



DCX SYSTEMS LIMITED
CIN: L31908KA2011PLC061686

An AS 9100D Certified

Regd. Off. Add.: Aerospace SEZ Sector, Plot Nos. 29,30 and
107,Hitech Defence and Aerospace Park, Kavadasanahalli,
Bengaluru Rural – 562110, Karnataka, India.

Email:cs@dcxindia.com

Tel: 080-67119555

Web:www.dcxindia.com

September 03, 2024

BSE Limited

P J Towers
Dalal Street, Fort
Mumbai – 400001

National Stock Exchange of India Ltd

Exchange Plaza, C-1, Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051

Scrip Code – 543650

Symbol – DCXINDIA

Dear Sir/Madam,

Sub: Intimation Under Regulation 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Annual Report of the Company for the Financial Year 2023-24

Pursuant to Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2023-24, along with, the Notice of 13th Annual General Meeting (AGM) of the Company. The same has been sent in electronic format to all the eligible members whose e-mail addresses are registered with the Depository Participant(s) / Registrar and Transfer Agent.

The Annual Report along with the Notice of AGM is also available on the Company's website at <https://dcxindia.com> and on websites of the Stock Exchanges i.e., www.bseindia.com and www.nseindia.com.

Kindly take the same on your record.

Thanking you,

Yours Faithfully,
For **DCX Systems Limited**

Gurumurthy Hegde
Company Secretary, Legal & Compliance Officer



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13TH ANNUAL GENERAL MEETING OF DCX SYSTEMS LIMITED

INFORMATION AT A GLANCE

Particulars	Details
Day, Date and Time of the AGM	Thursday, September 26, 2024, 2.30 P.M.
Mode	Video Conference ('VC') and Other Audio Visual Means ('OAVM')
Link for live webcast of the AGM and for participation through Video Conferencing	https://instameet.linkintime.co.in/
Link for remote e-voting	https://instavote.linkintime.co.in/
Cut-off date for e-voting	Thursday, September 19, 2024
E-voting start date and time	Sunday, September 22, 2024 from 9.00 A.M.(IST)
E-voting end date and time	Wednesday, September 25, 2024 at 5.00 P.M. (IST)
E-voting website	https://instavote.linkintime.co.in/
Technical assistance or support	E-voting Helpdesk at 22 49186000 – 2505 Or E-mail at enotices@linkintime.co.in
Speaker Registration start date	Sunday, September 22, 2024
Speaker Registration end date	Wednesday, September 25, 2024
Speaker Registration for AGM	Members may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at cs@dcxindia.com
Name, address and contact details of Registrar and Share Transfer Agent and e-voting service provider	Mr. Jayprakash Parambath Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083

A collage of various military and industrial assets. At the top left, a fighter jet is shown in flight, surrounded by a network of purple and blue lines. Below it, a large naval ship with a prominent gun turret is visible. In the foreground, a blue and red high-speed train is shown in motion. At the bottom, a large aircraft carrier is depicted from a low angle, with its landing gear visible. The background features a yellow sun and a circuit board pattern.

PRECISION in PROGRESS

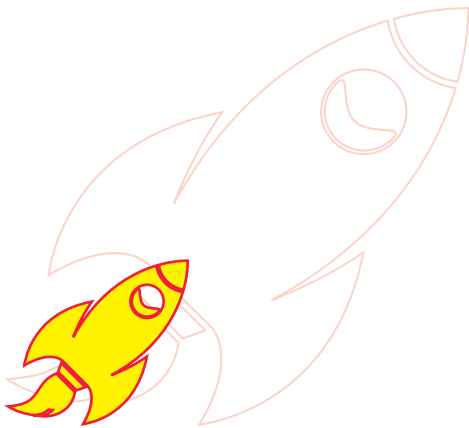
ANNUAL REPORT 2023-24

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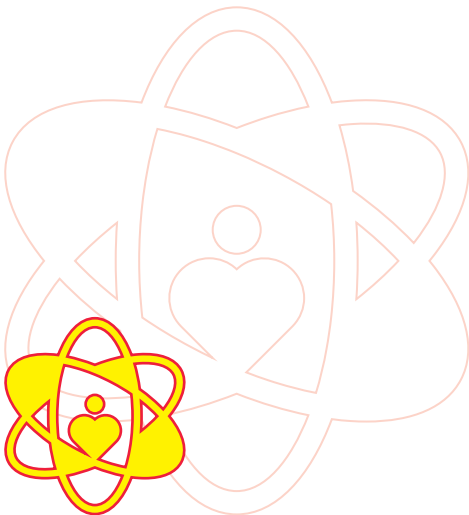
ABOUT DCX

DCX Systems Limited is a prominent player in the Indian defence manufacturing sector, specialising in the manufacturing of electronic systems and sub-systems, printed circuit board assemblies, and cable and wire harness assemblies. Established in 2011, DCX has become a preferred Indian Offset Partner (IOP) for international original equipment manufacturers (OEMs), executing various defence manufacturing projects. The company is located in the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka, covering about 70,000 square feet with a state-of-the-art manufacturing facility.



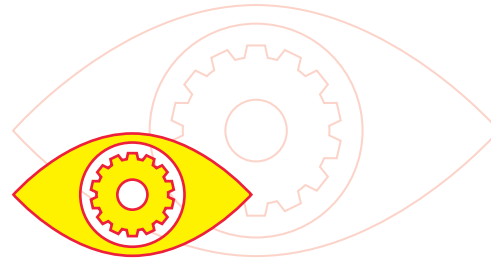
VISION

DCX aims to be a professionally managed Indian multinational committed to total customer satisfaction. We strive to attain global benchmarks and enhance shareholder value through world-class, technology-based electronic manufacturing solutions. Our focus is on providing high-quality products for the defence and aerospace industry.



VALUES

- Speedy decisions & response to customers
- Improve, excel, and adapt for changes
- Foster skill development & teamwork
- Integrity & fairness in all matters



MISSION

Our mission is to ascend as a pre-eminent and preferred worldwide manufacturing centre and offer comprehensive:

- A. Turnkey solutions comprising ELECTRONIC & ELECTROMECHANICAL PRODUCTS to Foreign OEMs, Ministry of Defence, DPSUs and large corporates in the defence and aerospace industry, thereby becoming a trusted one-stop partner.
- B. Our strategic evolution includes the transformation from offset participation to the direct manufacturing and supply of high-calibre systems, Printed Circuit Board Assembly and systems and sub-systems to Indian defence forces and export markets by forging alliances with foreign OEMs.
- C. We are determined to provide sustainable post-warranty services through MRO solutions. Our unwavering support to defence forces and foreign OEMs within the country represents our assurance of excellence and reliability.
- D. We at DCX, with a strategic focus, are aggressively exploring opportunities and are geared up to partner with the Government of India initiatives in achieving the noble vision of making India a self-reliant country in the defence and aerospace industry.

KEY HIGHLIGHTS

In FY24, DCX Systems achieved significant milestones and strategic initiatives, reinforcing its position in the defence and aerospace industry. The company reported consolidated operational revenue of ₹ 14,235.83 Mn, marking a 13.56% increase from ₹ 12,536.34 Mn in FY23. The Profit After Tax (PAT) stood at ₹ 757.83 Mn, highlighting robust financial health and operational efficiency. Despite the challenges posed by fluctuating raw material prices and global economic uncertainties, DCX maintained a healthy EBIT margin of 8.74%, demonstrating its operational efficiency and cost management.

The company was recognised as a “Four-Star Export House” by the Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India. This recognition underscores DCX’s exceptional export performance and commitment to excellence.

+13.56%
Revenue YoY

MILESTONES

2023-24



Started Commercial production at Raneal Advanced Systems; Incorporated NIART Systems Limited a WoS of DCX for Obstacle Detection Solution for railways; 4 Star Export House Certificate of recognition; DCX - Raised Rs. 500 cr via QIP

2022



Raneal Advanced Systems incorporated as wholly-owned subsidiary, for backward integration catering to EMS; DCX - Listed on BSE & NSE - raising Rs. 400 cr through IPO

2020



Commissioned new manufacturing facility at Hi-Tech Defence & Aerospace Park SEZ in Bengaluru, Karnataka

2018



Granted authorisation to export Munitions List items to M/S IAI Elta System, Israel, for the end use of the Indian Air Force and Navy; signed lease deed for 6,070 sq. m. of land in the Aerospace SEZ Sector, Hitech, Defence & Aerospace Park.

2015



The Department of Industrial Policy & Promotion, Govt of India granted an industrial license. Manufacture items including microwave & electronic components, assembly & testing of microwave modules

2013



Completed inaugural deemed export order; Awarded AS-9100:2016 & ISO 9001:2015 certification by DQS Inc.

2011-12

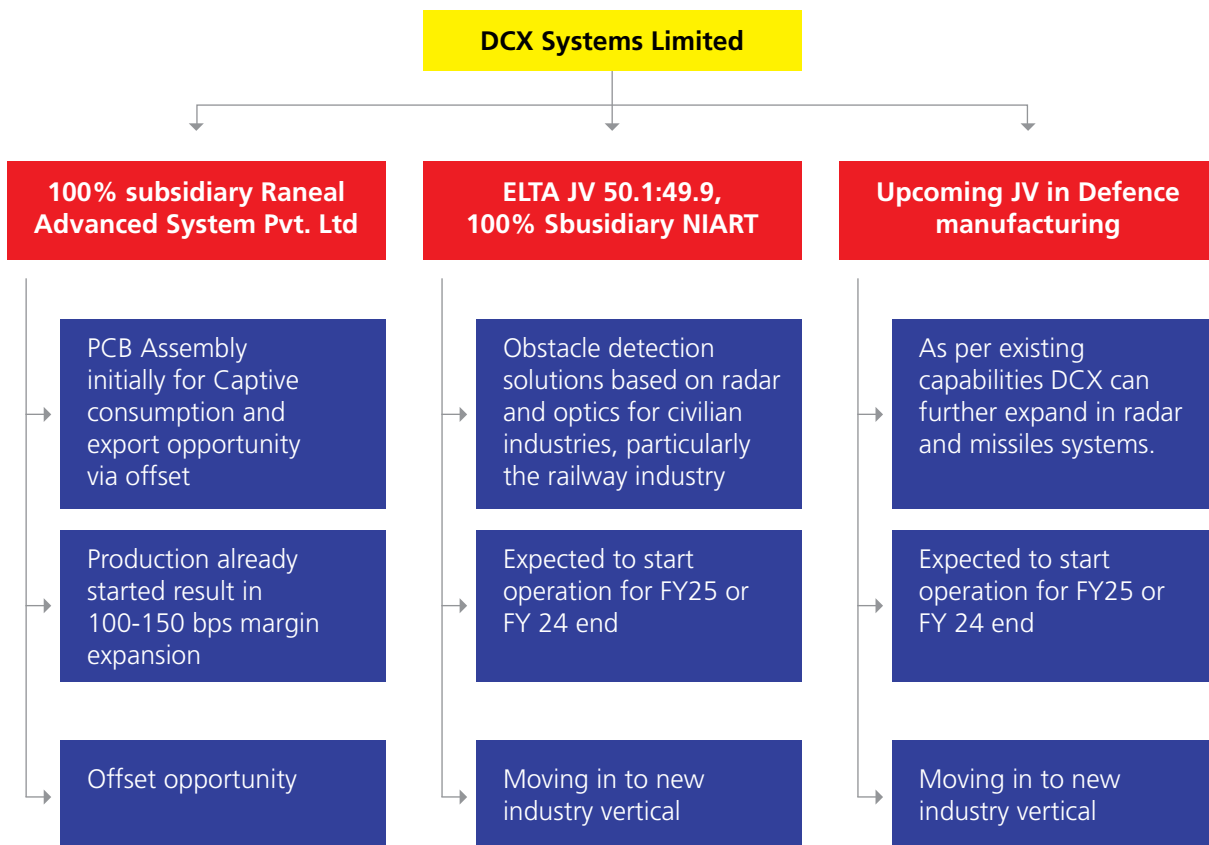


Incorporated as private company; Fulfilled initial deemed export order

DCX ADVANTAGE

The global defence landscape presents significant growth opportunities driven by increasing defence spending and the modernisation of Armed forces. Given its expertise in electronics manufacturing services and strong relationships with global defence companies, DCX is well-positioned to capitalise on these trends through multiple operational, technological and financial capabilities.

Company Structure – Future Avenues of Growth



MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR



Dear Esteemed Shareholders,

With immense pride and gratitude, I present DCX Systems Limited's highlights and prospects for the fiscal year 2024. This year has been transformative, marked by significant achievements, strategic initiatives, and robust financial performance that have strengthened our position as a leading player in the defence and aerospace industry.

A Strong Foundation

Financial Resilience and Growth - DCX Systems has demonstrated remarkable financial stability and growth. Our revenue from operations for FY24 stood at Rs. 14,235.83 Mn, reflecting a year-on-year increase of 13.56%. Despite the challenges posed by fluctuating raw material prices and global economic uncertainties, we have maintained a

healthy EBIT margin of 8.74%, indicating our operational efficiency and cost management. The Profit After Tax (PAT) for the year reached Rs. 757.83 Mn, underscoring our consistent profitability and strong financial health.

Strategic Initiatives and Achievements

This year, we received the prestigious Certificate of Recognition as a "Four-Star Export House" from the Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India. This upgrade from a "Two-Star Export House" is a testament to our outstanding export performance and unwavering commitment to excellence.

Our strategic joint venture with ELTA Systems Limited to establish NIART Systems Limited marks a pivotal advancement. NIART Systems is dedicated to creating and providing cutting-edge obstacle detection solutions for safety and efficiency in railway industry, utilizing radar and electro-optics technologies. This collaboration harnesses our manufacturing expertise alongside ELTA's technological excellence to deliver superior products that offer excellent track visibility, ensuring standards of safety comparable to global levels.

In addition, we have expanded our footprint in the maintenance, repair, and overhaul (MRO) sector through a strategic agreement with Israel Aerospace India Services Private Limited. This collaboration enhances our capabilities to provide comprehensive MRO services, reinforce our presence in the domestic defence sector, and open new avenues for growth.

We also received a significant contract for electronic assemblies from Lockheed Martin Corporation, USA, one of the largest defence companies in the world, valued at US\$ 1.99 million (approximately Rs. 165.50 Mn). This contract underscores our capability to meet international standards and paves the way for future collaborations with one of the world's leading defence companies. Our performance on this contract has been commendable, and we are optimistic about securing more substantial orders in the future.

We are committed to advancing our technological capabilities and expanding our market reach. Our focus on backward integration through Raneal Advanced Systems for Printed Circuit Board Assemblies (PCBAs) is a key part of this strategy.

Operational Excellence and Customer Base

A strong and diverse customer base has bolstered operational excellence and customer base. We continue to work closely with our clients to ensure timely execution, high-quality products with effective supply chain management. Our strategic location in the Hi-Tech Defence and Aerospace Park, at SEZ in Bengaluru, enables us to serve key domestic customers including Bharat Electronics Limited, ensuring shorter delivery times and enhanced customer satisfaction.

A Vision for the Future

Technological Advancements and Market Expansion

We are committed to advancing our technological capabilities and expanding our market reach. Our focus on backward integration through Raneal Advanced Systems for Printed Circuit Board Assemblies (PCBAs) is a key part of this strategy. This initiative supports our captive consumption and opens opportunities in other markets beyond defence and aerospace, including the medical, railway and other niche electronics sectors. The global defence landscape presents significant growth opportunities, driven by increasing defence spending and the modernisation of armed forces. Given our expertise in electronics manufacturing services and strong relationships with global defence companies, we are well-positioned to capitalise on these trends.

Commitment to Sustainability and Innovation

Our journey towards becoming a technology-driven product manufacturing company is aligned with the "Make in India" initiative. We are actively scouting for opportunities to acquire technology (ToT) from original equipment manufacturers (OEMs) in the aerospace, defence, and other civilian applications sectors. These efforts will enable us to bring cutting-edge technologies to India, reducing reliance on imports and contributing to the nation's self-reliance goals.

Financial Prudence and Growth Prospects

We are pleased to report a significant reduction in our net debt, from Rs. 5,037.11 Mn in March 2023 to Rs. 2,703.93 Mn in March 2024, a reduction of 46.32%. This improvement in our financial health results from disciplined financial management and strong operational performance. Our current assets have increased to Rs. 17,813.39 Mn, enhancing our liquidity position and ensuring economic stability.

As of March 31, 2024, our order book stands at Rs. 8011 Mn, reflecting our strong market position and our customers' trust in us. The robust order pipeline gives us confidence in our future growth prospects.

Conclusion

As we look to the future, we remain committed to driving growth through innovation, operational excellence, and strategic partnerships through Collaborations / Joint Ventures. Our vision is to become a leading technology-driven product manufacturing company, delivering high-quality solutions to our customers worldwide.

I want to thank our dedicated employees, valued customers and vendors, bankers and all stakeholders for their unwavering support. Together, we will continue to set new benchmarks and achieve greater heights.

Thank you for your continued trust and confidence in DCX Systems Limited.

Sincerely,

Dr. H.S. Raghavendra Rao

Chairman & Managing Director
DCX Systems Limited

PROFILE OF DIRECTORS



Dr. H.S. Raghavendra Rao
Founder, Chairman & Managing Director



Mr. Neal Castleman
Founder & Director



Mr. Diwakaraiah N J
Additional Executive Director



**Mr. Kalyanasundaram
Chandrasekaran**
Independent Director



Mr. Prakash Nagabushan
Additional Independent Director



Mrs. Lathika Siddharth Pai
Independent Director

Dr. H.S. Raghavendra Rao

Founder, Chairman & Managing Director

Dr. H.S. Raghavendra Rao, our Company's Chairman and Managing Director since January 16, 2012, drives business plans, client relationships, and admin coordination. With 33 years of experience in electronics and aerospace, he holds an honorary business management doctorate from Germany's International Peace University. He formerly directed Vinyas Innovative Technologies and received various awards, including Young Entrepreneur, Excellence, and Business Leadership from global institutions like the Indian Economic Development Association and International Achievers Summit. He was also honoured with Mahatma Gandhi Samman and Business Leader awards. In 2021, ET Pioneers recognised his pioneering Cable Assemblies and Healthcare Products, while Dubai's International Achievers Awards and ET Ascent acknowledged his defence electronics exports and leadership.

Mr. Neal Castleman

Founder & Director

Neal Jeremy Castleman is the Non-Independent and Non-Executive Director of our Company. He has been the Director of our Company since March 14, 2012. He holds a Bachelor of Science degree in chemistry from the University of Southern California. He has over three decades of experience in the electronics manufacturing sector. He has been working with DCX-CHOL Enterprises, Inc as a director (president) since 1997.

Mr. Diwakaraiah N J

Non-Independent and Additional Executive Director

Diwakaraiah Neriga Jagannatheshwar is the Non-Independent and Additional Executive Director of the Company. He has been the Director of our Company since June 28, 2024. He is an associate of the Institute of Cost and Works Accountants of India and he holds LL.B from Karnataka State Law University. He was previously associated with Vaatsalya Healthcare Solutions Pvt. Ltd., as a Managing Director, Gokaldas Exports Limited as a Financial Controller and Arvind Retail Limited as a Vice President Finance.

Mr. Kalyanasundaram Chandrasekaran

Independent Director

Kalyanasundaram Chandrasekaran is the Independent Director of our Company. He has been the Director of our Company since January 28, 2022. He is an associate of the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India. He was previously associated with BDA Limited, Beacon Weir Limited, Ceeta Springs & Steels Limited, Associated Construction and Investment Company, LLC, Dubai Lifestyle City and Tracstar Investments Limited.

Mr. Prakash Nagabushan

Additional Independent Director

Prakash Nagabushan is the Additional Independent Director of the Company. He has been the Director of our Company since August 01, 2024. He holds a Bachelor of Engineering (Electrical) from Bangalore University.

He has more than 30 years of experience in providing technology solutions and technical expertise in IT Infrastructure Industry. He is a Co-Founder of Towers Infotech Private Limited and has been working as a Managing Director since last 30 years.

Mrs. Lathika Siddharth Pai

Independent Director

Lathika Siddharth Pai, is the Independent Director of our Company. She has been the Director of our Company since February 2, 2022. She holds a Bachelor of Engineering (electronics) degree from Bengaluru University as well as master's degree in science from the Rochester Institute of Technology. She has more than 15 years of experience years of experience in management consultancy and has been working with Tekinroads Consulting LLP since 2014 as a partner.

STRATEGIC PARTNERSHIPS AND ACHIEVEMENTS

JV with Israel's ELTA Systems Limited to create NIART Systems Limited.

DCX Systems formed a joint venture with Israel's ELTA Systems to create NIART Systems Limited. This partnership focuses on developing and supplying advanced obstacle detection solutions based on radar and electro-optics technologies for efficiency and safety in the railway industry. This partnership leverages DCX's manufacturing expertise and ELTA's technological prowess to produce high-quality products that offer excellent track visibility, ensuring standards of safety comparable to global levels.

Expanded (MRO) footprint through a strategic agreement with Israel Aerospace India Services Private Limited

DCX expanded its maintenance, repair, and overhaul (MRO) footprint through a strategic agreement with Israel Aerospace India Services Private Limited. This collaboration enhances DCX's capabilities to provide comprehensive MRO services, reinforces its presence in the domestic defence sector, and opens new avenues for growth.

Contract from Lockheed Martin Corporation

The company also secured a significant contract for electronic assemblies from Lockheed Martin Corporation, USA, valued at USD 1.99 million (approximately ₹16.53 crores). This contract underscores DCX's capability to meet international standards and paves the way for future collaborations with one of the world's leading defence companies.



OPERATIONAL EXCELLENCE AND CUSTOMER BASE

DCX Systems continues to demonstrate operational excellence, which is supported by a solid and diverse customer base. The company works closely with its clients to ensure timely execution, high-quality products with effective supply chain management. Its strategic location in the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru enables DCX to serve key domestic customers including Bharat Electronics Limited, ensuring shorter delivery times and enhanced customer satisfaction.

As of March 31, 2024, DCX's order book stands at ₹8,011.60 Mn, reflecting its strong market position and customer trust. The robust order pipeline provides confidence in future growth

₹8,011 Mn

**Order Book as on
31.3.24**

TECHNOLOGICAL ADVANCEMENTS AND MARKET EXPANSION

DCX Systems is committed to advancing its technological capabilities and expanding its market reach. A key part of this strategy is the company's focus on backward integration through Raneal Advanced Systems for Printed Circuit Board Assemblies (PCBAs). This initiative supports DCX's captive consumption and opens opportunities in other markets beyond defence and aerospace, including the medical, railway and niche electronics sectors.

DCX Systems aligns its growth strategies with the "Make in India" initiative, actively seeking opportunities to acquire technology (ToT) from original equipment manufacturers (OEMs) in the aerospace, defence, and civilian applications sectors. These efforts aim to bring cutting-edge technologies to India, reducing reliance on imports and contributing to the nation's self-reliance goals.

FINANCIAL PRUDENCE AND GROWTH PROSPECTS

The company has made significant strides in financial management, reducing its net debt from ₹5,037.11 Mn in March 2023 to ₹2,703.93 Mn in March 2024, a 46.32% reduction. This improvement reflects disciplined financial management and strong operational performance. DCX's current assets have increased to ₹17813.39 Mn, enhancing its liquidity position and ensuring economic stability.

Financial Performance

For 2024, DCX Systems reported consolidated revenue from operations of ₹14,235.83 Mn, demonstrating steady growth from ₹12,536.34 Mn in FY23. The company's profit after tax (PAT) was ₹757.83 Mn, reflecting robust financial health and operational efficiency.

Consolidated Financial Performance

Revenue from Operations		(₹Mn)	Raw Material Expenses		(₹Mn)
2024		14,235.83	2024		13,166.30
2023		12,536.34	2023		11,191.99
		+13.56%			
Employee Cost		(₹Mn)	Other Operating Expenses		(₹Mn)
2024		139.00	2024		131.61
2023		105.10	2023		402.52
Other Income		(₹Mn)	Depreciation		(₹Mn)
2024		496.45	2024		51.30
2023		295.48	2023		18.21
EBIT		(₹Mn)	EBIT Margin		(%)
2024		1,244.07	2024		8.74
2023		1,114.00	2023		8.89
		+11.68			(15 bps)

Interest		(₹Mn)	Profit Before Tax (PBT)		(₹Mn)
2024		297.99	2024		946.08
2023		256.28	2023		857.72
Tax		(₹Mn)	Profit After Tax (PAT)		(₹Mn)
2024		188.25	2024		757.83
2023		140.91	2023		716.81
				+5.72	
PAT Margin		(%)	Basic EPS		(₹Mn)
2024		5.32	2024		7.61*
2023		5.72	2023		8.44
	(40 bps)				

*Weighted average EPS due to Qualified Institutional Placement which resulted in additional shares of 1,46,62,756 in the month of January 2024

Standalone Balance Sheet

Shareholders Funds		(₹Mn)	Share Capital		(₹Mn)
2024		11,189.07	2024		222.78
2023		5,670.58	2023		193.45
Other Equity		(₹Mn)	Non-Current Liabilities		(₹Mn)
2024		10,966.29	2024		18.39
2023		5,477.13	2023		12.40

Current Liabilities

(₹Mn)

2024		6,813.20
2023		6,435.30

Total Equity & Liabilities

(₹Mn)

2024		18,020.66
2023		12,118.28

Non-Current Assets

(₹Mn)

2024		513.37
2023		311.19

Current Assets

(₹Mn)

2024		17,507.29
2023		11,807.09

Total Assets

(₹Mn)

2024		18,020.66
2023		12,118.28

Current Assets

(₹Mn)

2024		17,507.29
2023		11,807.09

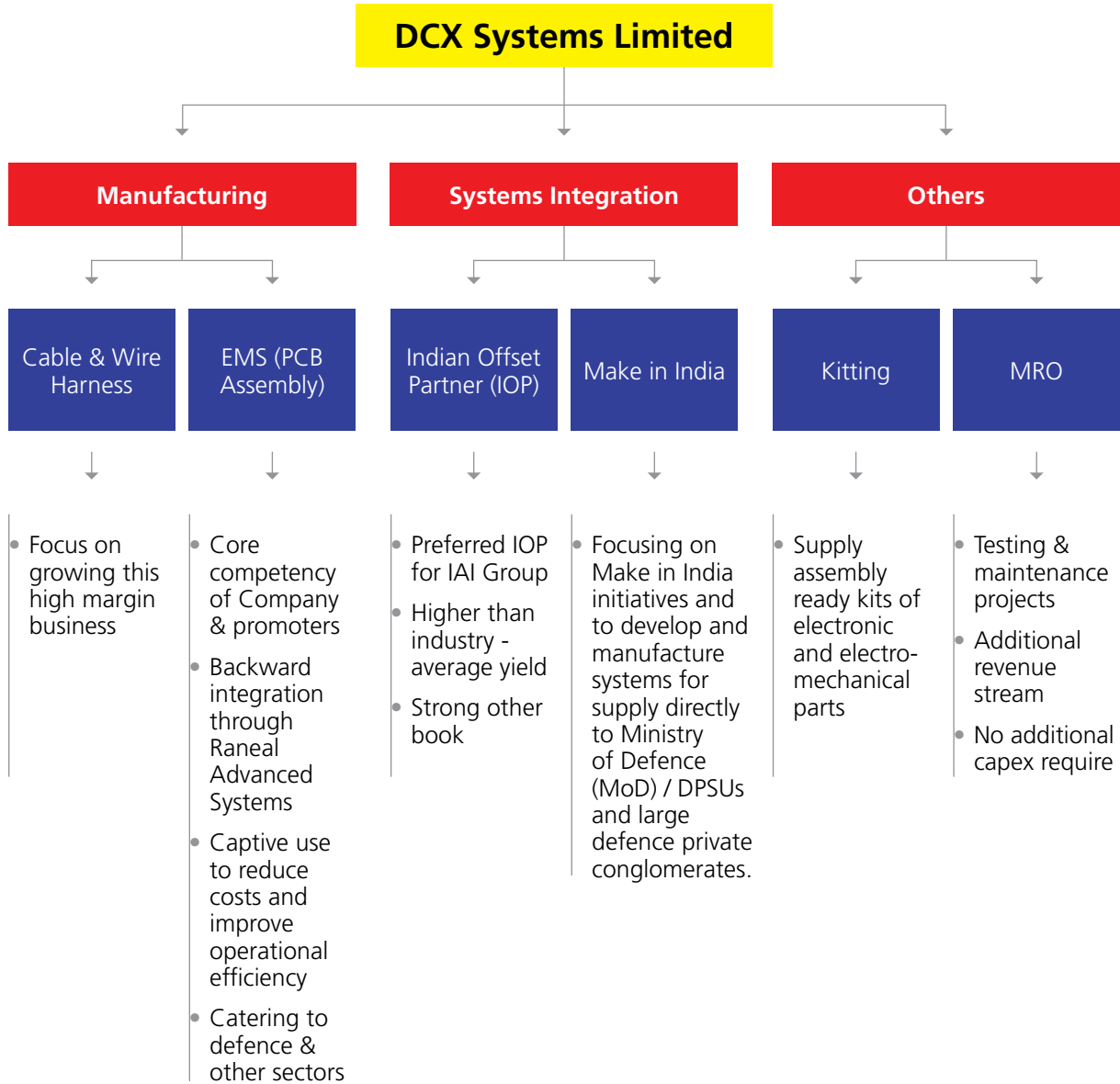
Standalone Cash Flow Statement

Particulars	Mar-24 (₹Mn)	Mar-23 (₹Mn)
Net Profit Before Tax	854.02	861.03
Depreciation	24.83	18.20
Interest Expenses	239.00	187.08
Interest Income	(432.41)	(293.95)
Operating Profit before Working Cap	685.37	771.06
Changes In working Capital	(547.25)	(6,376.13)
Cash From Operating Activities	7.53	(5856.53)
Cash Flow from Investing Activities	192.14	188.32
Cash from Financing Activities	2,233.73	3,580.15
Net Cash Inflow / Outflow	2,433.40	(2,088.06)
Closing Cash & Cash Equivalent	8,347.57	5,914.17

CAPABILITIES AND STRATEGIES

DCX's product capabilities span various domains, including defence, aerospace, space and railways. The company's expertise in EMS (Electronic Manufacturing Services) and system integration ensures high-quality and reliable electronic products for critical applications. DCX Systems boasts several strengths, including its status as a preferred Indian Offset Partner (IOP) for executing prestigious defence manufacturing projects for Global OEMs. The company holds key certifications such as AS-9100:2016 and adheres to global standards, ensuring compliance with stringent quality specifications.

COMPANY CAPABILITY MATRIX STRUCTURE



OPERATING CONTEXT

The interim Union Budget for FY 2024-25 has allocated a record ₹6.21 lakh crore to the Ministry of Defence, reflecting a 4.72% increase over the previous year. A significant portion, ₹1.72 lakh crore, is earmarked for capital acquisitions to modernise the armed forces with advanced technology and equipment. This increased allocation promotes 'Aatmanirbharta' (self-reliance) in defence, supporting domestic manufacturing and innovation. This budget will significantly benefit companies like DCX Systems, which are poised to capitalise on the enhanced focus on Indigenous production and technological advancement in the defence sector.

Furthermore, the budget emphasises strengthening border infrastructure with a ₹6,500 crore allocation, enhancing the Indian Coast Guard's capabilities, and boosting defence pensions and welfare schemes. The increased funding for the Defence Research and Development Organisation (DRDO) and the Technology Development Fund underscores the government's commitment to fostering innovation and collaboration with private industry, creating substantial opportunities for defence companies to engage in cutting-edge research and development projects. This strategic financial support aims to bolster India's defence capabilities and economic growth simultaneously.

Defence Indigenization

Defence Indigenization Lists are crucial for promoting strategic self-reliance and national security by reducing dependence on foreign suppliers. This process drives technological advancement and innovation within India's domestic defence industry. It boosts economic growth, creates jobs, and leads to cost savings. Indigenization enhances control over defence policies and opens export opportunities.



Key initiatives include raising the FDI limit from 49% to 74%, introducing DAP 2020 to focus on domestic procurement, promoting PILs, and reforming offset policies. The government has periodically increased the number of items reserved for indigenization, with lists including 101 embargoed items in 2020, 108 in 2021, 101 in 2022, and 101 plus 98 in 2023. These efforts aim to stimulate economic growth and reduce import dependence.



OPPORTUNITY SPECTRUM FOR DCX

The growing Indian defence and aerospace landscape presents significant opportunities for DCX Systems. The Indian defence sector is expected to attain a value of USD 70 billion by 2030, driven by initiatives like “Make in India” and increased foreign direct investment (FDI) in the defence sector. DCX Systems is well-positioned to capitalise on these opportunities with its strong manufacturing capabilities and strategic partnerships/Joint Ventures.



Offset Opportunities

DCX is among the largest Indian Offset Partners (IOPs) for IAI Group, Israel, in the Indian defence market and also covering other prominent customers. They specialise in “Build-to-Print” full turnkey system integration and manufacturing printed circuit board assemblies and cable and wire harness assemblies. DCX’s capabilities extend to critical defence products, including electronic assemblies, automatic missile detection radars, surveillance systems, electronic warfare systems, communication systems, unmanned aerial vehicles, medium-range maritime reconnaissance aircraft, and surface-to-air missile systems. Their expertise and high-quality production standards have earned them certifications such as AS-9100:2016 for quality management systems in aviation, space, and defence product manufacturing and a Defence Industrial License from the Ministry of Commerce and Industry for manufacturing key products.

Additional Strategic Opportunities

DCX also identifies significant opportunities in the Maintenance, Repair, and Overhaul (MRO) sector and kitting services, which provide substantial benefits. The MRO sector has large market potential, and DCX is well-positioned to offer MRO services due to its in-house testing machinery supplied by OEMs. The MRO sector offers an additional revenue stream with better margins and no further capital expenditure (capex) involved.

Kitting services involve supplying assembly-ready kits of electronic and electro-mechanical parts. This reduces inventory levels, space requirements, indirect costs, and overhead, enhancing overall efficiency. These strategic opportunities and advantages position DCX as a critical player in the defence and aerospace industries, driving growth and innovation through their comprehensive range of products and services.



Strategic Advantages:

- Technical Expertise:**
 The JV benefits from ELTA's technical know-how while utilising DCX's manufacturing capabilities.
- Product Procurement:**
 NIART will source systems integration (SI), cables, and printed circuit board assemblies (PCBA) from DCX.
- Global Market Access:**
 The overseas tie-up facilitates access to international markets, expanding DCX's global footprint.
- This collaboration positions DCX to significantly enhance railway safety and efficiency through innovative detection solutions, addressing critical needs in the safety of railway industry.

STRATEGIC ADVANTAGES

Advanced Manufacturing Capabilities

DCX Systems has expanded its manufacturing capabilities with a new Hi-Tech Defence and Aerospace Park, SEZ facility in Bengaluru, Karnataka. The facility is equipped with advanced machinery and equipment, enabling comprehensive in-house testing and production of high-quality products.

Preferred Partner

DCX has been a preferred Indian Offset Partner for foreign OEMs in executing prestigious Aerospace and Defence projects, including MRSAM/LRSAM, ASR (Surveillance Radar), Air Defence Fire Control Radar, High Power Radars, Iron Dome, Barak 1 and Barak 8 Missile Systems, Thermal Imager Standalone Kit, Thermal Imager Fire Control System, Long Range Reconnaissance and Observation System, and Commander Open Architecture Panoramic Sight (COAPS). DCX's positioning in the Indian defence sector showcases its significant role in enhancing the country's defence capabilities and strategic autonomy through successful offset partnerships.

Experienced Leadership

DCX Systems is led by experienced promoters and a qualified senior management team with significant industry expertise. The company's leadership team has demonstrated the ability to anticipate and capitalise on market trends, manage operations effectively, and deepen customer relationships.

Expansion Initiatives

DCX Systems has established additional manufacturing facilities through its subsidiary Raneal Advanced Systems Private Limited (RASPL). This expansion includes a facility for electronic manufacturing services (EMS) at the company's premises, supporting development, manufacturing, qualification, and lifecycle support of electronic and electromechanical systems used in aerospace, defence, medical electronics, and industrial electronics applications.

Client Relationships and Market Penetration

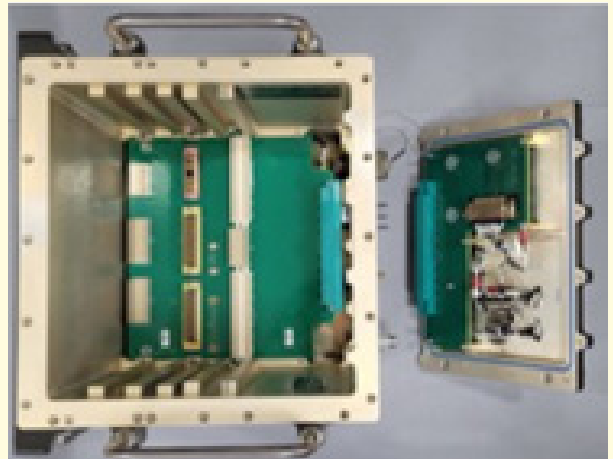
DCX Systems has established long-term client relationships that lead to recurring business engagements. The company aims to continue strengthening these relationships while exploring new opportunities and expanding its market presence. DCX has been a preferred Indian Offset Partner for foreign OEM's for executing many prestigious Aerospace and Defence projects, including MRSAM/LRSAM.



PRODUCT ADVANTAGES

Systems Integration Services

DCX undertakes system integration in electronic warfare, radar, sensors, surveillance, missiles, and communication systems. By providing product assembly and system integration services of varying complexities, DCX addresses diverse customer requirements. Their comprehensive array of services includes electronics electro-mechanical assembly and enclosure assembly. Additionally, they offer product repair support for manufactured parts. DCX's expertise in defence equipment, aerospace equipment, and industrial automation equipment subsystem assembly, integration, and testing ensures high-quality, reliable solutions that enhance their customers' operational efficiency and strategic capabilities.



Printed Circuit Board Assemblies (PCBA)

Raneal the WoS of DCX has state-of-the-art facility for manufacturing Printed Circuit Board Assemblies required for the varied and critical needs for the Defence & Aerospace, Medical and other niche segments. The facility is capable for manufacturing high end RF/Microwave Assemblies, Digital, Analog, Power and Mixed signal Assemblies for the electronic systems including Radar, Surveillance Systems, Electronic Warfare Systems, Control and Communication Systems, Missile Systems used in Ground, Naval and Airborne applications. The facility also supports qualification and reliability testing to ensure the products meet the required global standards of operation. An effective quality management system is the key to delivering products of high quality and build the trust through customer satisfaction. The facility holds key certifications including AS9100 and IPC certifications with well trained and experienced human resources in all the departments. Continual improvement is a vital factor for our growth which we imbibe into the process thus delivering the products of highest standards.

Cable Assemblies

DCX specialises in manufacturing build-to-print and customised cable and wire harness assemblies. Their extensive range of products includes radio frequency cables, coaxial, mixed-signal, power, and data cables tailored for

communication systems, sensors, surveillance systems, missile systems, military armoured vehicles, and other electronics and warfare systems used in aerospace and defence industries. With advanced engineering and high-quality manufacturing, DCX delivers solutions for simple to complex applications for OEMs. Their offerings include fine wire cable assemblies, flex flat cable assemblies, EMI shield cable harnesses, wired enclosures, backplane assemblies, diagnostic test sets, conduit assemblies, and unique/customised connectors.

DCX's cable and wire harness assemblies are used in various critical applications across multiple industries. These include:

- **Communication Systems:** Ensuring reliable transmission of data and signals.
- **Sensors:** Connecting various sensor systems used in surveillance and monitoring.
- **Surveillance Systems:** Supporting infrastructure for advanced surveillance equipment.
- **Missile Systems:** Integral to executing and controlling missile guidance and targeting systems.
- **Military Armoured Vehicles:** Enhancing the electronic systems within armoured vehicles for defence operations.
- **Aerospace Industry:** Used in aircraft and spacecraft for robust and reliable connections.
- **Warfare Systems:** Critical components for electronic warfare and defence systems.





Kitting

DCX provides ready-to-assemble kits and manages all aspects of procurement, including the controlled storage of moisture-sensitive devices, ensuring timely delivery to customers for production needs. These kitting services are part of their electronic and electro-mechanical assembly offerings, primarily serving the aerospace and defence industries. DCX supplies assembly-ready kits for electronic and electro-mechanical parts, sourcing components from customer-approved suppliers and ensuring traceability with a "Certificate of Compliance." They also handle the assembly and testing of customer-supplied materials, ensuring complete, assembly-ready kits are available when required for production.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. H. S. Raghavendra Rao
Chairman & Managing Director

Mr. Neal Jeremy Castleman
Director

Mr. Diwakaraiah N J
Additional Executive Director

Mr. Kalyanasundaram Chandrasekaran
Independent Director

Mr. Prakash Nagabushan
Additional Independent Director

Mrs. Lathika Siddharth Pai
Independent Director

KEY MANAGERIAL PERSONNELS

Mr. Diwakaraiah N J
Chief Financial Officer

Mr. Gurumurthy Hegde
Company Secretary, Legal and Compliance Officer

SENIOR MANAGEMENT PERSONNELS

Mr. Shiva Kumara R
Vice President - Operations

Mr. Pramod B
Sr. Deputy General Manager - Operations

Mr. Anand S
Sr. Deputy General Manager - Supply Chain Management

Mr. Prasanna Kumar T S
Sr. Deputy General Manager - Finance and Accounts

Mr. Manjunath G S
Sr. Manager - Human Resources and Administration

Mr. Rajanikanth K.N
Sr. Manager - Logistics

Mr. Atul Dhondiram Mutthe
Manager - Quality

STATUTORY AUDITORS

M/s. NBS & Co.
Chartered Accountants

14/2, Western India House,
Sir P.M. Road,
Fort, Mumbai - 400 001

SECRETARIAL AUDITORS

CS Pramod
Company Secretary in Practice

No. 243, Pragathi Arcade,
3rd Main, 3rd Cross,
Chamarajpet, Bengaluru - 560 018

INTERNAL AUDITORS

M/s. P P B N & Co.
Chartered Accountants

#105, Second Floor,
17th Cross Road, 1st Block,
Rajaji Nagar, Bengaluru - 560 010

REGISTERED OFFICE & MANUFACTURING UNIT

DCX Systems Limited
Aerospace SEZ Sector, Plot Nos. 29, 30 and 107
Hitech Defence and Aerospace Park,
Kavadadasanahalli, Bengaluru Rural - 562 110 Karnataka

BANKERS

HDFC Bank Limited
Axis Bank Limited
State Bank of India
ICICI Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai - 400 083, Maharashtra

BOARD'S REPORT

To,
The Members,

Your directors have immense pleasure in presenting the 13th Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended March 31, 2024. Standalone and Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL PERFORMANCE:

The financial performance of the Company for the financial year ended March 31, 2024 is summarized below:

(₹ in Mn)

Particulars	Standalone		Consolidated	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Revenue from operations	14,233.95	12,536.29	14,235.83	12,536.34
Other income	462.08	295.35	496.45	295.48
Total Revenue	14,696.03	12,831.64	14,732.28	12,831.82
Total Expenses	13,842.01	11,970.61	13,786.20	11,974.10
Profit before tax	854.02	861.03	946.08	857.72
Tax expenses	(173.03)	(140.91)	(188.25)	(140.91)
Profit after tax	680.99	720.12	757.83	716.81
Total comprehensive income for the year, net of tax	661.72	738.29	738.56	734.98

Note: The standalone and consolidated financial statements of the Company for the financial year ended March 31, 2024, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs and as amended from time to time.

STATE OF COMPANIES AFFAIRS:

Standalone Financial Results:

The standalone revenue from operations increased to ₹14,233.95 Mn for FY 2023-24 as compared to ₹12,536.29 Mn in FY 2022-23. EBITDA for FY 2023-24 stood at ₹700.64 Mn compared to ₹1,130.16 Mn achieved in FY 2022-23. The profit after tax stood at ₹680.99 Mn for FY 2023-24 as compared to ₹720.12 Mn in FY 2022-23.

Consolidated Financial Results:

The consolidated revenue from operations increased to ₹14,235.83 Mn for FY 2023-24 as compared to ₹12,536.34 Mn in FY 2022-23. EBITDA for FY 2023-24 stood at ₹798.92 Mn compared to ₹1,127.62 Mn achieved in FY 2022-23. The profit after tax stood at ₹757.83 Mn for FY 2023-24 as compared to ₹716.81 Mn in FY 2022-23.

REVISION OF FINANCIAL STATEMENTS:

During the year under review, Your Company has not revised the financial statements.

LISTING ON STOCK EXCHANGES:

The Company's shares are listed with BSE Ltd (BSE) & National Stock Exchange of India Ltd (NSE).

DIVIDEND:

In view of the business requirements of the Company, the Board of Directors has not recommended any dividend for the financial year ended March 31, 2024. As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Company has adopted a Dividend Distribution Policy which is available on the website of the Company at i.e., <https://dcxindia.com>.

TRANSFER TO RESERVES:

The Company has not transferred any amount to General Reserves during the financial year 2023-24.

CHANGES TO EQUITY SHARE CAPITAL:

The Authorized Share Capital of the Company is ₹25,00,00,000/- divided into 12,50,00,000 Equity Shares of face value of ₹2/- each. During the year under review, the Company at its Fund Raising Committee Meeting held on January 19, 2024, raised an amount of ₹500.00 Crores through Qualified Institutional Placement (QIP). by issuing additional 1,46,62,756 equity shares of ₹2/- each at a premium of ₹339/- per share resulting to 11,13,86,427 total number of Equity Shares of ₹2/- each aggregating the paid up share capital of the Company to ₹22,27,72,854/-.

MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report for the year under review, which forms part of this Report as **Annexure-1**.

DETAILS OF SUBSIDIARY COMPANIES:

As of March 31, 2024, the Company has M/s. Raneal Advanced Systems Private Limited as its Wholly Owned Subsidiary, pursuant to sub-section (3) of section 129 of the Companies Act, 2013.

During the year under review, the Company has incorporated a Wholly Owned Subsidiary i.e. NIART Systems Limited, on October 15, 2023, in Israel to engage in any business, commercial, industrial, or other activity relating to the development, production, and distribution, globally, of obstacle detection solutions based on radar and optics technology for civil applications for various civil transportation industries including for the railway industry.

The statement containing the salient features of the financial statement of the Company subsidiaries are given in the prescribed form AOC-1, as **Annexure-2**.

The Company has no material subsidiary as of March 31, 2024.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements provided in this Annual Report.

DEBENTURES:

During the year under review, the Company has not issued any Debentures. As on date, the Company does not have any outstanding Debentures.

DEPOSITORY SYSTEM:

The Company's equity shares are tradable only in electronic form. As on March 31, 2024, 100% of the Company's total paid up capital representing 11,13,86,427 equity shares are in dematerialized form.

PARTICULARS OF EMPLOYEES:

The percentage increase in remuneration, ratio of remuneration of each director and key managerial personnel (KMP) (as required under the Companies Act, 2013) to the median of employees remuneration, and the list of top 10 employees in terms of remuneration drawn, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, form part of **Annexure-3** to this Board's report.

BOARD OF DIRECTORS:

As of March 31, 2024, the Board of the Company comprised 6 Directors out of which 2 Executive Directors, 1 Non-Executive and Non-Independent Director and 3 Non-Executive Independent Directors, out of which 1 Women Independent Director. The composition of the Board of Directors as on March 31, 2024 was in due compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD MEETINGS:

During the year under review, the Board of Directors met 11 (Eleven) times on the following dates:

1. May 19, 2023	7. November 16, 2023
2. August 03, 2023	8. February 08, 2024
3. August 14, 2023	9. February 19, 2024
4. August 18, 2023	10. March 04, 2024
5. October 04, 2023	11. March 29, 2024
6. October 30, 2023	

AUDITORS:

I. STATUTORY AUDITORS:

M/s. NBS & Co. [ICAI FRN No. 110100W] Chartered Accountants were appointed as Statutory Auditors of the Company by the Shareholders at the 11th Annual General Meeting held on July 28, 2022 for a period of 5 years, who will act as Statutory Auditors of the Company till the conclusion of the 16th Annual General Meeting of the Company.

II. SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Pramod S, (ICSI Membership No: A36020 and COP 13335) Practising Company Secretary, Bengaluru, to conduct Secretarial Audit of the Company.

III. COST AUDITOR:

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable,

as the Company was classified as small enterprise under the MSME Act and carrying out its operations in Special Economic Zone.

IV. INTERNAL AUDITORS:

M/s. P P B N & Co [ICAI FRN 002694S], Chartered Accountants, has been appointed as its Internal Auditors for conducting the internal audit of the Company.

STATUTORY AUDITORS' REPORT:

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, "with an unmodified opinion", as given by the Statutory Auditors, is disclosed in the Financial Statements forming part of the Annual Report. The Auditors' Report is unmodified and there are no qualifications or adverse remarks in their Report. Also, no frauds in terms of the provisions of Section 143(12) of the Companies Act, 2013 have been reported by the Statutory Auditors in their report for the year under review.

SECRETARIAL AUDIT REPORT:

The Report of the Secretarial Audit in Form MR-3 for the financial year ended March 31, 2024, is enclosed as **Annexure-4** to this Report.

There are no qualifications, reservations, adverse remarks or disclaimers given by the Secretarial Auditor in their Report.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:

There are no qualifications, reservations or adverse remarks made by the Auditors (Statutory Auditors and Secretarial Auditors) in their report. Hence, no comments are offered by the Board of Directors.

INTERNAL CONTROL SYSTEMS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company's internal financial controls are commensurate with the scale and its operations. The Company has laid down guidelines, processes and structures, which enable the implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies, processes and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

EMPLOYEE STOCK OPTION PLANS (ESOPS):

The Company has not formed any Employees Stock Option Scheme during the year.

VIGIL MECHANISM/ WHISTLE-BLOWER:

Pursuant to provisions of Section 177 of the Companies Act, 2013 read with Regulation 22 of the SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015, your Company has duly established Whistle Blower Policy as part of vigil mechanism for observing the conduct of Directors and Employees and report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct to the Chairman of the Audit Committee. This mechanism also provides for adequate safeguards against victimization of Director(s)/Employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The said policy is available on the website of the Company i.e., <https://dcxindia.com>.

During the year under review, the Company has not received any complaints under the said mechanism.

BUY BACK OF SHARES:

Your Company has not bought back any shares during the year.

RISK MANAGEMENT POLICY:

The Company has constituted a Risk Management Committee aligned with the requirements of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consisting of Executive Directors and Non-Executive Independent Director to identify and assess business risks and opportunities. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year till the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

THE DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR RESIGNED DURING THE YEAR:

Directors

During the year, the Board of the Company was duly constituted in line with the requirements under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For more details, please refer to the

relevant section of the Corporate Governance forming part of this Report.

Further, during the year, the following changes had occurred in the composition of the Board of Directors:

- i. Mr. Sankarakrishnan Ramalingam resigned from the directorship of the Company w.e.f., 31.08.2023.
- ii. Mr. Ranga K S was appointed to the Board of the Company as an Additional Whole-Time Director w.e.f., 01.09.2023.
- iii. Mr. Ranga K S appointment as Whole-Time Director was ratified by the members of the Company in the Annual General Meeting held on 25.09.2023.
- iv. Mr. Ranga K S resigned as Whole-Time Director of the Company w.e.f. 31.03.2024.

Key Managerial Personnel (KMP)

During the year, the following changes were occurred in respect of Key Managerial Personnel.

- i. Mr. Ranga K S resigned as Chief Financial Officer (CFO) of the Company w.e.f. 31.03.2024.
- ii. Mr. Nagaraj Radhakrishna Dhavaskar, Company Secretary and Compliance Officer, resigned w.e.f., 31.01.2024.
- iii. Mr. Gurumurthy Ganapati Hegde was appointed as Company Secretary and Compliance Officer of the Company w.e.f., 08.02.2024.

DECLARATION BY INDEPENDENT DIRECTORS:

All independent directors of the Company have given declaration to the Company under Section 149 (7) of the Act, that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). All independent directors of your Company have also given declarations to the Company under Rule 6 of Companies (Appointment and Qualification of Directors) Rules 2014. In the opinion of the Board, they fulfil the conditions of independence as specified in the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of management. The independent directors have affirmed compliance with the Code of Conduct.

In the opinion of the Board of Directors of the Company, Independent Directors on the Board of Company hold the highest standards of integrity and are highly qualified, recognized and respected individuals in their respective fields. The composition of Independent Directors is an optimum mix of expertise (including financial expertise), leadership and professionalism.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year 2023-24, all the transactions with related parties were entered into at arm's length basis and in

the ordinary course of business.

The particulars of every contract or arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 has been disclosed in Form No. AOC-2 as **Annexure-5**.

HUMAN RESOURCES:

Your Company is determined to accelerate its growth story by responding to the changing needs of diverse work groups by fostering an engaging work environment, to constantly build the unique capabilities and skills of the people. Robust Human Resource policies are in place which enables building a stronger performance culture and at the same time developing current and future leaders.

The employee strength of the Company, at the end of FY i.e., March 31, 2024 was 114.

Further your Board of Directors report that, Policy against Sexual Harassment at workplace is in line with the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and that the employees have been advised to address their grievances under this Act for redressal. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, the Company has not received any complaint with respect to sexual harassment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is appended as an **Annexure-6** to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The CSR Committee has been entrusted with the prime responsibility of recommending to the Board, the CSR activities to be undertaken by the Company in terms of CSR Policy, the amount of expenditure to be incurred and monitoring the implementation of the framework of the CSR Policy.

The Annual report on CSR as per Rule 8(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014 have been given in **Annexure-7** forming part of this Report.

The CSR Policy of the Company is available on the website of the Company at <https://dcxindia.com>.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR):

A detailed BRSR in terms of the provisions of Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements), 2015 is enclosed as **Annexure-8** form part of this Report.

CORPORATE GOVERNANCE:

Your Company provides utmost importance to the best governance practices and are designed to act in the best interest of its stakeholders. The Board of Directors reaffirm their continued commitment to good corporate governance practices. The fundamentals of Governance at the Company includes transparency, accountability, integrity and Independence.

In terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance including a certificate from CS. Pramod S, (ICSI Membership No: A36020, COP 13335) confirming compliance is enclosed as **Annexure-9** to and forms an integral part of this Report.

BOARD EVALUATION:

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance of the board was evaluated by the Board after seeking input from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after obtaining input from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of Independent Directors, Performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the Board Meeting that followed the meeting of the Independent Directors, the performance of the Board, its Committees, and Individual Director was also discussed.

Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

FAMILIARISATION PROGRAMME FOR BOARD MEMBERS:

The familiarisation programmes aim to make the Independent Directors of the Company familiar with the business and operations of the Company. The Company had organised such program for directors during the year under review and have plan for more such programs as and when required to update the Board on their roles and responsibilities as per requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said familiarisation

programmes are placed on the website of the Company i.e., <https://dcxindia.com>.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013 shall state that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY OF THE COMPANY:

The Nomination and Remuneration Policy of the Company for appointment and remuneration of the Directors, Key Managerial Personnel (KMP) and Senior Management of the Company along with other related matters have been provided in the Corporate Governance Report. As and when the need arises to appoint Director, KMP and Senior Management Personnel, the Nomination and Remuneration Committee (NRC) of the Company determines the criteria based on the specific requirements. NRC, while recommending candidature to the Board, takes into consideration the qualification, attributes, experience and independence of the candidate.

COMMITTEES OF THE BOARD:

The Board of Directors of the Company have constituted the following committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

The details with respect to the composition, number of meetings, attendance, powers, roles, terms of reference, etc. of the aforesaid committees are given in details in the "Report on Corporate Governance" of the Company which forms part of this Report.

DETAILS OF AMOUNT RECEIVED FROM A DIRECTOR OF THE COMPANY:

During the year under report, the Company has not received any amount from any Director of the Company pursuant to Rule 2 (1)(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014.

SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ('ICSI'):

In terms of Section 118(10) of the Companies Act, 2013, the Company has complied with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to the Meetings of the 'Board' and 'General Meetings', respectively, as specified by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government.

ANNUAL RETURN:

The Annual Return of the Company as per the provisions of Section 134(3)(a) and 92(3) of the Companies Act, 2013, is available on the website of the Company <https://dcxindia.com>.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

There was no unpaid/unclaimed dividend that was required to be transferred to Investor Education and Protection Fund.

DEPOSITS:

The Company has neither accepted nor renewed any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

AWARDS RECEIVED DURING THE YEAR:

During the year, the following awards were received:

1. Awarded India's Innovative Entrepreneur of the year award for Excellence in Defence Electronics Export to Dr. H S Raghavendra Rao, Chairman and Managing Director, from International Achievers at Dubai.
2. Awarded India's Greatest Brands award from Asia One at Mumbai.
3. Awarded India's Greatest Brands award from Asia One to Dr. H S Raghavendra Rao, Chairman and Managing Director, at Mumbai
4. Awarded Export Excellence Award from Federation of Karnataka Chambers of Commerce and Industry at Bangalore.

5. Awarded Excellence Expo Award from Vibrant Bharat at Delhi.
6. Awarded Excellence Expo Award in Aerospace and Defence Sector to Dr. H S Raghavendra Rao, Chairman and Managing Director, from Times Exemplary Leaders at Mumbai.
7. Awarded Bhartiya Udyog Leadership Award to Dr. H S Raghavendra Rao, Chairman and Managing Director, from All India Achievers Foundation at Delhi.

PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading ('Code') in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors, Designated Persons and Connected Persons of the Company. The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, Designated Employees and Connected Persons.

The Code requires pre-clearance for dealing in the Company's shares for all transactions by Directors and Designated Employees (together called Designated Persons) and prohibits the purchase or sale of Company's securities by Designated Persons while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary is responsible for the implementation and monitoring of the Code. The Company also has in place a Code for practices and procedures for fair disclosure of unpublished price sensitive information which is available on the website of the Company at: <https://dcxindia.com>.

The Company regularly and timely intimates the designated persons and connected persons for non-trading in the shares of the Company whenever Unpublished Price Sensitive Information (UPSI) is available and also, the Company takes steps to freeze the PAN of designated and connected persons at the platform of the CDSL i.e. the Company's designated Depository Participant for non-dealing of shares of the Company whenever the trading window closes for declaration of financial results.

INSOLVENCY AND BANKRUPTCY CODE, 2016:

During the financial year, neither any application nor any proceeding is initiated against the Company under the Insolvency and Bankruptcy Code, 2016.

SETTLEMENTS WITH BANKS OR FINANCIAL INSTITUTIONS:

During the year under review, no settlements were made by the Company with any Banks or Financial Institutions.

DETAILS OF PENALTIES/PUNISHMENT/ COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE DIRECTORS' REPORT:

There were no penalties/punishment/commitments affecting the financial position of the Company between the end of the financial year and the date of the Board's report.

INSURANCE:

Your Company has taken appropriate insurance for all assets as per general industry practice.

OTHER DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to these items during the year under review;

- i. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ii. Issue of shares (including sweat equity shares) to employees of the company under ESOP or any other scheme.
- iii. The Managing Director of the Company has not received any remuneration or commission from the subsidiary.
- iv. There is no change in the nature of the business of the Company.

GREEN INITIATIVE:

We request all shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and the Company, by enabling the service of the Annual Report, Annual General Meeting Notice and other documents through electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation to all Stakeholders, Investors, Customers, Vendors, Banks, Rating Agency, Central and State Governments, Employees, the Company's valued investors and all other business partners, for their assistance and continued co-operation during the year under review.

The Board also wishes to place on record its appreciation to the Lead Managers, Legal Counsels, Securities Exchange Board of India (SEBI), Registrar of Companies (ROC), National Stock Exchange of India Limited (NSE), BSE Limited(BSE), Registrar and Transfer Agent (RTA), Auditors and all Intermediaries for their co-operation and immense support extended to the Company in its entire process of the Qualified Institutional Placement (QIP).

Your Directors also place on record their deep sense of appreciation for the dedicated service of the employees of the Company.

For and on behalf of the Board of Directors

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Additional Executive Director
DIN: 00427317

Place: Bengaluru
Date: 22.08.2024

ANNEXURE-1

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statement

This Management Discussion and Analysis of Financial Condition and Results of Operations contains statements that describe the Company's objectives, expectations, or predictions, which may be considered forward-looking within the context of applicable securities laws and regulations. These forward-looking statements are founded on certain assumptions and expectations regarding future events.

The Company does not guarantee the accuracy or realisation of these assumptions and expectations. Furthermore, the Company undertakes no obligation to publicly update or revise any forward-looking statements based on subsequent developments, information, or events. Actual results may significantly differ from those expressed or implied in these statements. Key factors that could affect the Company's operations include changes in government regulations, tax laws, economic conditions within the country, and various global factors.

The financial statements are prepared in accordance with IND AS guidelines and comply with the Accounting Standards notified under Section 211(3C) of the Act, in conjunction with the Companies (Accounting Standards) Rules, 2015. The management of DCX Systems Limited has exercised prudent and reasonable judgment and estimation in preparing these financial statements to ensure they accurately and fairly represent the Company's financial condition and profit for the year.

This discussion of our financial condition and results of operations should be read in conjunction with our audited standalone financial statements and the accompanying notes included in the annual report. Unless otherwise specified or the context requires otherwise, references to "we," "us," "our," "the Company," and "DCX Systems" refer to DCX Systems Ltd.

1. About DCX Systems Limited

DCX Systems Limited is a prominent player in the defence and aerospace sectors. It is renowned for its comprehensive end-to-end solutions encompassing cable and wire harnesses, electronic systems and sub-systems, high-end system integration, and PCB assembly. With a strategic focus on indigenisation, integration, and manufacturing, DCX Systems has established itself as a preferred Indian Offset Partner (IOP) for Israeli Defence Company, IAI, fulfilling offset obligations and expanding into other geographies for IOP and non-IOP projects.

Company Overview

DCX Systems Limited's unique business model offers diverse solutions to a broad mix of domestic and international

customers, including those in Israel, the US, Korea, and India. The company's manufacturing prowess is showcased through its 30,000 sq. ft. facility in Bengaluru's SEZ, with an additional 40,000 sq. ft. facility under Wholly Owned Subsidiary, Raneal Advanced Systems Pvt. Ltd., dedicated to Electronic Manufacturing Services (EMS).

Historical Milestones

Incorporated in 2011, DCX Systems began fulfilling deemed export orders and quickly progressed, earning significant certifications such as AS-9100:2016 and ISO 9001:2015. By 2018, the company had obtained industrial licenses and authorisation to export key defence items. Establishing a new manufacturing facility in the Aerospace SEZ, Bengaluru in 2020 marked a significant expansion. In 2022, the company went public, raising INR 400 crore through an IPO and launching Raneal Advanced Systems for backward integration. Recent achievements include incorporating NIART Systems Limited for obstacle detection solutions in railways for safety and efficiency and successfully completing a Qualified Institutional Placement (QIP), raising INR 500 crore.

Business Model and Strengths

DCX Systems' business model is characterised by its strong global procurement network, robust manufacturing expertise, and strategic backward integration into EMS. The company leverages its experience and core competencies in electronics manufacturing to cater to various defence and aerospace applications. By focusing on non-offset projects and expanding its high-margin cable and wire harness business, DCX Systems is positioned for sustainable growth.

Industry Landscape

The defence and aerospace sectors present significant opportunities driven by geopolitical tensions, armed forces modernisation, and technological advancements. DCX Systems is well-positioned to capitalise on these industry tailwinds, supported by favourable government initiatives like the Positive Indigenization List and the Defence Acquisition Policy.

Financial Performance

DCX Systems has demonstrated consistent growth, with a healthy CAGR in both revenue and profit over the last five years. As of March 31, 2024, the company reported an order book of INR 801.16 crore. Financial highlights include substantial increases in revenue and PAT, reflecting the company's efficient execution and strategic initiatives.

Industrial Offset Partnership Opportunities

DCX Systems, a prominent player in the Indian defence market, stands out as one of the largest IOPs (Indian Offset

Partners) for the IAI Group from Israel. Specialising in “Build-to-Print” system integration and the manufacturing of cable and wire harness assemblies, DCX Systems excels in various areas of defence technology. Their IOP capabilities encompass various advanced defence systems, including electronic assemblies, automatic missile detection radars, unmanned aerial vehicle systems, Barak systems, medium-range maritime reconnaissance aircraft, and short-range surface-to-air missiles. Accredited with the AS-9100:2016 certification for quality management systems in aviation, space, and defence product manufacturing and holding a Defence Industrial License from the Ministry of Commerce and Industry, DCX Systems is well-positioned to support the manufacturing of critical defence products.

Order Book Position Details

As of March 31, 2024, DCX Systems Limited reported a strong order book position valued at INR 801.16 crores. This significant backlog showcases the company’s robust market presence and demand for its products and services across various sectors, particularly in the defence and aerospace industries.

Strategic Vision

Looking ahead, DCX Systems aims to further de-risk its business model by tapping into new opportunities in railways safety and efficiency, growing its share of non-offset projects, and expanding its global presence in the aerospace and defence sectors. The company’s focus on technology transfer, especially from Israel and the US, aims to enhance its product offerings and save on R&D costs, positioning DCX Systems as a technology-driven product company.

DCX Systems Limited is committed to delivering high-quality products and services. It leverages its strong customer relationships, experienced management team, and advanced manufacturing capabilities to drive continued success and growth in the dynamic defence and aerospace industry.

Leadership

DCX Systems is guided by a highly qualified and competent leadership team renowned for its extensive experience and expertise in the aerospace and defence manufacturing industry. At the helm are Dr H.S. Raghavendra Rao, the Founder - Promoter, Chairman and Managing Director, who brings over three decades of profound experience in electronics manufacturing and the defence and aerospace sectors. Complementing his leadership is Mr. Neal Jeremy Castleman, a Non-Independent and Non-Executive Director with more than four decades of vast experience in the electronic manufacturing sector.

The senior management team at DCX Systems boasts a proven track record of effectively anticipating and capitalising on evolving market trends, managing and expanding operations, and leveraging and deepening customer relationships. Their strategic insights and operational excellence have driven the company’s growth and success in a competitive industry.

2. Value Propositions

The company’s robust business structure is divided into three main segments: Manufacturing, System Integration, and Others. Each contributes to DCX Systems Limited’s overall value proposition and strategic positioning.

Business Segments and Strategic Value

Manufacturing

Cable & Wire Harness

Focus on High-Margin Growth: DCX strategically focuses on growing its high-margin cable and wire harness business. This segment is crucial as it supports the company’s overall profitability and financial health.

Value Addition: By prioritising this segment, DCX ensures the delivery of high-quality, reliable products essential for various applications, strengthening its reputation and customer trust.

EMS (PCB Assembly)

Core Competency and Backward Integration: The PCB Assembly is a core competency of the company. DCX leverages backward integration through its wholly owned subsidiary Raneal Advanced Systems to enhance efficiency and strengthen its supply chain management.

Operational Efficiency and Cost Reduction: Captive use of PCB assemblies helps reduce costs and improve operational efficiency. This strategic move allows DCX to maintain competitive pricing while ensuring superior product quality.

Sector Diversification: This segment caters to defence and aerospace and other sectors and ensures a diversified revenue stream, mitigating risks associated with dependency on a single market.

System Integration

IOP (Inter-Operability)

Preferred Partner for IAI Group: DCX’s status as the preferred IOP for the IAI Group highlights its credibility and reliability in delivering interoperable solutions.

Higher Yield and Strong Order Book: This segment boasts a higher-than-industry-average yield and a strong order book, reflecting the company’s capability to meet high standards and demand.

Non-IOP

Expanding Non-Offset Order Book: DCX focuses on expanding its non-offset order book to reduce dependence on the IOP model. This strategy is crucial for maintaining a balanced portfolio and ensuring steady revenue streams.

Value Addition: By diversifying its system integration capabilities, DCX enhances its market reach and customer base, providing customised solutions across different industry needs.

Others

Kitting

Assembly-Ready Kits: The kitting segment supplies assembly-ready kits of electronic and electromechanical parts. This service simplifies the procurement process for customers and adds significant value by reducing assembly time and effort.

Strategic Advantage: This capability allows DCX to serve a broader market by offering integrated solutions that are ready for immediate use.

MRO (Maintenance, Repair, and Overhaul)

Testing and Maintenance Projects: The MRO segment focuses on testing and maintenance projects, providing an additional revenue stream for DCX without requiring significant capital expenditure.

Revenue Stream and Efficiency: This segment not only adds to the company's revenue but also showcases its expertise in ensuring the longevity and reliability of its products.

Strategic Positioning and Market Differentiation

Comprehensive Solutions: DCX Systems offers a comprehensive suite of services and products across manufacturing, system integration, and MRO. This broad capability set positions DCX as a one-stop solution provider for various industry needs.

Quality and Reliability: The company's focus on high-margin, high-quality products and services ensures that it maintains a strong reputation for reliability and excellence in the market.

Innovation and Efficiency: Through strategic backward integration and operational efficiency, DCX reduces costs and enhances its product offerings, ensuring competitive pricing and innovation.

Sector Diversification: By catering to multiple sectors, including defence and aerospace and other industries, DCX mitigates market risks and secures diversified revenue streams, ensuring financial stability and growth.

Customer-Centric Approach: DCX's ability to provide customised solutions, from assembly-ready kits to comprehensive MRO services, demonstrates a deep understanding of customer needs, enhancing customer satisfaction and loyalty.

Expanding Opportunities with NIART Systems in the Railway Sector

DCX Systems is poised to capitalise on burgeoning opportunities in the railway sector through its strategic joint venture with ELTA Systems, forming NIART Systems Ltd., (NIART) in Israel. This collaboration is set to revolutionise obstacle detection solutions and enhance the safety and efficiency of railway operations, both domestically and internationally.

Joint Venture with ELTA Systems

Formation and Objectives: DCX Systems has strategically partnered with ELTA Systems to establish NIART Systems Ltd. This joint venture aims to develop advanced obstacle detection solutions, leveraging ELTA's technological expertise and DCX's robust manufacturing capabilities.

Technology Transfer and Product Development: The joint venture involves the Transfer of Technology (ToT) from ELTA Systems to NIART. This allows DCX to utilize its manufacturing prowess to produce high-quality radar and optics products. This collaboration harnesses our manufacturing expertise alongside ELTA's technological excellence to deliver superior products that offer excellent track visibility, ensuring standards of safety comparable to global levels.

Market Focus: NIART Systems is set to target both domestic and export markets within the railway sector. By addressing the specific needs of these markets, NIART aims to provide state-of-the-art solutions that meet and exceed industry standards.

Strategic Benefits and Market Positioning

Technical Expertise and Manufacturing Synergy: The joint venture allows DCX to benefit from ELTA's technical know-how while leveraging its own manufacturing facilities. This synergy ensures the production of high-quality, reliable products that are crucial for the railway industry's safety and efficiency.

Procurement and Integration: NIART Systems will procure system integration (SI), cables, and printed circuit board assembly (PCBA) from DCX. This integration within the supply chain enhances operational efficiency and ensures the seamless delivery of comprehensive solutions to the market.

Global Market Access: The partnership includes overseas tie-ups to facilitate access to global markets. This strategic move positions DCX and NIART Systems to expand their reach and establish a significant presence in the international railway sector.

3. Review of Economy

Global Economy

The global economy has shown resilience despite predictions, with consistent growth and a quick slowdown in inflation. Challenges included supply chain disruptions post-pandemic, energy and food crises due to geopolitical factors, and significant inflation followed by internationally coordinated monetary tightening. Despite this, the US economy has outperformed its pre-pandemic trend, boosting the US dollar while emerging economies strive to recover.

The IMF's World Economic Outlook forecasts stable growth at 3.2% for this year and the next, with inflation dropping from 2.8% in 2024 to 2.4% in 2025. Positive changes in supply dynamics, such as reduced energy price shocks and increased

labour supply due to immigration in advanced countries, support strong economic development and quick disinflation. However, challenges like inflation risk and fiscal adjustments remain and require decisive actions.

Global monetary policy alignment is weakening, potentially impacting capital flow, cross-border investor portfolios, and asset values. Emerging markets face debt burdens and difficulties in obtaining capital. Financial firms face increased funding costs, and deteriorating asset quality might limit lending. High inflation could pressure entities using leveraged investment strategies to unwind positions.

Digital transformation and remote work surged, dramatically changing business operations. Firms adopted digital tools to adapt, enhancing productivity and communication among dispersed teams. This digitisation created new opportunities for efficiency and creativity. While AI applications raise concerns about labour and financial disruptions, they offer the potential for increased efficiency. Nations must improve digital infrastructure, prioritize human capital, and collaborate on international regulatory frameworks.

Indian Economy

Amid global uncertainties, India stands resilient. In fiscal year 2023-24, India's GDP grew by 7.6%, building on a 7% growth rate from the previous year. Key sectors like construction and manufacturing drove this resurgence, with construction growing by 10.7% and manufacturing by 8.5%.

In Q3 FY 2023-24, real GDP surged by 8.4%, with manufacturing growing by 11.6% and construction by 9.5%. The IMF forecasts India's GDP growth at 6.8% for 2024-25 and 6.5% for 2025-26. Reducing the current account deficit, driven by solid service exports and lower oil import costs, contributes to India's economic resilience.

The Monetary Policy Committee maintained the repo rate at 6.50%, with the Marginal Standing Facility rate at 6.75% and the Standing Deposit Facility rate at 6.25%, emphasizing stability. The RBI aims to enhance India's global footprint, positioning itself as a model central bank within the global South.

According to the RBI's Annual Report, credit to MSMEs increased by 14.1% year-on-year in March 2024, supported by collateral-free loans. Credit to non-banking financial companies (NBFCs) and trade within the services sector also grew by 20.2% in March 2024. However, this growth moderated post-regulatory measures announced by the RBI in November.

Credit to MSMEs by Scheduled Commercial Banks (SCBs) expanded by 20.9% from 2023-24 to December 2023. This highlights the crucial role of SCBs in fostering entrepreneurship and increasing access to financial resources for small and medium-sized enterprises.

India's economic resilience reflects its commitment to progress. The fiscal year 2023-24 will be remembered for India's steadfast march towards a promising and prosperous future,

driven by visionary policies and the indomitable spirit of its people. As we progress, let us build on these achievements with renewed vigour towards a brighter tomorrow.

4. Review of Global and Indian Defence Sector

The global defence sector witnessed significant growth in 2023, with total military spending reaching \$2443 billion, a 6.8% increase from the previous year. This surge underscores the escalating global insecurity, ongoing conflicts, and rising geopolitical tensions. India, as the world's fourth-largest military spender, continued its strategic focus on enhancing defence capabilities and infrastructure amidst regional challenges, particularly with China. These trends highlight the crucial role of defence expenditure in maintaining national security and global stability.

Global Defence Sector

In 2023, global military spending reached an unprecedented \$2443 billion, a 6.8% increase from the previous year. This surge in expenditure reflects the heightened global insecurity, ongoing conflicts, and rising geopolitical tensions.

The United States led the global defence expenditure with \$916 billion, a 2.3% increase from the previous year. China's spending followed at \$296 billion, a 6% rise, driven by its strategic military advancements and regional ambitions. Russia's expenditure surged by 24% to an estimated \$109 billion, primarily due to its ongoing conflict with Ukraine. Ukraine's military spending increased significantly, reaching \$64.8 billion, making it the eighth-largest military spender in 2023.

Other top military spenders included Saudi Arabia (\$75.8 billion), the United Kingdom (\$74.9 billion), Germany (\$66.8 billion), France (\$61.3 billion), and Japan (\$50.32 billion). These countries' substantial investments underscore their focus on modernizing their defence capabilities amidst escalating global tensions.

Indian Defence Sector

India maintained its position as the fourth-largest military spender in 2023, with an expenditure of \$83.6 billion, a 4.2% increase from 2022. This growth is part of India's strategic focus on enhancing its defence capabilities and infrastructure, particularly in response to the ongoing border tensions with China following the Ladakh standoff in 2020.

India's defence modernisation efforts include significant investments in various military assets such as fighter jets, helicopters, warships, tanks, artillery guns, rockets, missiles, and unmanned systems. These investments reflect India's commitment to bolstering its military readiness and maintaining a robust defence posture.

In 2022, India's military spending was \$81.4 billion, a 6% increase from 2021 and a substantial 47% rise since 2013. This consistent increase highlights India's long-term commitment to strengthening its military capabilities.

For the fiscal year 2024-25, India allocated Rs 6.21 trillion

(\$83.6 billion) for defence, which is 1.89% of its projected GDP. Although slightly lower than the previous year's revised estimates, this allocation represents a 4.72% increase from the budget estimates for 2023-24. This budget underscores India's focus on maintaining a strong defence infrastructure amidst regional security challenges.

India vs. China

The comparison between India and China is particularly noteworthy, given their ongoing border standoff along the Line of Actual Control (LAC) in eastern Ladakh since May 2020. Both nations have been engaged in multiple military talks to address the border dispute, highlighting the strategic importance of their defence expenditures.

China's military spending, at \$296 billion, is significantly higher than India's \$83.6 billion. This disparity underscores China's aggressive military modernisation and strategic ambitions, prompting India to enhance its defence capabilities to maintain regional stability.

Reference: Stockholm International Peace Research Institute (SIPRI)

Defence Exports from India

India's defence exports have surged to an unprecedented Rs 21,083 crore (approximately US\$ 2.63 billion) in the Financial Year (FY) 2023-24, marking a 32.5% increase from the previous fiscal's Rs 15,920 crore. This remarkable growth signifies a 31-fold increase over the past decade compared to FY 2013-14. The private sector and Defence Public Sector Undertakings (DPSUs) have played crucial roles in this achievement, contributing 60% and 40% to the record exports. The number of export authorisations issued also rose from 1,414 in FY 2022-23 to 1,507 in FY 2023-24. A comparative analysis over two decades shows a 21-fold increase in defence exports from Rs 4,312 crore during 2004-05 to 2013-14 to Rs 88,319 crore between 2014-15 and 2023-24. This substantial growth is attributed to government policy reforms, 'Ease of Doing Business' initiatives, and comprehensive digital solutions for promoting defence exports. It underscores the global acceptance and demand for Indian defence products and technologies.

Reference: pib.gov.in

5. SWOT Analysis of DCX Systems Limited

Strengths

Diverse Product Portfolio: DCX offers various products, including cable assemblies, wire harnesses, electronic subassemblies, Printed Circuit Board assemblies (PCBA) and high-end system integration. This allows the company to cater to various sectors such as aerospace, defence, automotive, and telecommunications, providing a robust and diversified revenue stream.

Strong Customer Base: The company has a solid customer base, including major defence and aerospace players like Lockheed Martin and IAI. This ensures steady revenue and

enhances the company's reputation and market position.

Advanced Manufacturing Capabilities: DCX has invested in state-of-the-art manufacturing facilities, including a 30,000 sq. ft. unit in Aerospace SEZ, Bengaluru and a 40,000 sq. ft. facility for EMS through its wholly owned subsidiary, Raneal Advanced Systems. These facilities enable the company to produce high-quality products that meet stringent industry standards.

Backward Integration: The company's backward integration into EMS (Electronic Manufacturing Services) through Raneal Advanced Systems allows for better cost control, optimal working capital utilisation, and enhanced supply chain management.

Global Reach: DCX's operations and customers span Israel, the US, Korea, and India. Geographic diversification reduces dependency on any single market and mitigates regional risks.

Weaknesses

High Operational Costs: Maintaining advanced manufacturing facilities and ensuring high-quality standards result in substantial operational costs. This can impact profit margins, especially during periods of fluctuating demand.

Supply Chain Dependencies: DCX relies on a diverse global procurement network. While this can provide cost efficiencies, it also exposes the company to risks related to supply chain disruptions, which can affect production schedules and delivery timelines.

Inventory Management: Efficient inventory management is crucial due to the high value and technical specifications of components used in DCX's products. Any inefficiencies or inaccuracies in inventory could lead to increased costs and delays.

Intense Competition: The market for cable assemblies and electronic sub-assemblies is highly competitive, with numerous players vying for market share. This intense competition can lead to price wars and reduced profit margins.

Opportunities

Expansion into Emerging Markets: Growing economies, particularly in Asia, present significant opportunities for DCX to expand its market presence and increase sales, especially in sectors such as defence and aerospace.

Technological Advancements: Continuous technological advancements provide opportunities for DCX to enter into Joint Ventures and develop new products through Transfer of Technology that can meet evolving customer needs. Focus areas include obstacle detection solutions for railways and advanced PCBA manufacturing.

Increased Defence Spending: As many countries increase their defence budgets, there is a growing demand for high-quality defence products. DCX can capitalise on this trend by leveraging its strong capabilities in system integration and cable and wire harness assemblies.

Strategic Partnerships and Collaborations: Strategic alliances with other companies can open new business opportunities, enhance product offerings, and expand market reach. The JV with ELTA Systems for obstacle detection solutions in railways is a prime example.

Government Initiatives: Various government initiatives, such as 'Make in India', the Positive Indigenization List, and the Defence Acquisition Policy 2020, provide a conducive environment for DCX to increase its domestic manufacturing and reduce import dependencies.

Threats:

Economic Uncertainty: Global economic fluctuations and uncertainties can impact the budgets of key sectors such as aerospace and defence, affecting demand for DCX's products. Economic downturns could also result in reduced government spending on defence.

Regulatory Changes: Changes in industry regulations and standards can pose challenges for DCX, requiring continuous adaptation and compliance efforts. Non-compliance can result in fines, sanctions, and loss of business.

Supply Chain Disruptions: Disruptions in the supply chain, whether due to geopolitical issues, natural disasters, or other factors, can affect the company's ability to deliver products on time and maintain quality standards. This can lead to customer dissatisfaction and financial losses.

Cybersecurity Threats: DCX, a company involved in high-tech manufacturing for defence and aerospace, is a potential target for cyberattacks. Ensuring robust cybersecurity measures is essential to protecting sensitive data and maintaining operational integrity.

Technological Disruptions: Rapid technological advancements can lead to disruptions in the industry, rendering existing products and technologies obsolete. This threat is compounded by the fast-paced nature of innovation in the aerospace and defence sectors, where technological superiority is a critical factor.

6. Key Drivers of the Business

Indigenous Industry Drivers

The 'Atma Nirbhar Bharat' initiative is a significant driver for the indigenous industry. It focuses on several key areas, including the Positive Indigenization List, which promotes domestic manufacturing and reduces import dependency, and Budget Allocation, which increases financial support for defence and related sectors. Additionally, the Corporatization of Ordnance Factory Board (OFBs) aims to enhance efficiency and competitiveness, while liberalised Foreign Direct Investment (FDI) policies attract global players. The Indian Offset policy encourages self-reliance through strategic measures.

The industry also benefits from tailwinds such as the application of EMS products in civilian sectors like medical devices and the transfer of technology to develop new products.

Growing Defence Landscape and Key Opportunities

The global and Indian defence sectors present substantial opportunities driven by ongoing political tensions, modernisation efforts, and evolving technology trends. The global defence spending forecast from CY22 to CY27 shows a steady increase:

Year	CY22	CY23	CY24	CY25	CY26	CY27
Amount (USD billion)	2181	2290	2427	2524	2600	2652

This growth is driven by factors such as ongoing political tensions and geopolitical uncertainty, great power struggles and competition amongst nations, the modernisation of armed forces, and changing technology trends alongside new policy changes.

Market Growth

The Global Defence Electronics Market is also experiencing significant growth. The market is expected to grow from USD 142 billion in CY22 to USD 237 billion in CY30, with a CAGR of 6.61%.

Year	CY22	CY30
Amount (USD billion)	142	237
CAGR		6.61%

The Indian Defence Electronics Market is forecasted to grow from USD 2577 million in CY22 to USD 7204 million in CY30, with a CAGR of 13.71%.

Year	CY22	CY30
Amount (USD million)	2577	7204
CAGR		13.71%

Indian Defence Exports have also shown significant growth, increasing from USD 200 million in FY17 to USD 1629 million in FY22, with a CAGR of 13.71%.

Year	FY17	FY21	FY22
Amount (USD million)	200	1110	1629
CAGR			13.71%

These figures and initiatives underscore the significant potential for growth and investment in the defence electronics sector, driven by favourable government policies, increasing defence spending, and technological advancements.

Opportunities for DCX

DCX is well-positioned to capitalise on the industry tailwinds and numerous government initiatives. The growth projections for various industry segments show the high India market potential for DCX.

Cable & Wire Harness Industry Size

Year	2022	2029
Amount (USD million)	541.2	1477.3
CAGR	15.4%	

EMS Industry Size

Year	2019	2025
Amount (USD million)	400.0	4510.0
CAGR	49.7%	

MRO Industry Size

Year	2022	2031
Amount (USD million)	77.0	165.0
CAGR	8.8%	

DCX Systems Limited is the only Indian company capable of offering a complete range of products, including EMS (PCBA), System Integration, Cable and wire Harness Assembly, Electro-Mechanical Assembly, and MRO services.

Numerous government initiatives such as the Positive Indigenisation List, Defence Acquisition Policy 2020, Corporatization of Ordnance Factory Board (OFBs), and Indian Offset – Self Reliant further support the growth and opportunities for DCX in the industry.

7. Review of Performance

Key Developments During the Year

Significant Purchase Orders Secured DCX Systems has made substantial progress in securing high-value contracts. Notably, the company received a purchase order from M/s Lockheed Martin Corporation, USA, amounting to US\$1.99 million (equivalent to Rs. 16.53 crore). Recently, DCX systems also received one of the biggest orders valued at Rs. 1250 crores from Larsen and Toubro Limited. This order highlights DCX Systems' growing reputation and capability to meet the demands of major global defence contractors.

Expansion of Export Orders The company further strengthened its international presence by receiving a significant purchase order for export from overseas customers. This order is valued at approximately US\$ 55.13 million (equivalent to Rs. 457.58 crore). This achievement underscores DCX Systems' commitment to expanding its market reach and enhancing its global footprint.

Successful Fundraising In January 2024, DCX Systems raised Rs. 500 crores through a Qualified Institutional Placement (QIP). The fundraising involved participation from institutional investors such as Mutual Funds (MF), Foreign Institutional Investors (FII), and Insurance Companies (IC). The capital raised will be strategically invested in the company's NIART Systems Limited subsidiary, joint ventures, and other subsidiaries covering defence and aerospace industry. This influx of capital will support DCX Systems' growth initiatives and further enhance its operational capabilities.

Strategic Focus on Supply Chain and Cost Efficiency

DCX Systems is committed to improving its operational efficiency and profitability. The company plans to enhance its supply chain efficiency and cost efficiency, aiming for better profit margins. A key part of this strategy is to focus on new verticals like the 'Make in India' initiative, Joint Ventures (JVs), and Transfer of Technology (ToT) projects. These efforts are expected to drive sustainable growth and solidify DCX Systems' position as a leader in the industry.

Review of Financial Performance

The company demonstrated a robust financial performance in FY24, characterised by significant revenue growth and strategic cost management. The company's proactive approach to securing high-value contracts, optimising expenditures, and successfully raising capital through a Qualified Institutional Placement (QIP) has positioned it for sustained growth and enhanced profitability. This financial overview provides a comprehensive comparison of key metrics between FY23 and FY24, highlighting the areas of progress and identifying opportunities for future improvement.

Financial Performance Analysis

Revenue from Operations

- **FY24:** Rs. 1423.40 crore
- **FY23:** Rs. 1253.63 crore
- **Growth:** 13.54%

During the year under review, Company has executed orders in the new products, thereby enhancing the product mix that the Company offers in the market. With this new products Company was able to achieve substantial growth.

Raw Material Expenses

- **FY24:** Rs. 1328.92 crore
- **FY23:** Rs. 1119.22 crore
- **Growth:** 18.74%

As the Company relies on various sources for supply of its raw materials, it is open to the challenges posed by global supply chain issues and demand and supply situations, During the year under review, though the cost of such raw-materials remained more or less same, the fluctuations in their prices and the cost of raw materials for new products has affected the Company, to a small extent.

Employee Cost

- **FY24:** Rs. 12.06 crore
- **FY23:** Rs. 10.50 crore
- **Growth:** 14.86%

The Company which is in its growth phase, has adopted and created a very competent and efficient workforce for its operations. The number of employees has gone up from 95 to 114 for the period under review and this coupled with annual increase as resulted in the above increase in employee cost.

Other Operating Expenses (Incl. FX Gain/Loss)

- **FY24:** Rs. 12.34 crore
- **FY23:** Rs. 40.00 crore
- **Growth:** -69.15%

The total other operating expenses during the year recorded at Rs. 12.34 Crores, was much lower than the amount recorded for FY23 at Rs. 40 Crores. Amount spent during the FY23 included the forex loss compared to nil losses for the year, thereby affecting the financial statements in a favourable manner.

Total Expenditure (Incl. FX Gain/ Net Loss)

- **FY24:** Rs. 1384.20 crore
- **FY23:** Rs. 1197.06 crore
- **Growth:** 15.63%

The increase in Total expenditure is in usual course of business. The higher raw material cost and the Employee cost has been off-set by the lower forex loss compared to last year, thereby recording a nominal increase in the total expenditure.

Other Income

- **FY24:** Rs. 46.21 crore
- **FY23:** Rs. 29.54 crore
- **Growth:** 56.43%

As stated elsewhere, the Company has made a QIP during Jan 2024; and the proceeds of this QIP has been placed with banks as term deposits till the deployment of funds as per objects of the issue is completed. This has resulted in higher earning of interest for the period under review.

Depreciation

- **FY24:** Rs. 2.48 crore
- **FY23:** Rs. 1.82 crore
- **Growth:** 36.26%

The Company is in a growth phase, which warrants for investment in plant and machinery and other equipment. The company has thus been adding these assets over a period of time and this has lead to increase in depreciation for the period.

EBIT

- **FY24:** Rs. 113.79 crore
- **FY23:** Rs. 111.63 crore
- **Growth:** 1.93%

EBIT in absolute terms has shown a very small improvement owing to higher revenue achieved during the year, coupled with lower expenditure in terms of forex losses.

EBIT Margin

- **FY24:** 7.99%

- **FY23:** 8.90%
- **Growth:** -91 basis points

Despite the higher revenue and other income, the Company had challenges in total expenditure toward raw material cost and employee cost during the year. This has resulted in adversely affecting the EBIT margin by 91 basis points.

Interest

- **FY24:** Rs. 28.39 crore
- **FY23:** Rs. 25.53 crore
- **Growth:** 11.20%

The Company's financial cost has gone up by about 11% during the period under review, owing to the fact that the interest subvention which the Company was enjoying till middle of the period under review has been withdrawn, as the threshold limit for such scheme has been surpassed by the Company. Owing to this withdrawal, the finance cost of the company has gone up marginally for the period under review.

Profit Before Tax

- **FY24:** Rs. 85.40 crore
- **FY23:** Rs. 86.10 crore
- **Growth:** -0.81%

The Profit Before Tax for the year stood at Rs. 85.40Cr, which is almost same as the last year.

