing the potential work and the work which we already have. So with the work we already have, we thought of bringing in this aerial survey as we call it. And this is a RGB cum LiDAR survey. We would also be using a new technology for this because survey of India has initiated this NAKSHA project in particularly using three technologies.

This is a little technical. One is called RGB technology, one is called Oblique camera technology. One is LiDAR plus RGB technology. So we are now fully equipped to address all the demands which are coming in. And now we are trying to, a, reduce the time taken to execute the project and take on much more work than we could execute with the help of drones.

The only concern that we have had in the past with the survey mapping activity has been a little longer credit cycles. But thankfully, what happened with NAKSHA project, at least now that we have got one from Survey of India as well. What they have introduced is a milestone-based payment system.

Now with the milestone-based payment system for the upcoming projects, we hope we would love to continue to develop our survey and mapping activity also, which we had kind of -- I won't say paused, but we had slowed down from our side because of the larger credit cycle. Now business being addressed and credit cycle being addressed, this aerial activity is going to work dramatically well for our service portfolio in the coming year. I hope that probably answers or was it too technical I don't know.

Ankur Sablok:

It is more like a brownfield kind of expansion for you, right? Because you understand the entire ecosystem and it actually fits into it. Wonderful, sir.

Alok Sharma: And we also have Ankur ji, you should know we are one company which has got almost 40 years of aviation experience...

Ankur Sablok: That is what I mean to say by the brownfield expansion because you already have an entire ecosystem as well as the understanding as well as the order book.

Alok Sharma: Yes, we are very much part of -- we have been part of aviation business for a very long time, and we understand this aircraft activity from our past experience as well.

Ankur Sablok: Wonderful, sir. All the best, sir.

Moderator: Thank you. The next question comes from the line of Rajat, an Individual Investor. Please go ahead.

Rajat: My question is how do you see the industry picking up from last year? And is there always going to be government dependence driving the sector?

Alok Sharma: That's a great question, sir, to be honest. So from last year, of course, last year, I would say, was almost like a silent lull. But in any growing sector, I think these phases always come and go. But from how we see the future of this technology, this looks extremely promising. Everybody understands that if there is a tech that can save time, that can be more efficient and that can do things more efficiently, then of course, it has a definite future.

It's just a matter of timing and adoption at different levels that could vary and which leads to these minor bumps on the way. But from all the projects which got delayed last year, be it on the civil side or defense side, we see all of them picking up in this financial year, be it on the Namo Drone Didi side coming up. There are some other 2D, 3D mapping projects, also infra-related projects, which are going live in the next few months.

And similarly, but you did mention that I would also like to answer that second question you mentioned that whether the government dependence is going to stay. So I'll be frank that, of course, the government has largely been the market maker for this sector. And to be honest, thankfully so because we needed somebody large to anchor the adoption of such a large tech. Countries like China and other countries have also been pushing drones, but because of the help of the government support.

And I think that same support has helped us achieve whatever we have achieved so far. And in fact, from a technology perspective, India is making now a global noise when it comes to drones. So there would continue to be dependence, but what we have identified for ourselves specifically, let's say, if I had to choose 2 verticals where we see a direct D2C or B2C demand coming in.

One is, of course, on the agri side, our learnings of people on ground, which is something I can -- frankly, the results might not say otherwise, but we have had phenomenal field learning last

year because the guys were there with their ears next to the farmer to the problem statements they were facing.

And having gained all that insight on ground, we were finally able to identify, look, they have issues with certain crops at certain times and they require certain chemicals and fertilizers to be sprayed at that time. They're unable to find labor. So we do see this expanding into a fantastic B2C -- or B2C offering.

And with the combination of input sales because the farmer also said, look, if you're coming to me, you're a technology company, I trust you. But at the same time, if you can also give me some crop advisory because you guys -- you have that kind of experience with you. So we would be happy to take up inputs as well as spray together. So that is one of the areas where we see the government dependency weaning off.

And then, of course, with us in the company, we're putting up a massive AI engine, we have created a super app that's taking all these data inputs. So in fact, we are working on a technology where every time our field representative or pilot goes on the field, and if there is an issue, then they can simply click the picture of whatever the issue is on the crop. Automatically, it will end up giving insights to the farmers in terms of what medicine or what treatment has to be done.

