June 05, 2026

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

Sub: Intimation under Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations')

Dear Sir/Ma'am,

In accordance with Regulations 30 of the Listing Regulations, we wish to inform you that India Ratings and Research Private Limited, via its communication dated June 04, 2026, after due consideration. The credit rating for the instrument is as follows:

Name of the Company	Credit Rating Agency	Facilities/Instrument	Rating Action
ideaForge Technology Limited	India Ratings and Research Private Limited.	Corporate Credit Rating	IND BBB/Stable

Kindly take the above on record and oblige.

Thanking you,
For ideaForge Technology Limited

NILESH RANJAN JAYWANT
Digitally signed by NILESH RANJAN JAYWANT

Nilesh Ranjan Jaywant
Company Secretary & Compliance Officer
Membership No. A26554

India Ratings Assigns IdeaForge Technology ‘IND BBB’; Outlook Stable

Jun 04, 2026 | IDEAFORGE TECHNOLOGY LIMITED | Aerospace & Defense

India Ratings and Research (Ind-Ra) has assigned IdeaForge Technology Limited (ITL) a Long-term Issuer Rating as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch/Outlook	Rating Action
Issuer Rating	-	-	-	-	IND BBB/Stable	Assigned

Analytical Approach

Ind-Ra has taken a fully consolidated view of ITL and its 100% subsidiary IdeaForge Technology Inc for arriving at the rating, given the strong operational and strategic linkages between the two entities.

Detailed Rationale of the Rating Action

The rating reflects Ind-Ra’s expectation that ITL’s operating performance would have improved significantly during 4QFY26 and will strengthen further. This improvement is supported by strong execution momentum and robust order inflows, providing healthy revenue visibility for FY27.

In FY26, ITL recorded its highest-ever order booking of around INR5,300 million, with an orderbook of around INR3,142 million, supporting near-term execution. Execution improved in 4QFY26, with about 40% of open orders delivered despite supply constraints, including successful delivery of electronic warfare (EW)-resilient systems.

Profitability strengthened, with a gross profit of around INR950 million (margin: around 68%) and a positive EBITDA (around INR48 million) in FY26. The company’s performance was particularly strong in 4QFY26, with a profit after tax (PAT) of around INR600 million, indicating improved operating leverage.

The rating also takes into account ITL’s expanding presence in the defence segment, which constituted 69% of its revenue in FY26, with recovery likely FY27 onward. However, the company's performance is constrained by factors such as working capital intensity, cash flow volatility, supply chain risks, and reliance on government orders.

List of Key Rating Drivers

Strengths:

- Niche business segment; improving demand environment supported by sector tailwinds
- Continued in-house engineering and R&D underpin product capability upgrades, platform readiness and diversification
- Healthy order book supports revenue visibility; meaningful recovery in operating performance likely from FY27
- Geographic diversification and market positioning: early international traction; domestic opportunities remain supportive

- Resilient credit metrics; meaningful recovery FY27 onwards

Weaknesses:

- Supply chain vulnerabilities; exposure to geopolitical disruptions
- Heavily dependent on defence budget
- Elongated working capital cycle
- Exposure to foreign exchange risk

Detailed Description of Key Rating Drivers

Niche Business Segment; Improving Demand Environment Supported by Sector Tailwinds: ITL operates in a niche segment of the defense unmanned aerial vehicle (UAV) market, primarily focused on (intelligence, surveillance, and reconnaissance (ISR) drones. In FY26, the management reported enhanced demand visibility, noting that customer requirements are evolving towards more advanced tactical drones. These include long-range ISR systems, as well as platforms with ISR-strike capabilities.

The ratings are supported by strong sector tailwinds, including the government's push for indigenisation and higher defense capital spending (FY27 outlay of around INR2,193,065 million). Emergency procurement for urgent requirements has also supported demand, although order flows remain dependent on procurement timelines.

Ind-Ra expects defence-led demand to remain supportive, with near-term performance dependent on timely order book execution and conversion of opportunities into orders.

Continued In-house Engineering and R&D Underpin Product Capability Upgrades, Platform Readiness and Diversification: Ind-Ra notes that ITL continues to invest in technology development and product engineering, with over 50% of its workforce engaged in these functions, supporting strong in-house capabilities. The company focuses on ownership of critical hardware/software and continuous capability upgrades; FY26 deliveries of EW-resilient systems reflect successful translation of research and development (R&D) into deployable solutions.