Tax

- **FY24:** Rs. 17.30 crore
- **FY23:** Rs. 14.09 crore
- **Growth:** 22.78%

Owing to product mix and the customer mix, there has been an adverse impact on Tax outgo for the year at Rs. 14.09 crore, compared to Rs. 17.30 crore earlier.

Profit After Tax

- **FY24:** Rs. 68.10 crore
- **FY23:** Rs. 72.01 crore
- **Growth:** -5.43%

Profit after Tax at Rs. 68.10 crore is slightly lower compared to Rs. 72.01 crore achieved during FY23.

PAT Margin

- **FY24:** 4.78%
- **FY23:** 5.74%
- **Growth:** -96 basis points

Basic EPS

- **FY24:** 6.83*
- **FY23:** 8.47
- **Growth:** -19.36%

Significant Changes in Ratios, if any

The following are the two important ratio's that have shown significant improvement as shown below:

	FY 22	FY23	FY24
Current Assets ratio:	1.17	1.83	2.57
Debt Equity ratio:	4.27	0.89	0.24

As can be seen from the above table, there has been significant improvements in both the ratios.

8. Human Resources for FY24

Our employees are pivotal to our business success, and we prioritize attracting and retaining top talent. We seek specific skill sets, interests, and backgrounds that align with our business needs.

Our workforce comprises a balanced mix of seasoned professionals and fresh talent, providing us with both stability and growth potential. This blend of skilled, semi-skilled, and unskilled resources, along with a robust management team, has been instrumental in executing our growth strategies. Additionally, we offer comprehensive training programs that include behavioural, technical, and on-the-job training for our employees.

Human Resources and Industrial Relations

At DCX Systems our human resources strategy is centred around fostering a culture of continuous learning, innovation, and inclusivity. We believe that our employees are our greatest asset, and we are committed to attracting, retaining, and developing a diverse and talented workforce. In FY24, we focused on enhancing employee engagement through various initiatives, including comprehensive training programs, leadership development workshops, and robust performance management systems. We have also strongly emphasised employee well-being, offering a range of health and wellness programs. As of 31 March 2024, the company has 114 employees. Our industrial relations have remained stable, underpinned by proactive communication and collaboration with labor unions and employee representatives, ensuring a harmonious workplace environment. We continue to uphold the highest labour practice standards, aligned with national regulations and international best practices.

9. Internal Control Systems

DCX Systems Ltd. has established a robust internal control system designed to ensure the accuracy and reliability of financial reporting, compliance with applicable laws and regulations, and the efficient operation of its business activities. Our internal control framework includes well-defined policies and procedures, regular audits, and reviews by both internal and external auditors to assess the effectiveness of these controls. The audit committee periodically reviews the internal audit reports and ensures that corrective actions are taken promptly to address any deficiencies. We believe our internal control system is adequate, providing reasonable assurance regarding the safeguarding of assets and the integrity of our financial statements.

10. Return on Networth

The Company's Return on Networth stood at 6.09% as on March 31, 2024 vis-a-vis 12.70% as on March 31, 2023.

11. Risk & Risk Mitigation

Risk	Risk Definition	Risk Probability	Risk Impact	Risk Mitigation
Business Dynamics	Variance in the demand and supply of the product in various areas.	Medium	High	Predict demand based on experience and adjust supply accordingly.
Business Operations	Risks related to organisation and management include planning, monitoring, and reporting systems in day-to-day management.	High	High	We have a defined organisational structure, clear information flow, backup positions, sufficient raw material stock, cost reduction steps, captive power, and strong HR relations.
Liquidity Risks	Financial solvency and liquidity risks, borrowing limits, and cash management risks.	Medium	Medium	Proper financial planning, annual and quarterly budgets, variance analyses, daily and monthly cash flows, support for foreign exchange transactions with LCs and bank guarantees, and suitable hedging.
Credit Risks	Risks in settlement of dues by clients, provision for bad and doubtful debts.	Medium	Medium	Creditworthiness assessment systems, provision for bad debts, recovery management, and follow-up processes for government outstanding.
Logistic Risks	Use of outside transport services.	Medium	Medium	Committed service providers, in-house logistics, optimised operations through multiple transportation modes, and transit risk insurance.
Market/ Industry Risks	Demand and supply risks, quantities, qualities, suppliers, lead time, interest rate risks, raw material rates, supply interruptions.	High	High	Procurement from different sources, alternative sources for uninterrupted supply, experience-based planning, inventory control, and new vendor ties.
Human Resource Risks	Employee turnover risks, replacement risks, training risks, skill risks, and availability of manpower.	Medium	Medium	Proper recruitment policy, appraisal system, regular training, and employee welfare activities.
Disaster Risks	Natural risks like fire, floods, earthquakes.	Low	High	Property insurance, fire hydrants, extinguishers, safety drills, first aid training, ESI/EPF coverage, professional risk assessments, and automated defibrillators.
System Risks	System capability, reliability, data integrity, coordinating and interfacing risks.	Medium	High	Continuous system monitoring and upgrades, password protection, licensed software, and data security access control.
Legal Risks	Contract risks, contractual liability, frauds, judicial risks, insurance risks, patent/design/ copyright infringement risks.	Medium	High	Engage professionals/advisors, compliance management system, quarterly compliance reports, and secretarial audit reports.

ANNEXURE-2

FORM AOC-1

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(₹ in Mn)

S. No.	Particulars	Details
1.	Name of the Subsidiary	Raneal Advanced Systems Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
4.	Share Capital	128.50
5.	Reserves & Surplus	73.46
6.	Total Assets	1,133.74
7.	Total Liabilities	1,133.74
8.	Investments	NIL
9.	Turnover	2,368.56
10.	Profit before taxation	92.06
11.	Provision for taxation	15.22
12.	Profit after taxation	76.84
13.	Proposed Dividend	NIL
14.	% of Shareholding	100%

S. No.	Particulars	Details
1.	Name of the Subsidiary	NIART Systems Ltd, Israel
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	15.10.2023 to 31.12.2023
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NIS
4.	Share Capital	-
5.	Reserves & Surplus	-
6.	Total Assets	-
7.	Total Liabilities	-
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	-
11.	Provision for taxation	-
12.	Profit after taxation	-
13.	Proposed Dividend	NIL
14.	% of Shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – NIART Systems Ltd (Israel)
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S. No.	Particulars	Details
1.	Name of Associates/Joint Ventures	NIL
2.	Latest audited Balance Sheet Date	
3.	Shares of Associate/Joint Ventures held by the Company on the year end: <ul style="list-style-type: none">No. of SharesAmount of Investment in Associates/Joint VentureExtent of Holding %	
4.	Description of how there is significant influence	
5.	Reason why the associate/joint venture is not consolidated	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	
7.	Profit/Loss for the year <ul style="list-style-type: none">Considered in ConsolidationNot Considered in Consolidation	
1.	Names of associates or joint ventures which are yet to commence operations. -NIL	
2.	Names of associates or joint ventures which have been liquidated or sold during the year. -NIL	

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 22.08.2024

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Additional Executive Director
DIN: 00427317

ANNEXURE-3

DETAILS OF REMUNERATION OF DIRECTORS, KMP's AND EMPLOYEES AND COMPARATIVES

(Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014) as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

a) Ratio of remuneration of each director to the median remuneration of the employees and percentage increase in remuneration:

Sl. No.	Name of the Director	Designation	Ratio of remuneration to Median Remuneration	% of increase/ Decrease in Remuneration Y-O-Y
1.	Dr. H S Raghavendra Rao	Chairman and Managing Director	65.67	No Change
2.	*Sankarakrishnan Ramalingam	Non-Executive Director	0.00	N.A.
3.	* Ranga K S	Whole-Time Director	15.32	N.A.#
3.	Neal Jeremy Castleman	Non-Executive Director	0.00	N.A.
4.	Kalyanasundaram Chandrasekaran	Non-Executive Independent Director	N.A.##	N.A.
5.	Panchangam Nagashayana	Non-Executive Independent Director	N.A.##	N.A.
6.	Lathika Siddharth Pai	Non-Executive Independent Director	N.A.##	N.A.

These Directors held their respective offices only for part of the year and hence the percentage of increase of remuneration in these cases is not comparable with that of the previous year.

The Non- Executive Independent Directors were paid remuneration by way of sitting fees for attending the Board/Committee Meetings.

* During the year, Mr. Sankarakrishnan Ramalingam and Mr. Ranga K S resigned from the directorship of the Company w.e.f., 31.08.2023 and 31.03.2024 respectively.

The remuneration to the Executive Director and Key Managerial Personnel does not include provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

Sl. No.	Name of the KMP	Designation	Ratio of remuneration to Median Remuneration	% of increase/ Decrease in Remuneration Y-O-Y
1.	G.S Manjunath	Sr. Manager-HR & Admin	5.40	13.94%
2.	Prasanna Kumar T S	Sr. DGM- Finance & Accounts	10.02	15.71%
3.	Rajanikanth K N	Sr. Manager-Logistics	4.75	13.30%
5.	Anand S	Sr. DGM-Supply Chain Management	8.62	16.67%
6.	Shiva Kumara R	Vice-President	13.41	16.67%
7.	Pramod. B	Sr. DGM-Operations	8.62	16.67%
8.	Atul D Mutthe	Manager-Quality	4.21	10.74%
9.	*Nagaraj R Dhavaskar	Company Secretary and Compliance Officer	2.61	N.A.#
10.	*Ranga K S	Whole Time-Director and Chief Financial Officer	15.32	N.A.#
11.	*Gurumurthy Ganapati Hegde	Company Secretary and Compliance Officer	4.51	N.A.#

#These KMP's held their respective offices only for part of the year or part of the previous year and hence the percentage of increase/decrease of remuneration in these cases is not comparable.

During the year under review, Mr. Nagaraj Radhakrishna Dhavaskar resigned as Company Secretary and Compliance Officer of the Company w.e.f 31.01.2024.

During the year under review, Mr. Gurumurthy Ganapati Hegde was appointed as Company Secretary and Compliance Officer of the Company w.e.f., 08.02.2024.

During the year under review, Mr. Ranga K S resigned from the position of Whole Time Director and Chief Financial Officer (CFO) w.e.f. 31.03.2024.

1. Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹ 0.360 Mn, as at March 31, 2023 to ₹ 0.365 Mn as at March 31, 2024, representing an increase of 1.35%.
2. Number of permanent employees on the rolls of the Company	There were 114 permanent employees on the rolls of company as on March 31, 2024.
3. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase in employee remuneration other than managerial personnel was 1.75%. The percentile increase in managerial remuneration was 0%. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company pay incremental remuneration to middle and senior management to enhance shareholder values.
4. The key parameters for any variable component of remuneration availed by the directors;	Not Applicable
5. The Company affirms remuneration is as per the Remuneration Policy of the Company.	
6. The median remuneration of employees during the financial year 2023-24 was ₹ 0.365 Mn	

b) Remuneration of top ten employees:

Name of Employee	Designation	Remuneration Received (₹ in Mn)	Qualification	Experience (years)	Date of Commencement of employment	Age (years)	Last Employment	% of Equity share capital in Company
Dr. H S Raghavendra Rao	Chairman & Managing Director	22.89	Honorary Doctorate in business management	33	16.01.2012	55	Served as a Director in multiple companies	5.04
Ranga K S	Whole-Time Director/CFO	5.85	Chartered Accountant	26	23.12.2021	56	Microplastics Pvt Ltd	0.07
Shiva Kumara R	Vice President	5.13	Bachelor of Engineering	23	01.10.2021	42	Served as a Director in Raneal Technologies Pvt Ltd	0.11
Prasanna Kumar T S	Sr. DGM Finance & Accounts	3.48	Chartered Accountant	21	23.04.2012	43	Udupa Poojari & Sadashiva Chartered Accountants	0.07
Anand S	Sr. DGM-SCM	3.29	Diploma	17	02.08.2021	39	Served as a Director in VNG Technology Pvt Ltd	0.04
Pramod B	Sr. DGM-Operations	3.29	Bachelor of Engineering	18	01.10.2021	44	Served as a Director in Raneal Technologies Pvt Ltd	0.04

Name of Employee	Designation	Remuneration Received (₹ in Mn)	Qualification	Experience (years)	Date of Commencement of employment	Age (years)	Last Employment	% of Equity share capital in Company
Jagadeesh N	Sr. Manager-Accounts	2.92	Master of Commerce	15	02.05.2022	37	Financial Consultant	0.00
Ravichandra S G	Sr. Manager-Production	2.03	Bachelor of Engineering	17	Bachelor of Engineering	38	Varsity Instruments Pvt Ltd	0.01
G S Manjunath	Sr. Manager – HR & Admin	1.87	Master of Business Administration	30	01.02.2012	52	Le Meridian	0.07

None of the top ten employees in terms of remuneration, are relative, as per the provisions of 2(77) of the Companies Act, 2013, of any of the Directors of the Company.

c) Employees drawing more than ₹ 1.2 Crores to be recorded:

Name of Employee	Designation	Remuneration Received (₹ in Mn)	Qualification	Experience (years)	Date of Commencement of employment	Age (years)	Last Employment
Dr. H S Raghavendra Rao	Chairman & Managing Director	22.89	Honorary doctorate in business management	33	16.01.2012	55	Served as a Director in multiple companies

For and on behalf of the Board of Directors

Sd/-
Dr. H S Raghavendra Rao
 Chairman & Managing Director
 DIN: 00379249

Sd/-
Diwakaraiah N J
 Additional Executive Director
 DIN: 00427317

Place: Bengaluru
 Date: 22.08.2024

ANNEXURE-4

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,

DCX Systems Limited

CIN: L31908KA2011PLC061686

Reg. Off. Add: Aerospace SEZ Sector, Plot Nos.29,30 and107,
Hitech Defence and Aerospacepark, Kavadasanahalli,
Bengaluru rural 562110 Karnataka India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DCX SYSTEMS LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31.03.2024, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(External Commercial Borrowings is not applicable to the Company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable to the Company during the Audit Period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (vi) The management has identified and confirmed the following laws as specifically applicable to the Company:
 - (a) Industries (Development and Regulation) Act, 1951.
 - (b) Registration and Licensing of Industrial Undertakings Rules, 1952 and Registration and Licensing of Industrial Undertaking (Amendment) Rules, 2019.
 - (c) The Special Economic Zones Act, 2005 and the rules made thereunder.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India;

- (b) The Listing agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory auditors, tax auditors, and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and consent to shorter notice have been taken wherever required and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines including general laws like labour laws, environmental laws.

I further report that during the audit period the company have following events / actions have taken place and same is mentioned as below;

1. During the year under review, Mr. Sankarakrishnan Ramalingam (DIN 00078459), had tendered his resignation as Non-Executive and Non- Independent Director of the Company with effect from August 31, 2023 and Mr. Krishnabagawan Srinivasa Ranga (DIN: 02386255) was appointed as Whole Time Director of the Company and Key Managerial Personnel under the Companies Act, 2013 with effect from September 01, 2023.

2. During the year under review, the Company obtained the approval for continuation of Directorship of Mr. Neal Jeremy Castleman (DIN: 05159412) as Non-Executive, Non-Independent Director of the Company after attaining the age of 75 years, in the Annual General Meeting held on September 25, 2023, by passing the Special Resolution Pursuant to regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
3. During the year under review, the Company has incorporated the wholly owned subsidiary ("WOS") in the name and style of "**NIART Systems Limited**" in Israel has been incorporated on October 15, 2023, as approved by Registrar of Companies, Israel.
4. During the year under review, the Company has Conducted the Extra-Ordinary General Meeting of the Company for the approval of raising the funds in one or more tranches, by issuance of equity shares and/ or other eligible securities on December 14, 2023 and further on January 19, 2024 the Company has issued and allotted 1,46,62,756 equity shares of face value of INR 2/- at a premium of INR 339/- aggregating INR 499,99,99,796 and the Company has obtained the listing approval from the exchanges.
5. During the year under review, CS. Nagaraj R Dhavaskar has tendered his resignation from the post of Company Secretary, Legal and Compliance Officer of the Company (Key Managerial Personnel) with effect from the closure of the business hours on 31-01-2024 and CS Gurumurthy Hegde has been appointed as the Company Secretary, Legal and Compliance Officer of the Company with effect from Thursday, 08th February 2024.
6. During the year under review, Mr. Krishnabagawan Srinivasa Ranga has tendered his resignation from the post of Chief Financial Officer and Whole-Time Director of the Company (Key Managerial Personnel) with effect from 31-03-2024.

Sd/-

Signature

Pramod S.

Practicing Company Secretary

ACS: 36020; CP No.: 13335

Peer Reviewed Unit: 1491/2021

ICSI UDIN: A036020F000864408

Place : Bengaluru

Date : 31.07.2024

Note: This report is to be read with "Annexure A" which forms an integral part of this report.

Annexure A

To,
The Members,
DCX Systems Limited
CIN: L31908KA2011PLC061686
Reg. Off. Add: Aerospace SEZ Sector, Plot Nos.29,30 and107,
Hitech Defence and Aerospacepark, Kavadasanahalli,
Bengaluru rural 562110 Karnataka India.

My Secretarial Audit Report of even date, for the Financial Year 2023-24 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

1. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the company with respect to secretarial compliance based on my audit.
2. I believe that audit evidence and information obtained from the company's management is adequate and appropriate for me to provide a basis for my opinion.
3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I have followed provide a reasonable basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

1. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
2. I have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.

Sd/-

Signature

Pramod S.

Practicing Company Secretary

ACS: 36020; CP No.: 13335

Peer Reviewed Unit: 1491/2021

ICSI UDIN: A036020F000864408

ANNEXURE-5

FORM NO. AOC- 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Not Applicable
c)	Duration of the contracts/arrangements/transaction	Not Applicable
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
e)	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
f)	Date of approval by the Board	Not Applicable
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

2. Details of contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	RNSE-Tronics Pvt. Ltd. (a private company in which a director or his relative is a member or director)
b)	Nature of contracts/arrangements/transaction	i. Purchase of Raw materials, goods and ii. Availing or Rendering of Services
c)	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	₹1,966.02 Mn and the transaction is of ordinary course of business at arm's length basis
e)	Date of approval by the Board, if any	13.10.2022
f)	Amount paid as advances, if any	NIL

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	DCX Chol Enterprises Inc (Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager)
b)	Nature of contracts/arrangements/transaction	i. Sale of finished goods and ii. Availing or Rendering of Services
c)	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	₹0.41 Mn and the transaction is of ordinary course of business at arm's length basis
e)	Date of approval by the Board, if any	13.10.2022
f)	Amount paid as advances, if any	NIL

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Raneal Advanced Systems Pvt. Ltd. (Wholly Owned Subsidiary)
b)	Nature of contracts/arrangements/transaction	i. Purchase of Raw Materials/Capital goods ii. Leasing of property of any kind;
c)	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	₹2,367.4 Mn and the transaction is of ordinary course of business at arm's length basis
e)	Date of approval by the Audit Committee, if any	10.05.2023
f)	Amount paid as advances, if any	NIL

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mr. Harsha H.M. (Director of a Promoter group company)
b)	Nature of contracts/arrangements/transaction	i. Availing or rendering of any services.
c)	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	₹2.48 Mn and the transaction is of ordinary course of business at arm's length basis
e)	Date of approval by the Board, if any	13.10.2022 and 08.02.2024
f)	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 22.08.2024

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Additional Executive Director
DIN: 00427317

ANNEXURE-6

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Pursuant to Section 134 (3)(m) of Companies Act, 2013 & Rule 8 (2) of The Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY:

i. **the steps taken or impact on conservation of energy;**

The operation of the Company is not energy intensive. However, the Company facilities are built environmental friendly, and the processes are designed for efficiency in usage of resources, energy conservation and to ensure that no waste is transmitted into the environment.

The Company has installed an LED based lighting system across the facilities for conservation of energy. The Company is in the process of making GAAP analysis for implementing IS 14000 with respect to environmental health and safety.

ii. **the steps taken by the Company for utilizing alternate sources of energy;** NIL

iii. **the capital investment on energy conservation equipment;** NIL

B. RESEARCH & DEVELOPMENT (R&D) – NIL

C. TECHNOLOGY ABSORPTION:

i. **the efforts made towards technology absorption;**

The Company has provided regular training program for employees for skill upgradation and onsite job training to employees for selected special programs and conducting various internal training to promote and implement the best practices being followed in our industry with respect to manufacturing processes, thus improving the quality and productivity.

ii. **The benefits derived like product improvement, cost reduction, product development or import substitution;** Not Applicable

iii. **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year);** Not Applicable

a) the details of technology imported;

b) the year of import;

c) whether the technology been fully absorbed;

d) if not fully absorbed, areas where absorption has not taken place, and reasons thereof; and

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹in Mn)

Particulars	2023-24	2022-23
Total Foreign Exchange earnings	14,097.04	8,062.12
Total Foreign Exchange outgo	5,811.57	8,767.82

For and on behalf of the Board of Directors

Sd/-
Dr. H S Raghavendra Rao
 Chairman & Managing Director
 DIN: 00379249

Sd/-
Diwakaraiah N J
 Additional Executive Director
 DIN: 00427317

Place: Bengaluru
 Date: 22.08.2024

ANNEXURE-7

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline on the Company's CSR Policy:

Company's vision is to actively be assisting in the improvement of the quality of life of the people in the communities, giving preference to local areas around our business operations and thus taking Corporate Social Responsibility (CSR) as a strategic social investment, aiming to align and integrate our resource with society's developmental needs towards creating a better tomorrow.

The CSR activities of the Company are guided by CSR policy, which includes activities mention in Schedule VII of the Companies Act, 2013 with great focus on health, education and employability of those from socially and economically backward groups, the under privileged and marginalized, and the society at large through education, awareness and training.

2. The Composition of the CSR Committee:

The Corporate Social Responsibility Committee comprised of the following directors as its members as on 31st March 2024:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Lathika Siddharth Pai	Chairperson and Member	1	1
2.	Mr. Panchangam Nagashayana	Member	1	1
3.	Dr. H. S. Raghavendra Rao	Member	1	1

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

<https://dcxindia.com/>

4. Provide the Executive summary along with web-link of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:

Not Applicable

5. (a) Average net profit of the Company as per section 135(5): ₹671.86 Mn
(b) Two percent of average net profit of the Company as per section 135(5): ₹13.44 Mn
(c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
(d) Amount required to be set off for the financial year, if any: ₹0.29 Mn
(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹13.15 Mn
6. (a) Amount Spent on CSR Projects (both ongoing projects and other than ongoing projects): ₹13.20 Mn
(b) Amount Spent on Administrative Overheads: Nil
(c) Amount Spent on Impact assessment, if applicable: Nil
(d) Total amount spent for the financial year[(a)+(b)+(c)]= ₹13.20 Mn

(e) CSR amount spent or unspent for the financial year:

(Amount Unspent)					
Total Amount Spent for the Financial Year	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
₹ 13.20 Mn	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	Not Applicable	Not Applicable	Not Applicable	Nil	Not Applicable

(f) Excess amount for set off, if any: ₹ 0.05 Mn

Sl. No.	Particular	Amount (in ₹Mn)
(i)	Two percent of average net profit of the company as per section 135(5)	13.44
(ii)	Total CSR Obligation for the financial year	13.15
(iii)	Total amount spent for the Financial Year	13.20
(iv)	Excess amount spent for the financial year [(ii)-(i)]	0.05
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(vi)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.05

7. Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount (In ₹ Mn)	Date of Transfer		
1	FY 2020-21	--	--	-	0.99	30.08.2021	--	--
2	FY 2021-22	--	--	--	--	--	--	--
3	FY 2022-23	--	--	--	--	--	--	--

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired: _____

Furnish the details relating to such asset(s) so created or acquired through Corporate Social

Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not Applicable

For DCX Systems Limited

Place: Bengaluru
Date: 22.08.2024

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Lathika Siddharth Pai
Chairperson– CSR Committee
DIN: 00420102

ANNEXURE-8

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)



ABOUT US

DCX SYSTEMS LIMITED (HEREINAFTER REFERRED INTERCHANGEABLY AS 'THE COMPANY', 'DCX', 'WE', 'OUR') IS A PROMINENT AND PREFERRED INDIAN MANUFACTURING PARTNER FOR FOREIGN ORIGINAL EQUIPMENT MANUFACTURERS (OEMS) IN THE DEFENCE AND AEROSPACE SECTORS, ESPECIALLY FOR OFFSET AND NON-OFFSET PROGRAMS. THE COMPANY SPECIALIZES IN PROVIDING BUILT TO PRINT ELECTRONIC SYSTEMS, SUB-SYSTEMS, ELECTROMECHANICAL MODULES, SYSTEM INTEGRATION, PRINTED CIRCUIT BOARD ASSEMBLIES, KITTING AND WIRE HARNESS SOLUTIONS.

ONE OF DCX SYSTEMS' KEY STRENGTHS IS ITS STRONG INDUSTRY TRACK RECORD, WHICH HAS EARNED IT A REPUTATION FOR OPERATIONAL EFFICIENCY AND TIMELY DELIVERIES. THE COMPANY PRIORITIZES MAINTAINING THE HIGHEST STANDARDS OF PRODUCT SECURITY AND QUALITY CONTROL, CONTRIBUTING TO ENDURING PARTNERSHIPS WITH LEADING OEM CUSTOMERS. TO ENSURE TOP-NOTCH QUALITY AND EFFICIENCY, DCX SYSTEMS FOCUSES ON IMPLEMENTING ROBUST QUALITY MANAGEMENT SYSTEMS AND EFFECTIVE SUPPLY CHAIN MANAGEMENT STRATEGIES. THESE SYSTEM-DRIVEN APPROACHES HELP STREAMLINE OPERATIONS AND MAINTAIN EFFICIENCY, EVEN WHEN DEALING WITH LONG LEAD TIMES.

THE COMPANY'S COMMITMENT TO MAINTAINING CLEAR REVENUE VISIBILITY ALLOWS IT TO PLAN EFFECTIVELY FOR FUTURE PROJECTS AND SEIZE OPPORTUNITIES AS THEY ARISE, ENSURING A STRONG FINANCIAL POSITION AND THE ABILITY TO MEET THE DEMANDS OF ITS OEM CUSTOMERS EFFICIENTLY.

ADDITIONALLY, DCX SYSTEMS IS DISCLOSING ITS BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR) FOR THE SECOND TIME, MARKING THE TRANSITION FROM FY 22-23 TO FY 23-24. THIS DISCLOSURE UNDERSCORES THE COMPANY'S DEDICATION TO TRANSPARENCY AND ITS PROACTIVE APPROACH TO SUSTAINABILITY IN ITS OPERATIONS.

**DCX Shining Stars of Excellence:
Celebrating Outstanding Achievements and Recognition**



The Company was awarded as Excellence in Defence and Aerospace Award from Mid-Day Icons at Goa.



The Company was awarded as Most Admired Company of the year from ET Ascent at Mumbai



Awarded India's Innovative Entrepreneur of the Year Award for Excellence in Defence and Electronics export to Dr. H.S. Raghavendra Rao, Chairman & MD from International Achievers at Dubai



The Company was awarded as Business Leader of the Year Award to Dr. H.S. Raghavendra Rao, Chairman and Managing Director from ET Ascent at Mumbai



Asia One presents India's Greatest Leaders 2023 to Dr. H.S. Raghavendra Rao, at Dubai



Asia One presents India's Greatest Brands 2023 to DCX Systems Limited at Dubai

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity:

- Corporate Identity Number (CIN) of the Listed Entity** - L31908KA2011PLC061686
- Name of the Listed Entity** – DCX Systems Limited
- Year of incorporation** - 2011
- Registered office address** – Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural, 562110 KA, India
- Corporate address** - Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural, 562110 KA, India
- E-mail** – cs@dcxindia.com
- Telephone** - +91 80 – 6711 9555
- Website** - www.dcxindia.com
- Financial year for which reporting is being done** – 2023-24
- Name of the Stock Exchange(s) where shares are listed :**

Name of the Exchange	Stock Code
BSE Ltd.	543650
National Stock Exchange of India Ltd.	DCXINDIA

- Paid-up Capital** – ₹ 22,27,72,854.00
- Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report** –
Mr. Gurumurthy Hegde
Company Secretary, Legal and Compliance Officer
Tel - +91 80-6711 9555
E-mail - cs@dcxindia.com
- Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)**
The disclosures made under this report are made on a standalone basis for DCX Systems Limited.
- Name of assurance provider** – Not applicable for the reporting period as per SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dt. 12 July, 2023.
- Type of assurance obtained** – Not applicable for the reporting period as per SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dt. 12 July, 2023.

II. Products/services

- Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Manufacture of Defence and Aerospace related Products	100.00

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/ Service	NIC Code	% of Turnover contributed
1.	System Integration Assemblies	27320	*Kindly refer the note below
2.	Cable and Wire Harness	27900	
3.	Kitting	27320	

*We operate with a single business segment, and all the products and services mentioned fall within this segment. (There is no separate business segment and all the product above mentioned fall under same business segment. For internal data purpose we have bifurcated three product and services) None of the individual product or services of the Company contributes more than 90% of the total turnover.

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	0	1
International	0	0	0

Note: Corporate Office of DCX is situated within the premises of Bengaluru SEZ Unit which is a manufacturing unit and considered as one unit.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States & UTs)	1
International (No. of Countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

99.90% (Including deemed exports. The Company is located in Special Economic Zone (SEZ) and hence, any supply or services to another Special Economic Zone (SEZ) or Export Oriented Unit (EOU) within India will amount to deemed export)

c. A brief on types of customers:

The Company serves a diverse range of Original Equipment Manufacturers (OEMs) in both domestic and international markets, with a primary focus on the Defence and Aerospace sectors. The Company's client base includes organizations mainly located in Israel, India, Korea, and the United States of America. The Company plays a crucial role in meeting customer-specific requirements by offering value-added services through system integration, build-to-print, and cable and wire harness solutions. By catering to both national and international clients, the Company has established itself as a trusted partner in the Defence and Aerospace industry, leveraging its expertise, skilled workforce, quality products, and timely deliveries to support the critical needs of this sector.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	67	59	88.06	8	11.94
2.	Other than Permanent (E)	0	0	0.00	0	0.00
3.	Total employees (D + E)	67	59	88.06	8	11.94
WORKERS						
4.	Permanent (F)	47	45	95.74	2	4.26
5.	Other than Permanent (G)	23	21	91.30	2	8.70
6.	Total workers (F + G)	70	66	94.29	4	5.71

b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0.00	0	0.00
2.	Other than Permanent (E)	0	0	0.00	0	0.00
3.	Total differently abled employees (D + E)	0	0	0.00	0	0.00
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0.00	0	0.00
5.	Other than permanent (G)	0	0	0.00	0	0.00
6.	Total differently abled workers (F + G)	0	0	0.00	0	0.00

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	16.67
Key Management Personnel	9	0	0.00

22. Turnover rate for permanent employees and workers (in percent)

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.93	0.00	8.93	7.00	3.00	10.00	7.00	2.00	9.00
Permanent Workers	9.30	0.00	9.30	2.00	1.00	3.00	0.00	0.00	0.00

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Raneal Advanced Systems Private Limited	Subsidiary	100.00	No
2.	NIART Systems Limited	Subsidiary	100.00	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹) – 14,233.95 Million

(iii) Net worth (in ₹) - 11,189.07 Million

VII. Transparency and Disclosures Compliances

25. Complaints/Grievance on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No)	FY 2023-24			FY 2022-23		
	(If Yes, then provide web-link for grievance redress policy)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, For community grievances this link can be accessed: https://dcxindia.com/contact-us/						
Investors (other than shareholders)	Yes, For grievances from investors (other than shareholders) this link can be accessed: https://dcxindia.com/contact-us/						
Shareholders	Yes, For grievances from shareholders this link can be accessed: https://dcxindia.com/contact-us/ Further, the complaints can be raised at SEBI specified mechanism through: https://scores.sebi.gov.in/			No Complaints or grievances received from any of the mentioned stakeholders for both the reporting years			
Employees and workers	For Employees and Workers Grievances, the Company has an established Code of Business Conduct & Ethics and Employee's Handbook which is available on the Company's Intranet						
Customers	Yes, for grievances from customers this link can be accessed: https://dcxindia.com/contact-us/						
Value Chain Partners	Yes, for grievances from Value Chain Partners this link can be accessed: https://dcxindia.com/contact-us/						

26. Overview of the entity's material responsible business conduct issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications¹

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Energy Management	Risk	Energy is crucial for the Company in the aerospace and Defence manufacturing sector, with electricity being the primary expense, followed by purchased fuels. The specific energy sources, consumption levels, and management strategies vary based on the products manufactured. The energy mix, including on-site generation, grid electricity, and alternative energy, affects the cost and reliability of the energy supply. Consequently, this can influence the Company's cost structure and is an operational risk.	The Company recognizes the criticality of energy management in the aerospace and defence manufacturing sector, where electricity is the primary expense followed by purchased fuels. To address this, the Company is striving to manage its energy consumption effectively and reduce its environmental footprint. Efforts include planting trees, optimizing air conditioning usage, and exploring alternative energy sources to ensure a reliable and cost-effective energy supply. These initiatives are part of the Company's broader strategy to mitigate operational risks.	Negative * There was no negative financial impact in the reporting period of FY 23-24.
2.	Hazardous Waste Management	Risk	Manufacturing aerospace and Defence products can produce hazardous process waste, such as heavy metals and wastewater treatment sludge. Companies encounter regulatory and operational challenges in managing this waste, as certain types are regulated for transport, treatment, storage, and disposal.	Adopting effective waste management strategies with minimal environmental impact is the key to mitigate this risk. Waste treatment, disposal, recycling and / or recovery activities, while initially requiring investment or operating costs, can lower an entity's long-term cost structure and reduce the risk of remediation liabilities or regulatory penalties. At DCX, hazardous waste is carefully categorized and properly disposed of in accordance with both local and national regulations. This meticulous approach ensures that the handling, treatment, and disposal of hazardous materials meet all legal requirements and safety standards.	Negative * There was no negative financial impact in the reporting period of FY 23-24.
3.	Product Quality & Safety	Opportunity	Product Safety is critical for aerospace and Defence entities due to their significant role in aviation and military operations. The Company is a preferred Indian Offset Partner (IOP) for IAI Group, Israel, specializing in the Indian defense market and catering to foreign OEMs for classified products. The products are constructed according to the customers' design and specifications. Manufacturing and testing follow standard operating procedures using Automatic Testing Equipment (ATEs) supplied by the Original Equipment Manufacturers (OEMs), ensuring compliance with quality and safety standards.	Not Applicable	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Data Security	Risk	Given the aerospace and Defence industry's involvement in developing sensitive military and advanced aviation products, entities within this sector face a heightened risk of cyber-attacks. These attacks can target proprietary technologies, confidential military data, and critical infrastructure systems. Compromised information systems due to data security breaches can lead to significant costs, including financial losses, damage to reputation, legal liabilities, and loss of intellectual property. Moreover, such breaches can disrupt operations, jeopardize national security, and erode the trust of clients and government agencies.	The Company prioritizes data security due to its role in defence and aerospace manufacturing. To safeguard all aspects of data security, the Company has dedicated resources and established Standard Operating Procedures for information security, cyber-attacks, and data theft. Regular security audits and vulnerability assessments are conducted to identify and address potential weaknesses and associated risks. Implementing employee training programs on cybersecurity best practices is essential. Collaborating with cybersecurity experts and participating in information-sharing networks enhances threat intelligence. By taking these preventive measures, the Company aims to minimize the financial and reputational impacts of data breaches, ensuring system integrity, protecting client information, and maintaining customer trust.	Negative * There was no negative financial impact in the reporting period of FY 23-24.
5.	Materials Sourcing & Efficiency of supply chain	Risk	Aerospace and defence entities encounter supply chain risks related to the use of critical materials in their products. These materials, which have limited or no substitutes, are often sourced from deposits concentrated in a few countries, making them vulnerable to geopolitical uncertainties. Additionally, increasing global demand from various sectors heightens competition, resulting in price hikes and supply risks. To mitigate the financial impacts of supply disruptions and fluctuating input prices, entities in this industry can explore alternative options and actively secure their supply chains to reduce reliance on critical materials.	To mitigate the supply chain risks associated with critical material sourcing, the Company has implemented strategic measures. It engages with pre-approved and vetted suppliers in accordance with OEM requirements. This approach, combined with established supply chain management, ensures that the Company is protected from delays or damage to materials needed for manufacturing, because of the well-planned schedules for timely deliveries. Building strong supplier relationships and implementing robust supply chain management practices, such as monitoring and early warning systems, further enhance resilience.	Negative * There was no negative financial impact in the reporting period of FY 23-24.
6.	Business Ethics	Opportunity	Aerospace and defence entities operating in regions with robust business ethics laws may face regulatory scrutiny due to their operations and sales in areas with less stringent enforcement of such laws. Consequently, implementing strong governance practices can help mitigate the risk of breaching business ethics laws and facing regulatory penalties or negative impacts on brand value. To ensure effective governance and address pertinent issues, the Company has adopted and follows all applicable regulations and laws.	Not Applicable	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	Policies available at : https://dcxindia.com/investors/policies/ (Refer to the table below for individual policy web link)								
Sr. No.	Name of policy	Link to Policy								Which Principles each policies goes into
1	CSR Policy	https://dcxindia.com/wp-content/uploads/2022/04/1_CSR_Policy.pdf								P4, P8
2	Risk Management Policy	https://dcxindia.com/wp-content/uploads/2022/04/2_Risk_Management_Policy.pdf								P1, P2
3	Vigil Mechanism Policy	https://dcxindia.com/wp-content/uploads/2022/04/3_Vigil_Mechanism_Policy.pdf								P1
4	Whistle blowers operating guidelines	https://dcxindia.com/wp-content/uploads/2022/04/4_Whistle_Blower_Operating_Guidelines.pdf								P1
5	Remuneration Policy	https://dcxindia.com/wp-content/uploads/2022/04/5_Remuneration_Policy.pdf								P3, P4
6	Code of Conduct	https://dcxindia.com/wp-content/uploads/2022/12/6_Code_of_Conduct_v2.pdf								P1
7	Policy on Succession planning	https://dcxindia.com/wp-content/uploads/2022/04/8_Policy_on_Succession_Planning.pdf								P1, P3, P8
8	Familiarization programme for Independent Directors	https://dcxindia.com/wp-content/uploads/2022/04/9_Familiarisation_Programme_for_Independent_Directors.pdf								P1
9	Policy on Board Diversity	https://dcxindia.com/wp-content/uploads/2022/04/10_Policy_on_Board_Diversity.pdf								P1
10	Code of Practices and procedures for Fair disclosures of unpublished and Price Sensitive Information	https://dcxindia.com/wp-content/uploads/2023/03/22.-code-of-practices-and-procedures-for-fair-disclosure-of-unpublished-price-sensitive-information.pdf								P1
11	Policy on preservation of documents and Archival Policy	https://dcxindia.com/wp-content/uploads/2022/04/11_Policy_on_Preservation_of_Documents_Archival_Policy.pdf								P1
12	Policy on determination of Materiality of events	https://dcxindia.com/wp-content/uploads/2022/04/12_Policy_for_Determination_of_Materiality_of_Event_or_Information.pdf								P1, P4
13	Materiality Policy	https://dcxindia.com/wp-content/uploads/2022/04/13_Materiality_Policy.pdf								P1
14	Material Subsidiaries	https://dcxindia.com/wp-content/uploads/2022/04/14_Material_Subsidiaries.pdf								P1
15	Dividend Distribution Policy	https://dcxindia.com/wp-content/uploads/2022/04/15_Dividend_Distribution_Policy.pdf								P3, P4

Sr. No.	Name of policy	Link to Policy	Which Principles each policies goes into	
16	Policy on Determination of Legitimate Purpose	https://dcxindia.com/wp-content/uploads/2022/04/16_Operating_Guidelines_for_determination_of_legitimate_purpose_under_the_SEBI_Insider_Trading_Regulations.pdf	P1	
17	Policy on Related Party Transactions	https://dcxindia.com/wp-content/uploads/2022/04/17_Policy_on_Related_Party_Transactions.pdf	P1, P4, P7	
18	Anti-Bribery Anti-Corruption Policy	https://dcxindia.com/wp-content/uploads/2022/04/18_Anti_Bribery_Anti_Corruption_Policy.pdf	P1, P7	
19	POSH Policy	https://dcxindia.com/wp-content/uploads/2024/08/POSH-Policy.pdf	P5	
20	Comprehensive-Cybersecurity Policy for DCX Systems	https://dcxindia.com/wp-content/uploads/2023/08/Comprehensive-Cybersecurity-Policy-for-DCX-Systems.pdf	P9	
21	Code Of Conduct To Regulate, Monitor And Report Trading In Securities Of The Company By Insiders	https://dcxindia.com/wp-content/uploads/2023/12/Code-of-Conduct-for-trading-securities-of-the-Company-by-Insiders.pdf	P1	
22	Occupational, Health and Safety Policy	Policy is present in the intranet	P3	
23	Environmental, Health and Safety Procedure	Policy is present in the intranet	P3, P6	
24	Store Management Procedure	Policy is present in the intranet	P2	
25	Resource Planning and Control	Policy is present in the intranet	P2, P3, P4	
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes		
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)		No	
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	<p>The Company has the following certifications in place: (Following certifications are applicable to their Aerospace SEZ unit only)</p> <ul style="list-style-type: none"> • Protection of Electrical and Electronic Parts, Assemblies and Equipment (Excluding Electrically Initiated Explosive Devices): ANSI ESD S20.20-2014 • Quality Management Systems- Requirement of Aviation, Space and Defence Organization: AS9100:2016 • Quality Management Systems: ISO 9001: 2015 • Certified IPC trainer: IPC/WHMA-A-620 <p>The Company has initiated certification process for ISO 14001 and ISO 45001 and is expected to be completed by Q4 2024.</p>		

- 5. Specific commitments, goals and targets set by the entity with defined timelines, if any.** To ensure continuous upgradation and timely renewal of certifications, the Company sets specific commitments, goals, and targets with defined timelines. These structured objectives serve as a comprehensive plan for tracking progress and achieving re-certification within predetermined time frames. By establishing clear timelines and milestones, the Company can systematically monitor and manage the certification process, ensuring that all necessary steps are completed on time.
- This approach promotes ongoing expertise development by encouraging employees to engage in continuous learning and skill enhancement. Regularly scheduled evaluations and assessments ensure that the workforce remains proficient and up-to-date with the latest industry standards and practices. Additionally, ensuring compliance with regulatory requirements enhances the Company's overall credibility and reliability in the market.
- 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.** The Company has identified a set of long-term sustainability goals and objectives, which we diligently track on an annual basis. To support these objectives, we have developed a comprehensive action plan that encompasses various key components such as resource allocation, stakeholder engagement, performance measurement, and continuous improvement.
- The action plan ensures that resources are effectively allocated to the most critical areas, facilitating the achievement of sustainability targets. Engaging stakeholders is a crucial part of this strategy, ensuring that all parties are aligned and working collaboratively towards shared sustainability goals. Performance measurement mechanisms are put in place to monitor progress, identify areas for improvement, and ensure accountability. Continuous improvement processes are integrated into the plan to ensure that sustainability practices evolve and adapt over time, enhancing the effectiveness.

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements



Dr. H S Raghavendra Rao
Chairman and Managing
Director

I firmly believe that considering environmental, social and governance (ESG) factors is vital not only for ensuring the long-term prosperity of our business, but also for the overall health of our planet and society. We are committed to recognizing the impact of our operations on the environment, employees, local communities, and stakeholders. That is why we are dedicated to integrating ESG considerations into every aspect of our business strategy and decision making. DCX Systems prioritizes global environmental sustainability by actively reducing ecological impact and promotion of renewable energy and energy-efficient technologies to reduce greenhouse gas emissions. In addition, society recognizes the urgent need to deal with climate change. We are actively committed to supporting initiatives aimed at reducing greenhouse gas emissions, adapting to climate risks and cooperation with partners to develop sustainable solutions that contribute to a low-carbon future. Our success is closely linked to the well-being and growth of our employees, the communities we serve and society at large. We prioritize health and safety by ensuring a safe working environment and comprehensive implementation protocols. Our employees are our most valuable asset and we support diversity, equality and inclusion while encouraging their professional development and meaningful contribution to Company and society.

We are firmly committed to the highest ethical standards in all our operations and in promoting transparency, integrity and responsibility. Strict compliance with applicable laws, regulations and international best practices followed. Our priority is to engage stakeholders to understand their expectations and concerns and to maintain openness in communication for mutual trust and cooperation. We have robust systems to identify, assess and manage risks related to ESG factors that ensure compliance with regulations and industry standards. By adopting ESG principles, DCX Systems strive to create long-term value for shareholders, employees, customers and society. Responsible decisions, innovation and technical expertise are used promote positive change and contribute to a sustainable future for generations to come.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Dr. H S Raghavendra Rao Chairman and Managing Director
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, The Risk Management Committee plays a pivotal role in overseeing sustainability-related issues within the Company. This committee is tasked with evaluating potential risks and opportunities associated and providing well-informed recommendations to the Board for strategic decision-making. The members of the Risk Management Committee were as follows as on March 31, 2024: 1. Dr. H.S. Raghavendra Rao - Chairman 2. Mr. Ranga K.S. – Member 3. Mr. Kalyanasundaram Chandrasekaran- Member

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was under taken by Director / Committee of the Board/ Any other Committee	Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)																	
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The Company consistently assesses its performance in relation to sustainability policies. Quick action is taken in the event of deviations or non-compliance are found. This entails carrying out inquiries, putting remedial measures into place, and evaluating policies to guarantee adherence and ongoing advancement toward sustainability objectives.	Operational issues are being addressed on an 'ongoing basis' as and when identified.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company strictly adheres to all legal and statutory standards and requirements, ensuring full compliance in all operational aspects. Notably, there have been no reports of non-compliance, underscoring the Company's commitment to regulatory adherence and ethical conduct.																		