And accordingly, since we will have a portfolio of such commonly used, based on our own data, of course, agrochemicals with us, we would be able to provide them an almost an immediate support right when they're there because their necessity is at that point. So that, of course, takes care of the dependency on the government side.

And I think that still kind of makes us a bit unique because the number of teams we have on ground directly interacting with the farmers are more than, I would say, any other competitor that we may have in the market. And on the second vertical where we think a lot of interest building is on the training, education and entertainment side.

So just -- although this incident in Pahalgam was an unfortunate one, but we have realized that the amount of traction it has given to the drone tech, specifically in educational institutions. Now everybody -- even I'm a parent myself of young kids, but I see in my own network that finally they're all asking questions that, look, we also want to associate with this technology.

It's a forward-looking technology. It will involve AI because you are acquiring tons of data. So it is something which is definitely going to stay in the next 5 to 10 years at least. So there is a lot of interest that's picked up at the consumer level, at the educational institution level and even at the entertainment level.

So when we introduced Drone Soccer, we have now currently have inquiries, not just in India, but even outside of India, where people are wanting to get connected with this technology by the medium of sports. So while the dependency would continue to exist, but we have realized that we have to keep all -- we can't keep all eggs in one basket, specifically the government basket.

So it is important that we also pivot into some private demand side as well. And these are the two areas where we are working on for the times to come. I hope that gives a fair answer.

Rajat: I got my answer. Thank you.

Moderator: Thank you. The next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: So sir, just like I wanted to kind of understand, like currently our company, if I could say, are now -- we have three segments as of such, you could say. One is where we are focusing on the testing part, that's the new -- the opportunity of Namo Drone. The other is the agri opportunity that we have, and for that we are kind of going for the licenses and everything. And the other is the surveyor opportunity. Broadly, I could classify these would be the three segments that we are in. Is it fair to say, sir?

Alok Sharma: I want to add training. There's training. Of course, that's part of it as well. I think that got missed out somewhere. Hello?

Darshil Jhaveri: Yes, training, agro and surveying, right? That's the major part, right, sir? So just wanted to...

Alok Sharma: Surveyor with both drones as well as aircraft. Aerial survey and drone survey, both. We now have that -- we have already taken on lease, a very powerful tech for doing the aerial survey. We are now equipped to do this. We already have a contract and that contract needs to be executed in North Eastern India. We have -- the ground team visited that place just when this Pahalgam was unfortunately happening.

And then the rains have come in and we will be able to restart the project in full gusto from -- as soon as the rains are stopped out there. So that if you are segmenting the market, that is one. And the fourth one, which we would like to add here is kick starter and consultancy and drone sales activity, which goes with it, which Chirag tried to explain to you on the defense side, in particular.

That is -- we do not necessarily keep it in the training portfolio because it is just not training that those guys are taking, they are taking a bundle of activities, which includes Drone Soccer, which includes drone sales, setting up labs for them, center of excellence for them. So that is we call a drone sales consultancy kind of a vertical. So we can say four verticals.

And then Chirag mentioned to you about if you don't treat training just as training, so we call that as education, training and recreation activity. So the correct definition is education, training and recreation. Every drone activity other services like survey and mapping and the kick starter and drone sales kind of activity. If you were to segment then these will be the 4 verticals.

Darshil Jhaveri: Okay. Perfect. So what I was getting to was that -- so now we are now operating in the 4 segments and last year we had deal with the cyber attack and election. So now going forward, like what is

the expectation for us in maybe FY '26 and FY '27 from each of these segments? Like what's the revenue that we are targeting this year?

Alok Sharma:

It will become a very forward-looking statement at this point in time. But I must tell you that one thing is that the business that we -- the whole drone industry lost out in the last year. That incidentally will come because that business is not gone. That business is going to be here because that was sanctioned budget and that sanctioned budget will travel through this year.

It has to be finished before March '26. And then what we are seeing is that the scalability of the business as we progress is substantial. What we had was a pause. It was just an unfortunate pause. So we should expect, a, what was not -- what did not happen to happen this year. And then whatever growth was to happen over last year in this year is also like to come between this year and next year.

So we think that -- and you should check that the drone industry as such, and I'm talking now on behalf of the whole industry, the whole industry -- drone industry in India is going -- is being looked at. We have had some very recent experiences and I would like to probably just bring those to your attention.

