“Digilogic Systems Limited
Q2 & H1 FY27 Earnings Conference Call”
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MODERATOR: **MR. SANJEEV ZARBADE – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY27 Earnings Conference Call of Digilogic Systems Limited, hosted by Antique Stock Broking. 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 Mr. Sanjeev Zarbade from Antique Stock Broking. Thank you and over to you, Mr. Zarbade.

Sanjeev Zarbade: Thank you, operator. Good evening, on behalf of Antique Stock Broking, I welcome you all to the 1H FY27 Earnings Conference Call of Digilogic Systems Limited. I am pleased to have with us today, Mr. J. Madhusudhan Varma, Chairman and Managing Director; Mr. J. Shashank Varma, Whole-Time Director and CEO; Mr. J. Hitesh Varma, Whole-Time Director and CTO; and Mr. Sri Harsha Vadakattu, Chief Financial Officer, along with the management team.

Congratulations to Mr. Varma and team Digilogic for delivering steady profit growth in 1H and all the best for the future. So, may I now invite Mr. Madhusudhan Varma to discuss the results, post which we can take the Q&A. So over to you, Mr. Varma. Thank you.

J. Madhusudhan Varma: Thank you. I am Madhusudhan Varma. I am the Chairman and Managing Director of Digilogic Systems Limited. Good afternoon, ladies and gentlemen. At the outset, let me thank Antique Stock Broking for organizing our H1 FY27 earning call to interact with investors and analysts.

As you are aware, Digilogic was founded in year 2007, and we operate in India, Indian's aerospace and defense sector. In the present geographical scenario, creating deterrence has become a need of the hour for all our countries in the world.

However rich and wealthy the country is, if you do not have a strong and effective defense force, they are always vulnerable to the neighboring countries who may have expansionist ideology in their governance. Hence, having a strong and effective defense force has become the need of the hour for all countries.

In the age of the technology, the wars are not won only by strong artillery and infantry troops. It has become more of a war using technology. In this context, all guided weapons like missiles, rockets, glide bombs, and drones, etcetera, have become very critical for war arsenal of defense forces. They are expendable in nature, cost-effective, and more destructive when compared with the fighter planes and warships.

Guided weapons have a very precise in selecting the targets to make sure that there is always a pinpoint attack with a minimum collateral damage in the surroundings. Any kind of misguidance can cause a catastrophic effect on the civilian population. Hence, the effective lab testing of various components or onboard systems are critical for both critical and non-critical which are flying in their weapon on their weapons becomes very critical and essential.

Keeping this in view, the government of India has, while allocating the budget itself, make sure that the enough emphasis is maintained and good amount of fund is allocated to cater for internal

testing while evaluating these critical systems. This is where Digilogic plays a major role in providing automated test equipment and check-out systems to the designers and scientists when the onboard electronics are getting designed and also when systems are getting into production and integration.

Now, I request our CEO, Mr. Shashank Varma, to take you through our business model and other key initiation initiations being undertaken within the company. Over to you, Mr. Shashank.

J. Shashank Varma: Thank you, MD, sir. Let me give you a quick update on our business and other key initiatives. Coming to our H1 FY27 business performance, during the year, we have executed 36 number of projects valued at around INR33.18 crores. The key customers serviced by us include public sectors and DRDO agencies.

I am happy with how the first half of 2026 has shaped up for us. We have grown on every front that matters, be it revenue, margins, or profits. And that's a credit that goes to our customers who trusted us and our team. Test, measurement, and simulation systems remain at the heart of what we do, and that isn't going to change anytime soon.

What we have done is to strengthen our R&D. We have brought onboard experts on these markets, and they have joined Abhedya Systems, our wholly owned subsidiary. If things go to plan, Abhedya should start its commercial production in H2 FY29, and we are excited about what that could mean for our group.

We are excited about the progress with which Project Udaan is taking shape. Once the facility is ready, it will be a catalyst to help Digilogic reach the next orbit. We also want to make sure we are ready for the opportunities that is coming our way. And there are more them -- more of them every year.

So right now, we are putting proper SOPs in place and upgrading the technologies we are we use every day across all our key functions. We expect to wrap this up somewhere between December 2026 and March 2027. And once it is done, I believe we'll be in a sharper, faster, and more scalable organization.

On year-on-year basis, in FY27, based on our H1 performance, current order book of INR20 crores and order pipeline of INR54 crores business opportunity identified and under progress is close to around INR189 crores. We are confident of achieving a growth of 25% to 30% top line, 30% to 35% in EBITDA and PAT.

For more, I think I'll hand over to Mr. Harsha, our CFO.

Sri Harsha Vadakattu: Thank you, Shashank. Before we delve into the numbers, we would like to quickly bring to your notice that typically in defense industry, H2 is a much stronger period compared to H1. For instance, we have reported revenue of INR78 crores in FY26, out of which H1 was INR19 crores and H2 was INR59 crores, which emphasizes the weightage of the H2 period. Hence, comparing H1 to H2 is not an apple-to-apple comparison.