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Dhir & Dhir Associates, an eminent law firm, conducted an in-depth analysis to evaluate the effectiveness and operationalization of the Company's policies. Their evaluation focused on assessing how well these policies were functioning in practice. Additionally, the policies undergo periodic review and revision by department and business heads to ensure they remain relevant and effective. These revisions are then authorized by the board or management.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable								
It is planned to be done in the next financial year (Yes/No)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.



Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total Number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	1	Plant Visit and Interactive session to understand the business model of the Company	100.00
Key Managerial Personnel	2	Awareness on ESD (Electro-Static Discharge), AS-9100, Fire Fighting & Mock-drill training	100.00
Employees other than BoD and KMPs	45	1.On Job Process Training 2.5S* Training 3.QMS Process, Etc. 4.Fire Fighting & Mock-drill training	100.00 (Production, Quality and Stores)
Workers	10	1.On Job Process Training 2.5S Training 3.Fire Fighting & Mock-drill training	100.00 (Production, Quality and Stores)

*5S training stands for *Sort, Set in Order, Shine, Standardize, and Sustain*. The Company has adopted this methodology that aims to improve efficiency and eliminate waste by organised work environment.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year (basis the materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine			Nil		
Settlement					
Compounding Fee					
Non-Monetary					
Imprisonment			Nil		
Punishment					

Note: The Company, its Directors and/or KMPs have not been subjected to any thresholds of the materiality policy to pay any fines, penalties, punishments, awards, compounding fees, or settlement amounts in the financial year.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
Not Applicable, as no monetary or non-monetary fines, penalties or punishment were imposed on the Company	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company upholds a strict zero-tolerance policy towards bribery and corruption. We are dedicated to conducting all business transactions and interactions with the utmost professionalism and fairness. To ensure integrity in our operations, the Company is committed to establish and maintain a robust systems that effectively prevent and combat any form of bribery and corruption.

This commitment extends to full compliance with all relevant anti-bribery and anti-corruption laws across every market and jurisdiction in which the Company operates. The Anti-Bribery and Anti-Corruption Policy has been meticulously developed to create a framework that guarantees adherence to global regulations governing bribery and corruption. This policy also provides clear guidance on the expected standards of conduct for all employees, ensuring that everyone within the organization adheres to the highest ethical standards in all their professional activities. The Company views the prevention of bribery as an essential component of its corporate governance structure, given its importance.

URL of the Policy:

https://dcxindia.com/wp-content/uploads/2022/04/18_Anti_Bribery_Anti_Corruption_Policy.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24	FY 2022-23
Directors	Nil. No disciplinary action was taken by any law enforcement agency for the charges of bribery/	
KMPs	corruption against any of our Directors/ KMPs/ Employees/ Workers in the reporting year	
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	Nil. No complaints were received in relation to issues of conflict of interest against any of our Directors or KMPs in the reporting year			
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable, since there were no such complaints raised in the reporting year.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	113.19	37.06

Note: Due to substantial purchases in the last month, the days payable stands at 113. However, it's important to note that out of the 380 crores in accounts payable, 379 crores fall within the 0 to 30 days category.

9. Open-ness of Business

Provide details of concentration of purchases and sales with trading houses, dealers and related parties along with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from Trading houses as % of total purchases	0.00	0.00
	b. Number of trading houses where purchases and made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0.00	0.00
Concentration of Sales	a. Sales to dealers/distributors as % of total sales	0.00	0.00
	b. Number of dealers/distributors to whom sales are made	0	0
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	0.00	0.00
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases)*	433.27	745.60
	b. Sales (Sales to related parties/Total Sales)*	0.11	2.44
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)*	55.07	1.02
	d. Investments (Investments in related parties/Total Investments made)*	6.25	6.5

*In INR Crores

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topic/principles covered under the training	% age of value chain partners covered (by value of business done with such partners) that were assessed
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No awareness programmes were conducted for Value Chain Partners during the reporting year. However, DCX is actively exploring opportunities to develop and implement these programmes in the future. The company recognizes the importance of engaging value chain partners in its commitment to the Principles and is focused on creating structured initiatives to enhance awareness and collaboration in the coming years.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.

The Company has implemented a comprehensive Code of Conduct policy designed to address conflicts of interest specifically concerning Directors and Senior Management. This policy sets clear standards and norms to guide the behaviour and decisions of individuals in these key positions, ensuring their actions align with the Company's ethical principles and strategic objectives.

In addition to this, the Company has developed a dedicated handbook for its employees, which provides detailed guidance on handling conflicts of interest. This handbook outlines the procedures and expectations for all employees to prevent situations that could compromise their objectivity or loyalty to the Company. By clearly defining the steps to be taken and the standards to be upheld, the handbook helps employees navigate potential conflicts of interest effectively, maintaining the integrity and trustworthiness of the organization.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe



Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	2023-24	2022-23	Details of Improvements in environmental and social impacts
R&D	No R&D investments has been done by the Company in both the reporting years		
Capex	The Company has spent capex for the purpose of construction of a building to establish Ultra-Modern Manufacturing Facilities, IT Assets, Machineries and Vehicle.		

Note: Numbers are not quantifiable for both the reporting years.

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)**
 The Company currently does not have a formalized system to manage its sustainable sourcing procedures. However, it recognizes the importance of sustainable sourcing and plans to implement a process to address this issue in the future. By acknowledging the significance of sustainable sourcing, the Company demonstrates its commitment to social and environmental responsibility. The Company aims to develop a framework that will guide its sourcing procedures towards ethical and sustainable standards, ensuring that its supply chain aligns with its goals and core values.
 - If yes, what percentage of inputs were sourced sustainably?**
 Not Applicable
- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**
 - Plastic (including packaging):** All plastic waste, including packaging materials, is disposed of through an agency authorized by the Pollution Control Board. This ensures that the disposal process complies with environmental regulations and standards, minimizing the environmental impact of the Company's waste.
 - E-waste:** All E-waste generated by the Company is handed over to an agency authorized by the Pollution Control Board. This ensures that the disposal and recycling of electronic waste is conducted in compliance with environmental regulations and standards.
 - Hazardous waste:** Hazardous waste is carefully categorized and properly disposed of in accordance with both local and national regulations. This meticulous approach ensures that the handling, treatment, and disposal of hazardous materials meet all legal requirements and safety standards.
- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
 EPR is not applicable to the Company as per CPCB (Central Pollution Control Board)'s regulations considering the Company's Business operations.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover Contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
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Currently, the Company has not conducted LCA for its products or services. However, we are planning to implement LCA in the future as part of our commitment to sustainability and continuous improvement.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of the risk/ concern	Action Taken
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Not Applicable, as the same is not being done

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23

Nil

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Re-Used	Recycled	Safely Disposed (In MT)	Re-Used	Recycled	Safely Disposed (In MT)
Plastics (including packaging)	Not Applicable		0.10	Not Applicable		0.47
E-waste			0.00			0.54
Hazardous Waste			0.00			0.00
Other waste*			14.57			3.74

Note: Under 'Other Waste' we have considered the following:

- Carton Box Waste
- Pallet Wood Waste
- Other General Scrap

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Indicate product category	Reclaimed products and their packaging materials (as percentage of products sold) for each product category
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Not Applicable

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains



Essential Indicators

1. a. Details of measures for the well-being of employees:

Total (A)	% of employees covered by										
	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities		
	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)	
Permanent Employees											
Male	59	59	100.00	59	100.00	0	0.00	0	0.00	0	0.00
Female	8	8	100.00	8	100.00	8	100.00	0	0.00	0	0.00
Total*	67	67	100.00	67	100.00	8	100.00	0	0.00	0	0.00
Other than Permanent Employees											
Male	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Female	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

*Percentage of (D) – Maternity benefit is calculated as 100% as per FAQ's on BRSR issued by NSE dt. May 10, 2024

b. Details of measures for the well-being of workers:

Total (A)	% of workers covered by										
	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities		
	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)	
Permanent Workers											
Male	45	45	100.00	45	100.00	0	0.00	0	0.00	0	0.00
Female	2	2	100.00	2	100.00	2	100.00	0	0.00	0	0.00
Total*	47	47	100.00	47	100.00	2	100.00	0	0.00	0	0.00
Other than Permanent Workers											
Male	21	21	100.00	21	100.00	0	0.00	0	0.00	0	0.00
Female	2	2	100.00	2	100.00	2	100.00	0	0.00	0	0.00
Total*	23	23	100.00	23	100.00	2	100.00	0	0.00	0	0.00

*Percentage of (D) – Maternity benefit is calculated as 100% as per FAQ's on BRSR issued by NSE dt. May 10, 2024

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the Company	0.056	0.057

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.00	100.00	Y	100.00	100.00	Y
Gratuity	100.00	100.00	NA	100.00	100.00	NA
ESI	100.00	100.00	Y	100.00	100.00	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Yes, in order to make the facilities easily accessible to employees and workers with disabilities, the Company is in compliance with the standards outlined in "The Rights of Persons with Disabilities Act, 2016" (the Disabilities Act) by providing ramp facilities, a work area, and restrooms.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

While the Company does not yet have a specific policy in place, it is actively taking the necessary steps to ensure that all employees have equal opportunities. The Company recognizes the importance of promoting equal opportunities and fostering an inclusive workplace environment. Efforts are currently underway to develop and implement an equal opportunity policy that complies with the Disabilities Act.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0.00	0.00	0.00	0.00
Female	100.00	100.00	100.00	100.00
Total	100.00	100.00	100.00	100.00

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	The Company has established a system that grants all employees access to grievance registers, providing a platform to address any concerns or complaints they may have. Management places significant emphasis on addressing these grievances promptly and fairly, aiming to resolve them in an amicable manner. It's worth noting that, thus far, the Company has not received any grievances from its employees or workers.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	Currently, none of the Company's employees and workers are affiliated with any associations or unions.					
Male						
Female						
Total Permanent Worker						
Male						
Female						

8. Details of training given to employees and workers:

	FY 2023-24					FY 2022-23				
	Total (A)	On Health and Safety measures		On Skill upgradation		Total (D)	On Health and Safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	59	59	100.00	0	0.00	51	51	100.00	0	0.00
Female	8	8	100.00	0	0.00	7	7	100.00	0	0.00
Total	67	67	100.00	0	0.00	58	58	100.00	0	0.00
Workers										
Male	45	45	100.00	45	100.00	36	36	100.00	36	100.00
Female	2	2	100.00	2	100.00	1	1	100.00	1	100.00
Total	47	47	100.00	47	100.00	37	37	100.00	37	100.00

Note- the Numerical are basis all permanent employees and workers, excludes other than permanent workers

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	59	59	100.00	51	51	100.00
Female	8	8	100.00	7	7	100.00
Total	67	67	100.00	58	58	100.00
Workers						
Male	45	45	100.00	36	36	100.00
Female	2	2	100.00	1	1	100.00
Total	47	47	100.00	37	37	100.00

Note- the Numerical are basis all permanent employees and workers, excludes other than permanent workers

10. Health and safety management system:**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, the Company has an occupational health and safety management policy and system. This system comprehensively covers various aspects of health and safety in the workplace. This includes processes for identifying and assessing risks, developing and implementing policies and procedures, implementing regular training and education programs, establishing incident reporting and investigation protocols, and ensuring continuous improvement. This system aims to create a safe and healthy work environment, maintain the health of employees and comply with occupational health and safety regulations. By implementing this system, Company demonstrate its commitment to prioritize the health and safety of their employees and maintaining a responsible and consistent approach to occupational health and safety management.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company employs several strategies to identify work-related hazards effectively:

Regular Reviews and Assessments: Employees responsible for handling hazardous materials undergo regular reviews and assessments to ensure their safety knowledge and practices remain up to date. This proactive approach helps identify any gaps in safety procedures and allows for timely corrective actions to be taken.

Dedicated Hazardous Material Storage Area: The Company designates a specific area for storing hazardous materials, which is clearly marked and includes Material Safety Data Sheets (MSDS) for all such materials. These sheets contain vital information such as the Date of Manufacturing (DOM) and Date of Expiry (DOE) for each hazardous material, facilitating safe handling and management.

Provision of Personal Protective Equipment (PPE): The Company prioritizes employee safety by providing them with Personal Protective Equipment (PPE), including aprons, safety eyeglasses, hand gloves, masks and safety shoes. Additionally, employees are supplied with Electrostatic Device (ESD) slippers to mitigate the risk of static discharge. By equipping employees with the necessary protective gear, the Company minimizes the risk of workplace accidents and injuries associated with hazardous materials handling.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company is in the process of implementing ISO 14001 and ISO 45001 standards, which outline the procedures for identifying and managing work-related hazards during manufacturing activities. These standards will guide the Company in addressing hazardous tasks, such as soldering, potting, and conformal coating, and will include processes for workers to report hazards and remove themselves from such risks effectively.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, our employees and workers have access to non-occupational medical and healthcare services. We provide complimentary health screenings to ensure their physical and mental well-being, enabling them to perform at their best for the company and our stakeholders. Additionally, we mandate that our vendors adopt similar health practices to ensure a safe and healthy supply chain with minimal disruptions. We have also enhanced our transportation and security systems to offer additional protection to our employees and workers during work-related travel.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees Workers	Nil. No safety related incidents occurred in both the reporting years	
Total recordable work-related injuries	Employees Workers		
No. of fatalities	Employees Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees Workers		

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The Company prioritizes the health and fitness of employees and regularly holds first aid and fire safety training sessions. The Company strives to maintain and manage fire prevention equipment, including timely filling of fire extinguishers, prominently displaying emergency evacuation route maps, and conducting mock drills. Additionally, posters of Health and Safety practices are prominently displayed in work areas and serve as a visual reference for employees to follow established procedures.

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions Health & Safety	There were no complaints regarding working conditions and health & Safety during either of the reporting years					

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No assessments related to health and safety practices or working conditions were carried out during the reporting year. However, these evaluations are planned and will be conducted in the near future. The company is committed to ensuring the well-being and safety of its employees, and these upcoming assessments will be critical in identifying areas for improvement and maintaining high standards in the workplace.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not applicable, as no such safety-related incidents occurred during the reporting year

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

The Company does not currently provide any particular life insurance or compensation package. However, the Company acknowledges how important it is to provide assistance in these unfortunate circumstances, and it is willing to consider about creating similar packages in the future. The Company recognizes the importance of employee welfare and also acknowledges that one of the most important components of a Comprehensive benefits package is offering financial stability to workers and their families in the event of unexpected circumstances.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures timely payment of contractor invoices by following a thorough verification process. Before settling the bill, it ensures that all required legal fees have been deposited with the relevant authorities. This confirmation is done by carefully checking the deposit or remittance Challans along with the invoice.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	Not Applicable, as no work-related injury occurred to any employees/workers in the reporting year			
Workers				

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No, the Company is yet to provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	No assessments were conducted during the reporting year.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable, as no assessments were conducted

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders



Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company consistently communicates and interacts with key stakeholders, such as investors, customers, suppliers, and employees. The management team actively engages with these stakeholders to build strong relationships and gather valuable insights. Additionally, the Company has established a specialized committee for risk management and corporate social responsibility (CSR), responsible for monitoring and updating the progress of initiatives related to economic, environmental, and social issues.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Plant Visits, Meetings, personal visits, E-Mail	Regular	Feedback of Products, Updates/ requirement for improvement if any, Customer trust and satisfaction, Timely and efficient redressal of complaints
Suppliers	No	Suppliers Meetings, E-Mail	Frequent	Fair and accountable supply chain practices
Employees	No	E Mail, Notice Board, workshops, One-on-One interactions	Regular	Compensation structure, providing a safety culture and inculcating healthy and safe work practices and work conditions among employees, Ongoing desire for more flexible working hours, Improving Diversity and Inclusion, Incidents and grievance redressal, Information on Company activities

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors (Other than Shareholders)	No	Investor Meet, E Mail, Website	Periodic, Quarterly	Financial Performance of the Company
Shareholders	No	General Meetings, E-Mail, Website, Newspaper Publications, Annual Report	Annually/As and when required	Financial and non- financial (ESG) Performance of the Company, Shareholder Return, Effective Corporate Governance
Government and Regulatory Bodies	No	E-Mail, Letters, Meeting	Need Based	To ensure compliance of applicable statutory laws and regulations, Positive environmental and social impact of business
Communities	Yes	In person meetings, E-mails	Need Based	The Company interacts with the Communities through its CSR Activities

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company maintains regular communication and engagement with key stakeholders, including investors, customers, suppliers, and employees. The Company's management recognizes the importance of fostering relationships with these stakeholders and values their input. To ensure effective governance and address pertinent issues, they have established dedicated committees for Risk Management and Corporate Social Responsibility (CSR). These committees provide updates on the progress of actions related to economic, environmental, and social topics to the Board of Directors.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the Company places great emphasis on maintaining regular and proactive engagement with its key stakeholders. This active engagement enables them to effectively develop and implement strategies related to Environmental, Social and Governance (ESG) initiatives while ensuring transparency in reporting the outcomes. In accordance with current regulations and based on interactions with stakeholders, they conduct regular evaluations to review and update their policies as necessary.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company actively engages with its stakeholders through various communication channels and implements a number of initiatives to promote interaction. The Company ensures engagement through initiatives such as feedback processes, Code of Conduct briefings and investor meetings.

PRINCIPLE 5: Businesses should respect and promote human rights**Essentials Indicators****1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
Employees						
Permanent	67	67	100.00	39	39	100.00
Other than permanent	0	0	0.00	0	0	0.00
Total Employees	67	67	100.00	39	39	100.00
Workers						
Permanent	47	47	100.00	37	37	100.00
Other than permanent	23	23	100.00	30	30	100.00
Total Workers	70	70	100.00	67	67	100.00

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	67	0	0.00	67	100.00	58	0	0.00	58	100.00
Male	59	0	0.00	59	100.00	51	0	0.00	51	100.00
Female	8	0	0.00	8	100.00	7	0	0.00	7	100.00
Other than Permanent	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Male	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Female	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Workers										
Permanent	47	0	0.00	47	100.00	37	0	0.00	37	100.00
Male	45	0	0.00	45	100.00	36	0	0.00	36	100.00
Female	2	0	0.00	2	100.00	1	0	0.00	1	100.00
Other than Permanent	23	0	0.00	23	100.00	30	0	0.00	30	100.00
Male	21	0	0.00	21	100.00	28	0	0.00	28	100.00
Female	2	0	0.00	2	100.00	2	0	0.00	2	100.00

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ Salary/ Wages of respective category (In rupees)	Number	Median remuneration/ Salary/ Wages of respective category (In rupees)
Board of Directors (BoD)	2	4,23,584.34	0	0.00
Key Managerial Personnel	9	4,57,915.00	0	0.00
Employees other than BoD and KMP	53	3,90,196.91	9	3,51,582.00
Workers	48	3,59,272.00	2	3,47,759.00

* Whole Time Director cum CFO is included in both BOD and KMP median remuneration calculation

** BOD's who were drawing remuneration is only considered for number count

*** Independent Director's drawing sitting fees is excluded in this calculation under BOD's

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	3.32	2.68

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the Company has designated the Head of HR (Human Resource) as the person responsible for overseeing the human rights aspect within the organization. This includes managing various HR functions such as recruitment, employee relations, training and development. The HR manager plays a key role in ensuring that the Company's workforce is effectively managed and that employee needs and concerns are addressed.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues

The Company considers respect for human rights to be a fundamental and integral part of its values. Respect for human rights is of utmost importance to the Company and the Company actively seeks to promote, protect and advance these rights. This commitment extends to both its business practices and its employment policy with a focus on promoting fairness and ethics. The Company focuses on creating a safe and harmonious environment both in business operations and in the workplace. Recognizes the importance of fostering an atmosphere where each individual feels safe, valued and respected.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual harassment			Nil. No complaints were raised with regards to the human rights issues in the reporting years.			
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other Human Rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)		Nil
Complaints on POSH as a % of female employees / workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

The Company is committed to promoting equal opportunities for all individuals and strongly opposes any form of discrimination or harassment based on various protected characteristics such as race, sex, nationality, ethnicity, origin, religion, age, disability, sexual orientation, gender identity and expression (including transgender identity), political opinion, medical condition, language and other factors defined by applicable law. To ensure inclusiveness and diversity, the Company has implemented a Policy against Workplace Sexual Harassment, a Business Conduct and Ethics Policy and a Vigilance Mechanism. The main objective of this policy is to ensure that the Company remains an inclusive employer that respects and embraces diversity across different groups, including gender identity, disability, caste, creed, colour, religion, marital status, age, sexual orientation, expression, health status, language and other relevant aspects. The policy aims to promote an open and inclusive culture for all stakeholders and emphasizes a zero-tolerance approach to discrimination.

9. Do human rights requirements form part of your business agreements and contracts?

Yes, human rights requirements have been included in business agreements and Company contracts where relevant. The Company recognizes the importance of incorporating human rights into its contractual relationships and business agreements. By incorporating human rights requirements into these contracts, the Company strives to ensure that its business partners, suppliers and other stakeholders follow ethical practices and respect human rights throughout their operations.

10. Assessments for the year:

	% of your plants and Offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	No assessments related to child labour, forced or involuntary labour, sexual harassment, workplace discrimination, or wages were conducted during the reporting year. However, we are committed to addressing these critical areas and will ensure that comprehensive assessments are carried out in the future. This proactive approach will help us identify any potential issues and implement necessary measures to maintain a safe, fair, and inclusive working environment.
Forced/involuntary labour	
Sexual Harassment	
Discrimination at workplace	
Wages	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

There were no significant risks/ concerns found arising from the assessments at Question 9 above hence, this point is not applicable.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

As there have been no grievances or complaints raised regarding human rights issues within the Company, the specific point pertaining to human rights is not applicable. This suggests that there have been no known instances or concerns related to human rights violations or infringements within the organization.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company currently does not undertake any Human rights due diligence, However, it is open to assessing the relevance of it and implementing it in the upcoming years.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, The Company adheres to the requirements mentioned under The Rights of Persons with Disabilities Act, 2016 in furtherance of making the facilities easily accessible to differently abled employees, workers & visitors by providing Ramp Facilities, Work Area and Rest Rooms.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	During the reporting year, no assessments were conducted regarding child labour, forced or involuntary labour, sexual harassment, workplace discrimination, or wage practices among our value chain partners. However, we recognize the importance of these assessments and are committed to conducting thorough evaluations in the future to ensure that our value chain aligns with ethical labour standards and promotes a safe, inclusive, and fair working environment for all.
Discrimination at workplace	
Child Labour	
Forced Labour / Involuntary Labour	
Wages	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment



Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24 (In Gigajoules)	FY 2022-23 (In Gigajoules)
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total Energy consumption from renewable sources (A+B+C)	-	-
From non-renewable sources		
Total electricity consumption (D)	1,049.90	569.74
Total fuel consumption (E)	194.44	149.61
Energy consumption through other sources (F)	-	-
Total Energy consumption from non-renewable sources (D+E+F)	1,244.35	719.35
Total energy consumed (A+B+C+D+E+F)	1,244.35	719.35
Energy intensity per rupee of turnover (Total energy consumption/ Revenue from Operations)- GJ/RS.	0.000000087	0.000000057
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)- GJ/RS.	0.0000020	0.0000013
Energy intensity in terms of physical output*	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

* The Company has not quantified their production output in specific units for either of the reporting years.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

Our facilities at DCX Systems Ltd. are not included within the ambit of the Perform, Achieve and Trade (PAT) Scheme initiated by the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	2,790.00	2,410.00
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<i>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</i>	2,790.00	2,410.00
Total volume of water consumption (in kilolitres)	280.00	257.00
Water intensity per rupee of turnover (<i>Water consumed / Revenue from operations</i>)- KL/Rs.	0.00000020	0.00000021
Water Intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (<i>Total water consumption / Revenue from operations adjusted for PPP</i>)- KL/Rs.	0.00000044	0.00000045
Water intensity in terms of physical output*	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

* The Company has not quantified their production output in specific units for either of the reporting years.

4. Provide the following details related to water discharged

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater	-	-
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater	-	-
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties	-	-
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment	2,510.00	2,153.00
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)	2,510.00	2,153.00

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

At present, the Company has not implemented Zero Liquid Discharge (ZLD) practices. However, understanding the critical importance of sustainable water management, the Company acknowledges that adopting ZLD can play a significant role in reducing its adverse environmental footprint. By minimizing water pollution and conserving water resources, ZLD can greatly contribute to environmental sustainability.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx			
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)		Not Applicable	
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	46.21	10.96
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	239.14	128.19
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO ₂ equivalent/ Rs.	0.000000020	0.000000011
Total Scope 1 and Scope 2 emissions per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)-	Metric tonnes of CO ₂ equivalent/ Rs.	0.000000045	0.000000025
Total Scope 1 and Scope 2 emissions intensity in terms of physical output*		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

* The Company has not quantified their production output in specific units for either of the reporting years.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, the Company has implemented several projects aimed at reducing greenhouse gas emissions. These initiatives include promoting the sustainable use of air conditioning, obtaining certifications for diesel generators (DG), planting saplings, and supplying treated wastewater directly to farmers for agricultural use. These efforts not only help in mitigating greenhouse gas emissions but also contribute to sustainable farming practices and environmental conservation.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0.096	0.46
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please Specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	14.57	4.27
a. Carton Box Waste		
b. Pallet Wood Waste		
c. Other General Scrap		
Total (A+B + C + D + E + F + G + H)	14.66	4.73
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)- MT/Rs.	0.0000000010	0.0000000038
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)- MT/Rs.	0.0000000023	0.0000000084
Waste intensity in terms of physical output*	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (Oil and Plastic)	The Company does not recover any waste	
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	14.66	4.73
Total	14.66	4.73

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

* The Company has not quantified their production output in specific units for either of the reporting years.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

In our establishment, we have implemented a comprehensive waste management strategy designed to handle, store, and dispose of various types of waste generated from our operations. Hazardous wastes, including used oils, e-waste, and chemical residues, are carefully stored in designated containers at their point of origin and then transferred to the scrap yard or identified disposal areas, ensuring no spillage or contamination occurs. We segregate metal scraps, e-waste, and

other hazardous materials, which are then responsibly disposed of through authorized recyclers and vendors. Additionally, we have minimized the use of hazardous and toxic chemicals in our products and processes by adopting eco-friendly alternatives where possible. Our strategy also includes regular supervision and strict adherence to environmental, health, and safety guidelines, ensuring that all waste handling and disposal practices safeguard both human health and the environment.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Types of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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The Company refrains from conducting its operations in environmentally fragile or ecologically sensitive regions. This strategic decision underscores the Company's commitment to responsible business practices and environmental stewardship, avoiding potential harm to delicate ecosystems. By deliberately choosing locations that are not ecologically sensitive, the Company aims to minimize its environmental impact and contribute to the preservation of biodiversity and natural habitats.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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Not Applicable. In accordance with the Ministry of Environment, Forest & Climate Change (MoEF) guidelines, the industry/ operations are exempt from the requirement to furnish environmental clearance or undergo an Environmental Impact Assessment (EIA).

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Serial Number	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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The Company is complying with all applicable environmental laws, regulations, and guidelines in India. There is no noncompliance on part of the Company. No penalties /fines /action taken by the Regulatory Authorities /Agencies

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) **Name of the area:** Not Applicable
- (ii) **Nature of operations:** Not Applicable
- (iii) **Water withdrawal, consumption and discharge in the following format:**

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	Our Office/Factory are situated in regions where water availability is not a concern. This deliberate choice of locations is part of our commitment to responsible resource management, ensuring that our operations have minimal impact on water-stressed areas.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
<i>Total volume of water withdrawal (in kilolitres)</i>		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (<i>Water consumed / turnover</i>)		
Water intensity (<i>optional</i>) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Our Office/Factory are situated in regions where water availability is not a concern. This deliberate choice of locations is part of our commitment to responsible resource management, ensuring that our operations have minimal impact on water-stressed areas.	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	<i>Metric tonnes of CO₂ equivalent</i>	Considering the level of quantification required for scope 3 calculation, currently the Company is not evaluating the emission and intensity. However, shall start assessing the same from the coming year.	
Total Scope 3 emissions per rupee of turnover	-		
Total Scope 3 emission intensity (<i>optional</i>) – the relevant metric may be selected by the entity	-		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

There hasn't been an external review or analysis conducted to assess various aspects of our operations, performance, or compliance with standards or regulations.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The Company refrains from conducting its operations in environmentally fragile or ecologically sensitive regions. This strategic decision underscores the company's commitment to responsible business practices and environmental stewardship, avoiding potential harm to delicate ecosystems. By deliberately choosing locations that are not ecologically sensitive, the company aims to minimize its environmental impact and contribute to the preservation of biodiversity and natural habitats.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	Yes, the Company has implemented several projects aimed at reducing greenhouse gas emissions. These initiatives include promoting the sustainable use of air conditioning, obtaining certifications for diesel generators (DG), planting saplings, and supplying treated wastewater directly to farmers for agricultural use. These efforts not only help in mitigating greenhouse gas emissions but also contribute to sustainable farming practices and environmental conservation.		

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company implements a comprehensive set of strategies to safeguard its operations and ensure resilience against potential disruptions. This approach includes conducting thorough risk assessments, developing robust contingency plans, and abolishing redundant systems to mitigate operational risks.

Employees are trained extensively, and regular drills are conducted to test the effectiveness of these plans. The Company prioritizes maintaining essential functions, minimizing downtime, and responding swiftly to crisis, ensuring the continuity of critical operations and services for customers and stakeholders. In addition, the Company actively engages with key stakeholders, suppliers, and partners to foster a collaborative approach to disaster management. Regular reviews and updates of the continuity and disaster management plans, incorporating lessons learned from past incidents, underscore the Company's commitment to continuously enhancing its business continuity and disaster management capabilities.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent



Essential Indicators

1.

a) Number of affiliations with trade and industry chambers/ associations.

The Company is affiliated with 1 trade and Industry chambers/ associations.

b) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Society Of Indian Aerospace Technologies and Industries (SIATI)	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities

Name of authority	Brief of the case	Corrective active taken
Not Applicable		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

Sr. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, If available
Not Applicable					

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development



Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and Brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web Link
Not Applicable, as the Company has not undertaken any project requiring it to conduct SIA					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	5 of PAFs covered by R&R	Amounts paid to PAFs in the FY (in INR)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

The Company has established several methods to address and resolve complaints from various individuals or groups involved. The Human Resources Department is responsible for maintaining the Grievance Register, which serves as a platform for receiving and resolving complaints from the community. In addition, the Company has implemented a whistle-blower policy that allows all stakeholders to report their concerns or complaints. Detailed instructions and procedures for using this policy are available on the Company's website at https://dcxindia.com/wp-content/uploads/2022/04/3_Vigil_Mechanism_Policy.pdf

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	9.07	9.27
Directly sourced from within India	61.84	89.61

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24	FY 2022-23
Rural	Nil	
Semi-Urban		
Urban	100.00	100.00
Metropolitan	Nil	

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No	State	Aspirational District	Amount spent (In INR)
The Company has no ongoing projects in any of the aspirational district			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, there is no preferential purchasing policy that favours purchasing from suppliers belonging to marginalized or vulnerable groups. Instead, the Company follows a sourcing policy that is primarily based on features, quality, cost and capabilities as recommended by OEMs. Procurement is strictly followed as per the pre-approved list of suppliers provided by the OEMs as the manufactured product is supplied to the defence and aerospace sector.

(b) From which marginalized /vulnerable groups do you procure?

Not applicable, in line with the answer mentioned in 3(a)

(c) What percentage of total procurement (by value) does it constitute?

Not applicable, in line with the answer mentioned in 3(a)

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
The Company, being a built to print and system integrator does not possess any Intellectual Property Rights (IPR) for the manufactured products. The Company's focus is on manufacturing Electro Mechanical modules as per the Original Equipment Manufacturers (OEMs) requirement with value added services.				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective Action taken
Not Applicable		

6. Details of beneficiaries of CSR Projects:

S. No	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	Jagadguru Sri Shivarathreeswara Mahavidyapeetha	The Company ensures welfare of children, poor people and Community as well. The Company puts up various efforts through its CSR Initiatives/ Projects for the ecosystem.	The Company's CSR activities reflect its philosophy of helping to build a better and more sustainable society. The CSR amount spent during the year was towards promoting education for children and providing higher education for differently abled children, and <i>Vrudhashramas</i> for poor people. This CSR initiative was benefitted to large number of people including vulnerable and marginalized groups, which is difficult to quantify.
2	Sri Sai Karunamayi Deva Charitable Trust		

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner



Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company prioritizes customer satisfaction as its primary objective in conducting business operations and ensures that every customer issue is resolved promptly with a positive response at all levels. To handle customer complaints effectively, the Company has created an internal team dedicated to this task. The team carefully analyses the issues raised by customers and holds structured and regular meetings to propose an action plan to resolve them. During the entire complaint resolution process, the Company maintains open communication with the customers and informs him of the progress. The Company actively engages with the customer through phone calls, liaising and providing a final resolution to ensure their complaints are fully addressed and resolved.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the Year	Pending resolution at end of year		Received during the Year	Pending resolution at end of year	
Data Privacy			Nil. No such complaints received in both reporting years			
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						
Total						

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company is aware of the importance of maintaining a high level of confidentiality in its operations. To ensure the security of its information and data, the Company has implemented a comprehensive Cyber Security Policy (Present in the internal portal). This policy outlines the guidelines and measures to be followed within the organization. It serves as a framework for protecting sensitive information, preventing unauthorized access or breaches, and mitigating potential cyber threats. By following this policy, the Company prioritizes the confidentiality of its operations and protects its data from unauthorized disclosure or misuse.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

No such matter/issues came forth for any of the instances mentioned in the serial 3.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches

Nil

b. Percentage of data breaches involving personally identifiable information of customers

Nil

c. Impact, if any, of the data breaches

Not Applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products and services offered by the Company can be accessed through various channels/ platforms. Detailed information is available on the official website of Company at <https://www.dcxindia.com>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Due to the direct supply of the Company's products to Original Equipment Manufacturers (OEMs), who then assemble and deliver the products to end customers, the Company's ability to directly inform and educate end users about the safe and responsible use of its products is limited. As a result, the Company faces limitations in reaching end users directly to provide information and guidance regarding the proper and responsible use of their products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The Company has developed contingency plans to address potential risks associated with the disruption or cancellation of critical services. The team is focused on quality and customer service, allowing us to proactively identify issues before they escalate and work with its customers to find mutually beneficial solutions. Additionally, it has a functional website that is regularly updated to provide stakeholders with timely information on important news and events.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Considering the Company's need to maintain confidentiality in the field of defence and aviation, which covers national security, the entity does not display product information on the product beyond what is required by applicable laws.



INITIATIVES





Initiatives aligned to Principles- 3, 4, 5 and 8

The Company, through its dedicated CSR activities, collaborates with esteemed agencies like Jagadguru Sri Shivarathreeswara Mahavidyapeetha and Sri Sai Karunamayi Deva Charitable Trust to drive impactful change. With Jagadguru Sri Shivarathreeswara Mahavidyapeetha, the Company focuses on eradicating hunger, promoting education, and setting up homes and hostels for women and orphans. Additionally, they support the establishment of old age homes and the protection of art and culture. In partnership with Sri Sai Karunamayi Deva Charitable Trust, the Company continues its mission of eradicating hunger, promoting education, and enhancing preventive healthcare. Through these meaningful collaborations, the Company reaffirms its commitment to fostering a healthier, more educated, and culturally rich society.



Initiatives aligned to Principles- 2, 3, 4, 5, 8 and 9

The Company invested Rs. 12.85 Crores through equity investment in Raneal Advanced Systems Pvt Ltd (Wholly Owned Subsidiary) to establish an Electronics Manufacturing Services (EMS) facility. This initiative aims to enhance their production capabilities, streamline operations, and meet the increasing demand for advanced electronic systems. Furthermore, the Company has acquired key certifications, including the AS-9100:2016 certification for quality management systems in aviation, space, and defense products manufacturing, as well as a Defense Industrial License from the Ministry of Commerce and Industry for the production of defense subsystems. These subsystems include microwave components, radar and electronic warfare modules, microwave sub-modules, and command and guidance units for missile systems.



Initiatives aligned to Principles- 2 & 6

The Company undertakes a few initiatives aligned with SDGs 12, 13 & 15. A key initiative is the implementation of 5S training, which stands for Sort, Set in Order, Shine, Standardize, and Sustain. This methodology enhances efficiency and reduces waste by fostering an organized work environment. Additional measures include promoting sustainable air conditioning usage, obtaining DG certifications, and conducting sapling plantations. Moreover, the Company has applied for ISO 14001 certification, which is anticipated to be finalized by the end of the fourth quarter of 2024. These efforts collectively demonstrate the Company's commitment to sustainability and environmental responsibility.

Green Growth Initiative: Nurturing Nature and Advancing SDG 15



Initiatives aligned to Principles- 16 and 17

In alignment with Sustainable Development Goal (SDG) 16, which focuses on promoting peaceful and inclusive societies, ensuring access to justice for all, and building effective, accountable institutions, the Company has implemented several key policies. These include a Risk Management Policy to identify and mitigate potential risks, a Vigil Mechanism Policy, and Whistleblower Operating Guidelines to ensure transparency and accountability. The Company also offers a Familiarization Programme for Independent Directors and maintains a Policy on Board Diversity to promote inclusivity at the leadership level. Additionally, the Company has established a Materiality Policy, a Policy on Material Subsidiaries, a Policy on Related Party Transactions, and an Anti-Bribery Anti-Corruption Policy to uphold ethical practices and governance standards.

In alignment with SDG 17, which emphasizes partnerships for the goals, the Company is affiliated with the Society of Indian Aerospace Technologies and Industries (SIATI). This affiliation reflects our commitment to fostering collaboration and innovation within the aerospace sector, contributing to industry-wide advancements and the achievement of broader sustainability objectives.

ANNEXURE-9

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages fairness, transparency, accountability, reliability, credibility and equity in all facets of its operation and its interaction with its stakeholders.

The Company's governance practices reflect values and its Code of Conduct provides a necessary framework in running the business with the highest standards, enabling the Company to fulfil its legal, financial and ethical objectives towards its stakeholders. The Company has adopted a Code of Conduct for its Directors and Senior Management which encompasses an appropriate mechanism to report any concern pertaining to non-adherence to the said Code. The Company discloses information regarding its financial position, performance and other vital matters with fairness and transparency on a timely basis, keeping in mind the regulatory requirements stipulated under the various laws applicable to Company.

I. BOARD OF DIRECTORS:

A. Composition of the Board and category of Directors ("BOARD")

The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013, ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), wherever applicable and as amended from time to time.

As on March 31, 2024, the Company has 6 Directors out of which 2 Executive Directors, 1 Non- Executive and Non-Independent Director and 3 Non- Executive Independent Directors, out of which 1 Women Independent Director. The Composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 149 of the Act. The Directors of the Company are persons of eminence having vast and varied experience in Strategic Thinking, Planning and Business Management, Entrepreneurial and Leadership Skills, Marketing and Branding, Financial Management, Global Exposure, Defence Industry Expertise, Governance and Regulatory Compliance.

The composition of the Board, Directorship and Committee positions as on March 31, 2024 is as under:

Table 1: Composition of the Board of Directors

Name of the Director	Category	Attendance particulars			No. of Directorships and Committee Memberships / Chairmanships in Indian Companies as on March 31, 2024			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		12 th AGM Held on 25.09.2023	Directorship(s)	Committee Memberships	Committee Chairmanships	
		Held	Attended					
Dr. H S Raghavendra Rao (DIN: 00379249)	Executive	11	11	Yes	1	-	-	-
Mr. Neal Jeremy Castleman (DIN: 05159412)	Non-Executive	11	10	Yes	1	-	-	-
*Mr. Sankarakrishnan Ramalingam (DIN: 00078459)	Non-Executive	11	4	No	-	-	-	-
*Mr. Ranga K S (DIN: 02386255)	Executive	11	7	Yes	-	2	-	-
Mrs. Lathika Siddharth Pai (DIN: 00420102)	Independent (ID)	11	11	Yes	1	-	-	-

Name of the Director	Category	Attendance particulars			No. of Directorships and Committee Memberships / Chairmanships in Indian Companies as on March 31, 2024			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		12 th AGM Held on 25.09.2023	Directorship(s)	Committee Memberships	Committee Chairmanships	
		Held	Attended					
Mr. Kalyanasundaram Chandrasekaran (DIN: 00936289)	Independent (ID)	11	11	Yes	1	2	2	-
Mr. Panchangam Nagashayana (DIN: 00907296)	Independent (ID)	11	11	Yes	1	2	-	-

* Mr. Sankarakrishnan Ramalingam and Mr. Ranga K S resigned from the Directorship of the Company w.e.f. 31.08.2023 and 31.03.2024 respectively.

Notes:

- I. Excludes Directorship in Private Limited companies, Foreign Companies and Section 8 Companies.
- II. As per the Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committees include only Audit Committee and Stakeholders' Relationship Committee for considering Membership and Chairmanship.
- III. The Company's shares are listed with BSE Ltd (BSE) & National Stock Exchange of India Ltd (NSE).
- IV. None of the Directors are inter-se related to each other.
- V. Details of equity shares of the Company held by the Non-Executive Directors as on March 31, 2024 are given below:

Name	Category	Number of Equity Shares	% of Holding
Mr. Panchangam Nagashayana	Independent Director	50,000	0.04

Details of equity shares of the Company held by the relative of Non-Executive Directors as on March 31, 2024 are given below.

Name	Relationship with Non-Executive Director	Number of Equity Shares	% of Holding
Ms. Anitha Chandrasekaran	Spouse of Non-Executive, Independent Director, Mr. Kalyanasundaram Chandrasekaran	50,000	0.04
Mr. Siddharth Ammembal Pai	Spouse of Non-Executive, Independent Director, Ms. Lathika Siddharth Pai	50,000	0.04

- VI. None of the Directors is a member of more than ten (10) Committees or Chairperson of more than five (5) Committees across all Public Limited Companies based on confirmation received from the Directors.

B. Core Skills / Expertise / Competencies available with the Board:

The Board of Directors has identified the following skills/expertise/competencies with reference to its business and industry that are fundamental for the effective functioning of the Company:

Sr. No.	Skill Area
1.	Strategic Thinking, Planning and Management
2.	Entrepreneurial and Leadership skills
3.	Marketing and Branding
4.	Finance & Risk Management
5.	Global Exposure
6.	Defense Industry Experience
7.	Corporate Governance and Compliance
8.	Stakeholders Management

The Directors so appointed are from diverse backgrounds and possess special skills with regard to the industries / fields from where they come:

Name of the Director	Strategic Thinking, Planning and Management	Entrepreneurial and Leadership Skills	Marketing and Branding	Finance & Risk Management	Global Exposure	Defense Industry Experience	Corporate Governance and Compliance	Stakeholders Management
Dr. H S Raghavendra Rao (DIN: 00379249)	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Neal Jeremy Castleman (DIN: 05159412)	✓	✓	✓	-	✓	✓	✓	-
*Mr. Sankarakrishnan Ramalingam (DIN: 00078459)	✓	✓	✓	✓	✓	✓	✓	✓
*Mr. Ranga K S (DIN: 02386255)	✓	✓	-	✓	-	✓	✓	✓
Mrs. Lathika Siddharth Pai (DIN: 00420102)	✓	✓	✓	-	✓	-	✓	✓
Mr. Kalyanasundaram Chandrasekaran (DIN: 00936289)	✓	✓	-	✓	✓	-	✓	✓
Mr. Panchangam Nagashayana (DIN: 00907296)	✓	✓	✓	-	-	✓	✓	✓

*During the Period under review:

- Mr. Sankarakrishnan Ramalingam resigned from the directorship of the Company w.e.f., 31.08.2023.
- Mr. Ranga K S was appointed as Whole-Time Director w.e.f., 01.09.2023.
- Mr. Ranga K S resigned as Whole-Time Director of the Company w.e.f. 31.03.2024.

C. Independent Directors

All Independent Directors of the Company have submitted the requisite declarations confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Regulation 16 and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with Schedule IV of the Companies Act, 2013 and the Company's Code of Conduct. They have further confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties and that they are independent of the management.

Further, the Independent Directors have also submitted their declaration in compliance with the provision of Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of the Indian Institute of Corporate Affairs ('IICA') for a period of one year or five years or life-time till they continue to hold the office of an independent director.

Also, the Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In terms of the provisions of the Act, Independent Directors, Mr. Kalyanasundaram Chandrasekaran (DIN: 00936289) and Mr. Panchangam Nagashayana (DIN: 00907296) were appointed for the first term of 5 years w.e.f. 28.01.2022. Further Mrs. Lathika Siddharth Pai (DIN: 00420102) was appointed for first term of 5 years as a Women Independent Director w.e.f. 02.02.2022.

In the opinion of the Board, all the Independent Directors have integrity, expertise and experience.

A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities is available on the website of the Company <https://dcxindia.com>.

D. Board Meetings

The Board meets at least 4 (four) times in a year i.e., once in every quarter to review the quarterly and year to date results along with other items on the agenda. The Board also meets as and when necessary to address specific issues concerning the business of the Company.

The Board meetings are governed by a structured agenda. The agenda along with the detailed explanatory notes, presentations and supporting material are circulated to the members of the Board in advance before each meeting to facilitate effective decision making. The Board members are also apprised on a regular basis, by the Chairman & Managing Director on the overall performance of the Company and key developments and achievements.