The company's expanding intellectual property (IP) base and ongoing work in artificial intelligence (ai), software, and new platforms support its ability to meet evolving, higher spec defence requirements. Advancements on platforms such as ZOLT, a tactical UAV featuring long-endurance ISR and advanced capabilities, and YETI, a logistics UAV with configurable payload capabilities, further enhance ITL's offerings.

YETI is also likely to support customer diversification by expanding its applications beyond core defence ISR into logistics and select non-defence use cases over the long term.

Healthy Order Book Supports Revenue Visibility; Meaningful Recovery in Operating Performance Expected from FY27: Ind-Ra notes that the performance in FY25 was weak due to demand headwinds, including slower government procurement during the election period and cautious ordering amid macroeconomic uncertainty, which impacted sector-wide order inflows. In FY26, performance improved, bolstered by order inflows of around INR5,300 million and an opening order book of around INR3,100 million, which enhanced revenue visibility.

The operating performance strengthened, with revenue increasing to INR2,261.3 million in FY26, up from INR1,612.2 million in FY25. EBITDA turned positive at INR48 million, driven by strong execution in 4Q, which accounted for around 40% of open orders. EBITDA margins also improved and are likely to remain healthy, supported by rising demand for advanced defence drones and the company's strong technological capabilities.

Ind-Ra expects a further improvement FY27 onwards, driven by the execution of the order book, a supportive defence UAV environment, and continued order inflows facilitated by a focus on procurement and ongoing R&D investments.

Geographic Diversification and Market Positioning: Early International Traction; Domestic Opportunities remain

Supportive: Ind-Ra notes that while ITL remains largely India-focused, it is gradually pursuing geographic diversification through overseas presence and partnerships to reduce reliance on domestic procurement cycles. In FY26, the company secured its first US order and undertook international engagements, indicating early traction, though on a small base. It has also entered into a strategic memorandum of understanding (MoU) in Japan to support AI capabilities and market access.

Domestically, demand remains supported by ongoing policy and procurement focus on unmanned systems, along with upcoming tender opportunities, subject to procurement timelines.

Ind-Ra expects international revenues to remain nascent in FY27, with growth driven by selective wins and partnerships, while domestic business continues to be the primary driver. However, order conversion and revenue may remain uneven due to trial, qualification, and acceptance-linked processes in FY27.

Resilient Credit Metrics; Meaningful Recovery FY27 Onwards: Till FY25, ITL had no no external debt outstanding in the books. In FY26, the company utilised around 20% of the sanctioned fund-based limits, and the leverage indicators reflected a temporary elevation due to the lower full-year EBITDA base. As a result, lease adjusted net leverage (adjusted net debt/adjusted EBITDA) stood at 23.0x in FY26 (FY25: 1.40x; FY24: negative 5.23x) and lease adjusted interest coverage (adjusted EBITDA/adjusted interest) was at negative 0.54x in FY26 (FY25: negative 22.0x; FY24: 12.02x).

The movement in metrics during FY26 was primarily driven by the mix of profitability across the year, wherein the EBITDA generated in 4QFY26 (around INR600 million) was offset by EBITDA losses until 9MFY26, resulting in modest full-year operating profitability and, hence, elevated leverage and subdued coverage for the year.

Ind-Ra expects a meaningful improvement from FY27, supported by the likely recovery in ITL's operating performance and a stronger earnings profile, which should aid a gradual normalisation in leverage and coverage.

Supply-chain Vulnerabilities; Exposure to Geopolitical Disruptions: Ind-Ra notes that the company remains exposed to supply-chain vulnerabilities, particularly for certain specialised components that are globally constrained. The company has indicated that thermal imagers continue to be a constrained item for the industry, which can affect delivery schedules. Furthermore, the broader UAV ecosystem (including ITL) continues to depend on imported critical inputs such as high-precision sensors, semiconductors and lithium-ion batteries, which increases sensitivity to lead-time volatility and availability constraints.

While the order execution improved in FY26, supply-chain risk remains relevant given the company's disclosures that FY26 deliveries were executed amid geopolitical-driven supply-chain pressures. The industry remains exposed to potential disruptions from geopolitical events and trade restrictions. Such disruptions could result in delays in order fulfilment, higher input costs and working-capital volatility (including through higher inventory buffers), which may impact revenue timing and margins.

Ind-Ra expects supply-chain risks to remain moderately elevated in FY27. Partial mitigation may be supported by supplier diversification and inventory planning; however, uninterrupted availability of globally constrained components (including thermal imaging systems) and other advanced imported subsystems will remain a key sensitivity, especially in an uncertain geopolitical environment.