The whole world after the incident was unfortunate which happened, but it has given a tremendous fill to Indian drone industry. Indian drone industry is seen in a very different light by the world. And most people because of the -- our own geopolitical position that we have taken in the world, most of the world players now want to see India emerging as a large drone player, both for sales, training and services.

So it is like we should look at just not India, we should -- we are now potentially looking at a very good international. The bigger challenge, if you ask me, which will come would be how do we all scale up that fast as the demand is likely to kind of travel through. We will all have to muster our energies to create -- quickly create -- convert this opportunity into numbers.

Darshil Jhaveri:

Okay. Fair. Just like -- so in terms of the missed opportunity, if I could reframe the question, like what was supposed to be -- we had to deliver this year and that unfortunately because of the pause we couldn't, right? So could we quantify that? Even the rough figure would give -- I'm not asking for a pinpoint statement or something.

It's just like a broad range for us because even we are not in this industry, we can't get a bigger grasp of it. You being it could just guide us somewhere.

Alok Sharma:

I will do some bit of that. So let us look at just the 15,000 drones, out of which 7,000-odd were to be kind of delivered. Let's say, if we were to look at full 15,000 opportunity at an average cost of INR10 lakhs per drone, which includes about between INR75,000 to INR1 lakh for training and some parts for drones, some parts for batteries and other activities, the total opportunity from the Drone Didi scheme of 15,000 drones, which could not come, which is likely to come is INR1,500 crores. Just to give you some perspective out there.

That's the size of the opportunity. The size of the NAKSHA opportunity, which has been now kind of given out, is anything between INR650 crores to INR1,000 crores. In terms of -- now I'm quantifying the opportunities since you asked me, what are the size of the opportunities which are going to come in.

And in terms of this new training outside of Drone Didi, which we are seeing now from the armed forces so as to say, we can easily target anything between INR200 crores to INR300 crores opportunity. So just to give some sense of the opportunities that we are going to play our role in.

Darshil Jhaveri: Correct. That's really helpful.

Chirag Sharma: This does not involve any of the defense sales, which are different. So we are talking of the civil space right now. So from a pure drone sales perspective, this number could become much bigger because of various types of drones and counter drone solutions which would be required to give impetus to at least the defense sector. So this is purely on civil side and this would not have number estimation on the DaaS portfolio as well because...

Alok Sharma: And on the survey and mapping outside of NAKSHA, there are many more projects which are being prepared. The government is looking -- they have found very good results. They've been able to create digital property cards. Now they want to do large-scale mapping for the whole country.

They want to do 3D mapping, if possible. And there are very large numbers, which are thousands of crores numbers, which are as of now being looked at. But as of now, it is being looked at as to how much will it cost, then how much should we -- would they want to give out and then in how much timetable. Those are the things that are going to kind of take some shape. But the international opportunity of replicating what you are doing in India is also huge.

Darshil Jhaveri: Yes, fair. That's a very good idea. Sir, just like one last question from my end. So I understand a lot of these opportunities are there. So like to capture this, what would be our input required? Like would it be -- would we need to do a capex or would we require more funding? So I just wanted to know with our -- as we stand currently, how much could we cater to it?

And if you want to grow with such a great opportunity, which are untapped, so what else would we need for it, sir?

Alok Sharma: See now we want to take some learning out of last year. So whatever we wanted to achieve in terms of particularly the agri drone activity, let us look at that. And whatever we had thought of achieving the IFFCO opportunity. If you were to look at -- we were ready even last year. So in terms of our preparation, we were ready to execute those two projects even last year. So which means that we are ready without really going anything forward on capex at this point in time.

We would be in a position to do substantial work on that side this year if we are able to -- if all of us put together collectively between us and the agrochemical companies are able to streamline

the operation. So not much. But if the -- if it really -- as Chirag said, that we are getting tons of inquiries now from defense forces as well on particularly center of excellence and kick starter programs that we are talking.

And if this program of -- if the agri input plus spray activity picks up momentum as we are expecting, then -- and the scale is coming through, then we can look at buying some more drones and deploying some more teams and consolidating this further. We would not fall short at that point in time.

Would we need -- as of now, we would rather wait for another, I would say, about 4 to 6 months before we start looking whether we need to do any other fundraise for this year, in particular. So we would rather wait to see how the next 4 to 6 months unfold, particularly on the agri side.