The Company in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder provides for the facility to the Directors to attend the meetings of the Board through video conferencing mode in line with various notifications/ circular issued by the Ministry of Corporate Affairs and SEBI from time to time.

The proceedings of each of the meeting of the Board and its Committees are captured in accordance with the provisions of the Companies Act, 2013 and the Companies (Meetings of the Board and its Powers) Rules, 2014.

During the Financial Year 2023-24, the Board Meetings of the Company were held **11(Eleven)** times, i.e. on May 19, 2023, August 03, 2023, August 14, 2023, August 18, 2023, October 04, 2023, October 30, 2023, November 16, 2023, February 08, 2024, February 19, 2024, March 04, 2024, March 29, 2024.

The details for the attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM) are provided in Table 1 above.

E. Familiarization programs

Familiarization programs for all Independent Directors were conducted during the year as per the provisions of Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has more such plans in the next financial year for Independent Directors to keep them updated about their roles, rights, responsibilities in the Company as an Independent Director.

The policy on Familiarization program and Familiarization programs imparted to the Independent Directors in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are uploaded on the website of the Company <https://dcxindia.com>.

F. Independent Directors Meeting

The Independent Directors Meeting in accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and the Rules made thereunder and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was held on 19.02.2024, without the presence of Non-Independent Directors and members of the management.

The Independent Directors in their meeting have assessed the quality, quantity and timeliness of flow of information between the management and the Board of Directors that is necessary for the board to effectively and reasonably perform their duties.

G. Performance Evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework.

The Nomination & Remuneration Committee of the Company, in accordance with the provisions of the Companies Act, 2013 and the Rules made there under and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, laid down the criteria for the Performance Evaluation of the Board, Committees and every Director including Independent Directors and Chairman.

Accordingly, the performance evaluation of the Board, each Committee, every Director including Independent Directors and Chairman was carried out for the financial year under review on May 19, 2023. All the Directors were participative, interactive and communicative during the entire evaluation process.

H. Code of Conduct

The Company has stipulated a Code of Conduct for all Directors and the Senior Employees of the Company ("the Code"). The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code is also applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. A copy of the Code has been placed on the Company's website <https://dcxindia.com>.

II. COMMITTEES OF THE BOARD

The Board has constituted five (5) Committees of the Board, namely Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The proceedings of the Committee meetings are captured in the same manner as the Board Meeting. The minutes of the Committee meetings were tabled at

the Board Meeting and the members of the Board are briefed on the important discussions and deliberations.

A. Audit Committee

The Audit Committee of the Company has been constituted as per the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 including amendments, if any. The Audit Committee of the Company comprises the majority of the Independent Directors. All members of the Audit Committee are financially literate and have accounting and related financial management expertise. The Company Secretary acts as secretary to the Audit Committee.

The Board of Directors of the Company at their meeting held on March 29, 2024 reconstituted the Audit Committee with effect from April 01, 2024.

The members of the Audit Committee met **08 (Eight)** times during financial year 2023-24 i.e., on May 10, 2023, May 19, 2023, August 03, 2023, August 18, 2023, October 04, 2023, October 30, 2023, February 08, 2024, March 29, 2024.

The maximum time gap between two consecutive meetings did not exceed 120 (one hundred and twenty) days.

The composition of the Committee and attendance of each member at the Audit Committee meetings held during the financial year 2023-24 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Mr. Kalyanasundaram Chandrasekaran	Chairman and Member	Independent Director	08
2	Mr. Panchangam Nagashayana	Member	Independent Director	08
3	*Mr. Sankarakrishnan Ramalingam	Member	Non-Executive Director	04
4	*Mr. Ranga K S	Member	Whole-Time Director	03

*During the period under review:

Mr. Sankarakrishnan Ramalingam resigned from the directorship of the Company w.e.f., 31.08.2023. Therefore, the Committee reconstituted by replacing Mr. Sankarakrishnan Ramalingam with Mr. Ranga K S on August 18, 2023.

Mr. Ranga K S resigned from the directorship of the Company w.e.f., 31.03.2024. Therefore, the Audit Committee was reconstituted on April 01, 2024 by replacing Mr. Ranga K S with Dr. H.S. Raghavendra Rao as a Member of the Audit Committee.

Terms of reference:

The terms of reference given by the Board of Directors pursuant to Section 177 of the Act and the Listing Regulations, including amendments, if any are briefly described below:

- 1) Oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient, and credible.
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Formulation of a policy on related party transactions, which shall include materiality of related party transactions.
- 5) Reviewing, at least on a quarterly basis, the details of related party transactions entered by the Company pursuant to each of the omnibus approvals given.
- 6) Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
- 7) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

- 8) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 9) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- 10) Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed.

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- 11) Scrutiny of inter-corporate loans and investments.
- 12) Valuation of undertakings or assets of the Company, wherever it is necessary.
- 13) Evaluation of internal financial controls and risk management systems.
- 14) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 15) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 16) Discussion with internal auditors of any significant findings and follow up thereon;
- 17) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 18) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 19) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.
- 20) Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 21) Reviewing the functioning of the whistle blower mechanism
- 22) Monitoring the end use of funds raised through public offers and related matters.
- 23) Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases.
- 24) Approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- 25) Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing.
- 26) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
- 27) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the listed entity and its shareholders.
- 28) Carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The powers of the Audit Committee shall include the following:

- a. To investigate any activity within its terms of reference
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary; and
- e. Such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations.
- b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- c. Management letters/letters of internal control weaknesses issued by the statutory auditors.
- d. Internal audit reports relating to internal control weaknesses.
- e. The appointment, removal and terms of remuneration of the chief internal auditor.
- f. Statement of deviations in terms of the SEBI Listing Regulations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and
 - ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

- g. Review the financial statements, in particular, the investments made by any unlisted subsidiary.

The Audit Committee is required to meet at least four times in a year under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company Secretary of the Company shall act as Secretary of the Committee

A. Nomination and Remuneration Committee

The Company has a duly constituted Nomination & Remuneration Committee as per the Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013 and the Rules made thereunder. All members of the Committee are Independent Directors. The Company Secretary acts as secretary to the Nomination and Remuneration Committee.

During the Financial Year 2023-24, **4 (Four)** meetings of the Committee were held on May 19, 2023, July 13, 2023(its adjourned meeting held on July 17, 2023), August 18, 2023, February 08, 2024.

The composition of the Committee and attendance of each member at the Nomination and Remuneration Committee meetings held during the financial year 2023-24 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Mr. Panchangam Nagashayana	Chairman and Member	Independent Director	4
2	Mr. Kalyanasundaram Chandrasekaran	Member	Independent Director	4
3	Mrs. Lathika Siddharth Pai	Member	Independent Director	4

Senior Management:

Particulars of senior management including the changes therein since the close of the previous financial year include:

- i. Mr. Ranga K S, Chief Financial Officer, resigned from the services of the Company w.e.f 31.03.2024.
- ii. Mr. Nagaraj Radhakrishna Dhavaskar, Company Secretary and Compliance Officer, resigned from the services of the Company w.e.f., 31.01.2024.
- iii. Mr. Gurumurthy Ganapati Hegde was appointed as Company Secretary and Compliance Officer of the Company w.e.f., 08.02.2024.

Terms of Reference:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company a policy relating to the remuneration of the directors, key managerial personnel and other employees ("Remuneration Policy").

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully.
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.
- (2) Formulation of criteria for evaluation of independent directors and the Board;
- (3) Devising a policy on Board diversity.
- (4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

- (5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (6) Recommend to the board, all remuneration, in whatever form, payable to senior management.
- (7) Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time."
- (8) Analysing, monitoring and reviewing various human resource and compensation matters;
- (9) Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (10) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (11) Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;
- (12) Administering, monitoring and formulating detailed terms and conditions of the employee stock option scheme, if any, of the Company;
- (13) Reviewing and approving the Company's compensation strategy from time to time in the context of the current Indian market in accordance with applicable laws;
- (14) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;
- (15) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable; and
- (16) Performing such other activities as may be delegated by the Board or specified/provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.
- (17) For every appointment of an independent director the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purposes of identifying suitable candidates, the Committee may:
 - a. use the services of an external agencies, if required
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.

The Nomination & Remuneration Committee has laid down the Performance Evaluation criteria for Independent Directors in terms of Regulation 19 read with Part D of the Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Remuneration Policy of the Company for the Directors, Key Managerial Personnel and Senior Management Personnel is disclosed on its website <https://dcxindia.com>.

The Nomination & Remuneration Committee has laid down the criteria of making payments to non- executive directors in terms of Regulation 17(6) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the policy is annexed to the Board's Report and disclosed on its website <https://dcxindia.com>.

The Nomination and Remuneration Committee is required to meet at least one time in a year under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company Secretary of the Company shall act as Secretary of the Committee.

Remuneration Policy:

The Remuneration Policy of the Company is based on the following criteria:

 - i) Performance of the Company.
 - ii) Track record, potential and individual performance.
 - iii) External competitive environment
 - iv) Balance between the fixed and incentive pay.

Remuneration of Directors:

The Executive Directors have no pecuniary relationship with the Company other than receiving remuneration approved by the shareholders. The tenure of Executive Director is in line with the approval provided by the shareholders of the Company. The provision for payment of severance fees and notice period of Executive Director is as per the terms of appointment. Non-Executive-Non-Independent Directors are not entitled to any remuneration including sitting fees and are not subject

to any notice period and severance fees. Independent Directors are entitled to only sitting fees and are not subject to any notice period and severance fees. There was no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company, which has potential conflict with the interest of the organization at large.

Details of Remuneration paid for the financial year 2023-24:

Executive Directors:

(₹ in Mn)

Sl. No.	Name of the Director	Salary	Sitting fees	Commission paid/ payable	Total
1	Dr. H S Raghavendra Rao	22.89	-	-	22.89
3	*Mr. Ranga K S	5.85	-	-	5.85

*Mr. Ranga K S (DIN: 02386255) was appointed as Whole-Time Director/KMP of the Company w.e.f. 01.09.2023.

*Mr. Ranga K S (DIN: 02386255) resigned as Whole -Time Director/KMP of the Company w.e.f. 31.03.2024.

Non-Executive Independent Directors:

(₹ in Mn)

Sl. No.	Name of the Director	Salary	Sitting fees	Commission paid/ payable	Total
1	Mr. Panchangam Nagashayana	-	0.4	-	0.4
2	Mr. Kalyanasundaram Chandrasekaran	-	0.4	-	0.4
3	Mrs. Lathika Siddharth Pai	-	0.4	-	0.4

C. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Company has been constituted in line with the provisions of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178(5) the Companies Act, 2013. The Committee looks into Shareholders' and Investors' grievances.

During the financial year, **4 (Four)** meetings of the Committee was held on May 19, 2023, August 03, 2023, October 30, 2023, February 08, 2024.

The Board of Directors of the Company at their meeting held on March 29, 2024 reconstituted the Stakeholders Relationship Committee with effect from April 01, 2024.

Mr. Gurumurthy Hegde, Company Secretary and Compliance Officer of the Company is the Secretary to the Committee.

The composition of the Committee and attendance of each member at the Stakeholders Relationship Committee meetings held during the financial year 2023-24 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Mr. Kalyanasundaram Chandrasekaran	Independent Director	Chairman and Member	4
2	Mr. Panchangam Nagashayana	Independent Director	Member	4
3	* Mr. Sankar Krishnan Ramalingam	Member	Non-Executive Director	2
4	* Mr. Ranga K S	Member	Whole-Time Director	2

*During the period under review:

Mr. Sankar Krishnan Ramalingam resigned from the directorship of the Company w.e.f., 31.08.2023. Therefore, the Committee reconstituted by replacing Mr. Sankar Krishnan Ramalingam with Mr. Ranga K S on August 18, 2023.

Mr. Ranga K S resigned from the directorship of the Company w.e.f., 31.03.2024. Therefore, the Stakeholders Relationship Committee reconstituted on April 01, 2024 by replacing Mr. Ranga K S with Dr. H.S. Raghavendra Rao as a Member of the Stakeholders Relationship Committee.

Terms of reference:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent; and

4. Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
5. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
6. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
7. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
8. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

Stakeholders Relationship Committee is required to meet at least once in a year under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Company Secretary of the Company shall act as Secretary of the Committee

Details of Shareholders /Investors Complaints:

The status of the shareholders' complaints received during the Financial Year 2023-24 are as follows:

Pending as of April 01, 2023	Received during the year	Disposed of during the year	Pending as of March 31, 2024
0	19	19	0

D. Risk Management Committee

The Risk Management Committee of the Company has been constituted in line with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year, 2 (Two) RMC meetings were held on August 03, 2023 and January 30, 2024.

The composition of the Committee and attendance of each member at the Risk Management Committee meetings held during the financial year 2023-24 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Dr. H S Raghavendra Rao	Chairman and Member	Chairman and Managing Director	2
2	Mr. Kalyanasundaram Chandrasekaran	Member	Independent Director	2
3	*Mr. Sankarakrishnan Ramalingam	Member	Non-Executive Director	1
4	*Mr. Ranga K S	Member	Whole-Time Director	1

*During the period under review:

Mr. Sankarakrishnan Ramalingam resigned from the directorship of the Company w.e.f., 31.08.2023. Therefore, the Committee reconstituted by replacing Mr. Sankarakrishnan Ramalingam with Mr. Ranga K S on August 18, 2023.

Mr. Ranga K S resigned from the directorship of the Company w.e.f., 31.03.2024. Therefore, the Risk Management Committee reconstituted on April 01, 2024 by replacing Mr. Ranga K S with Mr. Panchangam Nagashayana as a Member of the Risk Management Committee.

Terms of reference:

The Risk Management Committee shall be responsible for, among other things, the following:

1. To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental social and governance related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
- (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 3. To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per framework laid down by the board of directors;
 4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
 5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
 7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The Committee is required to meet at least twice in a year with maximum interval of not more than 180 days between two consecutive meetings under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

E. Corporate Social Responsibility Committee

The Company has a duly constituted Corporate Social Responsibility (CSR) Committee in line with Section 135 of the Companies Act, 2013 and the Rules made thereunder. During the year, 1 (One) CSR meeting was held on October 04, 2023.

The composition of the Committee and attendance of each member at the Corporate Social Responsibility Committee meetings held during the financial year 2023-24 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Mrs. Lathika Siddharth Pai	Chairperson and Member	Independent Director	1
2	Dr. H S Raghavendra Rao	Member	Chairman and Managing Director	1
3	Mr. Panchangam Nagashayana	Member	Independent Director	1

Terms of reference:

- a. formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- b. review and recommend the amount of expenditure to be incurred on the CSR activities referred to in clause a;
- c. monitor the corporate social responsibility policy of the Company and its implementation from time to time; and
- d. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

Corporate Social Responsibility Committee is required to meet at least one time in a year as per the provisions of the Companies Act, 2013 and the Company Secretary of the Company shall act as Secretary of the Committee.

III. SUBSIDIARY COMPANIES

The Company does not have any material unlisted Indian Subsidiary as defined under Regulation 16(1) (C) of the

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The minutes of the unlisted Indian Subsidiary Company, M/s. Raneal Advanced Systems Private Limited and unlisted Israeli Subsidiary Company, NIART Systems Limited, wherever applicable, along with any significant transaction or arrangement entered into by any of its unlisted subsidiary company, were placed before the Board on quarterly basis for its noting. The Audit Committee reviewed the financial statements, in particular investments made by the unlisted subsidiary of the Company.

The Board of Directors of the Company at their meeting held on March 21, 2022 approved a policy for determining "material subsidiaries". The said Policy is available on the website of the Company <https://dcxindia.com>.

IV. DISCLOSURES

A. BASIS OF RELATED PARTY TRANSACTIONS

Transactions with the Related Parties, as per the requirements of Indian Accounting Standard (Ind AS), are disclosed in the notes to accounts to the Financial Statements. The related party transactions were placed before the Audit Committee meetings for their review

and approval. The policy on related party transactions is available on the website of the Company at <https://dcxindia.com>.

B. DISCLOSURE OF ACCOUNTING TREATMENT

The Company has prepared the financial statements in due compliance of all material aspects with the accounting standards specified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

C. COMPLIANCE

The Company has duly complied with all the requirements of the Stock Exchange(s) and SEBI on matters relating to capital markets. There were no non-compliances by the Company and no instances of penalties or strictures which were imposed on the Company by SEBI, Stock Exchange(s) on which the shares of the Company are listed or by any statutory authority on any matter related to the capital market during the last 3 financial years. Further, the securities of the Company were not suspended from trading at any time during the year.

D. BOARD DISCLOSURES – RISK MANAGEMENT

The Company has laid down systems to inform the Audit Committee and the Board about the risk assessment and minimization procedures. The risks and Company's mitigation strategies are discussed and reviewed by the Board of Directors and Risk Management Committee on a regular basis, whenever required, to ensure effective controls.

E. CODE OF CONDUCT

The Board of Directors has approved policy relating to Code of Conduct for its Board Members and Senior Management as required under Regulation 17 (5) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 and the same is available on the Company's website at <https://dcxindia.com>.

F. WEB LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED

The Company doesn't have material subsidiary as on March 31, 2024. The Policy pertaining to determine the Material Subsidiary is available on the Company's website at <https://dcxindia.com>.

G. PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES, PREFERENTIAL ISSUES ETC.

The Company has successfully completed the Qualified Institutional Placement (QIP) of its equity shares and raised ₹5,000 Mn through QIP. The issue comprised fresh issue of 1,46,62,756 equity shares of face value of ₹2/- each at a premium of ₹339/- per share.

H. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company is committed to the high standards of corporate governance and stakeholder's responsibility. The Company has adopted Whistle Blower Policy and established necessary Vigil Mechanism in line with Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for directors and employees to report concerns about unethical behavior. No personnel have been denied access to the Chairman of the Audit Committee. The Company has established a vigil mechanism to promote ethical behavior in all its business activities and has in place a mechanism for employees to report any genuine grievances, illegal, unethical behavior, suspected fraud or violation of laws, rules and regulation or conduct to the Audit Committee. The Policy also provides for adequate protection to the whistle blower against victimization or discriminatory practices. The Policy is available on the website of the Company at <https://dcxindia.com>.

During the Financial Year 2023-24, the Company has not received any complaints.

I. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place a Policy against Sexual Harassment at workplace and an Internal Complaints Committee as per the requirements of Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act, 2013.

The Company did not receive any complaints during the year under review.

J. DISCLOSURE BY LISTED ENTITY AND ITS SUBSIDIARIES OF 'LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT

There were no loans and advances provided to firms/companies in which Directors are interested.

K. SHAREHOLDERS

i. Means of Communication

Financial Results & Company's Website

The Company's quarterly financial results and Investors presentation are made available on the Company's website. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the quarterly financial results are published in the Financial Express (English) and Samyuktha Karnataka (Kannada) editions. Financial Results and all material information are also disseminated to the Stock Exchanges after these are taken on record by the Board and the same is available at <https://dcxindia.com>.

ii. Investors Calls

Earnings conference calls were conducted on the following dates after the announcement of Quarterly Financial Results for the Financial Year 2023-24 wherein the management updates the investors on the progress made by the Company and also answers their queries. The call transcripts are uploaded on the website of the Company i.e. <https://dcxindia.com> and with exchanges for public information.

SL NO	QUARTER	DATE OF CONFERENCE CALL
01	Financial Results reporting for the first quarter ending June 30, 2023	07.08.2023 (Monday)
02	Financial Results reporting for the second quarter ending September 30, 2023	31.10.2023 (Tuesday)
03	Financial Results reporting for the third quarter ending December 31, 2023	09.02.2024 (Friday)
04	Financial Results reporting for the fourth quarter ending March 31, 2024	17.05.2024 (Friday)

iii. Disclosure regarding appointment or re-appointment of Directors

Disclosure regarding Directors seeking appointment/reappointment in the 13th Annual General Meeting pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 are provided in the notes appended to the Notice of 13th Annual General Meeting.

L. DETAILS OF COMPLIANCE WITH MANDATORY/ NON-MANDATORY REQUIREMENTS OF THE LISTING REGULATIONS

The Company has complied with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Company has also complied with below mentioned discretionary requirements as stated under Part E of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as under:

- The Board:** The Company has an Executive Chairman and therefore the provision relating to Non-Executive Chairperson is not applicable.
- Shareholders' Right:** The Company promptly disseminates its financial results to the stock exchanges and the same will be published on the company's website at <https://dcxindia.com>. Further the Company publish the results in newspaper namely Financial Express (English) and Samyuktha Karnataka (Kannada) editions and are also posted on the website of Company.
- Modified Opinion(s) in Audit Report:** NIL
- Reporting of Internal Auditor:** The Internal Auditors Report on the internal audit of the Company to the Audit Committee and the Board on a quarterly basis.

M. MD/CFO CERTIFICATION

As required under Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,

2015, a certificate from MD/CFO to the Company's Board was placed at the Board meeting held on May 16, 2024.

N. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with the requirements of corporate governance specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

O. DISCLOSURE OF INSTANCES ALONG WITH THE REASONS, WHERE THE BOARD OF DIRECTOR HAD NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD, WHICH IS MANDATORILY REQUIRED, IN THE FINANCIAL YEAR 2023-24

There was no instance during the financial year 2023-24, where the Board of Directors did not accept the recommendation of any committee of the Board which it was mandatorily required to accept.

P. DIVIDEND DISTRIBUTION POLICY

The Board of Directors adopted Dividend Distribution Policy as per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the said policy is available on the Company's website <https://dcxindia.com>.

Q. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF LISTED ENTITY AT LARGE

The Company does not have any materially significant related party transactions, which may have potential conflict with the interest of the Company at large. Further, the statutory disclosure requirements relating to related party transactions have been complied with in the Financial Statements. The policy on dealing with related party transactions has been disclosed on the Company's website, <https://dcxindia.com>.

R. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The input pricing risk is managed through appropriate long-term rate contracts and constant evaluation of alternate support sources for key raw materials. The Company has an approved Foreign Exchange Risk Management Policy and accordingly, during the financial year ended March 31, 2024, the Company managed foreign exchange risk and hedged these to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in Notes to Standalone Financial Statements.

S. LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY ALONG WITH ANY REVISIONS THERETO, FOR ALL DEBT INSTRUMENTS OF THE COMPANY OR ANY FIXED DEPOSIT PROGRAM OR ANY SCHEME OR PROPOSAL OF THE COMPANY INVOLVING MOBILISATION OF FUNDS, WHETHER IN INDIA OR ABROAD

On 19.02.2024, Infomerics Valuation and Rating Pvt. Ltd (Credit Rating Agency), has re-affirmed the Credit Rating for the bank facilities of the Company and details of credit rating are provided below:

Type of Facility	Amount (₹ in Mn)	Current Rating	Rating Action
Long Term Non-Fund Based Facilities	4,800.00 (reduced from 8,090.00)	[IVR A- / Stable (IVR Single A Minus With Stable Outlook)]	Reaffirmed
Short Term Fund Based Facilities	5,200.00 (reduced from 7,073.50)	[IVR A2+ (IVR A Two Plus)]	Reaffirmed
Short Term Non-Fund Based Facilities	100.00 (reduced from 590.00)	[IVR A2+ (IVR A Two Plus)]	Reaffirmed

T. DETAILS OF UTILIZATION OF FUNDS OF PREFERENTIAL ALLOTMENT/QIP

During the year under review, the Company has raised ₹5,000.00mn by issuing additional of 1,46,62,756 equity shares of face value of ₹2/- each at a premium of ₹ 339/- per share through Qualified Institutional Placement (QIP).

Further, the proceeds of the funds raised through the said QIP was not utilized during the year.

Proceedings of the QIP is planned to utilize during the financial year 2024-25.

U. CERTIFICATE FROM PRACTICING COMPANY SECRETARY

The Company has obtained a certificate from Pramod S. Practicing Company Secretary certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the SEBI or Ministry of Corporate Affairs or any such statutory authority and is enclosed at the end of this Report.

V. FEES PAID TO STATUTORY AUDITORS

During the year ended March 31, 2024, fees paid by the listed entity to the Statutory Auditors i.e., NBS & Co, Chartered Accountants and all entities in the network firm/network entity of which the statutory auditor is a part, is ₹0.70 Mn excluding applicable taxes.

Further, Raneal Advanced Systems Private Limited (Wholly Owned Subsidiary) of the company, has not made any payment to NBS & Co, Chartered Accountants during the year ended March 31, 2024.

W. AGREEMENT ON COMPENSATION OF PROFIT SHARING IN CONNECTION WITH DEALINGS IN SECURITIES OF THE COMPANY

During the financial year under review, no employee including Key Managerial Personnel or Director or Promoter of the Company had entered into any agreement, either for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in securities of the Company.

X. DECLARATION ON CODE OF CONDUCT

The Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Conduct and Ethics" which is applicable to all directors and employees, amongst others.

Dr. H S Raghavendra Rao, Chairman and Managing Director confirms that all members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics with respect to the financial year 2023-24.

Y. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

The Company does not have any securities in the demat suspense account/unclaimed suspense account.

Z. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY: NIL

V. GENERAL BODY MEETINGS

Details in respect of Annual General Meetings of the Company held during last 3 (Three) Financial Years, are as mentioned below:

AGM	Date of AGM	Venue	Time	Special Resolutions items
10 th	18.10.2021	Registered Office Address at Aerospace SEZ Sector, Plot Nos.29,30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural 562110, Karnataka, India	09.00 A.M. (IST)	-
11 th	28.07.2022	Virtually at Registered Office Address at Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural - 562110, Karnataka, India	09.00 A.M. (IST)	-
12 th	25.09.2023	Virtually at Registered Office Address at Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural - 562110, Karnataka, India	04.00 P.M. (IST)	1. Approval for continuation of Directorship of Mr. Neal Jeremy Castleman (DIN: 05159412), Non-Executive, Non-Independent Director of the Company after attaining the age of 75 years

Special Resolution through Postal Ballot:

No Special Resolution was passed through postal ballot in the Financial Year 2023-24.

VI. GENERAL SHAREHOLDER INFORMATION

1	Date of Incorporation	:	16/12/2011	
2	Registration No./CIN No.	:	L31908KA2011PLC061686	
3	Registered Office/Address for Correspondence	:	DCX Systems Limited Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural - 562110, Karnataka, India Email: cs@dcxindia.com Tel: 080 - 6711 9555 Web: www.dcxindia.com	
4	Date, Time and Venue of 13 th AGM	:	26.09.2024, 2.30 P.M.(IST) via Video Conferencing/ Other Audio Visual Means	
5	Book Closure Dates/Cut-off dates	:	19.09.2024	
6	Dividend Payment Date	:	N.A.	
7	Financial Year	:	April 01, 2023 to March 31, 2024	
8	Financial Calendar for 2024- 25 (Tentative and subject to change)	:	Financial results reporting for the first quarter ending June 30, 2024	On or before 2 nd week of August, 2024
			Financial results reporting for the second quarter ending September 30, 2024	On or before 2 nd week of November, 2024
			Financial results reporting for the third quarter ending December 31, 2024	On or before 2 nd week of February, 2025
			Financial results reporting for the year ending March 31, 2025	On or before 4 th week of May, 2025
			Annual General Meeting for the Financial Year ending March 31, 2025	On or before September, 2025

9	Listing on Stock Exchanges (Listed on 11.11.2022)	:	BSE Limited, (BSE) P J Towers, Dalal Street, Fort Mumbai – 400 001 Scrip Code: 543650	National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra E), Mumbai – 400 051 Scrip Symbol: DCXINDIA
10	ISIN of the Company	:	INE0KL801015	
11	Payment of Listing fee	:	Listing fee for the financial year 2023-24 has been paid to BSE and NSE.	
12	Registrar & Transfer Agent	:	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083 Tel No. +918108116767; Fax +91 22 4918 6060 email: rnt.helpdesk@linkintime.co.in Contact Person Name: Mr. Jayprakash Parambath	
13	Dematerialization of Equity Share of the Company as on March 31, 2024	:	11,13,86,427 equity shares (i.e., 100% of total equity) is in demat form.	
14	Unclaimed Equity Dividend	:	There is no unclaimed dividend as on March 31, 2024.	

Shareholding Pattern of the Company as of March 31, 2024:

Sl. No.	Category	Number of Equity Shares	%
1.	Indian Promoter Company	3,18,84,542	28.63
2.	Clearing Members	3,926	0.00
3.	Bodies Corporate	18,58,601	1.67
4.	Foreign Promoter Company	3,18,84,542	28.63
5.	Hindu Undivided Family	9,51,608	0.85
6.	Mutual Funds	76,06,126	6.83
7.	Insurance Companies	12,09,751	1.08
8.	Non Resident Indians	11,52,968	1.03
9.	Public	2,23,92,948	20.11
10.	Indian Individual Promoter	56,12,558	5.04
11.	Trusts	350	0.00
12.	Body Corporate - Limited Liability Partnership	1,34,640	0.12
13.	Foreign Portfolio Investors (Corporate) - I	25,24,882	2.27
14.	Foreign Portfolio Investors (Corporate) - II	37,861	0.03
15.	Alternate Investment Funds	36,41,124	3.27
16.	Directors and their relatives (excluding independent Directors and nominee Directors)	75,000	0.07
17.	Key Managerial Personnel	4,15,000	0.37
	Total	11,13,86,427	100

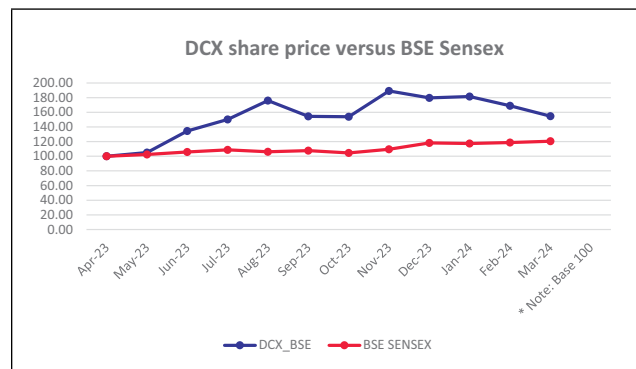
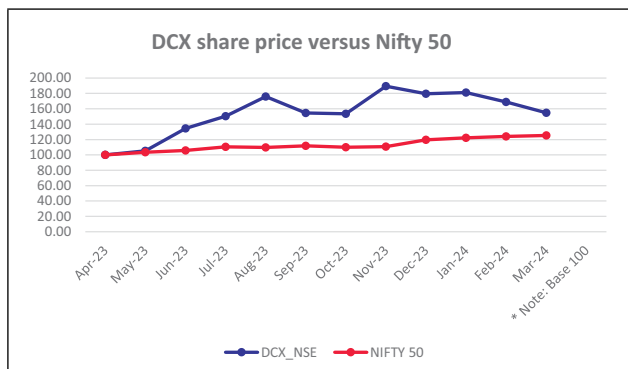
Distribution Schedule as on March 31, 2024:

Share -Range	No. of Shareholders	% of total	No. of Shares Held	% total
1-500	81,388	92.29	65,29,661	5.86
501-1000	3408	3.86	26,76,414	2.40
1001-2000	1846	2.09	27,19,247	2.44
2001-3000	556	0.63	14,48,436	1.30
3001-4000	261	0.30	9,36,281	0.84
4001-5000	193	0.22	9,15,673	0.82
5001-10000	275	0.31	20,55,012	1.84
10001 & Above	256	0.29	9,41,05,703	84.49
TOTAL	81,883	100	11,13,86,427	100

Market Price Data:

The Company's shares are listed with BSE Ltd (BSE) & National Stock Exchange of India Ltd (NSE). The monthly high and low quotations of the Company's equity shares traded on BSE and NSE during each month of the financial year 2023-24, from the listing month are as follows:

F Y 2023-24	DCX-BSE		DCX-NSE	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April	194.85	145.55	194.85	145.80
May	210.00	178.20	209.90	178.10
June	294.35	198.00	294.40	198.30
July	304.95	250.25	304.90	252.00
August	348.00	244.25	348.75	244.20
September	351.30	296.25	351.00	288.60
October	312.30	252.05	312.40	252.00
November	382.00	273.00	382.00	272.80
December	385.70	328.00	385.70	326.95
January	392.90	337.50	393.00	337.10
February	364.90	309.00	366.00	308.60
March	332.50	235.00	333.25	235.30

Performance in comparison to broad-based indices viz., BSE Sensex and NSE Nifty:

Share Transfer System

All the Company's shares are held in dematerialised form as on March 31, 2024. As mandated by SEBI, the securities of the Company can be transferred / traded only in dematerialised form. The Company has received a certificate from a Company Secretary in Practice, under Regulation 40(9) of the Listing Regulations, certifying that during the year, neither the Company nor the Registrar and Transfer Agent, Link Intime India Private Limited, have received any requests for transfers, transmission, transposition, subdivision, consolidation, renewal, exchange, and change / deletion of names of shareholders. The said certificate was duly filed with the Stock Exchanges. There are no shares in the Demat suspense account and unclaimed suspense account as of March 31, 2024.

Registered Office & Manufacturing Unit

DCX Systems Limited

CIN: L31908KA2011PLC061686

Reg. Office & Manufacturing Unit address: Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural - 562110, Karnataka, India

Email: cs@dcxindia.com Tel: 080 - 6711 9555

Web: www.dcxindia.com

For transfer/dematerialisation of shares, change of address of members and other queries:

Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083

Tel No. +918108116767; Fax +91 22 4918 6060 email: rnt.helpdesk@linkintime.co.in

Contact Person Name: Mr. Jayprakash Parambath

VII. NON-COMPLIANCE OF REGULATIONS RELATING TO CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, IF ANY

All the requirements of Corporate Governance Report of sub paragraphs (2) to (10) Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been duly complied with.

VIII. DISCLOSURES OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) AND (T) OF SUB REGULATION (2) OF REGULATION 46

The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable.

IX. AGREEMENTS RELATING TO THE COMPANY

There are no agreements with any party which impact the management or control of the Company, or impose any restriction or create any liability upon the Company.

For and on behalf of the Board of Directors

Sd/-

Dr. H S Raghavendra Rao

Chairman & Managing Director

DIN: 00379249

Sd/-

Diwakaraiah N J

Additional Executive Director

DIN: 00427317

Place: Bengaluru

Date: 22.08.2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members,

DCX Systems Limited

CIN: L31908KA2011PLC061686

Reg. Off. Add: Aerospace SEZ Sector, Plot Nos.29,30 and107,

Hitech Defence and Aerospacepark, Kavadasanahalli,

Bengaluru rural 562110 Karnataka India.

I have examined the relevant registers, records, forms and returns filed, notices and disclosures received from the Directors, minutes books, other books and papers of DCX Systems Limited having CIN L31908KA2011PLC061686 and having registered office at Aerospace SEZ Sector, Plot Nos.29,30 and107, Hitech Defence and Aerospacepark, Kavadasanahalli, Bengaluru rural 562110 Karnataka India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the LODR'), as amended from time to time.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers and Management Representation Letter of even date, I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority.

Ensuring the eligibility of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

I have conducted necessary verification as much as is appropriate to obtain reasonable assurance about the eligibility or disqualification of the Directors on the Board of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Signature

Pramod S.

Practicing Company Secretary

ACS: 36020; CP No.: 13335

Peer Reviewed Unit: 1491/2021

ICSI UDIN: A036020F000864804

Place : Bengaluru

Date : 31.07.2024

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

[Pursuant to Regulation 34(3) and Schedule V Para E of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,

DCX Systems Limited

CIN: L31908KA2011PLC061686

Reg. Off. Add: Aerospace SEZ Sector, Plot Nos.29,30 and107,

Hitech Defence and Aerospacepark, Kavadasanahalli,

Bengaluru rural 562110 Karnataka India.

I have examined the compliance of the conditions of Corporate Governance by DCX SYSTEMS LIMITED ('the Company') for the year ended on March 31, 2024, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para-C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Compliance with the conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2024.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Pramod S.

Practicing Company Secretary

ACS: 36020; CP No.: 13335

Peer Reviewed Unit: 1491/2021

ICSI UDIN: A036020F000864716

Place : Bengaluru

Date : 31.07.2024

DECLARATION REGARDING COMPLIANCE ON THE COMPANY'S CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

I, Dr. H S Raghavendra Rao, Chairman & Managing Director of DCX Systems Limited hereby confirm that the Company has adopted a Code of Conduct ("Code") for its Board Members and Senior Management personnel and the Code is available on the Company's website <https://dcxindia.com>.

I, further confirm that the Company has in respect of the financial year ended on March 31, 2024, received from its Board Members as well as Senior Management Personnel a declaration of compliance with the Code of Conduct pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sd/-

Dr. H S Raghavendra Rao

Chairman & Managing Director

DIN: 00379249

Place: Bengaluru

Date: 17.06.2024

MD /CFO CERTIFICATION

Certificate by the Managing Director and Chief Financial Officer as per Regulation 17(8) of SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015

The Board of Directors
DCX Systems Limited

We, Dr. H S Raghavendra Rao, Chairman & Managing Director and Diwakaraiah N J, Chief Financial Officer of the Company, hereby certify to the Board that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2024 and that to the best of our knowledge and belief:
1. Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are these in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent,
- C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Company over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
- D. We have indicated to the Auditors and the Audit Committee that there are:
1. no significant changes in internal control over financial reporting during the year;
 2. no significant changes in the accounting policies except as disclosed in the financial statements; and
 3. no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.
- E. We affirm that we have not denied any personnel access to the Audit Committee of the Company, and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

We further declare that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sd/-

Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-

Diwakaraiah N J
Chief Financial Officer

Place: Bengaluru
Date: 16.05.2024

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To

The Members of

DCX Systems Limited

(Formerly known DCX Cables Assemblies Pvt Ltd)

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd) ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgment, were of most significance in our audit of the

standalone Financial Statements of the Financial year ended March 31, 2024. We have determined that there are no key audit matters to communicate in our report.

Information other than the Standalone Financial Statements and Auditors' Report thereon.

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure(s) to Board's Report, but does not include the standalone financial Statements and our auditor's report thereon.

Our opinion on the standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind-AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) rules 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable Assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these statements Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Financial Statements, including the disclosures, and whether the standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report On Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit And Loss, and the Cash Flows Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Financial Statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with provision of section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 44 to the Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any

other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, Company has complied with the said rule.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

CA.Pradeep Shetty

Partner
Membership No. 046940
UDIN: 24046940BKEBSZ7766
Place: Bangalore
Date: May 16, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

As referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date on the standalone financial statements of **DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)** for the year ended March 31, 2024.

Statement on Matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order"):

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The major Property, Plant and Equipment of the company have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us, the title deeds of the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

(iii) (a) During the year the company has not provided guarantee to Subsidiary. Guarantee outstanding as on balancesheet date are detailed below:

(Amount in Rs. Mn)

Particulars	Guarantees	Security	Loans	Advance in the nature of loans
Aggregate amount granted/provided during the year	Nil	Nil	Nil	Nil
Balance Outstanding as at balance sheet	450	Nil	Nil	Nil

(b) During the year the investment made by the company in its subsidiary and guarantees provided /Security given to its subsidiary under the terms and conditions are not prejudicial to the company's interest.

(c) Since the company has not granted any loans and advances to any companies the requirements to reporting on this clause of the order is not applicable to the company.

(d) Since the company has not granted any loan and advances to any companies the requirement to reporting on this clause, on overdue on loan, of the order is not applicable to the company.

(e) Since the company has not granted any loans and advances to any companies, the requirement of reporting on this clause for renewal or extension or fresh loans granted to settle the overdue of existing loans is not applicable.

(f) The company has not granted any loans or advance in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies accordingly, the requirement to report on clause 3(iii)(f) of the order is not applicable to the Company.

- (iv) In our opinion and according to the information and explanation given to us, there are no loans, guarantees and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable. Hence, not commented upon. In our opinion and according to the information and explanations given to us, provisions of the section 186 of the Act for the investments made by the Company have been complied with by the Company.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits under section 73 to 76 of the Act. Hence, reporting under clause 3 (v) of the Order is not applicable.
- (vi) Since the company is an MSME, the rules made by the Central Government for the maintaining of Cost records under Section 148 of the Act, is not applicable to the Company. Hence reporting under this clause of the order is not applicable.
- (vii) In respect of statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute except as follows:

(Amt in Mn.)

Name of the Statute	Nature of the Dues	Amount with accrued interest	Amount Paid under protest	Period to which the amount relates	Forum
Income Tax Act, 1961	Income Tax	4.46	0.95	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Income Tax-Transfer Pricing Proceedings initiated under section 92D(3) & 92CA	98.11	-	AY 2021-22	DRP (Dispute Resolution Panel)

- (viii) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2024, there were no such transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest there on any lender during the year
- (b) The company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) the company did not raise any money under any term loans during the year hence, the requirement to report clause (ix)(c) of the order is not applicable to the company
- (d) on the overall examination of the standalone financials statements of the company, no funds raised on short term basis have been used for long-term purposes by the company.
- (e) on an overall examination of the standalone financials statements of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries.
- (f) the company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirements to the report on clause (ix) (f) of the order is not applicable to the company.
- (x) (a) In our opinion and according to the information and explanations given to us, the company has utilized the money raised by way of initial public offer of shares for the purposes for which they were raised. The unutilized amounts as on the date of balance sheet are kept in a separate Fixed Deposit accounts;
- (b) According to the information and explanation given to us, the Company has made offer to Qualified Institutional Buyer's on private placement basis during the year and the company has complied with the requirements of Section 42 of companies act, 2013 and funds raised have been kept in a separate

Fixed deposit account pending utilization. Further According to the information and explanation given to us, the Company has not made any preferential allotment of share or convertible debentures (fully, partially or optionally convertible) during the year;

- (xi) (a) According to the information and explanation given to us, any fraud by the company or any fraud on the company by its officers or employee has not been noticed or reported during the year;
- (b) In view of what is reported above the provisions of paragraph 3 (xi) (b) of the order is not applicable to the company.
- (c) According to the information and explanation given to us, no whistle-blower complaints, received during the year by the company;
- (xii) Company is not a Nidhi company, accordingly provisions of the Clause 3(xii) of the Order is not applicable to the company
- (xiii) According to the information and explanations given to us, we are of the opinion that all transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the Accounting Standards and the Companies Act, 2013.
- (xiv) (a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business;
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.
- (xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of paragraph 3(xvi) (a) of the order are not applicable to the company.
- (b) In our opinion, the company has not engaged in any non-banking financial or Housing Finance activities. Accordingly, the requirement to report on this clause is not applicable to the Company.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of paragraph 3 (xvi) (c) of the Order are not applicable to the company;
- (d) The company does not have any CIC as part of its group. Accordingly the provisions of paragraph 3 (xvi) of the order are not applicable to the company
- (xvii) According to the information and explanations given to us and based on the audit procedures conducted we are of opinion that the company has not incurred any cash losses in the financial year and the immediately preceding financial year;
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, the provisions of clause 3(xviii) of the Order is not applicable;
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, there was no unspent amount as at the Balance Sheet date that was required to be transferred to a Fund Specified in Schedule VII of the Act in compliance with the proviso to sub-section 5 of section 135 of the Act.
- (b) According to the information and explanations given to us, there are no ongoing projects and there is no amount remaining unspent under sub-section 5 of section 135 of the Act. Accordingly, reporting under clause 3 (xx) (b) of the Order is not applicable.
- (xxi) The reporting under paragraph 3 (xxi) of the order is not applicable in respect of Audit of Standalone Financial Statement. According no comment in respect of paragraph 3 (xxi) has been included in the report.

For NBS & CO.