Now, getting into the financials. In terms of financials, our revenue grew by 91% from INR18 crores to INR34.96 crores. Our EBITDA grew by a healthy 126% from INR3.45 crores to INR7.81 crores, and our PAT grew from INR1.9 crores to INR4.76 crores in H1 FY27, thus registering a growth of 151%. With this, we can open the floor for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. So, the first question is from the line of Sai Krishna from Moneypurse Finserve LLP. Please go ahead.

Sai Krishna: First of all, congratulations to the entire team for the great set of numbers. I have a couple of questions. Madhusudhan, sir, in presentation, we have mentioned that High Precision GIMBAL System and custom-build single-board computer will come into our product portfolio very soon. When can we expect these products, and what kind of revenue expectation from this two new products?

J. Madhusudhan Varma: Okay. Now, when it comes to timeline of this product becoming active and going marketable, it should be somewhere mid of next financial year. That could be somewhere mid of 2027. We will be in a position to make the system marketable. When it comes to kind of market potential what we are talking about.

This could be -- because this system, the way we are building it, it is totally reconfigurable system and the applicable to most of the onboard applications, which means with this, we are of the opinion, this will be able to add up minimum probably INR3 crores to INR4 crores a year to start with, from which we will break even. And from there onwards, it's going to be in a scalable scenario where we will be able to add more numbers to it, because this product is going to be part of most of the programs and that's how we are looking at it. That is the reason we have invested on this and making it like.

Sai Krishna: Got it, sir. My second question is, in our H2, last H2 presentation, we have mentioned that our top-line growth will be 25% to 30%, and EBITDA will be 45% to 50%. We have given the guidance for this financial year. However, this presentation when I saw the top-line growth has been same -- it was status quo. And when it comes to EBITDA guidance, it has been reduced to 30% to 35%. Why is that so?

Sri Harsha Vadakattu: Yes. So, Sai Krishna, just to clarify, if you also check our numbers, you will find that our core growth has actually grown between 30% to 35%, which is what we have even mentioned in our press release everywhere elsewhere. Okay? And this will continue to be the case.

And coming to our earlier question of 40% to 45%, this is -- if you look at it because of the other incomes that is being included, which is essentially the interest on FDs, you will find that it is at 40% to 45%. But our core growth will continue to be 30% to 35%, and that is what we are confident of delivering.

Sai Krishna: Got it. So, as per the guidance number, are we going to touch double-digit number in top line for this financial year?

Sri Harsha Vadakattu: Sorry, can you please repeat?

Sai Krishna: As per the guidance, are we going to touch double-digit number in the top line for this financial year?

Sri Harsha Vadakattu: Yes, we anticipate to touch our guidance number.

Sai Krishna: Okay, then. Thank you. Thanks, Harsha. Thanks to the team, and all the best for the H2.

Moderator: Thank you. The next question is from the line of Shruti Malpani from Aarth AIF. Please go ahead.

Shruti Malpani: Hello? Am I audible?

J. Madhusudhan Varma: Yes, go ahead, please.

Shruti Malpani: Hello, sir. Congratulations on a great set of numbers. Sir, my first question is so as per the last con-call that we had, there was a INR22 crores order spillover in H1. So, has that been completed in H1, or there is still some part of it that is to be furnished in H2?

J. Madhusudhan Varma: No, all of them are already billed.

Shruti Malpani: Sorry? Okay, it's completed.

J. Madhusudhan Varma: Yes, all the spillover orders whatever was there, all are billed by now.

Shruti Malpani: Okay, and the revenue has been recognized in H1?

J. Madhusudhan Varma: Yes.

Shruti Malpani: Okay. And sir, the INR20 crores order book that is as of October '26, what is the execution timeline split for this?

J. Madhusudhan Varma: See, this order book whatever has been projected here, this has -- we are looking to bill this by worst-case scenario by February 2027. Some of them are some of them are with a minimum delivery schedules, but few of them are system integration orders. All put together, we are working towards concluding and billing these orders by mid of February '27.

Shruti Malpani: Okay. And sir, the quoted and awaiting finalization order book of INR54 crores, when do you expect to, have a clarity on this number? Like, the tender to be awarded?

J. Madhusudhan Varma: No. INR54 crores what has been put there are the ones very clear orders in pipeline, which are in different stages. Some of the opportunity where we have quoted under they're in technical evaluation. Some of them are technical evaluation completed, we are in the process of negotiating with them. Some of them negotiated, awaiting the purchase orders. So, all these numbers of 54 what has been put are the ones which are in pipeline at a different stages and targeting to get them concluded for billing by mid of February 2027.

Shruti Malpani: Understood. And what percentage would be negotiated and pending purchase orders?

J. Madhusudhan Varma: I don't think that kind of details can be shared now, because I'm telling you, my commitment as a CMD, 54 is what I'm committing on that. These orders are at different levels of stages. So that what are the different stages which I already told you. The reason why I'm not telling you in specific is, see, you know that we are working with the government companies, government organizations. There are procedures.