Heavily Dependent on Defence Budget: ITL's business remains highly linked to India's defence procurement cycle, as these contracts contributed around 69% of FY26 revenue. This implies order inflows, execution timing, and cash flows can be lumpy and sensitive to changes in defense budgets, tender timelines, and emergency procurement priorities. At the same time, the operating environment has been structurally supportive for domestic drone original equipment manufacturers (OEMs) due to increased government involvement in building a local drone ecosystem notably, India's import policy prohibits import of fully-built drones with limited exceptions, while allowing drone components to be imported freely, which effectively tilts demand toward 'Made/Assembled in India' platforms.

Elongated Working Capital Cycle: Ind-Ra notes that ITL's working capital cycle remains elongated, due to its high receivable days of around 200 days in FY26 (FY25: 127; FY24: 54) and inventory days of around 550 (318 days; 228 days). The elongation in FY26 was largely attributable to the timing mismatch between order build-up (notably during 3QFY26) and execution/dispatch concentrated in 4QFY26, resulting in a long inventory holding period and elevated receivables at year-end.

The working capital profile is also structurally influenced by: (a) the nature of the business, which entails extended testing/inspection/acceptance cycles for R&D-led, specification-driven products, and (b) a meaningful share of counterparties being government/defence entities, which typically follow longer payment cycles. Despite this, Ind-Ra notes that the company's established operating track record and long-standing customer relationships have supported collections, and the company has historically avoided material credit losses, with no major receivables outstanding beyond 180 days in recent years.

Nevertheless, any further elongation in receivable and/or inventory days could increase working capital funding requirements and affect liquidity; accordingly, the working capital cycle and cash conversion will remain a key rating monitorable.

Exposure to Foreign Exchange Risk: ITL is exposed to foreign exchange fluctuation risk due to its reliance on imported essential components, which makes input costs sensitive to currency movements and can impact profitability. According to the company's disclosures, this risk is partly mitigated by continuous monitoring of currency movements and the potential use of hedging strategies to manage unfavourable currency movements. However, this exposure remains an important aspect to monitor.

Liquidity

Adequate: ITL's liquidity as adequate, supported by (a) unencumbered cash and cash equivalents of around INR250 million at FYE26 (FYE25: INR848 million; FYE24: INR2,652 million) and (b) liquid mutual fund investments of around INR600 million, which can be readily accessed, if required. In addition, ITL has no external funded debt, with lease liabilities forming the only long-term debt; Ind-Ra believes these obligations can be adequately serviced through cash flow from operations. ITL's funds from operations (FFO) turned positive at INR389 million in FY26 (FY25: negative INR376.46 million; FY24: INR607.64 million), primarily driven by a recovery in the company's operating performance. Ind-Ra considers the company's ability to sustain FFO above INR300 million on a consistent basis over the medium term as a key monitorable.

Liquidity is, however, constrained by an elongated working capital cycle and ongoing R&D expenditure, which can keep near-term cash flows range-bound. Nevertheless, Ind-Ra expects these pressures to be partly mitigated by an improvement in operating performance over the medium term, supported by the company's continued product innovation and patented technology development, which can aid execution readiness and cash generation. Ind-Ra also expects the utilisation of bank limits to remain at similar levels over the medium term.

Rating Sensitivities

Positive: A sustained improvement in the order book position, leading to an improved revenue visibility, along with a meaningful scale-up in operations, while maintaining adequate liquidity and the FFO consistently staying above INR300 million, could support a positive rating action.

Negative: A weakening of the order book thus impacting revenue visibility, a decline in operating scale, or any deterioration in liquidity or credit metrics could exert negative pressure on the rating and lead to a negative rating action.

Any Other Information

Not applicable

About the Company

ITL is an India-based unmanned aircraft systems (UAS) OEM engaged in the design, development and manufacture of UAV platforms and related solutions for defence and civil applications.

The company has established in-house engineering capabilities and a 'mission-first' product approach, with a track record of large-scale operational deployments across India.

ITL’s portfolio includes platforms across surveillance/security and mapping use-cases (e.g., NETRA series, SWITCH and Q-series variants), supported by its proprietary operating ecosystem.

Key Financial Indicators

Particulars	FY26	FY25
Revenue (INR million)	2,261.00	1,611.48
EBITDA (INR million)	48.09	-518.89
EBITDA margin (%)	2.13	-32.20
Gross interest coverage (x)	-	-
Net leverage (x)	Net cash	Net cash
Source: ITL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Current Rating
Issuer Rating	Long-term	-	IND BBB/Stable

Complexity Level of the Instruments

Not applicable

Annexure

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-

Sr. No.	Instrument / activity Name	Regulator of the instrument
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: *For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process