Chartered Accountants

Firm Registration No.110100W

CA. Pradeep Shetty

Partner

Membership No. 046940

UDIN: 24046940BKESZ7766

Place: Bangalore

Date: May 16, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our Independent auditors report of even date on the financial statements of **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** for the year ended March 31, 2024)

Report on Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** (the 'Company') as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of internal financial controls over financial reporting with reference to these standalone financial statements

A Company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these

standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

CA. Pradeep Shetty

Partner
Membership No. 046940
UDIN: 24046940BKEBSZ7766

Place: Bangalore
Date: May 16, 2024

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(₹ In Millions, unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	2	280.01	108.18
Capital work-in-progress	2	-	18.65
Right-of-use assets	3	43.00	43.00
Other intangible assets	4	0.26	0.43
Financial assets			
(i) Investments	5	128.50	66.00
(ii) Other financial assets	6	37.27	30.71
Deferred tax assets (net)	31 (d)	23.83	43.72
Other non-current assets	7	0.50	0.50
Total non-current assets		513.37	311.19
Current assets			
Inventories	8	1,254.19	2,285.11
Financial assets			
(i) Trade receivables	9	6,670.71	3,195.32
(ii) Cash and cash equivalents	10	154.27	105.40
(iii) Bank balances other than (ii) above	11	8,193.30	5,808.77
(iv) Other financial assets	12	-	21.20
Current tax assets (net)	31 (c)	-	13.87
Other current assets	13	1,234.82	377.42
Total current assets		17,507.29	11,807.09
Total assets		18,020.66	12,118.28
EQUITY & LIABILITIES			
Equity			
Equity share capital	14	222.78	193.45
Other equity	15	10,966.29	5,477.13
Total equity		11,189.07	5,670.58
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long Term Borrowings	16	-	-
(ii) Provisions	17	18.39	12.40
Total non-current liabilities		18.39	12.40
Current liabilities			
Financial liabilities			
(i) Borrowings	18	2,653.07	5,037.11
(ii) Trade payables	19		
a) total outstanding dues of MSME		1.63	4.30
b) total outstanding dues of creditors other than MSME		3,799.79	1,336.80
(iii) Other financial liabilities	20	16.74	11.02
Other current liabilities	21	322.78	45.54
Provisions	22	0.70	0.53
Current tax liabilities (net)	31 (c)	18.49	-
Total current liabilities		6,813.20	6,435.30
Total liabilities		6,831.59	6,447.70
Total equity and liabilities		18,020.66	12,118.28

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKESZ7766

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ In Millions, unless otherwise stated)

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Income			
Revenue from operations	23	14,233.95	12,536.29
Other Income	24	462.08	295.35
Total income		14,696.03	12,831.64
Expenses			
Cost of materials Consumed	25	11,850.78	12,630.68
Changes in inventories of finished goods and work-in-progress	26	1,438.46	(1,438.46)
Employee benefit expenses	27	120.63	104.95
Finance cost	28	283.87	255.26
Depreciation and amortisation expenses	29	24.83	18.20
Other expenses	30	123.44	399.98
Total expenses		13,842.01	11,970.61
Profit/(loss) before Exceptional Items, and Tax		854.02	861.03
Profit before exceptional items and tax		854.02	861.03
Exceptional items			
Profit before tax		854.02	861.03
Tax expense:	31		
Current tax		149.07	150.44
Deferred tax		2.35	0.57
Mat Credit		21.61	(10.10)
Total Tax Expenses		173.03	140.91
Profit for the period (A)		680.99	720.12
Other comprehensive (loss)/income			
i. Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability / (asset)		(2.14)	0.81
(ii) Income tax relating to remeasurements of defined benefit liability / (asset)		0.37	(0.14)
		(1.77)	0.67
ii. Items that will be reclassified subsequently to profit or loss;			
(i) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(21.20)	21.20
(ii) Income tax relating to items that will be reclassified to profit or loss		3.70	(3.70)
		(17.50)	17.50
Total Other comprehensive income (B)		(19.27)	18.17
Total comprehensive income for the period (A+ B)		661.72	738.29
Earnings per equity share [nominal value of ₹ 2]			
Earnings per equity share for Continuing operations			
- Basic (₹)		6.83	8.47
- Diluted (₹)		6.83	8.47
Earnings per equity share for discontinued operations			
- Basic (₹)		-	-
- Diluted (₹)		-	-
Earnings per equity share for discontinued and continuing operations			
- Basic (₹)		6.83	8.47
- Diluted (₹)		6.83	8.47
Summary of Significant Accounting policies	1		
Notes to the financial statements	2 to 47		

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date:16-05-2024
UDIN: 24046940BKESZ7766

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Divakaraiah N J
Chief Financial Officer
Place: Bangalore
Date:16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No:A24285

STANDALONE STATEMENT OF CASH FLOWS

(₹ In Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A. Cash flow from operating activities		
Profit before tax	854.02	861.03
Adjustments to reconcile profit before tax to net cash flows:		
Interest on fixed deposits	(432.41)	(293.95)
Profit on sale of fixed assets	(0.07)	(1.30)
Interest on borrowings	239.00	187.08
Depreciation and amortisation expense	24.83	18.20
Operating profit before working capital changes	685.37	771.06
Movement in working capital:		
(Increase)/Decrease in trade receivables	(3,475.40)	(2,500.38)
(Increase)/Decrease in inventories	1,030.92	(2,012.60)
(Increase)/Decrease in other current assets	(843.53)	(160.86)
(Increase)/Decrease in other non current financial assets	(6.56)	(27.53)
(Increase)/Decrease in other current financial assets	-	50.68
Increase/(Decrease) in trade payables	2,460.32	375.97
Increase/(Decrease) in non current provisions	3.85	2.02
Increase/(Decrease) in current provisions	0.17	0.09
Increase/(Decrease) in other current financial liabilities	5.73	4.11
Increase/(Decrease) in other current liabilities	277.25	(2,107.63)
Cash generated from operations	138.12	(5,605.07)
Net income tax (paid)	(130.59)	(251.46)
Net cash from operating activities (A)	7.53	(5,856.53)
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(178.00)	(28.98)
Proceeds from disposal of property, plant and equipment	0.23	7.00
Capital work in progress and capital advance	-	(18.65)
Investment in Subsidiary	(62.50)	(65.00)
Interest received	432.41	293.95
Net cash used in investing activities (B)	192.14	188.32
C. Cash flows from financing activities		
Working Capital/Term Loan	(2,384.04)	10.92
Net Proceeds from issue of Shares	4,856.77	3,756.31
Interest paid	(239.00)	(187.08)
Net cash used in financing activities (C)	2,233.73	3,580.15
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	2,433.40	(2,088.06)
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period / year	5,914.17	8,002.23
Cash and cash equivalents at the end of the period / year	8,347.57	5,914.17
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	0.00	0.01
Balances with bank		
- Current accounts	154.27	105.39
Other bank balances	8,193.30	5,808.77
	8,347.57	5,914.17

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date:16-05-2024
UDIN: 24046940BKESZ7766

For and on behalf of the Board of Directors of
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Chairman & Managing Director
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Sd/-
Divakaraiah N J
Chief Financial Officer
Place: Bangalore
Date:16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No:A24285

STANDALONE STATEMENT OF CHANGES IN EQUITY

(₹ In Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Shares*	Amount	Number of Shares*	Amount
Balance at the beginning of the reporting year	9,67,23,671.00	193.45	7,74,00,000.00	154.80
Changes in equity share capital due to prior period errors			-	-
Balance as the beginning of the reporting period / year	9,67,23,671.00	193.45	7,74,00,000.00	154.80
Changes in equity share capital during the period / year	1,46,62,756.00	29.33	1,93,23,671.00	38.65
Equity Shares issued during the year in consideration for cash	1,46,62,756.00	29.33	1,93,23,671.00	38.65
Balance at the end of the reporting period / year	11,13,86,427.00	222.78	9,67,23,671.00	193.45

* Number of shares are presented as absolute number.

(b) Other equity

Particulars	TOTAL OTHER EQUITY	
	For the year ended 31 March 2024	For the year ended 31 March 2023
RETAINED EARNINGS		
Balance at the beginning of current reporting year	1,759.46	1,021.17
Total comprehensive income for the year		
Profit for the year	680.99	720.12
Other comprehensive income (net of tax)		
- Remeasurements of defined benefit liability / (asset)	(1.77)	0.67
- Hedge Reserve	(17.50)	17.50
Total comprehensive income (A)	2,421.18	1,759.46
SECURITY PREMIUM		
Balance at the beginning of current reporting year	3,717.67	-
Proceeds from issue of Shares	4,970.67	3,961.35
Less : Public issue expenditure	(19.28)	(243.68)
Less : QIP issue expenditure	(123.95)	
Total Security Premium (B)	8,545.11	3,717.67
Balance at the end of current reporting year (A +B)	10,966.29	5,477.13

Nature and purpose of reserves**i) Retained earnings**

Retained earnings comprises of undistributed earnings after taxes.

ii) Securities premium

Securities premium account is used to record the premium on issue of shares. Also we have appropriated the public issue and QIP issue expenditure incurred from securities premium account.

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKESZ7766

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

1. Corporate Information:

DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited) is one of the leading Indian Defence Manufacturing player offering a full service and manufacture of Electronic Systems and cable harnesses for both International and Domestic reputed customers. The manufacturing facility is located at Plot Nos 29, 30, and 107, Hitech, Defence and Aerospace Park, Devanahalli, Bengaluru, Karnataka – 562110, India.

2. Significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation and Compliance:

a. Preparation of Financial statements:

The financial statements, for the financial year 31 March 2024 were prepared based on the accounting standards under IND AS framework.

b. Statement of compliance:

The Financial Statements have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and presentation requirements of division II of schedule III to the companies Act 2013, (Ind As compliant schedule III)

c. Functional and presentation currency:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian Rupees (INR), which is Company functional and presentation currency.

d. Basis of measurement:

The financial statements have been prepared on a historical cost convention and on accrual basis of accounting except for (i) certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, (ii) Defined benefit plans- plan assets measured at fair value as stated in the accounting policies set out below. The financial statements are prepared on a going concern basis using the accrual concept except for the cash flow information. The accounting policies

have been applied consistently over all the periods presented in these financial statements. The said accounts has been approved by the Board of Directors at their meeting held on May 19, 2023. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the assets or liability if market participants would take those characteristics into the account when pricing the asset or liability at the measurement date.

e. Use of estimates, judgements and assumptions:

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, assumptions, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in relevant notes.

f. Going Concern assumption:

The management has given the significant uncertainties arising out of the various situations, as explained in the note below, assessed the cash flow projections (based on orders on hand and business forecast) and available liquidity (credit facilities sanctioned by bankers) for a period of at least 12 months from the date of this financial statements. Based on this evaluation, management believes that the company will be able to continue as a going concern in the foreseeable future from the date of these financial statements. Accordingly, the financial statements do not include any adjustments regarding the recoverability and classification of the carrying amount of assets and classification of liabilities that might result, should the company be unable to continue as a going concern.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**g. Current and Non-current classification of assets and liabilities:**

All assets and liabilities have been classified and disclosed as current and non-current as per the companies' normal operating cycle and other criteria set out in Schedule -III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of classification of assets and liabilities.

h. Reclassification:

No such material reclassification done during the year.

i. Property, Plant and Equipment:**Recognition and measurement:**

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognized as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price (after deducting trade discount / rebate), non-refundable import duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Spare parts procured along with the Plant and Equipment or subsequently which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is de recognized on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the

asset and is recognized in Statement of Profit and Loss.

Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing the property, plant and equipment are recognized in the statement of profit and loss as incurred.

Disposal:

An item of property, plant and equipment is derecognized upon the disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income / expenses in the statement of profit and loss.

j. Depreciation:

Depreciation on Property, Plant & Equipment is provided on written down value basis over the estimated economic useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 or as determined based on a technical evaluation by the company periodically. The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognized. Individual assets costing Rs.5000 or less are depreciated in full, in the year of purchase

k. Impairment of assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

I. Intangible Assets:

Recognition and measurement:

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, either individually or at the cash-generating unit level.

Expenditure on Research activities is recognised in the statement of Profit and Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and to use or sell the asset.

Intangible assets which comprise of the development expenditure incurred on new product and expenditure incurred on acquisition of user licenses for computer software are recorded at their acquisition price. Subscriptions to software are treated as revenue expenses as the economic life of such software does not exceed one year.

Subsequent measurement:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation:

Amortisation method, useful lives and residual values are reviewed at the end of each financial

year and adjusted if appropriate. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Disposal:

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

m. Investments and other Financial Assets:

Fair Value Assessment:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**Subsequent Measurement:**

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Financial assets at fair value through OCI ('FVTOCI'):

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit And Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit or loss ('FVTPL'):

Any financial asset that does not meet the criteria

for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Derecognition:

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of Financial Assets:

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortized cost; and
- Financial assets measured at FVTOCI

ECL is measured through a loss allowance on a following basis:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

Financial Liabilities:

The Company's financial liabilities include trade payable.

A. Initial recognition and measurement:

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss.

B. Subsequent measurement:

The subsequent measurement of financial liabilities depends upon the classification as described below:-

(i) Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

(ii) Financial Liabilities classified as Fair value through profit and loss (FVTPL):

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

C. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

D. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other incomes, other than interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

n. Share Capital and Share Premium:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

o. Dividend Distribution to equity shareholders:

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

p. Cash Flows and Cash and Cash Equivalents:

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

q. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

r. Revenue Recognition and Other Income:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from sale of goods is recognized, when the control is transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Export incentives under various schemes notified by the government are recognised when no significant uncertainties as to the amount of consideration that would be derived and that the Company will comply with the conditions associated with the grant and ultimate collection exist.

Interest income or expense is recognised using

the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

'- the gross carrying amount of the financial asset; or

'- the amortised cost of the financial liability.

s. Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

'- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

'- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

'- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

the Company has the right to operate the asset; or

the Company designed the asset in a way that predetermines how and for what purpose it will be used.

'At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets re determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in

statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leasehold land is amortised over the period of lease being 99 years remaining as on the date of purchase.

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-of-use assets and lease liability for the short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

t. Income Taxes:

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax:

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses (including unabsorbed depreciation) can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in Other comprehensive income r directly in equity. In this case, the tax is also recognized in other comprehensive income or directly or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date

and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

u. Employee benefits:**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Undiscounted value of benefits such as salaries, incentives, allowances and bonus are recognized in the period in which the employee renders the related service.

(b) Long term benefits:**Defined Contribution Plans:**

The Company contributes to the employee's approved provident fund scheme. The Company's contribution paid/payable under the scheme is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related services.

Defined Benefit Plans:

Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation model made at the end of the Financial Year. At present the company is not maintaining fund with any Asset Management Company towards gratuity.

Earned Leave:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability toward leave encashment is provided on the basis of an actuarial valuation model made at the end of the financial year.

v. Trade Receivables:

Trade Receivables are the amount due from the customers for the sale of goods and services rendered in the ordinary course of business. Trade receivables are initially recognized at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognized that the fair value. The company holds trade receivables for the receipt of contractual cashflows and therefore measures them subsequently at the amortized cost using

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

effective interest rate method. In respect of advances received from the customers, contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue where the company performs under the contract (transfer control of the related goods or services to the customers).

w. Trade Payables:-

These amounts represents liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the terms of contract with suppliers.

x. Inventories:

- a. Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value after providing cost of obsolescence.
- b. In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- c. Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.
- d. Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

y. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost that an entity incurs in connection with the borrowings of the funds.

aa. Earnings per share:

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements and stock split in equity shares issued during the year and excluding treasury shares. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares and stock split, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS adjust the figures used in the determination of basic EPS to consider.

'- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

'- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

bb. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified Managing Director as Chief Operating Decision Maker.

cc. Foreign currency transactions:

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

at year end exchange rate are generally recognized in the statement of profit and loss

dd. Forward contracts in foreign currencies

The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the company does not use the foreign exchange forward contracts for trading or speculation purposes. The company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the profit and loss account of

that period. To designate a forward contract as an effective hedge, Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

ee. Government grants and subsidies:

Grants / subsidies that compensate the Company for expenses incurred are recognised in the Statement of Profit and Loss as other operating income on a systematic basis in the periods in which such expenses are recognised.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

2 Property, plant and equipment

Description	Owned assets									Total Owned assets
	Computers	Office Equipments	Furniture and Fixtures	Leasehold improvements	Tools & Equipments	Electrical Installations	Plant & Machinery	Building	Vehicle	
Gross block										
As at 1 April 2022	6.78	2.36	4.46	8.34	5.11	10.10	39.16	85.05	18.01	179.37
Additions	2.00	0.03	0.12	-	0.51	-	-	-	21.28	23.94
Disposals during the period / year	-	-	-	-	-	-	-	-	(9.78)	(9.78)
As at 31 March 2023	8.78	2.39	4.58	8.34	5.62	10.10	39.16	85.05	29.51	193.53
As at 1 April 2023	8.78	2.39	4.58	8.34	5.62	10.10	39.16	85.05	29.51	193.53
Additions	1.64	-	-	-	-	0.75	111.54	34.53	48.20	196.66
Disposals during the period / year	-	-	-	-	-	-	(0.41)	-	-	(0.41)
As at 31 March 2024	10.42	2.39	4.58	8.34	5.62	10.85	150.29	119.58	77.71	389.78
Accumulated depreciation										
As at 1 April 2022	5.10	1.87	2.45	8.34	4.20	4.97	23.00	15.55	5.95	71.43
Depreciation for the period / year	1.54	0.23	0.54	-	0.17	1.33	2.92	6.60	4.67	18.00
Depreciation on disposals	-	-	-	-	-	-	-	-	(4.08)	(4.08)
As at 31 March 2023	6.64	2.10	2.99	8.34	4.37	6.30	25.92	22.15	6.54	85.35
As at 1 April 2023	6.64	2.10	2.99	8.34	4.37	6.30	25.92	22.15	6.54	85.35
Depreciation for the period / year	1.87	0.12	0.41	-	0.23	1.09	5.07	7.68	8.20	24.67
Depreciation on disposals	-	-	-	-	-	-	(0.25)	-	-	(0.25)
As at 31 March 2024	8.51	2.22	3.40	8.34	4.60	7.39	30.74	29.83	14.74	109.77
Net block										
As At 31 March 2024	1.91	0.17	1.18	(0.00)	1.02	3.46	119.55	89.75	62.97	280.01
As At 31 March 2023	2.14	0.29	1.59	(0.00)	1.25	3.80	13.24	62.90	22.97	108.18

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Title deeds of Immovable Properties

Descriptions	As at 31 March 2024	As at 31 March 2023
Title deeds held in the name of	DCX Systems Limited	DCX Cable Assemblies Private Limited
Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	N.A.	

Refer note no. 16 and 18 for information on property, plant and equipment hypothecated as securities by the company

Refer note no.33(b) for disclosure of contractual commitment for the acquisition of property, plant and equipment.

2 Capital work-in-progress

Particulars	As at 01 April 2023	Additions	Capitalised during the period / year	As at 31 March 2024
Capital work-in-progress	18.65	15.88	34.53	-
Total	18.65	15.88	34.53	-

Capital work-in-progress as at 31 March 2024

Capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
	-	-	-	-

Particulars	As at 01 April 2022	Additions	Capitalised during the period / year	As at 31 March 2023
Capital work-in-progress	-	18.65	-	18.65
Total	-	18.65	-	18.65

Capital work-in-progress as at 31 March 2023

Capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
	18.65	-	-	-

3 Right-of-use assets

Particulars	Gross Block				Gross Block				Net Block	
	As at 01 April 2023	Charge for the period / year	Disposals during the period / year	As at 31 March 2024	As at 01 April 2022	Charge for the period / year	Disposals during the period / year	As at 31 March 2024	As at 01 April 2023	As at 31 March 2024
Leasehold land	43.00	-	-	43.00	-	-	-	-	43.00	43.00
Total Assets	43.00	-	-	43.00	-	-	-	-	43.00	43.00

Particulars	Gross Block				Gross Block				Net Block	
	As at 01 April 2022	Charge for the period / year	Disposals during the period / year	As at 31 March 2023	As at 01 April 2022	Charge for the period / year	Disposals during the period / year	As at 31 March 2023	As at 01 April 2022	As at 31 March 2023
Leasehold land	38.10	4.90	-	43.00	-	-	-	-	38.10	43.00
Total Assets	38.10	4.90	-	43.00	-	-	-	-	38.10	43.00

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
As at 1 April 2023	9.78	9.78
Additions	-	-
Disposals during the period / year		
As at 31 March 2024	9.78	9.78
As at 1 April 2022	9.63	9.63
Additions	0.15	0.15
Disposals during the period / year	-	-
As at 31 March 2023	9.78	9.78
Amortisation		
As at 1 April 2023	9.35	9.35
Amortisation for the period / year	0.17	0.17
Disposal during the period / year		
As at 31 March 2024	9.52	9.52
As at 1 April 2022	9.15	9.15
Amortisation for the period / year	0.20	0.20
Disposal during the period / year	-	-
As at 31 March 2023	9.35	9.35
Net block		
As at 31 March 2024	0.26	0.26
As at 31 March 2023	0.43	0.43

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
5 Investments		
Investment measured at cost		
Investment in wholly owned subsidiary (unquoted investments)		
Addition : During the year/period equity shares of 62,50,000 (31 March 2023: equity shares of 65,00,000, 31 March 2022 : equity shares of 1,00,000) "Raneal Advanced Systems Private Limited" of ₹ 10 Each acquired. Total value of investment as on balance sheet date ₹ 12,85,00,000/-	128.50	66.00
	128.50	66.00
(a) Aggregate book value of quoted investments	-	-
(b) Aggregate market value of quoted investments	-	-
(c) Aggregate amount of unquoted investments	128.50	66.00
(d) Aggregate amount of impairment in value of investments	-	-
6 Other non-current financial assets		
Fixed deposits with banks with maturity of more than 12 months	-	-
Other deposits	0.01	0.01
SBI Gratuity Trust	10.56	4.00
Security deposits	26.70	26.70
	37.27	30.71
7 Other non-current assets		
Capital advances	0.50	0.50
	0.50	0.50
8 Inventories		
(valued at lower of cost and net realisable value)		
Raw material	1,254.19	846.65
Stock in trade	-	-
Finished goods	-	1,438.46
Work in progress	-	-
	1,254.19	2,285.11
9 Trade receivables (Unsecured)		
Trade receivables considered good	6,672.62	3,195.32
Trade receivables - credit impaired	-	-
	6,672.62	3,195.32
Less: Allowance for doubtful receivables	(1.91)	-
	6,670.71	3,195.32
The above amount includes :		
Others	6,670.71	3,195.32
Receivable from related parties	-	-
Total	6,670.71	3,195.32

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

As at 31 March 2024

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed trade receivables - considered good	6,477.50	193.21	-	-	-	6,670.71
(ii) Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	1.91	-	-	1.91
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	6,477.50	193.21	1.91	-	-	6,672.62

As at 31 March 2023

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed trade receivables - considered good	3,019.04	176.28	-	-	-	3,195.32
(ii) Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	3,019.04	176.28	-	-	-	3,195.32

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
10 Cash and cash equivalents		
Balances with banks		
Current accounts	154.27	105.39
In deposit account (the maturity of the period of which is less than 3 months)		
Cash in hand	0.00	0.01
	154.27	105.40
11 Bank balances other than cash and cash equivalents		
Other bank balances		
Deposits with original maturity of more than 3 months (₹ 498.14 Mn Kept as margin money with Banks and ₹ 974.00 Mn Unutilized proceeds from IPO and ₹ 4,866.50 Mn Unutilized proceeds from QIP)	8,193.30	5,808.77
	8,193.30	5,808.77
12 Other current financial assets		
MEIS incentive receivables		
Forward Contract	-	21.20
	-	21.20
13 Other current assets		
(Unsecured, considered good)		
Advances to suppliers*	1,203.78	326.05
Advance salary	0.53	1.15
Balances with statutory/government authorities	14.10	18.74
Expenses Relating To Public Issue	-	-
Prepaid expenses	16.41	31.48
	1,234.82	377.42
* Advances to suppliers includes :		
Others	622.69	284.25
Advances to related parties	581.09	41.80
Total	1,203.78	326.05

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

14 Share capital

Particulars	As at 31 March 2024	As at 31 March 2023
Authorised :		
125,000,000 Equity Shares of ₹ 2/- Each.	250.00	250.00
	250.00	250.00
TOTAL	250.00	250.00
Issued and subscribed and paid up:		
Equity share capital		
7,74,00,000 equity shares of ₹ 2/- each	193.45	154.80
Addition: During the year/period (FY 2022-23) 19,323,671 of equity shares issued at face value of ₹ 2/- with premium of ₹ 205/- through IPO	-	38.65
Addition: During the year/period (FY 2023-24) 1,46,62,756 of equity shares issued at face value of ₹ 2/- with premium of ₹ 339/- through QIP	29.33	
TOTAL	222.78	193.45

Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity share :	As at 31 March 2024	As at 31 March 2023
	Number of Shares*	Number of Shares*
Outstanding at the beginning of the year / period	9,67,23,671.00	7,74,00,000.00
Equity Shares issued during the year in consideration for cash		
IPO	-	1,93,23,671.00
Qualified Institutional Placement(QIP)	1,46,62,756.00	
Preferential allotment		-
Right issue (Refer note 2 below)		-
Total number of shares before Sub Division	11,13,86,427.00	9,67,23,671.00
Adjustment for subdivision of shares		-
Bonus Issue of shares during the year #		-
Outstanding at the end of the year	11,13,86,427.00	9,67,23,671.00

* Number of shares are presented as absolute number.

Bonus Issue of shares

2019-20	2020-21	2021-22	2022-23	2023-24
-		**58050000	-	-

** Number of shares are presented as absolute number.

Terms / Rights attached to each classes of shares

Rights, preferences and restrictions attached to equity and preference shares

Equity shares

As to dividend

The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

As to repayment of capital	In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
As to voting	The Company has Equity Shares of ₹ 2.00 each and each holder of the equity share is entitled to one vote per share.

Shareholders holding more than 5% shares in the Company is set out below:

	As at 31 March 2024			As at 31 March 2023		
	Equity shares of ₹ 2 each fully paid			Equity shares of ₹ 2 each fully paid		
	Number of Shares*	Number of Shares	Changes in % of Shares	Number of Shares*	Number of Shares	Changes in % of Shares
		%			%	
M/s NCBG Holdings Inc	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
Dr. H S Raghavendra Rao	56,12,558.00	5.04%	-0.760%	56,12,558.00	5.80%	-3.761%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2024			As at 31 March 2023		
	Equity shares of ₹ 2 each fully paid			Equity shares of ₹ 2 each fully paid		
	Number of Shares*	Number of Shares	Changes in % of Shares	Number of Shares*	Number of Shares	Changes in % of Shares
		%			%	
M/s NCBG Holdings Inc	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
Dr. H S Raghavendra Rao	56,12,558.00	5.04%	-0.760%	56,12,558.00	5.80%	-3.761%

* Number of shares is presented as absolute number.

15 Other equity

	As at 31 March 2024	As at 31 March 2023
Reserves and surplus		
A. Retained earnings	2,421.18	1,759.46
B. Securities premium	8,545.11	3,717.67
	10,966.29	5,477.13
	As at 31 March 2024	As at 31 March 2023
A. Retained earnings		
Balance at the beginning of current reporting year	1,759.46	1,021.17
Profit for the year	680.99	720.12
Less: Utilized for issue of Balance Bonus Shares		
Other comprehensive (loss)/income		
- Remeasurements of defined benefit liability / (asset) (net of tax)	(1.77)	0.67
- Hedge Reserve	(17.50)	17.50
	2,421.18	1,759.46

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
B. Securities premium		
Opening balance	3,717.67	-
Add : Proceeds from issue of Shares	4,970.67	3,961.35
Less : Public issue expenditure	(19.28)	(243.68)
Less : QIP issue expenditure	(123.95)	-
	8,545.11	3,717.67
Particulars	As at 31 March 2023	As at 31 March 2022
16 Long Term Borrowings		
Secured Working Capital Term Loan	-	-
	-	-
17 Provisions		
Provision for employee benefits		
Gratuity (Refer note no. 37 for further disclosures)	11.38	7.37
Leave encashment	7.01	5.03
Others provision		-
	18.39	12.40
18 Borrowings		
Secured		
From Bank		
Working capital loan	2,643.67	5,037.11
Working Capital Demand Loan	9.40	
	2,653.07	5,037.11
Terms and Conditions:		
- For working capital limits -Paripassu First charge on all current assets of the company along with other member banks under Multiple Banking Arrangement, Paripassu First charge on all movable fixed assets of the company along with other member banks under Multiple Banking Arrangement, First paripassu charge on Industrial property of 1.5 acre of land and building in Plt no 29,30 & 107 at hitech, aerospace & defence park devanahalli, Cash Credit/Overdraft limits are payable on demand, Export credits (drawn in foreign currency / INR) are for a tenor of 120-180 days. Interest (drawn in foreign currency) is payable @ LIBOR / SOFR plus 150 to 350 basis points & for EPC (Drawn in INR) Net interest payable (After Subvention of 3%) ranges from 4.3% to 5.6% and around 8.5% interest rate without Subvention from jan 2024 to march 2024 and for Bank Guarantee issued at Cash Margin 30% to 100 %. Corporate Guarantees are extended by Promoter Group companies.		
19 Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 34)	1.63	4.30
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,799.79	1,336.80
	3,801.42	1,341.10

Notes :

(1) Refer note for related party disclosure.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

As at 31 March 2024

Particulars	Outstanding for following periods Particulars from due date of payment					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		1.63			-	1.63
(ii) Others		3,796.56	0.06	3.17	-	3,799.79
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	3,798.19	0.06	3.17	-	3,801.42

As at 31 March 2023

Particulars	Outstanding for following periods Particulars from due date of payment					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		4.30			-	4.30
(ii) Others		1,321.08	15.72		-	1,336.80
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	1,325.38	15.72	-	-	1,341.10

20	Other financial liabilities	As at 31 March 2024	As at 31 March 2023
	Accrued expense payable	5.80	1.59
	Employee benefits payable	10.94	9.43
		16.74	11.02
21	Other current liabilities	As at 31 March 2024	As at 31 March 2023
	Advance received from customers	314.48	31.33
	Statutory dues payable	6.90	12.81
	Rent Security Deposit	1.40	1.40
		322.78	45.54
22	Provisions	As at 31 March 2024	As at 31 March 2023
	Provision for gratuity	0.40	0.31
	Provision for leave encashment	0.30	0.22
		0.70	0.53

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
23	Revenue from operations		
	Sale of products	14,299.58	12,467.62
	Sale of services	(65.63)	68.67
		14,233.95	12,536.29
	Refer note no. 38 for further disclosures.		
24	Other income		
	Foreign exchange fluctuation	16.11	-
	Interest on fixed deposits	432.41	293.95
	LD Charges reversal	12.15	-
	Other income	-	0.10
	Profit on sale of used Asset	0.07	1.30
	Rent received	0.72	-
	interest income on Gratuity trust deposit	0.62	
		462.08	295.35
25	Cost of materials consumed		
	Opening Stock	846.65	272.51
	Import purchases	4,677.84	1,371.33
	Local purchases	7,580.48	11,833.49
	Less: Closing Stock	1,254.19	846.65
		11,850.78	12,630.68
26	Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2024	For the year ended 31 March 2023
	Opening inventories		
	Stock in trade		
	Raw materials		
	Finished goods	1,438.46	
	Work-in- process		
	Stores & spares		
	Total (A)	1,438.46	
	Closing Inventories		
	Stock in trade		
	Raw materials		
	Finished goods		1,438.46
	Work-in- process		
	Stores & spares		
	Total (B)	-	1,438.46
	Total (A-B)	1,438.46	(1,438.46)

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	For the year ended 31 March 2024	For the year ended 31 March 2023
27 Employee benefit expenses		
Employee Insurance	0.38	0.61
Encashment of earned leave	1.62	1.36
Gratuity	2.55	1.41
Salaries and wages including bonus, incentives	108.04	94.36
Staff welfare expenses	8.04	7.21
	120.63	104.95
28 Finance costs		
Bank charges	21.21	12.03
Interest on borrowings	239.00	187.08
Interest on term loan / Working Capital Term Loan	-	30.00
Other borrowing costs	23.66	26.15
	283.87	255.26
29 Depreciation and amortisation expense		
Amortisation of intangible assets (refer note 4)	0.16	0.20
Depreciation of property, plant and equipment (refer note 2)	24.67	18.00
	24.83	18.20
30 Other expenses		
Manufacturing service cost expenses		
Freight expenses	4.94	6.74
Power and fuel expenses	4.94	2.97
Repairs and maintenance		
Building	0.67	0.49
Machinery & others	1.52	1.70
Wages and labour charges	2.21	5.91
Water Charges	0.81	0.37
Administrative and general expenses		
Business promotion expenses	5.56	2.90
Communication expenses	0.56	0.75
Director Sitting Fees	1.20	1.20
Insurance	6.90	5.55
Internal Audit fees	0.60	0.60
Net loss on foreign currency translation	-	291.02
Others expenses	31.95	22.03
Professional & consultancy fees	50.78	45.71
Printing and stationery	0.29	0.37
Rates and taxes	3.10	8.03
Remuneration to auditors	-	
Statutory audit	0.70	0.75
Tax audit	-	-
Travelling and conveyance	6.71	2.89
	123.44	399.98

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

31 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax:		
Current income tax charge	149.07	150.44
Deferred tax	2.35	0.57
MAT Credit Entitlement	21.61	(10.10)
Income tax expense reported in the statement of profit or loss	173.03	140.91

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Deferred tax		
Remeasurements gains and losses on post employment benefits	0.37	(0.14)
Income tax recognised in OCI	0.37	(0.14)

(c) Balance sheet

Current tax assets

Particulars	For the year ended 31 March 2024	As at 31 March 2023
Non-current tax assets		-
Current tax assets	-	13.87
Total tax assets	-	13.87

Current tax liabilities

Particulars	For the year ended 31 March 2024	As at 31 March 2023
Income tax (net of advance tax)	18.49	
Total current tax liabilities	18.49	-

(d) Deferred tax liabilities / assets

Particulars	For the year ended 31 March 2024	As at 31 March 2023
Income tax relating to remeasurements of defined benefit liability / (asset)	0.23	(0.14)
Income tax relating to items that will be reclassified to profit or loss	(0.00)	(3.70)
Excess of depreciation/amortisation on property plant and equipment under income tax act	2.06	3.98
Gratuity provision	1.18	1.88
Leave encashment	1.90	1.63
MAT Credit	18.46	40.07
Net deferred tax liability/(asset)	23.83	43.72

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(e) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	For the year ended 31 March 2024	For the year ended 31 March 2023
Accounting profit before tax	854.02	861.03
Tax rate	34.94%	34.94%
Tax as per IT Act on above	298.43	300.88
Tax expenses (P&L)		
(i) Current tax	149.07	150.44
(ii) Deferred tax	2.35	0.57
(iii) Taxation in respect of earlier years		
	151.42	151.01
Tax expenses (OCI)	0.37	(0.14)
Difference	(147.38)	(149.73)
Tax reconciliation		
Adjustments:		
Taxation in respect of earlier years	-	-
Effect of exemptions and deductions	147.38	149.73
Others		
		-

32 Earnings Per Share

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profits attributable to equity shareholders		
Profit for the year	680.99	720.12
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	9,96,48,210	8,49,70,644
Basic EPS (₹)	6.83	8.47
Diluted Earnings Per Share		
Profit for the year	680.99	720.12
Weighted average number of equity shares outstanding during the year	9,96,48,210	8,49,70,644
Diluted EPS (₹)	6.83	8.47
Weighted average number of equity shares for Basic and Diluted Earnings Per Share		
Balance at the beginning of the period of ₹ 2 each (₹ 10 each for Previous year)	9,67,23,671.00	7,74,00,000.00
Issued during the period	1,46,62,756.00	1,93,23,671.00
Total	11,13,86,427.00	9,67,23,671.00
Adjustment for subdivision of shares		
Bonus Issue of shares during the year		
	11,13,86,427.00	9,67,23,671.00
Weighted average number of equity shares outstanding during the period	9,96,48,209.77	8,49,70,644

* Number of shares are presented as absolute number.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

33 Contingent liabilities, contingent assets and commitments :

(a) Contingent liabilities

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Bank guarantees	1,660.46	3,353.73
Corporate Guarantee provided to wholly owned Subsidiary	450.00	450.00
Pending Income tax litigations	102.57	4.06

(b) Commitments

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	9.54
Commitments Pending from IPO Proceeds*	198.00	448.80
Commitments Pending from QIP Proceeds	4,090.00	-

* Revised IPO object as per board resolution dated 29-03-2024 and resolution passed by the shareholder through postal ballot Friday, 03 May 2024.

34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Principal amount remaining unpaid to any supplier as at the end of the period/year		
Trade payables	1.63	4.30
Capital creditors	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the period/year		
Trade payables	-	-
Capital creditors	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006	-	-
The amount of payment made to micro and small supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

35 Related Party Disclosures

(a) List of Related Parties	Nature of relation
1 Dr. H S Raghavendra Rao	Chairman and Managing Director
2 Mr. Neal Jeremy Castleman	Director
3 Mr. R. Sankarakrishnan	Director (Whole time Director upto Dec-2022)
4 Mr. Anand S	Key Managerial Personnel and Director of a Promoter company
5 M/S VNG Technology Pvt Ltd.,	Promoter group Company
6 M/S NCBG Holdings Inc	Associate Company
7 M/S DCX Chol Enterprises Inc	Common Directorship
8 M/S RNSE-TRONICS Pvt Ltd.,	Promoter group Company
9 M/S Raneal Technologies Pvt Ltd.,	Promoter group Company
10 M/S Raneal Advanced Systems Pvt Ltd.,	Wholly Owned Subsidiary
11 Mr. Ranga K S	Chief financial officer and Director of a wholly owned Subsidiary Company (during the year upto Mar-2024)
12 Mr. Shiva Kumara R	Key Managerial Personnel and Director of a Promoter group company and also Director of a wholly owned Subsidiary Company
13 Mr. Prasanna Kumar T S	Key Managerial Personnel
14 Mr. Nagaraj R Dhavaskar	Company Secretary, Legal and Compliance Officer (during the year upto Jan-2024)
15 Mr. Pramod. B	Key Managerial Personnel and Director of a Promoter group company
16 Mr. G S Manjunath	Key Managerial Personnel
17 Mr. Kiran Kumar K S	Key Managerial Personnel (during the year upto Jan-2023)
18 Mr. Atul D Mutthe	Key Managerial Personnel
19 Mr. Rajanikanth K N	Key Managerial Personnel
20 Mr. Harsha H.M	Director of a Promoter group company
21 Mr. Gurumurthy Hegde	Company Secretary, Legal and Compliance Officer (from 08-02-2024 to till date)
22 M/S NIART Systems Limited	Joint venture Company
23 Mr. Haim Sobal	Director Joint venture Company

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(b)

Sl. No.	Related parties	Nature of transactions	For the year ended 31 March 2024	For the year ended 31 March 2023
Purchase				
1	M/S DCX Chol Enterprises Inc	Purchases of Raw Materials	-	3.82
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Raw Materials	1,966.02	7,450.56
3	M/S Raneal Advanced Systems Pvt Ltd.,	Purchase of Raw Materials/ Capital goods	2,366.68	1.65
Sales				
4	M/S DCX Chol Enterprises Inc	Export of Finished Goods	0.41	24.38
Investment				
5	M/S Raneal Advanced Systems Pvt Ltd.,	Investment	62.50	65.00
Income				
6	M/S Raneal Advanced Systems Pvt Ltd.,	Services *	0.72	-
Expenditure				
7	Dr. H.S. Raghavendra Rao	Salary	22.89	22.89
8	Mr. Anand S	Salary	3.29	2.59
9	Mr. R. Sankarakrishnan	Salary	-	2.47
10	Mr. Ranga K S	Salary	5.85	4.61
11	Mr. Shiva Kumara R	Salary	5.13	4.45
12	Mr. Prasanna Kumar T S	Salary	3.48	3.03
13	Mr. Nagaraj R Dhavaskar	Salary	0.91	1.21
14	Mr. Pramod. B	Salary	3.29	2.59
15	Mr. G S Manjunath	Salary	1.87	1.64
16	Mr. Kiran Kumar K S	Salary	-	1.48
17	Mr. Atul D Mutthe	Salary	1.60	1.33
18	Mr. Rajanikanth K N	Salary	1.65	1.46
19	Mr. Gurumurthy Hegde	Salary	0.25	-
20	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	-	0.13
21	Mr. Harsha H.M	Professional Fee	2.48	0.78
22	Mr. Harsha H.M	Professional Fee(Arrears)	-	0.65
23	Mr. Harsha H.M	Reimbursement of expenses	0.30	-
TOTAL			4,449.32	7,596.73
Payable				
24	M/S DCX Chol Enterprises Inc	Payable / (Receivable)	(30.41)	(31.63)
25	M/S RNSE-TRONICS Pvt Ltd.,	Payable / (Advance)	363.10	128.77
26	M/S Raneal Advanced Systems Pvt Ltd.,	Payable / (Advance)	(550.68)	(8.93)
27	Dr. H S Raghavendra Rao	Salary Payable	1.10	1.10
28	Anand S	Salary Payable	0.21	0.17
29	Mr. Ranga K S	Salary Payable	0.31	0.27
30	Mr. Shiva Kumara R	Salary Payable	0.29	0.25
31	Mr. Prasanna Kumar T S	Salary Payable	0.20	0.18
32	Mr. Nagaraj R Dhavaskar	Salary Payable	-	0.09
33	Mr. Pramod. B	Salary Payable	0.19	0.16
34	Mr. G S Manjunath	Salary Payable	0.12	0.11
35	Mr. Atul D Mutthe	Salary Payable	0.12	0.10
36	Mr. Rajanikanth K N	Salary Payable	0.11	0.10
37	Mr. Harsha H.M	Payable / (Advance)	0.56	(1.24)
38	Mr. Gurumurthy Hegde	Salary Payable	0.13	-
39	Mr. Haim Sobal (Haim Sobal Consulting)	Payable / (Advance)	1.04	-

* Services means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

36 Fair value measurements**(a) Categories of financial instruments -**

Particulars	As at 31 March 2024							
	Carrying amount				Fair values			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	6,670.71	6,670.71	-	-	-	-
Cash and cash equivalents	-	-	154.27	154.27	-	-	-	-
Other bank balances	-	-	8,193.30	8,193.30	-	-	-	-
Other financial assets	-	-	37.27	37.27	-	-	-	-
Total financial assets	-	-	15,055.55	15,055.55	-	-	-	-
Financial liabilities								
Borrowings	-	-	2,653.07	2,653.07	-	-	-	-
Trade payables	-	-	3,801.42	3,801.42	-	-	-	-
Working Capital Term Loan	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	16.74	16.74	-	-	-	-
Total financial liabilities	-	-	6,471.23	6,471.23	-	-	-	-
Particulars	As at 31 March 2023							
	Carrying amount				Fair values			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	3,195.32	3,195.32	-	-	-	-
Cash and cash equivalents	-	-	105.40	105.40	-	-	-	-
Other bank balances	-	-	5,808.77	5,808.77	-	-	-	-
Other financial assets	-	-	51.91	51.91	-	-	-	-
Total financial assets	-	-	9,161.40	9,161.40	-	-	-	-
Financial liabilities								
Borrowings	-	-	5,037.11	5,037.11	-	-	-	-
Trade payables	-	-	1,341.10	1,341.10	-	-	-	-
Working Capital Term Loan	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	11.02	11.02	-	-	-	-
Total financial liabilities	-	-	6,389.23	6,389.23	-	-	-	-

(b) Fair value hierarchy:

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortized cost approximates the fair value (except for which the fair values are mentioned).

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

37 Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under":

(i) Defined contribution plan - Provident fund and other funds

The company has recognized following amounts in the profit & loss account for the year/ period:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Provident fund		
Employer's Contribution	5.27	4.17
Administration charges	0.22	0.17
Employer's Contribution to ESI (Employee State Insurance)	0.08	0.19
	5.57	4.53

(ii) Defined benefit plan

- The defined benefit plan comprises gratuity, which is funded.
- Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.

Changes in the present value of the defined benefit obligation are as follows :

Particulars	As at 31 March 2024	As at 31 March 2023
Present Value of Benefit Obligation at the Beginning of the Period	7.67	6.76
Interest cost	0.58	0.49
Current service cost	1.97	1.30
Benefits paid	(0.05)	(0.07)
Actuarial (Gains)/Losses on Obligations		-
- Due to Change in Financial Assumptions	0.44	(0.23)
- Due to Change in Demographic Assumptions		-
- Due to Experience	1.17	(0.58)
Present value of obligation at the end of the period / year	11.78	7.67

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Fair value of plan assets at the beginning of the period / year		-
Interest income		-
Contributions	0.05	0.07
Mortality charges and taxes		
Benefits paid	(0.05)	(0.07)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)		
Fair value of Plan assets at end of the period / year	-	-

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Net interest cost for current period

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest Cost	0.58	0.49
Interest Income		-
Net Interest Cost for Current Period	0.58	0.49

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost	1.97	1.30
Net interest (Income)/ Expense	0.58	0.49
Net benefit expense	2.55	1.79

Amount recognised in the statement of other comprehensive income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Re-measurement for the year - obligation (gain) / loss	1.61	0.81
Re-measurement for the year - plan assets (gain) / loss		-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	1.61	0.81

Net Defined Benefit Liability/(Asset) for the period / year

Particulars	As at 31 March 2024	As at 31 March 2023
Defined Benefit Obligation	11.78	7.67
Fair value of plan assets		-
Closing net defined benefit liability/(asset)	11.78	7.67

Particulars	As at 31 March 2024	As at 31 March 2023
Current	0.40	0.31
Non-Current	11.38	7.36

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Assumptions

Particulars	As at	As at
	31 March 2024	31 March 2023
	%	%
Mortality table	100% of IALM 2012-13	100% of IALM 2012-14
Discount rate	7.21%	7.52%
Rate of increase in compensation levels	10.00%	10.00%
Withdrawal rate #		
Age up to 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at 31 March 2024 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2024	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(1.34)	1.63
Delta effect of 1% change in rate of salary increase	1.27	(1.11)
Delta effect of 1% change in rate of employee turnover	(0.30)	0.34

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2023	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.87)	1.06
Delta effect of 1% change in rate of salary increase	0.84	(0.75)
Delta effect of 1% change in rate of employee turnover	(0.19)	0.22

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Expected future benefit payments

The following benefit payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid:

Duration of defined benefit payments	31 March 2024	31 March 2023
1st Following Year	0.40	0.30
2nd Following Year	0.45	0.31
3rd Following Year	0.49	0.34
4th Following Year	0.56	0.36
5th Following Year	0.96	0.39
After 5th Year	34.81	24.54

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Note 38: Revenue from contracts with customers

The Company has initially applied Ind AS 115 - Revenue from contracts with customers from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

After evaluation of all the live contracts as on 1st April, 2018 there is no material impact on application of Ind AS 115 on financial statements.

(a) Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Gross Sales (Contracted Price)	14,233.95	12,536.29
Reductions towards variable consideration (Discount & Delayed Delivery Charges)		-
Revenue recognised	14,233.95	12,536.29

(b) Recognition of revenue as per IND AS 115

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue recognised at point in time	14,299.58	12,467.62
Revenue recognised over the period	(65.63)	68.67
Total	14,233.95	12,536.29

(c) Revenue from products:

Country / Region	For the year ended 31 March 2024	For the year ended 31 March 2023
Exports	11,352.93	8,847.25
Deemed Exports	2,931.41	3,551.81
Domestic	15.24	68.56
Total revenue	14,299.58	12,467.62

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

39 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

The Company has exposure to the following risks arising from financial instruments:

- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The Company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and Company's historical experience for customers.