Few organizations conclude things at a very quicker pace, and few organizations take time. So, at this stage, I won't be able to tell you out of 15 what is going to take when, within how many weeks it get concluded. That kind of precise answers, I don't think I am in a position to share with you.

Shruti Malpani: Okay, got it. Understood. I just have one last question. Can you provide the segment-wise split as the company did in last con-call as well?

Sri Harsha Vadakattu: Segment-wise split as in?

Shruti Malpani: Sir, last year -- in the last con-call, it the split was given as data acquisition -- the revenue from data acquisition systems was 5%, measurement equipment was 49%, and so on. Would such a split be possible for the H1?

Sri Harsha Vadakattu: Shruti, we don't have that information readily available, but I can share it with you at a later point of time. You can send me an email; we will get back to you on that.

Shruti Malpani: Okay, sir. Thank you. Yes, that's it from my end.

Moderator: Thank you. The next question is from the line of Neil Bahal from Newgen Capital. Please go ahead.

Neil Bahal: Hello. Hi, sir. How are you doing?

J. Madhusudhan Varma: I'm fine, Neil. How are you?

Neil Bahal: Very good. Nice to connect with you again. First of all, very good set of numbers, so congratulations on that. Just wanted to check with you. I have no specific questions. I just wanted to get a broad view on the underlying industry developments. We know, I mean we all know defense as a space, you also already mentioned that there is general tailwind, but do you think that tailwind is intensifying, are more opportunities opening up for us?

J. Madhusudhan Varma: Yes, absolutely. Whatever we discussed almost 1 year, 1.5 year back, today, more or less, it is becoming a reality. And the effect of this particular tailwinds we are able to see in the form of number of tenders coming out, good amount of repeat orders happening, and as you can see, the numbers which have been projected during Shashank's talk, there out of that, especially that INR54 crores of orders in pipeline, out of them, 60% are repeat orders, what we are talking about, which we are likely to pick up in 3 months' time and conclude billing in mid of February.

Now, answer to your question, yes, that's a reality and it is happening and it is it is going in the right direction. Its only thing is, as we discussed earlier, how much of portion of it we are going to grab into our kitty is what is going to be our task, and we are on that.

Neil Bahal: Understood. Second question was around Project Udaan, which is our, of course, next leg of growth that we can expect. Is everything on track there in terms of capex and so on?

J. Madhusudhan Varma: Absolutely, absolutely. Construction has started in the AGM meeting. We have put a video also showing the actual construction, what is happening. But as on today, as I'm talking, first floor kind of roof construction concrete is already over, and there as per the commitment given by my contractor, he was supposed to finish it by end of March when it comes to civil construction of, end of March in 2027.

And the way a construction is going, we are of the opinion he might end up doing it a month before. So hence, that dates given for Udaan commissioning, all that is a reality. And by end of '27, we can see the operations happening from this place.

Neil Bahal: Yes, that was exactly what I was trying to understand. Also, you already mentioned, I think I already heard that you mentioned that 25%, 30% growth is a is something that you are working on. That what happens when Project Udaan comes into the picture? Let's say in calendar year 2028 and once it ramps up in calendar year 2029, can we expect our organic business to continue growing 25% and a lot more tailwind to come from Udaan, so our overall consolidated growth could be higher than 25%?

J. Madhusudan Varma: Okay, now I'll answer your question in two parts, Mr. Neil. First part is TMS being our heart of the business, and that will continue. That will continue to grow the rate whatever we are talking, 20% 25% to 30% what we are talking about, that will continue. There is no lapses on that. The way we are seeing the clarity when it comes to order pipeline, that is happening. We are we don't have any doubts on that.

Having said that, by that time 2027 Udaan gets concluded, probably before six months itself, we'll start marketing that and start scouting for the orders on that. So, by mid of rather, probably I can say FY28, it will start yielding.

Now, what is going to come from Udaan is going to be a numbers which is going to be very, very attractive, but I request your excuse here. I may not be able to really comment on the numbers, but I can assure you this is going to really multiply. It will add to our numbers, because TMS is not going to dilute. TMS is going to stand there. And additionally, what is going to come as a contribution from Udaan is going to be plus to that.

But at what rate, at what percentage could be slightly early for me to comment, but I am confident it is going to be in a very, very attractive way and is going to be highly encouraging for the kind of effort where all of us are putting.

Neil Bahal: Okay, sir. Thank you for telling me that. My last question, if you don't mind. Our inventories have gone up in H1. Why is this so? Is it are these inventories set for dispatch in H2?

J. Madhusudan Varma: Maybe I'll ask my CFO to answer this question.

Sri Harsha Vadakattu: Hi, Neil. So, there are two reasons why it has gone up. So, one, to the extent of work-in-progress and orders on hand. And two, what we have also regularly do is when we have slightly better

visibility on an order and since we have to deliver by mid of Feb, what we also do is we anticipate and we pre-order those inventory and keep it on hand because which will have a longer lead time. So, because of that, you will find a slightly higher stock-up of inventory in end of H1, which will get consumed by March.