The second side of H2, which is -- which we are ready for, for the aerial activity and completing our other NAKSHA projects, that also primarily we are covered. If we need to do some more coverage, we will figure out maybe we have some short-term borrowings. We will look at if we need some cash flow help at that side and we will take a call. But for our -- as of now, we are not really looking at immediate any capital raise.

Darshil Jhaveri: Okay. Perfect, sir. And just a small recommendation, if we can. So because we are an SME, we don't require -- we are not required to do quarterly updates. But if you would release a presentation or something that would just really help us stay in touch and connect what's happening over the 3 months. That would just be really helpful for us as an analyst community, sir?

Alok Sharma: Yes. We have noted your comment. We should do some regular investor calls.

Chirag Sharma: Yes. We will take that suggestion. Thank you, Darshil.

Darshil Jhaveri: Thank you so much, sir. I will get back in the queue.

Moderator: The next question comes from the line of Manoj Sharma, an Individual Investor. Please go ahead.

Manoj Sharma: Okay. So I've gone through the numbers which you released. I have a few questions actually. So first is, I saw -- I mean, of course, the commentary which was shared last time as well as today looks very promising. But then given those -- subject to that commentary, I have certain questions on the actual numbers which are released.

So I see that there's a reversal of some INR3.32 crores is written off actually. So there is something which is probably towards the unbilled revenue, which is reflected in the cash flow. And while in the last year, on March '24, you have some INR4.87 crores as unbilled revenue. So my question is, I just want to understand a bit on this side.

So why would this unbilled revenue recognized first in the FY '24 now reverse actually? And was this accepted by clients? And if so, like what led to this write-off in this year now?

Alok Sharma:

Okay. So I would probably give you -- try to give you an answer on this. So we work with different divisions of Survey of India. And we started our work with Uttar Pradesh in SVAMITVA scheme and then we went to Gujarat and then we went to Karnataka. Incidentally, what is happening is that this project to Survey of India is given by Department of Land Records and in each of these states.

So when there was an understanding which was reached between Survey of India and Department of Land Records in different states, somehow -- we call it [inaudible 58:14] area of deployment that was given to us to survey was given in a particular -- was given -- when it was given it was higher.

But when the Department of Land Record said that there was some kind of a confusion between the land record and Survey of India between the two of them themselves because the local person who was in charge of asking us to survey, they said that there is some more habitation has happened post whatever was done and you must fly these areas as well.

Because there is no point that you now go, you have come here and you have not flown this -- you leave, as they call it, there is main village and there are some more areas around the village which also gets inhabited over a period of time. So as a result, the local guy insisted that we -- the local guys they are called Patwari somewhere and something else in some other areas.

They are called different names at different -- Talathi somewhere, different names. So the area which was flown by us and processed by us and submitted for approval somehow was much larger and which was like unbilled. We never realized that -- and actually no one -- and we continue to stay in discussion regarding that, but that discussion stayed on for too long.

And as a result, what we actually executed was far more, which was taken as billed revenue. But when it was finally passed because we flew -- the unbilled was what we flew, processed and deposited. But they said that if you deposit it based on a local authorization, either we go back into that process and we don't have budget for that.

So we would, at this point in time, will not be able to kind of take on this. Our budget is limited. We can only pass what is there in our record not what is actually on ground. And that resulted in this deficit that we are talking about.

Manoj Sharma:

All right. I understand. I think broadly, I mean, you submitted, and of course, there was some confusion. That's totally understandable. But the issue which I'm seeing is, last year we showed a profit of around INR9 crores, INR9.5 crores actually. Of this, INR3.32 crores, if I look at, which was recognized as it must have flown directly to the P&L as the profit actually. So what we're technically seeing, we overstated the profit by almost 30% to 40% and we paid tax on that also. Now I'm a bit concerned actually in terms of the...

Alok Sharma: Okay. We are running a business. Now we can't say we overstated the business. We stated what we did. We stated what we did. Yes, there is always...

Manoj Sharma: Mr. Sharma, I'm totally with you. I understand. But my only concern is because our size is not - we are not a INR3,000 crores company or INR300 crores company. We are still like in an initial phase of the business actually. Now INR3 crores to INR4 crores of actually in a revenue as well as in the profit is significant as far as my total business is concerned. Now from the management side or from the auditor side if I...