- The company has not made any provision on expected credit loss on trade receivables and other financial assets, based on the management estimates.
- Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

Particulars	As at 31 March 2024	As at 31 March 2023
Total current assets (A)	17,507.29	11,807.09
Total current liabilities (B)	6,813.20	6,435.30
Working capital (A-B)	10,694.09	5,371.79
Current Ratio:	2.57	1.83

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	As at 31 March 2024			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	2,653.07	2,653.07	-	2,653.07
Trade payables	3,801.42	3,798.20	3.23	3,801.42
Other liabilities	16.74	5.73	11.02	16.74

	As at 31 March 2023			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	5,037.11	5,037.11	-	5,037.11
Trade payables	1,341.10	1,325.38	15.72	1,341.10
Other liabilities	11.02	4.11	6.91	11.02

(c) Market risk

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(1) Foreign currency risk :

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency (INR) and in other foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency.

Following is outstanding foreign currency unhedged exposure :

(i) Financial assets

Financial assets	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
Trade receivables				
USD	79.76	6,649.24		
Euro			-	-
Advance to suppliers				
USD	1.96	163.32	3.56	292.69
Euro	0.02	1.74	0.02	1.85
GBP	0.00	0.30		
Balance with banks - in EEFC accounts	0.80	66.89	0.08	6.39
	82.54	6,881.49	3.66	300.93

Note: Amounts seen as (0.00) are below the disclosure threshold of the company.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(ii) Financial liabilities

Financial assets	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
Trade payable				
USD	42.12	3,511.46	14.36	1,180.29
Euro	0.14	12.72	0.14	12.73
GBP	0.00	0.16	-	-
Packing credit in foreign currency			-	-
Advance from customer	2.46	204.73		
	44.72	3,729.07	14.50	1,193.02

(iii) Currency wise net exposure (Financial assets - Financial liabilities)

Currency wise net exposure (assets - liabilities)	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	37.94	3,163.27	(10.72)	(881.21)
EUR	(0.12)	(10.98)	(0.12)	(10.88)
GBP	0.00	0.14	-	-
Total	37.82	3,152.43	(10.84)	(892.09)

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)		Impact on profit/equity (1% weakening)	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
	USD	31.63	(8.81)	(31.63)
EUR	(0.11)	(0.11)	0.11	0.11
GBP	0.00	-	(0.00)	-
Total	31.52	(8.92)	(31.52)	8.92

(2) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

The exposure of the borrowings (long term and short term) to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Variable rate borrowings	2,653.07	5,037.11
Fixed rate borrowings	-	-
Total borrowings	2,653.07	5,037.11

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Sensitivity analysis**Impact on profit before tax /pre- tax equity :**

Particulars	As at 31 March 2024	As at 31 March 2023
Increase by 50 basis points	(13.27)	(25.19)
Decrease by 50 basis points	13.27	25.19

40 Capital management

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, - maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

Particulars	As at 31 March 2024	As at 31 March 2023
Total liabilities	6,831.59	6,447.70
Less: cash and cash equivalents and bank balances	8,347.57	5,914.18
Net debt	(1,515.98)	533.52
Total equity	11,189.07	5,670.58
Debt-equity ratio	(0.14)	0.09

41 Ratios as per the Schedule III requirements**(a) Current Ratio = Current Assets divided by Current Liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023
Current Assets	17,507.29	11,807.09
Current Liabilities	6,813.20	6,435.30
Ratio (Times)	2.57	1.83
% Change from previous period / year	40.05%	56.63%

Increase in receivables and owing to through fund raised through QIP has resulted in the change when compared to previous year.

(b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

Particulars	As at 31 March 2024	As at 31 March 2023
Total Debt	2,653.07	5,037.11
Total Equity	11,189.07	5,670.58
Ratio (Times)	0.24	0.89
% Change from previous period / year	73.31%	79.22%

The company raised capital of ₹ 500.00 crores during the year hence the ratio has improved considerably

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(c) Debt Service Coverage Ratio (DSCR) = Earnings available for debt services divided by Total interest and principal repayments

Particulars	As at 31 March 2024	As at 31 March 2023
Profit for the year	680.99	720.12
Add: Non cash operating expenses and finance cost		
Depreciation and amortisation expense	24.83	18.20
Finance costs(term loan interest)	-	30.00
Earnings available for debt services	705.82	768.32
Interest cost on borrowings	-	30.00
Principal repayments (including certain prepayments)	-	354.40
Total Interest and principal repayments	-	384.40
Ratio (Times)	-	2.00
% Change from previous period / year	-	-81.71%

The working capital term loan borrowed was not outstanding during the year for paymnet.

(c) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity

Particulars	As at 31 March 2024	As at 31 March 2023
Profit for the year	680.99	720.12
Total Equity	11,189.07	5,670.58
Ratio	6.09%	12.70%
% Change from previous period / year	-52.07%	-77.24%

The total equity when compared to previous year has increased due to QIP issue of ₹ 500.00 crores.

(d) Inventory Turnover Ratio = Cost of Material Consumed plus Changes in Inventory divided by Closing Inventory

Particulars	As at 31 March 2024	As at 31 March 2023
Cost of materials consumed	13,289.23	11,192.23
Closing Inventory	1,254.19	2,285.11
Inventory Turnover Ratio	10.60	4.90
% Change from previous period / year	116.34%	-86.66%

Turnover for the year was increased when compared to the previous year.

(e) Trade Receivables Turnover ratio = Credit sales divided by Closing Trade Receivables

Particulars	As at 31 March 2024	As at 31 March 2023
Credit Sales	14,233.95	12,536.29
Closing Trade Receivables	6,670.71	3,195.32
Trade Receivable Turnover Ratio	2.13	3.92
Ratio (Days)	171.06	93.03
	-83.87%	-303.24%

Out of the total Turnover for the period Rs. 7,461.94 million was achieved during the last quarter.

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(f) Trade payables turnover ratio = Cost of Material Consumed divided by closing trade payables

Particulars	As at 31 March 2024	As at 31 March 2023
Cost of Material purchased	11,850.78	12,630.68
Closing Trade Payables	3,801.42	1,341.10
Trade Payables Turnover Ratio	3.12	9.42
Ratio (Days)	117.08	38.75
% Change from previous period / year	202.11%	2.24%

Terms of payment to suppliers for Majority of the Purchase is against Credit basis. Hence the ratio has decreased

(g) Net capital Turnover Ratio =Revenue from Operations divided by Net Working capital whereas net working capital= current assets - current liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Revenue from operations	14,233.95	12,536.29
Net Working Capital	13,347.16	10,408.90
Ratio (Times)	1.07	1.20
% Change from previous period / year	-11.45%	-34.19%

The funds raised during the fourth quarter of the financial year was not fully deployed hence there is a change in the ratio.

(h) Net profit ratio = Net profit after tax divided by Revenue from operations.

Particulars	As at 31 March 2024	As at 31 March 2023
Profit for the year	680.99	720.12
Revenue from operations	14,233.95	12,536.29
Ratio (%)	4.78	5.74
% Change from previous period / year	-16.71%	-3.50%

Going to change in product mix resulted in decrease in profit

(i) Return on Capital employed (ROCE) = (EBIT) divided by Capital Employed

Particulars	As at 31 March 2024	As at 31 March 2023
Profit/(Loss) Before Tax (A)	854.02	861.03
Forex Loss (B)	-	291.02
Other Income (C)	462.08	295.35
Finance Costs (D)	283.87	255.26
Net Income before Interest (D) = (A)+(B)- (C) +(D)	675.81	1,111.96
Total Assets (E)	18,020.66	12,118.28
Current Liabilities (F)	4,160.13	1,398.19
Current Investments (G)	-	-
Capital Employed (H)=(E)-(F)-(G)	13,860.53	10,720.09
Ratio (D)/(H) (%)	4.88%	10.37%
Change in basis points (bps) from previous period / year	-52.99%	-21.13%

Increased capital employed has resulted in decrease in ROCE when compared to previous year

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

42 Operating Segment

- (a) The Company is exclusively engaged in the business of manufacturing of electronic sub-systems and cable harness for both international and domestic aerospace and defence sector. These in the context of the Ind AS 108 Operating Segment, are considered to constitute one single primary segment.

43 Corporate social responsibility

Sr. No	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	CSR Amount Required to be spent for the year	13.44	8.54
2	CSR Amount unspent/(Excess spent for set-off) for the past year	(0.29)	(0.33)
		13.15	8.21
	Spent during the year	13.20	8.50
	Amount unspent/(Available for set-off in succeeding financial year)	(0.05)	(0.29)

Sr. No	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	People for Animals	-	0.90
2	JSS Mahavidyapeetha	12.70	7.00
3	Swami Shivanand Seva Samiti	-	0.50
4	Tapas Trust	-	0.10
5	Sri Sai Karunamayi deva charitable Trust R	0.50	-
	Total	13.20	8.50

44. Pending Litigation

Name of the Statute	Nature of the Dues	Amount	Amount Paid under protest	Period to which the amount relates	Forum
Income Tax Act, 1961	Income Tax	4.46	0.95	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Income Tax-Transfer Pricing Proceedings initiated under section 92D(3) & 92CA	98.11	-	AY 2021-22	DRP (Dispute Resolution Panel)

NOTES TO STANDALONE FINANCIAL STATEMENT (CONTINUED)

- 45** The company has entered joint venture agreement with Elta Systems Ltd an Israeli company with an office and principal place of business at Yitzhak hanassi Boulevard, Ashdod Israel on August 30th 2023 and incorporated a company named as NIART Systems Limited on 15-10-2023 in Israel.
- 45A** The company had raised ₹ 5,000 Mn on 19-01-2024, through Qualified Institutional Placement Successfully for its growth plan out of which the proceeds amounting to ₹ 4,866.50 Mn is pending for utilization.
- 46** Previous year's figures have been regrouped/reclassified wherever necessary to conform current year's presentation. The Company does not have any Exceptional Item to report for the current period.
- 47** The financial statements has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 16, 2024.

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKESZ7766

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To

The Members of

DCX Systems Limited

(Formerly known as DCX Cable Assemblies Pvt Ltd)

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd) ("the Holding Company") and its subsidiary (the Holding company and its subsidiaries together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2024, its consolidated loss and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgment, were of most significance in our audit of the

Consolidated Financial Statements of the Financial year ended March 31, 2024. We have determined that there are no key audit matters to communicate in our report.

Information other than the Consolidated Financial Statements and Auditors' Report thereon.

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Holding Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the holding company is responsible for

assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the holding company are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statement of 1 subsidiary whose financial statements excluding consolidation eliminations reflects the Group's share of total assets of Rs. 1,133.74 million as at March 31, 2024, Group's share of total revenue from operation of Rs. 1,958.51 Million and Rs 2,368.56 Million and Group's share of total net profit after tax of Rs. 70.18 Million and Rs. 76.84 Million and total comprehensive income of Rs. 70.18 Million and Rs. 76.84 Million for the quarter and year ended March 31, 2024, respectively and net cash flows of Rs. 15.88 Million for the year ended March 31, 2024. These financial statements have been audited by other independent auditors whose reports have been furnished to us by the management of the Holding Company and has been relied upon by us for the purpose of our audit and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us as described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report.

Our opinion is not modified in respect of the above matters.

Report On Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our

- knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Holding Company has disclosed the impact of pending litigations on its financial position in its consolidated financial statements (Refer note no. 44 to the consolidated financial statements);
 - ii. The Holding Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company has not entered into derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2024.
- iv. (a) The management of the Holding company and its subsidiary which is incorporated in India, whose financials statements have been audited under the Act, has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management of the Holding Company and its subsidiary which is incorporated in India, whose financials statements have been audited under the Act, has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
 - h. No dividend has been declared or paid during the year by the company.

- i. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, Holding company has complied with the said rule.
- j. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143 (11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

CA. Pradeep Shetty

Partner
Membership No. 046940
UDIN:24046940BKEBTA5560

Place: Bangalore

Date: May 16, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our Independent auditors report of even date on the financial statements of **DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd)** for the year ended March 31, 2024)

Report on Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of DCX Systems Limited (Formerly known DCX Cables Assemblies Pvt Ltd) ("the Holding Company") as of March 31, 2024 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's responsibility for internal financial controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

Sd/-

Pradeep Shetty

Partner

Membership No. 046940

UDIN: 24046940BKEBTA5560

Place: Bangalore

Date: May 16, 2024.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ In Millions, unless otherwise stated)

	Note	As at 31 March 2024	As at 31 March 2023
ASSETS			
Non-current assets			
Property, plant and equipment	2	555.58	108.40
Capital work-in-progress	2	-	52.90
Right-of-use assets	3	43.00	43.00
Other intangible assets	4	0.26	0.43
Financial assets			
(i) Investments	5	-	-
(ii) Other financial assets	6	37.28	30.70
Deferred tax assets (net)	31 (d)	23.41	43.72
Other non-current assets	7	0.50	0.50
Total non-current assets		660.03	279.65
Current assets			
Inventories	8	2,034.98	2,291.62
Financial assets			
(i) Trade receivables	9	6,670.71	3,195.32
(ii) Cash and cash equivalents	10	214.46	136.71
(iii) Bank balances other than (ii) above	11	8,193.80	5,821.76
(iv) Other financial assets	12	0.16	21.30
Current tax assets (net)	31 (c)	-	13.87
Other current assets	13	699.28	432.61
Total current assets		17,813.39	11,913.19
Total assets		18,473.42	12,192.84
EQUITY & LIABILITIES			
Equity			
Equity share capital	14	222.78	193.45
Other equity	15	11,039.75	5,473.76
Total equity		11,262.53	5,667.21
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long Term Borrowings	16	202.04	57.70
(ii) Provisions	17	19.17	12.40
Total non-current liabilities		221.21	70.10
Current liabilities			
Financial liabilities			
(i) Borrowings	18	2,703.93	5,037.11
(ii) Trade payables	19		
a) total outstanding dues of MSME		9.30	5.47
b) total outstanding dues of creditors other than MSME		3,910.79	1,357.07
(iii) Other financial liabilities	20	19.90	11.16
Other current liabilities	21	321.60	44.19
Provisions	22	0.71	0.53
Current tax liabilities (net)	31 (c)	23.45	-
Total current liabilities		6,989.68	6,455.53
Total liabilities		7,210.89	6,525.63
Total equity and liabilities		18,473.42	12,192.84

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKBEA5560

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ In Millions, unless otherwise stated)

	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Income			
Revenue from operations	23	14,235.83	12,536.34
Other Income	24	496.45	295.48
Total income		14,732.28	12,831.82
Expenses			
Cost of materials Consumed	25	11,727.84	12,630.45
Changes in inventories of finished goods and work-in-progress	26	1,438.46	(1,438.46)
Employee benefit expenses	27	139.00	105.10
Finance cost	28	297.99	256.28
Depreciation and amortisation expenses	29	51.30	18.21
Other expenses	30	131.61	402.52
Total expenses		13,786.20	11,974.10
Profit/(loss) before Exceptional Items, and Tax		946.08	857.72
Public Issue Expenses			
Profit before exceptional items and tax		946.08	857.72
Exceptional items		-	-
Profit before tax		946.08	857.72
Tax expense:	31		
Current tax		163.88	150.44
Deferred tax		2.76	0.57
Mat Credit		21.61	(10.10)
Total Tax Expenses		188.25	140.91
Profit for the period (A)		757.83	716.81
Other comprehensive (loss)/ income			
i. Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability / (asset)		(2.14)	0.81
(ii) Income tax relating to remeasurements of defined benefit liability / (asset)		0.37	(0.14)
		(1.77)	0.67
ii. Items that will be reclassified subsequently to profit or loss;			
(i) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(21.20)	21.20
(ii) Income tax relating to items that will be reclassified to profit or loss		3.70	(3.70)
		(17.50)	17.50
Total Other comprehensive income (B)		(19.27)	18.17
Total comprehensive income for the period (A+ B)		738.56	734.98
Profit attributable to:			
Owners of the Company	100%	757.83	716.81
Non-controlling interests	0%	-	-
		757.83	716.81
Other Comprehensive Income attributable to:			
Owners of the Company	100%	(19.27)	18.17
Non-controlling interests	0%	-	-
		(19.27)	18.17
Total comprehensive income attributable to:			
Owners of the Company		738.56	734.98
Non-controlling interests		-	-
		738.56	734.98
Earnings per equity share [nominal value of ₹ 2]			
Earnings per equity share for Continuing operations			
- Basic (₹)		7.61	8.44
- Diluted (₹)		7.61	8.44
Earnings per equity share for discontinued operations			
- Basic (₹)		-	-
- Diluted (₹)		-	-
Earnings per equity share for discontinued and continuing operations			
- Basic (₹)		7.61	8.44
- Diluted (₹)		7.61	8.44
Summary of Significant Accounting policies	1		
Notes to the financial statements	2 to 46		

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKBEA5560

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ In Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A. Cash flow from operating activities		
Profit before tax	946.08	857.72
Adjustments to reconcile profit before tax to net cash flows:		
Income tax expense recognised in profit and loss (continuing and discontinued operations)		
Interest on fixed deposits	(432.83)	(294.07)
Profit on sale of fixed assets	(0.07)	(1.31)
Interest on borrowings	249.93	187.08
Depreciation and amortisation expense	51.30	18.21
Operating profit before working capital changes	814.41	767.63
Movement in working capital:		
(Increase)/Decrease in trade receivables	(3,475.40)	(2,500.39)
(Increase)/Decrease in inventories	256.64	(2,019.11)
(Increase)/Decrease in other current assets	(252.79)	(216.05)
(Increase)/Decrease in other non current financial assets	(6.58)	(27.51)
(Increase)/Decrease in other current financial assets	(0.06)	50.58
Increase/(Decrease) in trade payables	2,557.55	397.41
Increase/(Decrease) in non current provisions	4.63	2.02
Increase/(Decrease) in current provisions	0.18	0.09
Increase/(Decrease) in other current financial liabilities	8.75	4.19
Increase/(Decrease) in other current liabilities	277.41	(2,108.98)
Cash generated from operations	184.74	(5,650.12)
Net income tax (paid)	(140.43)	(251.46)
Net cash from operating activities (A)	44.31	(5,901.58)
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(445.58)	(29.22)
Proceeds from disposal of property, plant and equipment	0.23	7.00
Capital work in progress and capital advance	-	(52.90)
Interest received	432.83	294.07
Net cash used in investing activities (B)	(12.52)	218.95
C. Cash flows from financing activities		
Working Capital/Term Loan	(2,188.84)	68.62
Net Proceeds from issue of Shares	4,856.77	3,756.33
Interest paid	(249.93)	(187.08)
Net cash used in financing activities (C)	2,418.00	3,637.87
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	2,449.79	(2,044.76)
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period / year	5,958.47	8,003.23
Cash and cash equivalents at the end of the period / year	8,408.26	5,958.47
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	0.00	0.01
Balances with bank		
- Current accounts	214.46	136.70
Other bank balances	8,193.80	5,821.76
	8,408.26	5,958.47

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKEBTA5560

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in ₹ Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Shares*	Amount	Number of Shares*	Amount
Balance at the beginning of the reporting year	96,723,671.00	193.45	77,400,000.00	154.80
Changes in equity share capital due to prior period errors	-	-	-	-
Balance as the beginning of the reporting period / year	96,723,671.00	193.45	77,400,000.00	154.80
Changes in equity share capital during the period / year	14,662,756.00	29.33	19,323,671.00	38.65
Equity Shares issued during the year in consideration for cash	14,662,756.00	29.33	19,323,671.00	38.65
Balance at the end of the reporting period / year	111,386,427.00	222.78	96,723,671.00	193.45

* Number of shares is presented as absolute number.

(b) Other equity

Particulars	TOTAL OTHER EQUITY	
	For the year ended 31 March 2024	For the year ended 31 March 2023
RETAINED EARNINGS		
Balance at the beginning of current reporting year	1,756.08	1,021.10
Total comprehensive income for the year		
Profit for the year	757.83	716.81
Other comprehensive income (net of tax)		
- Remeasurements of defined benefit liability / (asset)	(1.77)	0.67
- Hedge Reserve	(17.50)	17.50
Total comprehensive income (A)	2,494.64	1,756.08
SECURITY PREMIUM		
Balance at the beginning of current reporting year	3,717.68	-
Proceeds from issue of Shares	4,970.67	3,961.35
Less : Public issue expenditure	(19.29)	(243.67)
Less : QIP issue expenditure	(123.95)	
Total Security Premium (B)	8,545.11	3,717.68
Balance at the end of current reporting year (A +B)	11,039.75	5,473.76

Nature and purpose of reserves

i) Retained earnings

Retained earnings comprises of undistributed earnings after taxes.

ii) Securities premium

Securities premium account is used to record the premium on issue of shares. Also we have appropriate the public issue and QIP issue expenditure incurred from securities premium account.

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statement.

As per our report of even date attached.

For
NBS & Co.
Chartered Accountants
FRN : 110100W

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date: 16-05-2024
UDIN: 24046940BKETA5560

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date: 16-05-2024

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No: A24285

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information:

DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited) is one of the leading Indian Defence Manufacturing player offering a full service and manufacture of Electronic Systems and cable harnesses for both International and Domestic reputed customers. The manufacturing facility is located at Plot Nos 29, 30, and 107, Hitech, Defence and Aerospace Park, Devanahalli, Bengaluru, Karnataka – 562110, India.

2. Significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation and Compliance:

a. Preparation of consolidated Financial statements:

The consolidated financial statements, for the financial year 31 March 2024 were prepared based on the accounting standards under IND AS framework.

b. Statement of compliance:

The Consolidated Financial Statements have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and presentation requirements of division II of schedule III to the companies Act 2013, (Ind As compliant schedule III)

c. Functional and presentation currency:

Items included in the consolidated financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Indian Rupees (INR), which is Company functional and presentation currency.

d. Basis of measurement:

The consolidated financial statements have been prepared on a historical cost convention and on accrual basis of accounting except for (i) certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, (ii) Defined benefit plans- plan assets measured at fair value as stated in the accounting policies set out below. The consolidated financial statements are prepared on a going

concern basis using the accrual concept except for the consolidated cash flow information. The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements. The said accounts has been approved by the Board of Directors at their meeting held on May 19, 2023. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the assets or liability if market participants would take those characteristics into the account when pricing the asset or liability at the measurement date.

e. Use of estimates, judgements and assumptions:

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, assumptions, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in relevant notes.

f. Going Concern assumption:

The management has given the significant uncertainties arising out of the various situations, as explained in the note below, assessed the cash flow projections (based on orders on hand and business forecast) and available liquidity (credit facilities sanctioned by bankers) for a period of at least 12 months from the date of this consolidated financial statements. Based on this evaluation, management believes that the company will be able to continue as a going concern in the foreseeable future from the date of these consolidated financial statements. Accordingly, the consolidated financial statements do not include any adjustments regarding the recoverability and classification of the carrying

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

amount of assets and classification of liabilities that might result, should the company be unable to continue as a going concern.

g. Current and Non-current classification of assets and liabilities:

All assets and liabilities have been classified and disclosed as current and non-current as per the companies' normal operating cycle and other criteria set out in Schedule -III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization into cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of classification of assets and liabilities.

h. Reclassification:

No such material reclassification done during the year.

i. Property, Plant and Equipment:

Recognition and measurement:

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognized as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price (after deducting trade discount / rebate), non-refundable import duties and taxes, cost of replacing the component parts, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Spare parts procured along with the Plant and Equipment or subsequently which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is de recognized on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the derecognition

of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Subsequent costs:

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing the property, plant and equipment are recognized in the consolidated statement of profit and loss as incurred.

Disposal:

An item of property, plant and equipment is derecognized upon the disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income / expenses in the consolidated statement of profit and loss.

j. Depreciation:

Depreciation on Property, Plant & Equipment is provided on written down value basis over the estimated economic useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 or as determined based on a technical evaluation by the company periodically. The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognized. Individual assets costing Rs.5000 or less are depreciated in full, in the year of purchase

k. Impairment of assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

I. Intangible Assets:**Recognition and measurement:**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually, either individually or at the cash-generating unit level.

Expenditure on Research activities is recognised in the consolidated statement of Profit and Loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and to use or sell the asset.

Intangible assets which comprise of the development expenditure incurred on new product and expenditure incurred on acquisition of user licenses for computer software are recorded at their acquisition price. Subscriptions to software are treated as revenue expenses as the economic life of such software does not exceed one year.

Subsequent measurement:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation:

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Disposal:

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

m. Investments and other Financial Assets:**Fair Value Assessment:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these consolidated Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the consolidated Financial Statements are categorized

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Subsequent Measurement:

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

Financial assets at fair value through OCI ('FVTOCI'):

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit And Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

Financial assets at fair value through profit or loss ('FVTPL'):

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated Statement of Profit and Loss.

Derecognition:

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of Financial Assets:

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI

ECL is measured through a loss allowance on a following basis:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

Financial Liabilities:

The Company's financial liabilities include trade payable.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**A. Initial recognition and measurement:**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Consolidated Statement of Profit and Loss.

B. Subsequent measurement:

The subsequent measurement of financial liabilities depends upon the classification as described below:-

(i) Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Consolidate Statement of Profit and Loss.

(ii) Financial Liabilities classified as Fair value through profit and loss (FVTPL):

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

C. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially

modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statement of Profit and Loss.

D. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Other incomes, other than interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

n. Share Capital and Share Premium:

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as share premium.

o. Dividend Distribution to equity shareholders:

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

p. Cash Flows and Cash and Cash Equivalents:

Consolidated Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the consolidated balance sheet for the purpose of presentation.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

q. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each consolidated balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in consolidated financial statement when inflow of economic benefits is probable.

r. Revenue Recognition and Other Income:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue from sale of goods is recognized, when the control is transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Export incentives under various schemes notified by the government are recognised when no significant uncertainties as to the amount of consideration that would be derived and that the Company will comply with the conditions associated with the grant and ultimate collection exist.

Interest income or expense is recognised using the effective interest rate method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:

- '- the gross carrying amount of the financial asset; or
- '- the amortised cost of the financial liability.

s. Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- '- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- '- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- '- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

the Company has the right to operate the asset; or

the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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'At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets re determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Leasehold land is amortised over the period of lease being 99 years remaining as on the date of purchase.

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-of-use assets and lease liability for the short-term leases that have lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

t. Income Taxes:

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Current tax assets and liabilities are offset only if there is a legally enforceable right to set it off the recognised

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax:

Deferred tax is provided using the balance sheet method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses (including unabsorbed depreciation) can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and

the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax is recognised in consolidated Statement of profit and loss, except to the extent that it relates to items recognized in Other comprehensive income are directly in equity. In this case, the tax is also recognized in other comprehensive income or directly or indirectly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Consolidated Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

u. Employee benefits:

(a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Undiscounted value of benefits such as salaries, incentives, allowances and bonus are recognized in the period in which the employee renders the related service.

(b) Long term benefits:

Defined Contribution Plans:

The Company contributes to the employee's approved provident fund scheme. The Company's contribution paid/payable under the scheme is recognized as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related services.

Defined Benefit Plans:

Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation model made at the end of the Financial Year. At present the company is not maintaining fund with any Asset Management Company towards gratuity.

Earned Leave:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. The liability toward

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

leave encashment is provided on the basis of an actuarial valuation model made at the end of the financial year.

v. Trade Receivables:

Trade Receivables are the amount due from the customers for the sale of goods and services rendered in the ordinary course of business. Trade receivables are initially recognized at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognized that the fair value. The company holds trade receivables for the receipt of contractual cashflows and therefore measures them subsequently at the amortized cost using effective interest rate method. In respect of advances received from the customers, contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue where the company performs under the contract (transfer control of the related goods or services to the customers).

w. Trade Payables:-

These amounts represents liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the terms of contract with suppliers.

x. Inventories:

- a. Raw Materials, Work in Progress, Finished Goods, Packing Materials, Stores, Spares and Consumables are carried at the lower of cost and net realisable value after providing cost of obsolescence.
- b. In determining the cost of Raw Materials, Packing Materials, Stores, Spares and Consumables, FIFO Method is used. Cost of Inventory comprises of all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- c. Cost of Finished Goods includes the cost of Raw Materials, Packing Materials, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition.
- d. Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

y. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost that an entity incurs in connection with the borrowings of the funds.

aa. Earnings per share:

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements and stock split in equity shares issued during the year and excluding treasury shares. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares and stock split, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS adjust the figures used in the determination of basic EPS to consider.

- '- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- '- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

bb. Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified Managing Director as Chief Operating Decision Maker.

cc. Foreign currency transactions:

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognized in the consolidated statement of profit and loss

dd. Forward contracts in foreign currencies

The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the

company does not use the foreign exchange forward contracts for trading or speculation purposes. The company records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the profit and loss account of that period. To designate a forward contract as an effective hedge, Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the profit and loss account.

ee. Government grants and subsidies:

Grants / subsidies that compensate the Company for expenses incurred are recognised in the Consolidated Statement of Profit and Loss as other operating income on a systematic basis in the periods in which such expenses are recognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

2 Property, plant and equipment

Description	Owned assets										Total Owned assets
	Server	Com-puters	Office Equip-ments	Furni-ture and Fixtures	Lease-hold improve-ments	Tools & Equip-ments	Electrical Installa-tions	Plant & Machin-ery	Building	Vehicle	
Gross block											
As at 1 April 2022		6.78	2.36	4.46	8.34	5.11	10.10	39.16	85.05	18.01	179.37
Additions		2.01	0.03	0.12	-	0.60	-	0.14	-	21.27	24.17
Disposals during the period / year										(9.78)	(9.78)
As at 31 March 2023	-	8.79	2.39	4.58	8.34	5.71	10.10	39.30	85.05	29.50	193.76
As at 1 April 2023	-	8.79	2.39	4.58	8.34	5.71	10.10	39.30	85.05	29.50	193.76
Additions	2.18	5.75	0.61	2.29	-	6.47	33.55	297.98	101.45	48.20	498.48
Disposals during the period / year								(0.41)	-	-	(0.41)
As at 31 March 2024	2.18	14.54	3.00	6.87	8.34	12.18	43.65	336.87	186.50	77.70	691.83
Accumulated depreciation											
As at 1 April 2022	-	5.10	1.87	2.45	8.34	4.20	4.97	23.00	15.55	5.95	71.43
Depreciation for the period / year	-	1.54	0.22	0.54		0.18	1.33	2.93	6.60	4.67	18.01
Depreciation on disposals	-	-	-	-	-	-	-	-	-	(4.08)	(4.08)
As at 31 March 2023	-	6.64	2.09	2.99	8.34	4.38	6.30	25.93	22.15	6.54	85.36
As at 1 April 2023	-	6.64	2.09	2.99	8.34	4.38	6.30	25.93	22.15	6.54	85.36
Depreciation for the period / year	0.43	3.21	0.25	0.70	-	0.71	4.94	22.04	10.66	8.20	51.14
Depreciation on disposals								(0.25)			(0.25)
As at 31 March 2024	0.43	9.85	2.34	3.69	8.34	5.09	11.24	47.72	32.81	14.74	136.25
Net block											
As At 31 March 2024	1.75	4.69	0.66	3.18	(0.00)	7.09	32.41	289.15	153.69	62.96	555.58
As At 31 March 2023	-	2.15	0.30	1.59	(0.00)	1.33	3.80	13.37	62.90	22.96	108.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Title deeds of Immovable Properties

Descriptions	As at 31 March 2024	As at 31 March 2023
Title deeds held in the name of	DCX Systems Limited	DCX Cable Assemblies Private Limited
Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director		N.A.

Refer note no. 16 and 18 for information on property, plant and equipment hypothecated as securities by the company
Refer note no.43(b) for disclosure of contractual commitment for the acquisition of property, plant and equipment.

2 Capital work-in-progress

Particulars	As at 01 April 2023	Additions	Capitalised during the period / year	As at 31 March 2022
Capital work-in-progress	52.90	317.68	370.58	-
Total	52.90	317.68	370.58	-

Capital work-in-progress as at 31 March 2024

Capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
	-	-	-	-

Particulars	As at 01 April 2022	Additions	Capitalised during the period / year	As at 31 March 2023
Capital work-in-progress	-	52.90	-	52.90
Total	-	52.90	-	52.90

Capital work-in-progress as at 31 March 2023

Capital work-in-progress	Less than 1 year	1-2 years	2-3 years	More than 3 years
	52.90	-	-	-

3 Right-of-use assets

Particulars	Gross Block				Gross Block				Net Block	
	As at 01 April 2023	Charge for the period / year	Disposals during the period / year	As at 31 March 2024	As at 01 April 2023	Charge for the period / year	Disposals during the period / year	As at 31 March 2024	As at 01 April 2023	As at 31 March 2024
Leasehold land	43.00	-	-	43.00	-	-	-	-	43.00	43.00
Total Assets	43.00	-	-	43.00	-	-	-	-	43.00	43.00

Particulars	Gross Block				Gross Block				Net Block	
	As at 01 April 2022	Charge for the period / year	Disposals during the period / year	As at 31 March 2023	As at 01 April 2022	Charge for the period / year	Disposals during the period / year	As at 31 March 2023	As at 01 April 2022	As at 31 March 2023
Leasehold land	38.10	4.90	-	43.00	-	-	-	-	38.10	43.00
Total Assets	38.10	4.90	-	43.00	-	-	-	-	38.10	43.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
As at 1 April 2023	9.78	9.78
Additions	-	-
Disposals during the period / year	-	-
As at 31 March 2024	9.78	9.78
As at 1 April 2022	9.63	9.63
Additions	0.15	0.15
Disposals during the period / year	-	-
As at 31 March 2023	9.78	9.78
Amortisation		
As at 1 April 2023	9.35	9.35
Amortisation for the period / year	0.17	0.17
Disposal during the period / year	-	-
As at 31 March 2024	9.52	9.52
As at 1 April 2022	9.15	9.15
Amortisation for the period / year	0.20	0.20
Disposal during the period / year	-	-
As at 31 March 2023	9.35	9.35
Net block		
As at 31 March 2024	0.26	0.26
As at 31 March 2023	0.43	0.43

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
5 Investments		
Investment measured at cost		
Investment in wholly owned subsidiary (unquoted investments)		
Addition : During the year/period equity shares of 62,50,000 (31 March 2023:equity shares of 65,00,000, 31 March 2022 : equity shares of 1,00,000) "Raneal Advanced Systems Private Limited" of Rs 10 Each acquired. Total value of investment as on balance sheet date Rs 12,85,00,000/-	-	-
	-	-
(a) Aggregate book value of quoted investments	-	-
(b) Aggregate market value of quoted investments	-	-
(c) Aggregate amount of unquoted investments	-	-
(d) Aggregate amount of impairment in value of investments	-	-
6 Other non-current financial assets		
Fixed deposits with banks with maturity of more than 12 months		
Other deposits	0.01	0.01
SBI Gratuity Trust	10.57	4.00
Security deposits	26.70	26.69
	37.28	30.70
7 Other non-current assets		
Capital advances	0.50	0.50
	0.50	0.50
8 Inventories		
(valued at lower of cost and net realisable value)		
Raw material	2,034.98	853.16
Stock in trade		
Finished goods		1,438.46
Work in progress		
	2,034.98	2,291.62
9 Trade receivables (Unsecured)		
Trade receivables considered good	6,672.62	3,195.32
Trade receivables - credit impaired	-	-
	6,672.62	3,195.32
Less: Allowance for doubtful receivables	(1.91)	-
	6,670.71	3,195.32
The above amount includes :		
Others	6,670.71	3,195.32
Receivable from related parties	-	-
Total	6,670.71	3,195.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

As at 31 March 2024

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed trade receivables - considered good	6,477.50	193.21	-	-	-	6,670.71
(ii) Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	1.91	-	-	1.91
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	6,477.50	193.21	1.91	-	-	6,672.62

As at 31 March 2023

Particulars	Outstanding for following periods from due date of Payment					Total
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed trade receivables - considered good	3,019.06	176.26	-	-	-	3,195.32
(ii) Undisputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in Credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
	3,019.06	176.26	-	-	-	3,195.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

	As at 31 March 2024	As at 31 March 2023
10 Cash and cash equivalents		
Balances with banks		
Current accounts	214.46	136.70
In deposit account (the maturity of the period of which is less than 3 months)		
Cash in hand	0.00	0.01
	214.46	136.71
11 Bank balances other than cash and cash equivalents		
Other bank balances		
Deposits with original maturity of more than 3 months (₹ 498.14 Mn Kept as margin money with Banks and ₹ 974.00 Mn Unutilized proceeds from IPO and ₹ 4,866.50 Mn Unutilized proceeds from QIP)	8,193.80	5,808.77
Deposit - Kept as margin money against LC	-	12.99
	8,193.80	5,821.76
12 Other current financial assets		
Interest receivable (from fixed deposits with banks)	0.16	0.10
MEIS incentive receivables		
Forward Contract	-	21.20
	0.16	21.30
13 Other current assets		
(Unsecured, considered good)		
Advances to suppliers	666.53	380.44
Advance salary	0.53	1.15
Balances with statutory/government authorities	14.77	19.28
Expenses Relating To Public Issue	-	-
Prepaid expenses	17.45	31.74
	699.28	432.61
Advances to suppliers includes :		
Others	636.12	347.57
Advances to related parties(After adjusting mutual ownings)	30.41	32.87
Total	666.53	380.44
14 Share capital		
Particulars	As at 31 March 2024	As at 31 March 2023
Authorised :		
125,000,000 Equity Shares of ₹ 2/- Each (31 March 2022 : 3,500,000 equity shares of ₹10 each.)	250.00	250.00
	250.00	250.00
TOTAL	250.00	250.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
Issued and subscribed and paid up:		
Equity share capital		
7,74,00,000 equity shares of Rs.2/-each	193.45	154.80
Addition : During the year/period 19,323,671 of equity shares issued at face value of ₹ 2/- with premium of ₹ 205/- through IPO	-	38.65
Addition : During the year/period 1,46,62,756 of equity shares issued at face value of ₹ 2/- with premium of ₹ 339/- through QIP	29.33	
TOTAL	222.78	193.45

Reconciliation of number of shares outstanding at the beginning and end of the year:

Equity share :	As at 31 March 2024	As at 31 March 2023
	Number of Shares*	Number of Shares*
Outstanding at the beginning of the year / period	9,67,23,671.00	7,74,00,000.00
Equity Shares issued during the year in consideration for cash		
IPO	-	1,93,23,671.00
Qualified Institutional Placement (QIP)	1,46,62,756.00	
Preferential allotment	-	-
Right issue	-	-
Total number of shares before Sub Division	11,13,86,427.00	9,67,23,671.00
Adjustment for subdivision of shares	-	-
Bonus Issue of shares during the year	-	-
Outstanding at the end of the year	11,13,86,427.00	9,67,23,671.00

* Number of shares is presented as absolute number.

Bonus Issue of shares

2019-20	2020-21	2021-22	2022-23	2023-24
-	-	**58050000	-	-

**Number of shares are presented as absolute number.

Terms / Rights attached to each classes of shares**Rights, preferences and restrictions attached to equity and preference shares**

Equity shares

As to dividend	The Shareholders are entitled to receive dividend in proportion to the amount of paid up equity shares held by them. The Company has not declared any dividend during the year.
As to repayment of capital	In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
As to voting	The Company has Equity Shares of ₹ 2.00 each and each holder of the equity share is entitled to one vote per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Shareholders holding more than 5% shares in the Company is set out below:

	As at 31 March 2024			As at 31 March 2023		
	Equity shares of ₹ 2 each fully paid			Equity shares of ₹ 2 each fully paid		
	Number of Shares*	Number of Shares %	Changes in % of Shares	Number of Shares*	Number of Shares %	Changes in % of Shares
M/s NCBG Holdings Inc	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
Dr. H S Raghavendra Rao	56,12,558.00	5.04%	-0.760%	56,12,558.00	5.80%	-3.761%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2024			As at 31 March 2023		
	Equity shares of ₹ 2 each fully paid			Equity shares of ₹ 2 each fully paid		
	Number of Shares*	Number of Shares %	Changes in % of Shares	Number of Shares*	Number of Shares %	Changes in % of Shares
M/s NCBG Holdings Inc	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	28.630%	-4.335%	3,18,84,542.00	32.965%	-11.350%
Dr. H S Raghavendra Rao	56,12,558.00	5.04%	-0.760%	56,12,558.00	5.80%	-3.761%

* Number of shares is presented as absolute number.

15 Other equity

	As at 31 March 2024	As at 31 March 2023
Reserves and surplus		
A. Retained earnings	2,494.64	1,756.08
B. Securities premium	8,545.11	3,717.68
	11,039.75	5,473.76
	As at 31 March 2024	As at 31 March 2023
A. Retained earnings		
Balance at the beginning of current reporting year	1,756.08	1,021.10
Profit for the year	757.83	716.81
Less: Utilized for issue of Balance Bonus Shares		
Other comprehensive (loss)/ income		
- Remeasurements of defined benefit liability / (asset) (net of tax)	(1.77)	0.67
- Hedge Reserve	(17.50)	17.50
	2,494.64	1,756.08
	As at 31 March 2024	As at 31 March 2023
B. Securities premium		
Opening balance	3,717.68	-
Add : Proceeds from issue of Shares	4,970.67	3,961.35
Less : Public issue expenditure	(19.29)	(243.67)
Less : Utilized for issue of Bonus Shares	(123.95)	-
	8,545.11	3,717.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
16 Long Term Borrowings		
Secured Term Loan	202.04	57.70
	202.04	57.70
Term Loan with tenure of 72 months with Initial 12 months moratorium and interest at 10.25 ~10.44%.		
17 Provisions		
Provision for employee benefits		
Gratuity (Refer note no. 37 for further disclosures)	11.93	7.37
Leave encashment	7.24	5.03
Others provision		-
	19.17	12.40
18 Borrowings		
Secured		
From Bank		
Working capital loan	2,694.53	5,037.11
Working Capital Demand Loan	9.40	
	2,703.93	5,037.11
Terms and Conditions:		
- For working capital limits -Paripassu First charge on all current assets of the company along with other member banks under Multiple Banking Arrangement, Paripassu First charge on all movable fixed assets of the company along with other member banks under Multiple Banking Arrangement, First paripassu charge on Industrial property of 1.5 acre of land and building in Plt no 29,30 & 107 at hitech, aerospace & defence park devanahalli, Cash Credit/Overdraft limits are payable on demand, Export credits (drawn in foreign currency / INR) are for a tenor of 120-180 days. Interest (drawn in foreign currency) is payable @ LIBOR / SOFR plus 150 to 350 basis points & for EPC (Drawn in INR) Net interest payable (After Subvention of 3%) ranges from 4.3% to 5.6% and for Bank Guarantee issued at Cash Margin 30% to 100%. Corporate Guarantees are extended by Promoter Group companies.		
19 Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 34)	9.30	5.47
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	3,910.79	1,357.07
	3,920.09	1,362.54

Notes :

(1) Refer note for related party disclosure.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

As at 31 March 2024

Particulars	Outstanding for following periods					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		9.30			-	9.30
(ii) Others		3,907.56	0.06	3.17	-	3,910.79
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	3,916.86	0.06	3.17	-	3,920.09

As at 31 March 2023

Particulars	Outstanding for following periods					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		5.47			-	5.47
(ii) Others		1,341.35	15.72		-	1,357.07
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	1,346.82	15.72	-	-	1,362.54

20	Other financial liabilities	As at 31 March 2024	As at 31 March 2023
	Accrued expense payable	5.95	1.64
	Employee benefits payable	13.95	9.52
		19.90	11.16
21	Other current liabilities	As at 31 March 2024	As at 31 March 2023
	Advance received from customers	314.48	31.32
	Statutory dues payable	7.12	12.87
	Rent security Deposits	-	-
		321.60	44.19
22	Provisions		
	Provision for gratuity	0.40	0.31
	Provision for leave encashment	0.31	0.22
		0.71	0.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
23 Revenue from operations		
Sale of products	14,299.58	12,467.62
Sale of services	(63.75)	68.72
	14,235.83	12,536.34
Refer note no. 38 for further disclosures.		
24 Other income		
Foreign exchange fluctuation	50.78	
Interest on fixed deposits	432.83	294.07
LD Charges reversal	12.15	
Interest on electricity deposit		
Other income	-	0.10
Profit on sale of used Asset	0.07	1.31
Rent received	-	
interest income on Gratuity trust deposit	0.62	
	496.45	295.48
25 Cost of materials consumed		
Opening Stock	853.16	272.51
Import purchases	7,679.21	1,377.84
Local purchases	5,230.45	11,833.26
Less: Closing Stock	2,034.98	853.16
	11,727.84	12,630.45
26 Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening inventories		
Stock in trade		
Raw materials		
Finished goods	1,438.46	
Work-in- process		
Stores & spares		
Total (A)	1,438.46	
Closing Inventories		
Stock in trade		
Raw materials		
Finished goods	-	1,438.46
Work-in- process		
Stores & spares		
Total (B)	-	1,438.46
Total (A-B)	1,438.46	(1,438.46)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
27 Employee benefit expenses		
Employee Insurance	0.38	0.61
Encashment of earned leave	1.85	1.36
Gratuity	3.11	1.41
Salaries and wages including bonus, incentives	125.62	94.51
Staff welfare expenses	8.04	7.21
	139.00	105.10
28 Finance costs		
Bank charges	21.97	13.05
Interest on borrowings	249.93	187.08
Interest on term loan / Working Capital Term Loan	1.92	30.00
Other borrowing costs	24.17	26.15
	297.99	256.28
29 Depreciation and amortisation expense		
Amortisation of intangible assets (refer note 4)	0.16	0.20
Depreciation of property, plant and equipment (refer note 2)	51.14	18.01
	51.30	18.21
30 Other expenses		
Manufacturing service cost expenses		
Freight expenses	4.94	6.74
Power and fuel expenses	4.94	2.97
Repairs and maintenance		
Building	0.67	0.49
Machinery & others	2.02	1.72
Wages and labour charges	2.21	5.91
Water Charges	0.81	0.37
Administrative and general expenses		
Business promotion expenses	5.59	2.90
Communication expenses	0.83	0.75
Director Sitting Fees	1.20	1.20
Insurance	8.66	5.55
Internal Audit fees	0.60	0.60
Income / (loss) arising from fair valuation of assets through profit & loss		
Net loss on foreign currency translation		290.89
Others expenses	35.45	22.03
Professional & consultancy fees	51.95	45.89
Printing and stationery	0.32	0.38
Rent	0.44	0.42
Rates and taxes	3.44	10.04
Remuneration to auditors		
Statutory audit	0.73	0.78
Tax audit		
Travelling and conveyance	6.80	2.89
	131.61	402.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

31 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax:		
Current income tax charge	163.88	150.44
Deferred tax	2.76	0.57
MAT Credit Entitlement	21.61	(10.10)
Income tax expense reported in the statement of profit or loss	188.25	140.91

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Deferred tax		
Remeasurements gains and losses on post employment benefits	0.37	(0.14)
Income tax recognised in OCI	0.37	(0.14)

(c) Balance sheet

Current tax assets

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Non-current tax assets	-	-
Current tax assets	-	13.87
Total tax assets	-	13.87

Current tax liabilities

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Income tax (net of advance tax)	23.45	-
Total current tax liabilities	23.45	-

(d) Deferred tax liabilities / assets

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Income tax relating to remeasurements of defined benefit liability / (asset)	0.23	(0.14)
Income tax relating to items that will be reclassified to profit or loss	0.00	(3.70)
Fair valuation of Security deposits	-	-
Excess of depreciation/amortisation on property plant and equipment under income tax act	1.51	3.98
Gratuity provision	1.27	1.88
Leave encashment	1.94	1.63
MAT Credit	18.46	40.07
Net deferred tax liability/(asset)	23.41	43.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

32 Earnings Per Share

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profits attributable to equity shareholders		
Profit for the year	757.83	716.81
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	9,96,48,210	8,49,70,644
Basic EPS (₹)	7.61	8.44
Diluted Earnings Per Share		
Profit for the year	757.83	716.81
Weighted average number of equity shares outstanding during the year	9,96,48,210	8,49,70,644
Diluted EPS (₹)	7.61	8.44
Weighted average number of equity shares for Basic and Diluted Earnings Per Share	For the year ended 31 March 2024	For the year ended 31 March 2023
Balance at the beginning of the period of ₹ 2 each (₹ 10 each for Previous year)	9,67,23,671.00	7,74,00,000
Issued during the period	1,46,62,756.00	1,93,23,671
Total	11,13,86,427.00	9,67,23,671
Adjustment for subdivision of shares		
Bonus Issue of shares during the year		
	11,13,86,427.00	9,67,23,671
Weighted average number of equity shares outstanding during the period	9,96,48,209.77	8,49,70,644

* Number of shares is presented as absolute number.