Neil Bahal: Exactly. That's what I was wondering, that this is for dispatch in H2, basically. You order ahead in time.

Sri Harsha Vadakattu: Yes, yes.

Neil Bahal: Okay. Perfect. Thank you so much, sir. Best of luck.

J. Madhusudan Varma: Thank you, Neil.

Moderator: Thank you. The next question comes from the line of Ronak Chandat from Centra Insights LLP. Please go ahead.

Ronak Chandat: Yes, hello. Am I audible?

J. Madhusudan Varma: Yes, Mr. Ronak, please go ahead.

Ronak Chandat: Yes. Good afternoon, and thanks for the opportunity, sir. My first question was so, basically, I would like to give a bit that I am new to the company and I don't know much about your business model. So, correct me if I am deviating from the actual product line. So, what we do is, basically, import our maximum hardware and partially software from foreign OEMs and integrate our software on that platform and basically test the defense equipments for DRDO and other defense agencies, basically.

And so, in line of that, my first question was, what is the life of that hardware that we import, basically, if it will be used for, it can be used for one time or the same equipment can last for longer period of time, sir? That would be my first question.

J. Madhusudan Varma: Okay, great. So now, this the systems it's not just hardware, it's integrated system is what we deliver. The life of this system is like something like 10 to 12 years is the hardware life, the way OEMs commit to it. And whenever DRDO signs up with you, they also expect you to support to that extent at a cost. Like, for example, the moment warranty is over, they will sign up an AMC with us and AMC also is a parallel revenue for us. Okay? So, that's how it goes.

Now, when it comes to the investments, they do investments in two ways. One is capex. That means, ongoing project is there, lab will fund, and that becomes a capex for that particular organization, which will remain with them. That hardware will be used for continuously project to project. Whereas, other one is deliverable to the client.

That means, for example, a matured product which goes into production, that system has to be delivered to their users, that is forces, they have to deliver the test system also along with the missiles or drones or whatever the system they're delivering to forces.

So, that is a deliverable. So, which is a deliverable to the forces becomes revenue for them. Whereas, what they invest and buy for their office or for their lab is going to be capex. So, our product goes for both requirements. So, wherever there is a revenue generation deliverable to forces, that's where my production numbers goes, and that's what helps us in growing in numbers.

J. Shashank Varma: Just to add to that there's one more point which I wanted to add. The system that is bought for a specific project will not be capable of being reused in a different project, which means every program or project that comes up, there's going to be one system that gets procured. So, if there are multiple projects, they're going to be multiple of our systems that are going to be delivered. And the same cycle, which MD, sir, had discussed a little earlier, continues.

Ronak Chandat: Got it, sir. So, my second question was in the same line. So, if that hardware or the defense equipment that we are testing, if that defense equipment changes, let's suppose today we used let's suppose we used X type of radar, and tomorrow let's say Indian government decides, "No, we want to use Y type of radar." So, will our hardware be capable of testing that Y type of radar? Or we will need to do another capex to test that Y type of radar is my question.

J. Shashank Varma: Correct. So, yes, generally, the R&D organization, which is developing the radar, will have a facility which can be used across different configurations. All right? But that being said, once this specific radar goes into production, the specific ATE or the tester that is required for this radar gets replicated in the production facility.

So, a universal system or a universal tester will be there with the designer, but specific production facility will be there with the production agency. Does that answer your question?

Ronak Chandat: Yes, pretty much. Thank you, sir.

Moderator: Thank you. The next question is from the line of Priyansh Miri from NGP Family Office. Please go ahead. Mr. Priyansh, please go ahead. Mr. Priyansh, please unmute yourself and go ahead. Since there is no reply from the line of Mr. Priyansh, I will promote the next, that is Raghunath, who is an Individual Investor. Please go ahead.

Raghunath: Sir, good afternoon, sir, and congratulations for good set of numbers. I have two questions. The first one is top-line growth 91%. So, if we do the math, are we looking at a single-digit growth in second half? This is my first question, sir.

Second question, I think our order book at INR20 crores seems to be the lowest at this point of time. I mean, when we compare to the details shared in the last two presentations. So, I wanted to know, whether the tenders quoted and awaiting finalization of INR54 crores, is this spell one, sir?

J. Madhusudan Varma: I think you have multiple questions in a single question. Let me answer one by one. Now, coming back coming back, H1 number whatever is there, here is the numbers what we have put. You are trying to make it proportional to the H2, right?

Raghunath: Not exactly, sir. I'll repeat my question. You did revenue of INR77 crores last year in FY26.

J. Madhusudhan Varma: Yes.

Raghunath: So, based on 30% growth, the revenue for FY27 works out to some INR100-odd crores. So, we have already done INR35. So, are we going to do INR65 crores in second half, sir?

J. Madhusudhan Varma: Yes.

Raghunath: Which is almost 10% kind of growth?

J. Madhusudhan Varma: Yes. It is happening. That particular projection is given based on the orders in pipeline and orders in hand. As you can see, orders to be billed is INR20 crores already there in hand, which anyway will get billed. And what is in pipeline in different stages is something like 54.