Alok Sharma: I would not just say it is an accrual of just last year. It is like whatever was happening, it is a cumulative effect of the last few years. It is not just of last year, it is a cumulative. So this unbilled revenue, whatever finally got passed and whatever we realized will not get passed or we have to continue to do our, I won't say, dispute or battle or we keep on going back to the headquarter, Ministry of Panchayati Raj, which we did.

But listen, this is not fair. You cannot do this because you don't have budget, why did you ask us to fly more and deposit more. Over the last -- so these projects were started way back, not last year alone.

Chirag Sharma: Actually, we look at the possibility of -- we look at our revenue recognition policy that helps us be a little more stringent in terms of the recognition...

Alok Sharma: Yes. Absolutely.

Manoj Sharma: My second question is basically particular concerning the working capital management actually where we have this. So now this year, we've done a turnover of around INR24 crores, INR25 crores, which is of course, down from last year, that's fine. But then of which we have the trade receivable of around INR18 crores, INR17.9 crores, if I read the numbers correctly.

I'm a bit concerned on this that you're saying of INR25 crores, and I think our training module with which we started is a low credit business model, and of course, I'm into different, different verticals. But then I'm saying that on one side, I'm doing a INR25 crores of revenue. On the other side, I'm saying INR18 crores is spanning in my debtors. I'm not sure how much has been received in last 2 months, actually, we are sitting on 30th May. This is significant. I'm saying almost 60%, 70% is still outstanding.

Alok Sharma: No. It is -- just to give -- just to correct the numbers, I asked Arun. INR16 crores is receivable, INR2.2 crores is unbilled. So it is not INR18 crores, it is INR16 crores, but it doesn't matter. INR16 crores is also a high number. This is -- the problem that we had with survey and mapping,

I don't know whether you were on the call when we were going through the speech and also some of the Q&A things, that the new projects that we are looking at now outside of what we have been doing in the past, in particular, is that we pick up the projects which have got milestone-based payment mechanism. And that is something as a new learning that, of course, we are bringing in the picture.

And also, the Survey of India also realized that you cannot just wait for the project, and we wait for a very long time for you to even look or approve this. So having coming back to that, it is a high number, which we are certain that, that is why it is important to change the revenue mix that we need to pursue. So we are going to work heavily on that side as well.

This is what we discussed that we would rather go on a B2C model on the agri side, where our recovery is 100%, where we do not kind of -- except if we try to give something on a credit basis. So some activity which we did was on credit basis. And because of the suffering of the industry, generally, which is all part of the same industry, some receivables have come up.

And many of those receivables probably have now started -- we have started getting back. Because of this 31st March closing, the payments could not come. They have started coming back in the month of April and May.

Manoj Sharma: All right. While I have a few more, but then I should just restrict to one more last question actually. Again, related to the working capital, my inventory has gone up from like INR2.5 crores to now almost INR16 crores, INR17 crores per se in this year actually. So basis my business, like for training and serving...

Alok Sharma: Drones, largely drones and batteries for agriculture. So if you really look at it, it all drones about...

Manoj Sharma: No, those drones are for the surveys, actually for carrying out the survey or they are for the sales actually?

Alok Sharma: Sales. So if you were there in this thing, we were looking at participating in this INR1,500 crores Namu Drone Didi project, so that we don't miss out on that. And there was a chance that the privilege would probably come to those who have the inventory and that is probably easier. That is what this inventory was built out, INR9 crores of drones and INR5 crores of batteries.

Largely, this INR14 crores, INR14.5 crores is drones and batteries, for agriculture drones. So much of this inventory is for agriculture drone. And what -- there are -- we will have 2 opportunities to take care of it this year. One, of course, is we continue to go on this Drone Didi side or if this whole agri activity takes some new direction that we are looking at, we can possibly look at using this inventory even for captive use, if needed. As of now, they are still sitting for sales.

Manoj Sharma: Are there any risk of obsolescence I mean, just because technology [inaudible 67:27] upgrading. So it is like what I can sell for actually, there's no issue with the technology of the drones?

Alok Sharma: Yes. It is fully realizable, 100%.

Manoj Sharma: Okay. Thank you very much and I wish you all the best and I hope that we grow as we move forward.



Drone Destination Limited
May 30, 2025

Alok Sharma: Thank you very much.

Moderator: Ladies and gentlemen, that was the last question for today. On behalf of Drone Destination Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.