Raghunath: Understood, sir.

J. Madhusudhan Varma: So, put together, the target of 25% to 30% growth what has been put, it is happening.

Raghunath: Understood, sir. Thank you.

J. Madhusudhan Varma: Yes.

Moderator: The next question comes from the line of Satya Mohanty, who is an Individual Investor. Please go ahead.

Satya Mohanty: Hello? Audible?

J. Madhusudhan Varma: Yes. We can hear you, Mr. Satya Mohanty. Please go ahead.

Satya Mohanty: Yes. I just had one question. So, the margins, is this sustainable going ahead? Or are we trying to increase or like margins, the EBITDA margins?

Sri Harsha Vadakattu: So, the current margins that we have delivered, we are confident of sustaining it going forward.

Satya Mohanty: Okay. So, we are not guiding it to increase or decrease -- or we are just going to sustain it for next couple of years?

Sri Harsha Vadakattu: Yes.

Satya Mohanty: All right, sir. Thank you. That's it from my side.

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

Maitri Shah: Yes. Hello. Am I audible?

J. Madhusudhan Varma: Yes. We can hear you.

Maitri Shah: Hello?

J. Madhusudhan Varma: Please go ahead.

Maitri Shah: Yes. Hello.

J. Madhusudhan Varma: Yes. We can hear you.

Maitri Shah: Good afternoon. A few questions. Firstly, on the capacity. So, now we're starting the Project Udaan probably by the next -- hoping by first quarter of 2028. We now will be focusing on two new segments, the ESS and the EMS. So, just some more clarity on what sort of clients we'll be dealing from here on? Will be will cross-selling some of our project -- these new products to the clients we're already working with? Or -- yes, just some clarity on these two new business verticals that we will be starting? Hello?

J. Shashank Varma: Yes. We got the question. So, basically, if you see, our customers from the start has always been the R&D organizations, right?

Maitri Shah: Yes.

J. Shashank Varma: And initially, in the TMS, we were setting up test facilities to test the products which are being designed developed, right, for the customers. Now, we are going to get into the business with EMS and ESS for design development of these units itself, right?

Which means, the customers are the same. Initially, they were the test and measurement customers, now they are also going to be giving us the business for design development of the actual units that are going to go onboard, right? But only the facility with which is required for design developing these systems is what is going to come in the Project Udaan.

Maitri Shah: So, now, once we'll be participating in the actual design and development of these units, how the potential of the margins will increase multi-fold? So, how are you like kind of pitching in that growth coming in from the ESS and EMS side on the margins and also on the revenue?

J. Shashank Varma: So, there is going to be a significant growth in margins. Of course, you have the figures at which we are planning to grow on the TMS side. On top of that, on the -- from the EMS and the ESS, whatever profitability is going to come, is going to simply add up. That exact growth at which EMS and ESS are going to grow is something that at this stage we cannot tell, but definitely there's going to be a growth.

Maitri Shah: So, are we in talks with some of our players? Because we're very close to commercializing this project. Any sort of soft agreements we've started on working?

J. Shashank Varma: Yes. We are in touch with a couple of foreign partners. Already, couple of agreements have been done. We are trying to see how much of a business that can be pulled into EMS. There are few more OEMs that we are in discussion with.

Maitri Shah: Okay. And when do you see this -- these two verticals substantially kind of pulling up our revenues and margins? End of FY28, or maybe '29, or maybe mid of FY28?

J. Shashank Varma: In 2 years' time, we're looking at probably commercializing this particular facility.

Maitri Shah: In 2 years' time. Okay.

J. Shashank Varma: Yes.

Maitri Shah: And the subsidiary that we have, you mentioned that we'll start the commercialization from second half '29. So, right now, it's completely just in the R&D side, or are we planning on just -- there any product?

J. Shashank Varma: Yes.

Maitri Shah: Any plans?

J. Shashank Varma: Right now…

Maitri Shah: So, like any sort of financials do we have on here, or it's completely just R&D?

J. Madhusudhan Varma: See, basically, as just now Shashank mentioned to you, there are two segments here. One is build-to-spec, other one is build-to-print. Now, build-to-spec is what Shashank had been telling you, design development is happening. There is one more segment is known build-to-print, where design is already available, it is going for production, client is looking for a facility with a full-fledged capacity who can take up the design, go for printing, and deliver the product. Now, this is going to happen first.

Maitri Shah: Okay.

J. Madhusudhan Varma: Having said that, build-to-spec is our in-house, that anyway will continue. So, Udaan facility will cater for both the opportunities. But when it comes to contribution of finance, contribution of top line, is going to be the build-to-print is one what is going to bring in. It could be from OEMs, it could be from existing DRDO labs, it could be existing public sector clients with whom we are already working. So, this is the combination of it.

And also, Shashank has already answered to you, this is going to get commercialized in 2 years' time. It's not going to happen tomorrow. We need -- because this facility has to be qualified, there are lots of systems we need to keep in place and get it qualified. All this is a process. Once it comes to that stage, that is the time we are going to open up to the market.

Maitri Shah: Got it. Yes. That is it from my side. Thank you, and all the best.

J. Madhusudhan Varma: Thank you.

Moderator: Thank you. The next question is from the line of Shruti Malpani from Aarth AIF. Please go ahead.

Shruti Malpani: Hello, sir. I just had two follow-up questions. First one being, can we attribute the increase in margins from the software value add-on?

Sri Harsha Vadakattu: Sorry. Shruti, can you please repeat your question?

Shruti Malpani: Yes, sir. So, this time also, can we attribute the increase in margins from a higher revenue share from software value add-on services?

Sri Harsha Vadakattu: So, which margins are you referring to, Shruti? Or rather I'll put it this way.

Shruti Malpani: PAT and EBITDA, both.

Sri Harsha Vadakattu: Yes. So, Shruti, so please understand. So, the higher PAT margins and EBITDA margins right now when you look at it is because of the interest income that has come in, okay? This is essentially the interest that we have earned on the FDs that has been parked with the banks, okay? And one other thing that you will also observe is the fixed cost has pretty much been at a very at a steady state, but the top line and the material cost has gone in line with that. So, that's why you'll find slightly better performance across the board.

Shruti Malpani: Okay. So, in this margins, we cannot say that it's because of a different revenue mix compared to FY26? Is that correct?

Sri Harsha Vadakattu: Yes. You can put it that way. As of now, it is not because of software or anything. It is across the board, okay? It's just that -- since it's a limited review, so we haven't really gotten down to the segment-wise analysis that you are looking for.

Shruti Malpani: Okay. Understood, sir.

Sri Harsha Vadakattu: Yes.

Shruti Malpani: Then another question was, so from the last call that -- in May, there was a tender pipeline of INR110 crores. So, how much of it were you able to, you know, actually get?

J. Madhusudhan Varma: This you are referring to our last call, right?

Shruti Malpani: Yes, sir, in May '26.

J. Madhusudhan Varma: Exactly. Now, okay, referring to that last call, if you see today we already have INR20 crores in the pipeline to be booked, right? That is one.

Shruti Malpani: Yes.

J. Madhusudhan Varma: And this INR54 crores what has been spelt by our CEO, this is part of that only. This 20 and 54, whatever you are able to see it here is the one which has travelled all this time and got converted to opportunities now, which we are likely to bill them by mid of February '27.

Shruti Malpani: Okay. And the balance to be – sorry yes.

J. Madhusudhan Varma: Balance is still live, it is in the process. But out of that, 20 plus 54, that is almost 84 -- 74 is we already picked up. Balance opportunities is continuing and it's not that we lost them, it is still there live.

Shruti Malpani: Okay, sir. Understood. Thank you.

J. Madhusudhan Varma: Thank you.

Moderator: Question is from the line of Priyansh Miri from NGP Family Office. Please go ahead.

Priyansh Miri: Hello, sir. Hope I'm audible.

J. Madhusudhan Varma: Yes Mr. Priyansh you are quite audible. Please go ahead.

Priyansh Miri: Sir, I have a follow-up question on the timeline of going live. You mentioned civil construction will be done for our -- the building that we are constructing, Project UDAAN by March of '27, right? After that, sir, is there any certification also required? And do you see there could be delays or any proactive measure that we are doing from now on? Can you throw some light on that?

J. Madhusudhan Varma: Yes. See, now, unless civil construction becomes ready and we commission the minutes, we cannot subject the facility for certification. So, coming back to getting the system certified and get my facility qualified to take up the production, we are quite conversant about the process. We're already in touch with the officials who are supposed to be doing this. And we don't see any bottlenecks as far as that particular step is concerned.

So what I would like to tell you is unless my system total civil construction gets ready and we commission all the instruments, we will not be in a position to call the inspection agencies to come and inspect and certify the process. So, with all this, end of '27, by December we will reach to a stage where we'll do the internal testing of the facility. And probably first quarter of 27 '28, we'll be subjecting this, offering this facility for inspector and further certification.

Priyansh Miri: Yes, thank you, sir. That gave me clarity. So, so say January '28 onwards, we go for certification. Usually, how much time it takes, sir, to get fully certified on the integrated facility that we are targeting?

J. Madhusudhan Varma: Exactly. It's a minimum 3 months will be required to get a certificate in hand. And it goes at different stages, but we are anticipating now that we will have already done our groundwork and we will have gone through some special consultant to guide us in this process. So, we are of the opinion in 3 months' time, we our facility will get certified to take up the production.

Priyansh Miri: Understood, sir. So, our sales team ramp-up, will it start from a second quarter next year, right? From there, I think we'll start onboarding our sales team to progressively pitch it, right? Is that a fair understanding?

J. Madhusudhan Varma: You can say that way. See, there are two ways of promoting this facility. One way is, as sometime back, Shashank has mentioned, we are not going to new clients here. The clients with whom we are working are already established anchor clients. As on today, they are clients for us for a TMS segment. Same clients, we are discussing about onboard systems. So hence, I don't have to go and introduce myself as a new company altogether. So, we have that base.

So, with that, our introduction to them, the way we are going to anchor on them and start working in a business model with them is going to be much faster. Having said that, yes, there's going to be a special sales team for that, there is going to be a special roadshows for that, there could be a special marketing effort on that. That's going to happen. That could happen only in mid of 27 '28 onwards, that activity will start.

Priyansh Miri: Understood. Sir, do you have this number handy of our existing export and domestic share in terms of our revenue?

Sri Harsha Vadakattu: Hello, can you please repeat?

Priyansh Miri: Yes, sir. I'm asking for our H1 number, do we have a split of the domestic sales versus export sales number?

Sri Harsha Vadakattu: So, we don't have any export sales. The entire sales is domestic.

Priyansh Miri: Understood. And this new Project UDAAN will also be a domestic only, right, for at least for few first years, right?

Sri Harsha Vadakattu: Initially, yes.

Priyansh Miri: Okay. Sir, one last request, actually. I think a few previous participant also asked for the revenue split based on different verticals we have, right, the three. So, it would be great if we can share that update in the maybe BSE, right, so that everyone can access it?

Sri Harsha Vadakattu: Okay.

Priyansh Miri: Yes. Lastly, sir, it's very impressive overall performance, especially listening to MD, sir, and the CEO, sir. It's always a great pleasure. Thank you. Thank you, sir, for this opportunity.

J. Madhusudhan Varma: Thank you.

Moderator: Thank you. The next question is from the line of Neil Bahal from Newgen Capital. Please go ahead.

Neil Bahal: Sir, I think just a clarification. I don't know whether the numbers that you have put I read that order book is at INR20 crores, like how the other participants have also kind of pointed out. But you're saying that the order book is close to INR74 crores. Well, is that correct?

J. Madhusudhan Varma: Neil, I think yes, let me clarify on that. See, the question answer why I answered that question is, the question what they're trying to put up, last projections whatever it was given, orders in pipeline, they were talking about INR110 crores. Now, whether those INR110 crores got converted or not was the question. So, for that, answer was, out of that 110 only, INR20 crores what we already have in hand to be billed is part of that. Also, INR54 crores what is there, which is the pipeline different, different stages, becomes part of that. That was the answer given to that. The context is on that.

Neil Bahal: Okay. So, you don't mean that the remaining INR54 crores are orders that you have won? They are in different pipeline right now?

J. Madhusudhan Varma: Yes, yes. When I say pipeline, it is they're all the orders which are going to come different stages. Again, let me for your advantage, let me tell you again. Once this process starts, after tendering, one stage is TE, technical evaluation. Next stage is CNC, commercial negotiation. Then after that, they will take 1 month, 1.5 month to release the purchase order. So, all these 54 number

what we are talking about, they are in different, different stages. So put together, this this total chunk, I should be billing it by February 27 which is going to be for this year.

Neil Bahal: Okay. I've been trying to understand is that INR54 crores, you are expecting that it'll come to you?

J. Madhusudhan Varma: Yes.

Neil Bahal: Okay.

J. Madhusudhan Varma: We have to build them at different stages.

Neil Bahal: Understood.

J. Madhusudhan Varma: As you travel in this process, as you are see observed us in 2 to 3 years, there's going to be some spillovers also end of the year after billing, right?

Neil Bahal: Right.

J. Madhusudhan Varma: All those things are part of it. That's how that's how the journey will happen. 20 is anyway there, 54 we are going to pick up. As we start collecting INR54 crores, 20 would have billed and then we'll start billing the balance what is there in the 54. Then whatever left over will go to the spillovers.

Neil Bahal: Right. And basically, to put it simply, you are saying look at the full-year number and you're expecting that to be 25%, 30% growth over last year's INR77 crores, which could be INR100 crores, INR105 crores, INR110 crores, something like that. That's a better way to look at it?

J. Madhusudhan Varma: More than that, I'll put it this way the commitment given to the industry is 20% to 25% to 30% year-on-year growth is what we are commenting, that we are going to do. Anything more than that is going to be a bonus.

Neil Bahal: Understood. Thank you so much. Thank you all.

J. Madhusudhan Varma: Thank you, Neil ji.

Moderator: Thank you. The next question is from the line of Sanjeev from Antique Stock Broking. Please go ahead.

Sanjeev: Yes sir. So sir, just wanted to understand vis-a-vis, let's say, a company like.

J. Madhusudhan Varma: Sir, can be slightly louder? Somehow, your voice is very, very feeble. Others, we are able to hear.

Sanjeev: Hello? Is it better now?

J. Madhusudhan Varma: Yes, please go ahead.

Sanjeev: Yes, thanks. Sir, so just wanted to compare ourselves and the role that we play in the overall radar development. So, something some company like Astra Microwave, they also have RF manufacturing systems.

So, do they depend on a company like you for their testing requirements, or do they have in-house solutions and capabilities? Similarly, for let's say, a BEL or a Data Patterns. So, what would be typically our role be, let's say, in the future large development programs like Project Kusha and all?

J. Shashank Varma: Yes, so with respect to your reference to the company like Astra, and I would also bring in companies like Data Patterns, as and when our technologies that we are a part of in DRDO gets transferred for production to Astra or Data Patterns, then, automatically, they will have to come to us and set up the facilities, or replicate the facilities which we have given to DRDOs, right? So, this has already happened with couple of companies like VEM Technologies and a few other organizations, where we have set up the test measurement facilities for their production line.

Sanjeev: Okay. So, the testing and all, they will be doing at their level, but we will be setting up the infrastructure, including the…

J. Shashank Varma: We will enable them to set up the infrastructure, and they will continue to use that infrastructure within their unit.

Sanjeev: And the it will be done by their own people or our maintenance services or any advisory?

J. Shashank Varma: Yes, most of the times, we have seen that they train their own people and utilize it. There are few cases where they have taken support from us to operate these facilities.

Sanjeev: Okay. And, sir, next question is slightly macro. We have seen that a couple of large acquisition programs have been delayed like QRSAM or P-75I submarine or the Next Generation Corvettes. What sense are you getting in terms of -- will that kind of trickle down on our order intake expectations, or what's the sense you are getting regarding the overall government's thinking regarding defense spending?

J. Shashank Varma: Yes, you are right. There are few programs that have been delayed. But because of Digilogic's presence in multi-program domain, for example, we are also a part of LRSAM and MRSAM, right? So, out of at least 10 programs that we are part of, we have seen that at least three to four programs have gone into production, right? Because of which we have not really been impacted with respect to the delays that have been formed, right?

So, yes, coming back, programs like DEW, which is the anti-drone system by DRDO, and programs like MRSAM, Army MRSAM, Air Force, have enabled us to increase our production numbers and production value. And that has not impacted Digilogic. Maybe in the segment, it could have impacted few onboard companies or companies who have been a part of those onboard systems, but for TMS segments, it has not impacted companies, especially like Digilogic.

Sanjeev: Okay, great. Thanks, sir. These were the questions from my end.

Moderator: Thank you. The next question is from the line of Ronak Chandat from Centra Insights LLP. Please go ahead.

Ronak Chandat: Sir, I wanted to understand if some deep-pocket player enters TMS segment and let's say he's able to procure the requisite pre-requisite hardwares that are needed to test a defense equipment, then in such a case, what will be our moat left for business? So, that would be my question without any pessimistic view about the company. Yes.

J. Shashank Varma: Mr. Ronak, your voice is echoing. Kindly repeat your question.

Ronak Chandat: Sure. I'll repeat my question. So, my question -- is it better now, right?

J. Shashank Varma: Hello?

Ronak Chandat: Hello? Am I audible now?

J. Shashank Varma: Yes, go ahead, please.

Ronak Chandat: Yes. So, my question is if a deep-pocket player enters TMS segment tomorrow, and they are able to procure the prerequisite hardwares needed to test our defense equipment, in such a case, what could be our moat left with us?

J. Shashank Varma: I'll just reiterate your question. Your point was, if a new player comes into the market, will he also be able to replicate what Digilogic is doing? Is that right?

Ronak Chandat: Sure, provided he has deep pocket and he's able to procure the hardwares that we are able to procure.

J. Shashank Varma: I understood. So, yes, the kind of technology that we build, it is not only the imported hardware that goes into it. There are a lot of customized boards and customized switch switches and signal processing that is involved, which is again designed developed by Digilogic. Apart from that, the software that we develop undergoes a lot of R&QA certifications, basically, which is by the government agencies.

So, somebody to just like that come in after a production partner is identified, somebody to just come in and try to replicate it is highly close to impossible, because nobody would want to go through or nobody will be allowed to go through the certification again, because these agencies are overloaded and they have their own criteria's most of the time. So, redoing the boards that we have developed and getting the software recertified is close to 2 to 3 years of effort that goes in. So, just because you have a deep pocket, that doesn't mean these efforts can be replicated.

Ronak Chandat: Yes, sir. Got it. Thank you very much.

Moderator: Thank you. That was the last question for today. Ladies and gentlemen, we have reached the end of question-and-answer session. I now hand the conference over to Mr. Sanjeev for closing comments.

Sanjeev Zarbade: Yes, thank you. I thank the management team of Digilogic Limited for taking time to engage with investors through the group call and also for sharing their valuable insights on the company's business outlook and growth opportunities going forward. So, thanks so much the team of Digilogic. I think we can close the call unless Mr. Varma has any closing comments to make.

J. Madhusudan Varma: Okay. Thank you, Mr. Sanjeev. Once again, in this forum, we would like to express our gratitude and thanks to all the investors who have put faith on us. And we'll continue to put our efforts in the direction and make sure that commitment which are given in our calls are made up. And at the same time, we'll deliver and stand up to your expectations. Thanks a lot. Have a very good evening.

Moderator: Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us and you may now disconnect your lines.