33 Contingent liabilities, contingent assets and commitments :

(a) Contingent liabilities

Particulars	Currency	For the year ended 31 March 2024	For the year ended 31 March 2023
Bank guarantees	INR	1,660.46	3,353.73
Corporate Guarantee provided to wholly owned Subsidiary	INR	450.00	450.00
Letter of Credit (LC)	INR	-	129.04
Pending Income tax litigations	INR	102.57	4.06

(b) Commitments

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	9.53	69.86
Commitments Pending from IPO Proceeds*	198.00	448.80
Commitments Pending from QIP Proceeds	4,090.00	-

*Revised IPO object as per board resolution dated 29-03-2024 and resolution passed by the shareholder through postal ballot Friday,03 May 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

34 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Principal amount remaining unpaid to any supplier as at the end of the period/year		
Trade payables	9.30	5.47
Capital creditors	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the period/year		
Trade payables	-	-
Capital creditors	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006	-	-
The amount of payment made to micro and small supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

35 Related Party Disclosures

(a)	List of Related Parties	Nature of relation
1	Dr. H S Raghavendra Rao	Chairman and Managing Director
2	Mr. Neal Jeremy Castleman	Director
3	Mr. R. Sankarakrishnan	Director(Whole time Director upto Dec-2022)
4	Mr. Anand S	Key Managerial Personnel and Director of a Promoter company
5	M/S VNG Technology Pvt Ltd.,	Promoter group Company
6	M/S NCBG Holdings Inc	Associate Company
7	M/S DCX Chol Enterprises Inc	Common Directorship
8	M/S RNSE-TRONICS Pvt Ltd.,	Promoter group Company
9	M/S Raneal Technologies Pvt Ltd.,	Promoter group Company
10	M/S Raneal Advanced Systems Pvt Ltd.,	Wholly Owned Subsidiary
11	Mr. Ranga K S	Chief financial officer and Director of a wholly owned Subsidiary Company (during the year upto Mar-2024)
12	Mr. Shiva Kumara R	Key Managerial Personnel and Director of a Promoter group company and also Director of a wholly owned Subsidiary Company
13	Mr. Prasanna Kumar T S	Key Managerial Personnel
14	Mr. Nagaraj R Dhavaskar	Company Secretary, Legal and Compliance Officer (during the year upto Jan-2024)
15	Mr. Pramod. B	Key Managerial Personnel and Director of a Promoter group company
16	Mr. G S Manjunath	Key Managerial Personnel
17	Mr. Kiran Kumar K S	Key Managerial Personnel (during the year upto Jan-2023)
18	Mr. Atul D Mutthe	Key Managerial Personnel
19	Mr. Rajanikanth K N	Key Managerial Personnel
20	Mr. Harsha H.M	Director of a Promoter group company
21	Mr. Gurumurthy Hegde	Company Secretary, Legal and Compliance Officer (from 08-02-2024 to till date)
22	M/S NIART Systems Limited	Joint venture Company
23	Mr. Haim Sobal	Director Joint venture Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(b)

Sl. No.	Related parties	Nature of transactions	For the year ended 31 March 2024	For the year ended 31 March 2023
Purchase				
1	M/S DCX Chol Enterprises Inc	Purchases of Raw Materials		3.82
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Raw Materials	1,966.02	7,450.56
3	M/S Raneal Advanced Systems Pvt Ltd.,	Purchase of Raw Materials/ Capital goods	2,366.68	1.65
Sales				
4	M/S DCX Chol Enterprises Inc	Export of Finished Goods	0.41	24.38
Investment				
5	M/S Raneal Advanced Systems Pvt Ltd.,	Investment	62.50	65.00
Income				
6	M/S Raneal Advanced Systems Pvt Ltd.,	Services *	0.72	-
Expenditure				
7	Dr. H.S. Raghavendra Rao	Salary	22.89	22.89
8	Mr. Anand S	Salary	3.29	2.59
9	Mr. R. Sankarakrishnan	Salary	-	2.47
10	Mr. Ranga K S	Salary	5.85	4.61
11	Mr. Shiva Kumara R	Salary	5.13	4.45
12	Mr. Prasanna Kumar T S	Salary	3.48	3.03
13	Mr. Nagaraj R Dhavaskar	Salary	0.91	1.21
14	Mr. Pramod. B	Salary	3.29	2.59
15	Mr. G S Manjunath	Salary	1.87	1.64
16	Mr. Kiran Kumar K S	Salary		1.48
17	Mr. Atul D Mutthe	Salary	1.60	1.33
18	Mr. Rajanikanth K N	Salary	1.65	1.46
19	Mr. Gurumurthy Hegde	Salary	0.25	-
20	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	-	0.13
21	Mr. Harsha H.M	Professional Fee	2.48	0.78
22	Mr. Harsha H.M	Professional Fee (Arrears)	-	0.65
23	Mr. Harsha H.M	Reimbursement of expenses	0.30	
TOTAL			4,449.32	7,596.73
Payable				
24	M/S DCX Chol Enterprises Inc	Payable / (Receivable)	(30.41)	(31.63)
25	M/S RNSE-TRONICS Pvt Ltd.,	Payable / (Advance)	363.10	128.77
26	M/S Raneal Advanced Systems Pvt Ltd.,	Payable / (Advance)	(550.68)	(8.93)
27	Dr. H S Raghavendra Rao	Salary Payable	1.10	1.10
28	Anand S	Salary Payable	0.21	0.17
29	Mr. Ranga K S	Salary Payable	0.31	0.27
30	Mr. Shiva Kumara R	Salary Payable	0.29	0.25
31	Mr. Prasanna Kumar T S	Salary Payable	0.20	0.18
32	Mr. Nagaraj R Dhavaskar	Salary Payable	-	0.09
33	Mr. Pramod. B	Salary Payable	0.19	0.16
34	Mr. G S Manjunath	Salary Payable	0.12	0.11
35	Mr. Atul D Mutthe	Salary Payable	0.12	0.10
36	Mr. Rajanikanth K N	Salary Payable	0.11	0.10
37	Mr. Harsha H.M	Payable / (Advance)	0.56	(1.24)
38	Mr. Gurumurthy Hegde	Salary Payable	0.13	-
39	Mr. Haim Sobal (Haim Sobal Consulting)	Payable / (Advance)	1.04	

* Services means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

36 Fair value measurements

(a) Categories of financial instruments -

Particulars	As at 31 March 2024							
	Carrying amount				Fair values			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	-	-	6,670.71	6,670.71	-	-	-	-
Trade receivables	-	-	214.46	214.46	-	-	-	-
Cash and cash equivalents	-	-	8,193.80	8,193.80	-	-	-	-
Other bank balances	-	-	37.43	37.43	-	-	-	-
Other financial assets	-	-	15,116.40	15,116.40	-	-	-	-
Total financial assets								
Financial liabilities	-	-	2,703.93	2,703.93	-	-	-	-
Borrowings	-	-	3,920.09	3,920.09	-	-	-	-
Trade payables	-	-	202.04	202.04	-	-	-	-
Working Capital Term Loan	-	-	19.90	19.90	-	-	-	-
Other financial liabilities	-	-	6,845.96	6,845.96	-	-	-	-
Total financial liabilities								
Particulars	As at 31 March 2023							
	Carrying amount				Fair values			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	3,195.32	3,195.32	-	-	-	-
Cash and cash equivalents	-	-	136.71	136.71	-	-	-	-
Other bank balances	-	-	5,821.76	5,821.76	-	-	-	-
Other financial assets	-	-	52.00	52.00	-	-	-	-
Total financial assets	-	-	9,205.78	9,205.78	-	-	-	-
Financial liabilities								
Borrowings	-	-	5,037.11	5,037.11	-	-	-	-
Trade payables	-	-	1,362.54	1,362.54	-	-	-	-
Working Capital Term Loan	-	-	57.70	57.70	-	-	-	-
Other financial liabilities	-	-	11.16	11.16	-	-	-	-
Total financial liabilities	-	-	6,468.51	6,468.51	-	-	-	-

(b) Fair value hierarchy:

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortized cost approximates the fair value (except for which the fair values are mentioned).

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

37 Details of employee benefits as required by Ind-AS 19 - "Employee benefits are as under":**(i) Defined contribution plan - Provident fund and other funds****The company has recognized following amounts in the profit & loss account for the year/ period:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Provident fund		
Employer's Contribution	6.25	4.17
Administration charges	0.26	0.17
Employer's Contribution to ESI (Employee State Insurance)	0.14	0.19
	6.65	4.53

(ii) Defined benefit plan

- The defined benefit plan comprises gratuity, which is funded.
- Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss, the funded status and amounts recognised in balance sheet for the plan.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Present Value of Benefit Obligation at the Beginning of the Period	7.67	6.76
Interest cost	0.58	0.49
Current service cost	2.53	1.30
Benefits paid	(0.05)	(0.07)
Actuarial (Gains)/Losses on Obligations		-
- Due to Change in Financial Assumptions	0.44	(0.23)
- Due to Change in Demographic Assumptions		-
- Due to Experience	1.17	(0.58)
Present value of obligation at the end of the period / year	12.34	7.67

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Fair value of plan assets at the beginning of the period / year		
Interest income		
Contributions	0.05	0.07
Mortality charges and taxes		
Benefits paid	(0.05)	(0.07)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)		
Fair value of Plan assets at end of the period / year	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Net interest cost for current period

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest Cost	0.58	0.49
Interest Income	-	-
Net Interest Cost for Current Period	0.58	0.49

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current service cost	2.53	1.30
Net interest (Income)/ Expense	0.58	0.49
Net benefit expense	3.11	1.79

Amount recognised in the statement of other comprehensive income

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Re-measurement for the year - obligation (gain) / loss	(1.61)	0.81
Re-measurement for the year - plan assets (gain) / loss	-	-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	(1.61)	0.81

Net Defined Benefit Liability/(Asset) for the period / year

Particulars	As at 31 March 2024	As at 31 March 2023
Defined Benefit Obligation	12.34	7.67
Fair value of plan assets	-	-
Closing net defined benefit liability/(asset)	12.34	7.67

Particulars	As at 31 March 2024	As at 31 March 2023
Current	0.40	0.31
Non-Current	11.93	7.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:**Assumptions**

Particulars	As at	As at
	31 March 2024	31 March 2023
	%	%
Mortality table	100% of IALM 2012-14	100% of IALM 2012-14
Discount rate	7.21%	7.52%
Rate of increase in compensation levels	10.00%	10.00%
Withdrawal rate #		
Age up to 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at 31 March 2024 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2024	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(1.38)	1.68
Delta effect of 1% change in rate of salary increase	1.38	(1.20)
Delta effect of 1% change in rate of employee turnover	(0.47)	0.68

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2023	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.87)	1.06
Delta effect of 1% change in rate of salary increase	0.84	(0.75)
Delta effect of 1% change in rate of employee turnover	(0.19)	0.22

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Expected future benefit payments

The following benefit payments, for each of the next five years and the aggregate five years thereafter, are expected to be paid:

Duration of defined benefit payments	31 March 2024	31 March 2023
1 st Following Year	0.40	0.30
2 nd Following Year	0.45	0.31
3 rd Following Year	0.49	0.34
4 th Following Year	0.56	0.36
5 th Following Year	0.98	0.39
After 5 th Year	37.48	24.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Note 38: Revenue from contracts with customers

The Company has initially applied Ind AS 115 - Revenue from contracts with customers from 1 April 2018. Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 - Revenue, Ind AS 11 - Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control—at a point in time or over time—requires judgement. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

After evaluation of all the live contracts as on 1st April, 2018 there is no material impact on application of Ind AS 115 on financial statements.

(a) Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Gross Sales (Contracted Price)	14,235.83	12,536.34
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	-	-
Revenue recognised	14,235.83	12,536.34

(b) Recognition of revenue as per IND AS 115

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue recognised at point in time	14,299.58	12,467.62
Revenue recognised over the period	(63.75)	68.72
Total	14,235.83	12,536.34

(c) Revenue from products:

Country / Region	For the year ended 31 March 2024	For the year ended 31 March 2023
Exports	11,352.93	8,847.25
Deemed Exports	2,931.41	3,551.81
Domestic	15.24	68.56
Total revenue	14,299.58	12,467.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

39 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The board regularly meets to decide its risk management activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is also assisted by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

The Company has exposure to the following risks arising from financial instruments:

- credit risk - see note (a) below
- liquidity risk - see note (b) below
- market risk - see note (c) below

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess impairment loss or gain. The Company uses a matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and Company's historical experience for customers.

- (i) The company has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.
- (ii) Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for liquidity and funding. In addition policies and procedures relating to such risks are overseen by the management.

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
Total current assets (A)	17,813.39	11,913.19
Total current liabilities (B)	6,989.68	6,455.53
Working capital (A-B)	10,823.71	5,457.66
Current Ratio:	2.55	1.85

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	As at 31 March 2024			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	2,905.97	2,703.93	202.04	2,905.97
Trade payables	3,920.09	3,916.87	3.23	3,920.09
Other liabilities	19.90	8.75	11.16	19.90
	As at 31 March 2023			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	5,094.82	5,037.11	57.70	5,094.82
Trade payables	1,362.54	1,346.83	15.72	1,362.54
Other liabilities	11.16	4.19	6.97	11.16

(c) Market risk

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(1) Foreign currency risk :

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency (INR) and in other foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

Following is outstanding foreign currency unhedged exposure :

(i) Financial assets

Financial assets	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD				
Trade receivables				
USD	85.82	7,154.43		
Euro				
Advance to suppliers				
USD	2.09	174.37	3.59	295.16
Euro	0.02	1.74	0.02	1.86
GBP	0.00	0.33	-	-
Balance with banks - in EEFC accounts-USD	0.80	66.89	0.08	6.78
	88.73	7,397.76	3.69	303.80

Note: Amounts seen as (0.00) are below the disclosure threshold of the company.**(ii) Financial liabilities**

Financial assets	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
Trade payable				
USD	43.45	3,622.06	14.53	1,194.91
Euro	0.14	12.72	0.18	16.32
GBP	0.00	0.16	-	-
Packing credit in foreign currency			-	-
Advance from customer-USD	2.46	204.73		
	46.05	3,839.67	14.71	1,211.23

(iii) Currency wise net exposure (Financial assets - Financial liabilities)

Currency wise net exposure (assets -liabilities)	As at 31 March 2024		As at 31 March 2023	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	42.81	3,568.90	(10.86)	(892.97)
EUR	(0.12)	(10.98)	(0.16)	(14.45)
GBP	0.00	0.17	-	-
Total	42.69	3,558.09	(11.02)	(907.41)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)		Impact on profit/equity (1% weakening)	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
USD	35.69	(8.93)	8.93	(35.69)
EUR	(0.11)	(0.14)	0.14	0.11
GBP	0.00	-	0.00	(0.00)
Total	35.58	(9.07)	9.07	(35.58)

(2) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

The exposure of the borrowings (long term and short term) to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Variable rate borrowings	2,703.93	5,037.11
Fixed rate borrowings	202.04	57.70
Total borrowings	2,905.97	5,094.82

Sensitivity analysis

Impact on profit before tax /pre- tax equity :

Particulars	As at 31 March 2024	As at 31 March 2023
Increase by 50 basis points	(13.52)	(25.19)
Decrease by 50 basis points	13.52	25.19

40 Capital management

The Company's capital comprises equity share capital, surplus in the statement of profit and loss and other equity attributable to equity holders.

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders,
- maintain an optimal capital structure to reduce the cost of capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

The Company monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

Particulars	As at 31 March 2024	As at 31 March 2023
Total liabilities	7,210.89	6,525.63
Less: cash and cash equivalents and bank balances	8,408.26	5,958.47
Net debt	(1,197.36)	567.16
Total equity	11,262.53	5,667.21
Debt-equity ratio	(0.11)	0.10

41 Operating Segment

(a) The Company is exclusively engaged in the business of manufacturing of electronic sub-systems and cable harness for both international and domestic aerospace and defence sector. These in the context of the Ind AS 108 Operating Segment, are considered to constitute one single primary segment.

42 Previous year's figures have been regrouped/reclassified wherever necessary to conform current year's presentation. The Company does not have any Exceptional Item to report for the current period.

43 The financial statements has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 16, 2024.

44. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements (refer para 2 of division 2 to the schedule 3 of companies act, 2013)

Name of entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	% of consolidated net assets	Amount	as % of consolidated profit or loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
Parent								
DCX Systems Limited	99.35	11,189.07	89.86	680.99	100.000	(19.27)	89.60	661.72
Adjustment arising out of consolidation- Equity investment	-							
Indian subsidiaries								
Raneal advanced sysetms private limited	0.65	73.46	10.14	76.84	-	-	10.40	76.84
Foreign subsidiaries								
Associate								
Total	100.00	11,262.53	100.00	757.83	100.00	(19.27)	100.00	738.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENT (CONTINUED)

(₹ In Millions, unless otherwise stated)

45 Pending Litigation

Name of the Statute	Nature of the Dues	Amount with accrued interest	Amount Paid under protest	Period to which the amount relates	Forum
Income Tax Act, 1961	Income Tax	4.46	0.95	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Income Tax-Transfer Pricing Proceedings initiated under section 92D(3) & 92CA	98.11	-	AY 2021-22	DRP (Dispute Resolution Panel)

46A The company has entered joint venture agreement with Elta Systems Ltd an Israeli company with an office and principal place of business at Yitzhak hanassi Boulevard, Ashdod Israel on August 30th 2023 and incorporated NIART Systems Limited on 15-10-2023 in Israel. Since Capital contribution is pending in joint venture company and joint venture company has not commenced its operation, hence financials of the JV company is not Consolidated in the financials.

46B DCX Systems Limited had raised ₹ 5,000 Mn on 19-01-2024, through Qualified Institutional Placement Successfully for its growth plan out of which the proceeds amounting to ₹ 4,866.50 Mn is pending for utilization.

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
CA. Pradeep Shetty
Partner
M No: 046940
Place: Bangalore
Date:16-05-2024
UDIN: 24046940BKETA5560

For and on behalf of the Board of Directors of
DCX Systems Limited

Sd/-
Dr. H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

Sd/-
Diwakaraiah N J
Chief Financial Officer
Place: Bangalore
Date:16-05-2024

Sd/-
Panchangam Nagashayana
Independent Director
DIN: 00907296

Sd/-
Gurumurthy Hegde
Company Secretary
Membership No:A24285

NOTICE

Notice is hereby given that the **13th (Thirteenth)** Annual General Meeting (AGM) of the Members of the Company will be held on **Thursday, September 26, 2024, at 2.30 P.M. (IST)** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1 To consider and adopt the Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2024, together with the reports of the Board of Directors and Auditors thereon:

To consider, and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2024, together with the reports of the Board and Auditor's thereon be and are hereby, considered and adopted."

2 Appointment of Mr. Neal Jeremy Castleman (DIN: 05159412) as a Non-Executive, Non-Independent Director, who retires by rotation and being eligible, offers himself for re-appointment:

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Neal Jeremy Castleman (DIN:05159412) who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby reappointed as a Non-Executive, Non-Independent Director of the Company, who is liable to retire by rotation."

SPECIAL BUSINESS:

3 Appointment of Mr. Diwakaraiah Neriga Jagannatheswar (DIN:00427317) as an Executive Director of the Company and approval of payment of remuneration:

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152, 161 and any other applicable provisions

of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Articles of Association of the Company, Mr. Diwakaraiah Neriga Jagannatheswar (DIN:00427317), who was appointed as an Additional Executive Director with effect from June 28, 2024 and who holds the office upto the date of forthcoming Annual General Meeting of the Company and on the recommendation of the Nomination and Remuneration Committee and approval of the Board and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED THAT based on the recommendation of the Nomination and Remuneration Committee and approval of the Board and pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), and pursuant to the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, and all applicable guidelines issued by the Central Government from time to time, Articles of Association of the Company and subject to the limits of remuneration as provided in Schedule V of the Companies Act, 2013 and such other approvals, as may be necessary, consent of the Members of the Company be and is hereby accorded to the appointment of Mr. Diwakaraiah Neriga Jagannatheswar (DIN:00427317), as an Executive Director of the Company, for a period of 5 (Five) years w.e.f. June 28, 2024.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee and the Board of Directors, be and is hereby authorised to alter, modify or revise from time to time, the terms and conditions of appointment and remuneration of Mr. Diwakaraiah Neriga Jagannatheswar in such manner as may be considered appropriate and in the best interests of the Company and as may be permissible at law upon the terms and conditions set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, proper, expedient, incidental or desirable to give effect to this Resolution."

4 Appointment of Mr. Prakash Nagabushan (DIN:00998992) as an Independent Director of the Company:

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and any other applicable provisions of the Companies Act, 2013 (the Act), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations") and Articles of Association of the Company, Mr. Prakash Nagabushan (DIN:00998992), who was appointed as an Additional Director in the capacity of an Independent Director with effect from August 01, 2024, who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1) (b) of the LODR Regulations and who holds the office up to the date of forthcoming Annual General Meeting of the Company and on the recommendation of the Nomination and Remuneration Committee and approval of the Board and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years till July 31, 2029, and that he is not liable to retire by rotation."

By order of the Board of Directors
For DCX Systems Limited

**Sd/-
Gurumurthy Hegde**

Company Secretary, Legal and Compliance Officer
M. No.: A24285

Place: Bengaluru

Date: September 02, 2024

Registered Office:

Aerospace SEZ Sector, Plot Nos.29,30 and 107,
Hitech Defence and Aerospace Park, Kavadasanahalli,
Bengaluru Rural 562110, India
CIN: L31908KA2011PLC061686
Tel: 91 80 - 67119555
Email ID: cs@dcxindia.com
Web: www.dcxindia.com

NOTES:

1. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 and as per the Listing Regulations, concerning resolutions vide item No. 3 and 4 in the Notice of this 13th Annual General Meeting (AGM) is annexed hereto and forms integral part of this Notice.
2. The information required to be provided as per section 102 of the Companies Act, 2013, Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.
3. Statement giving details of the Directors seeking appointment and re-appointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard on General Meeting ("SS-2").
4. Pursuant to General Circular No. 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs (the 'MCA') and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by the Securities Exchange Board of India ('SEBI'), (hereinafter collectively referred as 'Circulars'), companies are allowed to conduct General Meetings through Video Conference ('VC') or Other Audio-Visual Means ('OAVM'), subject to compliance of various conditions mentioned therein. In compliance with the above, AGM of the Company is being held through VC/OAVM.
5. The Company has appointed M/s. Link Intime India Pvt. Ltd., Registrars and Transfer Agents ('Link Intime' or 'RTA'), to provide VC/OAVM facility for the AGM.
6. Proceedings of the AGM will be web-casted live for all the Members as on the cut-off date i.e., 19th September, 2024. Members may visit <https://instameet.linkintime.co.in> and login through existing user id and password to watch the live proceedings of the AGM. Facility for joining the AGM shall be open 30 minutes before the scheduled time for commencement of AGM and shall be closed 30 minutes after such scheduled time.
7. **In view of AGM being held by VC/OVAM:**
 - a) physical attendance of Members has been dispensed with;
 - b) the facility for appointment of proxies by the Members will not be available for the AGM and hence Proxy Form and Attendance Slip are not annexed to this Notice; Corporate Members are required to access the link <https://instameet.linkintime.co.in> and upload a certified copy of the

Board resolution authorizing their representative to attend the AGM through VC/OAVM and vote on their behalf. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM.

- c) Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning quorum under Section 103 of the Act; and
- d) route map for the location of the AGM is not provided.

8. In case of joint holders attending the AGM, Member whose name appears as the first holder in the order of the names as per the Register of Members of the Company will be entitled to vote.

9. Inspection of Documents:

All the documents referred in the Notice will be available for inspection for inspection by the members during the AGM.

In addition, the following documents shall also be available for inspection electronically:

The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts or Arrangements in which Directors are interested, maintained under the Companies Act, 2013.

Members seeking to inspect such documents can send an e-mail to cs@dcxindia.com.

10. In line with the Circulars, an electronic copy of the Annual Report and AGM Notice is being sent to all the Members holding shares in dematerialised form and whose e-mail addresses are available with the Depository Participants ('DPs') for communication purposes.

The Annual Report is also available on the Company's Website <https://dcxindia.com/investors/annual-report-and-annual-return>, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively as well as the website of RTA at <https://instameet.linkintime.co.in>.

11. The Company is availing the services of M/s. Link Intime India Pvt. Ltd., for facilitating e-voting i.e., remote e-voting and e-voting at the AGM. The instructions for e-voting are given herein below:

- a) Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on 'e-voting facility provided by Listed Companies', e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their Demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process.

- b) Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ('ESP') thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and E-Mail ID with their DPs to access e-voting facility.

- c) The remote e-voting period commences on Sunday, September 22, 2024 from 9.00 a.m. and ends on Wednesday, September 25, 2024 at 5.00 p.m. During this period, the Members of the Company holding shares in dematerialized form, as on the cut-off date being Thursday, September 19, 2024 may cast their vote by electronic means in the manner and process set out hereinabove. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Members who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

- d) The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

- e) Any non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at enotices@linkintime.co.in However, if he/she is already registered with Linkin Time for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

- f) In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

g) The details of the process and manner for remote e-voting at AGM are explained herein below:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered

- mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
 4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'.
 5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
 6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience.

Shareholders/Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

Remote e-Voting Instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or

will have the option of accessing various ESP portals directly from their demat accounts.

Login method for Individual shareholders holding securities in demat mode is given below:

Individual Shareholders holding securities in demat mode with NSDL:

METHOD 1 - If registered with NSDL IDeAS facility

Users who have registered for NSDL IDeAS facility:

- a) Visit URL: <https://eservices.nsdl.com> and click on "Beneficial Owner" icon under "Login".
- b) Enter user id and password. Post successful authentication, click on "Access to e-voting".
- c) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

User not registered for IDeAS facility:

- a) To register, visit URL: <https://eservices.nsdl.com> and select "Register Online for IDeAS Portal" or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided with Login ID and password.
- d) After successful login, click on "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By directly visiting the e-voting website of NSDL:

- a) Visit URL: <https://www.evoting.nsdl.com/>
- b) Click on the "Login" tab available under 'Shareholder/Member' section.
- c) Enter User ID (i.e., your sixteen-digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen.
- d) Post successful authentication, you will be redirected to NSDL depository website wherein you can see "Access to e-voting".
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and

you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL:

METHOD 1 – From Easi/Easiest

Users who have registered/ opted for Easi/Easiest

- a) Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or www.cdslindia.com.
- b) Click on New System Myeasi
- c) Login with user id and password
- d) After successful login, user will be able to see e-voting menu. The menu will have links of e-voting service providers i.e., LINKINTIME, for voting during the remote e-voting period.
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

OR

Users not registered for Easi/Easiest

- a) To register, visit URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration> / <https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration>
- b) Proceed with updating the required fields.
- c) Post registration, user will be provided Login ID and password.
- d) After successful login, user able to see e-voting menu.
- e) Click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - By directly visiting the e-voting website of CDSL.

- a) Visit URL: <https://www.cdslindia.com/>
- b) Go to e-voting tab.
- c) Enter Demat Account Number (BO ID) and PAN No. and click on "Submit".
- d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account

- e) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with Depository Participant:

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL/ CDSL for e-voting facility.

- a) Login to DP website
- b) After Successful login, members shall navigate through "e-voting" tab under Stocks option.
- c) Click on e-voting option, members will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting menu.
- d) After successful authentication, click on "LINKINTIME" or "evoting link displayed alongside Company's Name" and you will be redirected to Link Intime InstaVote website for casting the vote during the remote e-voting period.

Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form/ Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Visit URL: <https://instavote.linkintime.co.in>
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A. User ID:

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

- B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company

shall use the sequence number provided to you, if applicable.

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

**Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

**Shareholders holding shares in NSDL form, shall provide 'D' above*

- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).
 - Click "confirm" (Your password is now generated).
3. Click on 'Login' under '**SHARE HOLDER**' tab.
 4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
4. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders ("Corporate Body/ Custodian/Mutual Fund"):

STEP 1 – Registration

- a) Visit URL: <https://instavote.linkintime.co.in>
- b) Click on Sign up under "Corporate Body/ Custodian/Mutual Fund"

- c) Fill up your entity details and submit the form.
- d) A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.
- e) Thereafter, Login credentials (User ID; Organisation ID; Password) will be sent to Primary contact person's email ID.
- f) While first login, entity will be directed to change the password and login process is completed.

STEP 2 –Investor Mapping

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on "Investor Mapping" tab under the Menu Section
- c) Map the Investor with the following details:
 - a. 'Investor ID' -
 - i. *Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678*
 - ii. *Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.*
 - b. 'Investor's Name' - Enter full name of the entity.
 - c. 'Investor PAN' - Enter your 10-digit PAN issued by Income Tax Department.
 - d. 'Power of Attorney' - Attach Board resolution or Power of Attorney. File Name for the Board resolution/Power of Attorney shall be – DP ID and Client ID. Further, Custodians and Mutual Funds shall also upload specimen signature card.
- d) Click on Submit button and investor will be mapped now.
- e) The same can be viewed under the "Report Section".

STEP 3 – Voting through remote e-voting.

The corporate shareholder can vote by two methods, once remote e-voting is activated:

METHOD 1 - VOTES ENTRY

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) Click on 'Votes Entry' tab under the Menu section.
- c) Enter Event No. for which you want to cast vote. Event No. will be available on the home page of InstaVote before the start of remote evoting.
- d) Enter '16-digit Demat Account No.' for which you want to cast vote.
- e) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
- f) After selecting the desired option i.e., Favour / Against, click on 'Submit'.
- g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

OR**VOTES UPLOAD:**

- a) Visit URL: <https://instavote.linkintime.co.in> and login with credentials as received in Step 1 above.
- b) You will be able to see the notification for e-voting in inbox.
- c) Select '**View**' icon for '**Company's Name / Event number**'. E-voting page will appear.
- d) Download sample vote file from 'Download Sample Vote File' option.
- e) Cast your vote by selecting your desired option 'Favour / Against' in excel and upload the same under 'Upload Vote File' option.
- f) Click on 'Submit'. 'Data uploaded successfully' message will be displayed. (Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

Helpdesk:**Helpdesk for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by

sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:**Individual shareholders holding securities in physical form has forgotten the password:**

If an Individual shareholders holding securities in physical form has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

User ID for Shareholders holding shares in NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID

User ID for Shareholders holding shares in CDSL demat account is 16 Digit Beneficiary ID.

Institutional shareholders (“Corporate Body/ Custodian/Mutual Fund”) has forgotten the password:

If a Non-Individual Shareholders holding securities in demat mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on ‘Login’ under ‘Corporate Body/ Custodian/Mutual Fund’ tab and further Click ‘forgot password?’
- o Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain a minimum of 8 characters, at least one special character (@!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

12. The Company has appointed CS Pramod S, Company Secretary in Practice, (Membership No. A36020, C.P. No. 13335), who in the opinion of the Board is a duly qualified person, as Scrutinizer to scrutinize the electronic voting process in a fair and transparent manner.

The Scrutinizer shall submit his report to the Chairman or a person authorised by him after the completion of scrutiny of the e-voting (votes cast through remote e-voting and votes cast during the AGM). Results of the meeting along with the Scrutinizer Report shall be submitted by the Company within two working days of conclusion of the AGM and the same shall be placed on the website of the Company i.e., www.dcxindia.com.

13. OTHER INSTRUCTIONS

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on “Login”.

- ▶ Select the “Company” and ‘Event Date’ and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

- ▶ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

- a) **Speaker Registration:** Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number,

PAN and mobile number at cs@dcxindia.com. Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Person who wishes to register as a speaker need to send an email to the Company from Sunday, September 22, 2024 and the registration as speaker closes on Wednesday, September 25, 2024, post-closing of registration any request would not be considered as a speaker. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- b) **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by sending an email on cs@dcxindia.com.
- c) In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the help section of [<https://instavote.linkintime.co.in/>] or contact [evoting Helpdesk at 22 49186000 - 2505] for any further clarifications.

Members whose names appear in the Register of Members/ list of Beneficial Owners as on 19th September, 2024, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice.

A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- d) In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may refer the instructions and obtain the User ID and Password for remote e-voting/ joining the meeting:

Members who may require any technical assistance or support before or during the AGM are requested to contact [evoting Helpdesk at 22 49186000 - 2505] or write to them at [enotices@linkintime.co.in].

INFORMATION AT A GLANCE - KEY DETAILS FOR THE ANNUAL GENERAL MEETING

Particulars	Details
Day, Date and time of the AGM	Thursday, 26.09.2024 at 2.30 P.M.
Mode	Video Conference and Other Audio-Visual Means
Link for live webcast of the AGM and for participation through Video Conferencing	https://instameet.linkintime.co.in
Link for remote e-voting	https://instavote.linkintime.co.in
Cut-Off date for e-voting	19.09.2024
E-Voting start date and time	22.09.2024, 9.00 A.M.
E-Voting end date and time	25.09.2024, 5.00 P.M.
Name, address and contact details of Registrar and Share Transfer Agent and e-voting service provider	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083 Tel No. +918108116767; Fax +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Contact Person Name: Mr. Jayprakash Parambath

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 3

Pursuant to provisions of Section 152 of the Companies Act, 2013 ("the Act") read with the applicable rules made thereunder, the Board of Directors of the Company ("Board") at its meeting held on June 17, 2024, on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), had appointed Mr. Diwakaraiah Neriga Jagannatheswar (DIN:00427317) as an Additional Executive Director with effect from June 28, 2024, subject to approval of the shareholders of the Company.

In accordance with the provisions of Section 161 of the Act read with the applicable rules made thereunder and the Articles of Association of the Company, Mr. Diwakaraiah Neriga Jagannatheswar being an Additional Executive Director, holds office up to the date of the 13th Annual General Meeting ("AGM"). The Company has received a notice in writing from a Member of the Company under Section 160 of the Act proposing the candidature of Mr. Diwakaraiah Neriga Jagannatheswar for the office of a Director of the Company.

Mr. Diwakaraiah Neriga Jagannatheswar satisfies all the conditions set out in Part-I of Schedule V of the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The appointment and payment of remuneration to Mr. Diwakaraiah Neriga Jagannatheswar shall be guided by the provisions of the Companies Act, 2013, on such emoluments as outlined below:

Emoluments:

Subject to the overall limits as prescribed in Schedule V of the Companies Act, 2013:

- a) **Basic and DA:** ₹ 2,01,520/- (Rupees Two Lakhs One Thousand Five Hundred and Twenty Only) per month.
The increase in remuneration if any, will be made after being approved by the Board of Directors based on the recommendation of Nomination and Remuneration Committee.
- b) **HRA:** ₹ 1,12,998/- (Rupees One Lakh Twelve Thousand Nine Hundred Ninety Eight Only)
- c) **Other Allowances:** ₹ 1,68,695/- (Rupees One Lakh Sixty Eight Thousand Six Hundred Ninety Five Only)
- d) **Medical Reimbursement:** ₹ 3,00,000/- (Rupees Three Lakh Only) per annum for self through Medical Insurance Card.
- e) **Leave Travel Allowance:** ₹ 16,787/- (Rupees Sixteen Thousand Seven Hundred Eighty Seven Only)
- f) **Encashment of Leave:** At the end of the tenure of office in accordance with the Company's rules.

g) Bonus: As per the Company's rules.

Notwithstanding the profits in any financial year, the Company shall pay the remuneration as mentioned above as the minimum remuneration.

A brief profile of Mr. Diwakaraiah Neriga Jagannatheswar is given in the particulars of Directors under the AGM Notice.

The company has not committed any default in payment of dues to any bank or public financial institution or non-convertible debentures or any other secured creditors before the date of appointment of such managerial person(s).

The Board recommends the resolutions set out at Item No. 3 of the Notice for approval by the Members by way of an Ordinary Resolution.

Save and except, Mr. Diwakaraiah Neriga Jagannatheswar and his relatives, none of the other Directors/ Key Managerial Personnel/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 4

Pursuant to the provisions of Sections 149, 150, 152, 161 Schedule IV and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the LODR Regulations") and Articles of Association of the Company, the Board of Directors of the Company ("Board") through circular resolution passed on July 19, 2024 and on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), had appointed Mr. Prakash Nagabushan (DIN: 00998992) as an Additional Independent Director with effect from August 01, 2024, subject to approval of the shareholders of the Company.

In accordance with the provisions of Section 161 of the Act read with the applicable rules made thereunder and the Articles of Association of the Company, Mr. Prakash Nagabushan

being an Additional Independent Director, holds office up to the date of the 13th Annual General Meeting ("AGM"). The Company has received a notice in writing from a Member of the Company under Section 160 of the Act proposing the candidature of Mr. Prakash Nagabushan for the office of a Director of the Company.

In the opinion of the Board, Mr. Prakash Nagabushan satisfies all the conditions set out in the provisions of Section 149 (6) of the Companies Act read with Schedule IV of the Act, qualifying him for appointment as an Independent Director. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

Mr. Prakash Nagabushan possesses the required skills, knowledge, and experience as identified by the Board in the fields of Information Technology, General Management, Risk management, Networking and Cloud Technology and his induction on the Board will immensely benefit the Company.

Mr. Prakash Nagabushan possesses the integrity, expertise, experience and proficiency for appointment as an Independent Director and is a person of high integrity and repute.

Considering his expertise and knowledge, the Board considers the appointment of Mr. Prakash Nagabushan as an Independent Director of the Company and hence, the Board recommends the resolutions set out at Item No. 4 of the Notice for approval by the Members by way of an Ordinary Resolution.

The copy of draft letter of appointment of Mr. Prakash Nagabushan setting out the terms and conditions of his appointment is available electronically for inspection by the Members. The same is also available for inspection at the registered office of the Company during office hours on all working days from the date of dispatch of the Notice till the date of AGM.

Save and except, Mr. Prakash Nagabushan and his relatives, none of the other Directors/ Key Managerial Personnel/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

DETAILS OF MR. NEAL JEREMY CASTLEMAN (DIN: 05159412) NON-EXECUTIVE, NON-INDEPENDENT DIRECTOR, SEEKING RE-APPOINTMENT BY WAY OF LIABLE TO RETIRE BY ROTATION AT THE 13TH ANNUAL GENERAL MEETING, PURSUANT TO REGULATION 36 (3) OF SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS 2 ON GENERAL MEETING ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

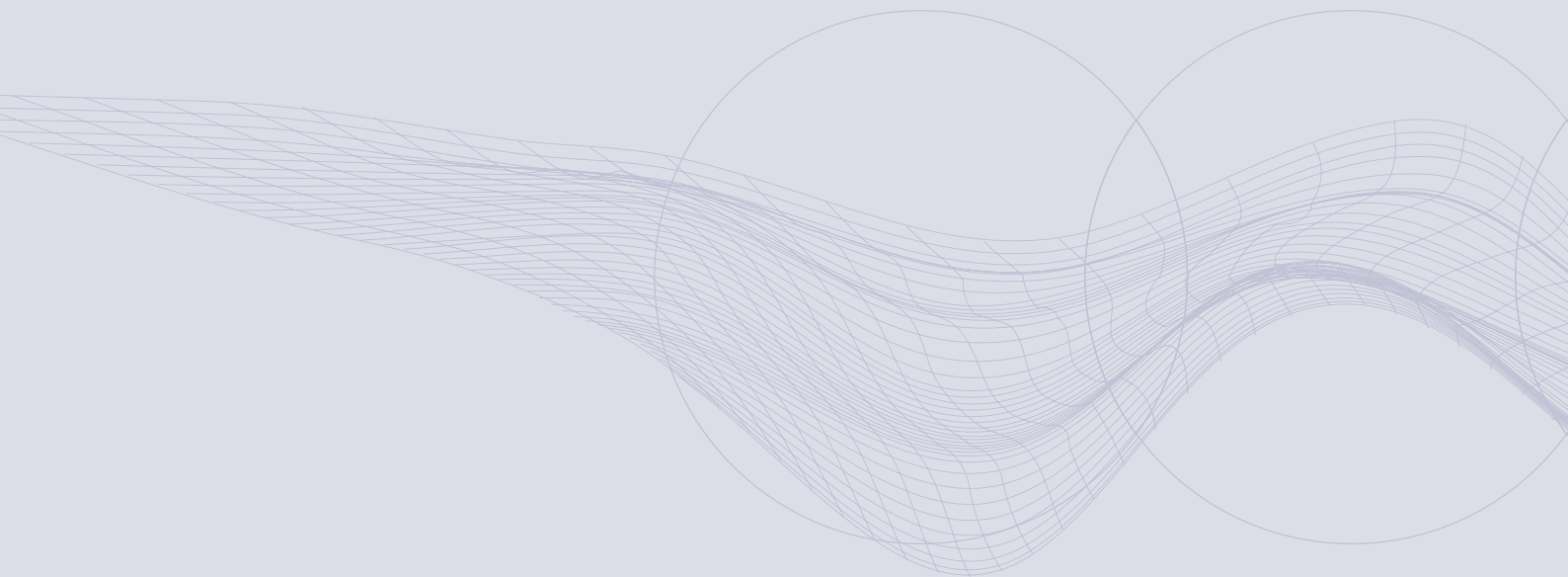
Name of the Director	Mr. Neal Jeremy Castleman
DIN	05159412
Designation	Non-Executive Non-Independent Director
Date of Birth	01-04-1949
Age	75 Years
Date of first appointment on the Board	14-03-2012
Qualifications	Graduated in Chemical Engineering from the University of Southern California in the year 1971
Experience and Expertise (Profile)	He holds a Bachelor of Science degree in chemistry from the University of Southern California. He has over two decades of experience in the electronics manufacturing sector. He has been working with DCX-CHOL Enterprises, Inc as a director (president) since 1997.
Details of remuneration last drawn	Not applicable
Remuneration proposed to be paid	NIL
Terms and Conditions of appointment	As mentioned in the resolution in Item No.2 of the Notice
Shareholding in the Company	NCBG Holdings Inc is the Promoter shareholder of the Company holding 2,76,29,442 shares, constituting 24.80% on the paid-up share capital of the Company and Mr. Neal Jeremy Castleman is a Significant Beneficial Owner holding 50% stake in NCBG Holdings Inc.
Relationship with other Directors / Key Managerial Personnel	NIL
Directorships in other companies	NIL
Membership of Committees/ Chairmanship in other Companies	NIL
Resigned to the Listed entities in the past three years	NIL
Number of Board meetings attended during the year	The details of his attendance are given in the Corporate Governance Report, which forms part of this Annual Report.

DETAILS OF MR. DIWAKARAIHA NERIGA JAGANNATHESWAR (DIN:00427317) EXECUTIVE DIRECTOR, SEEKING APPOINTMENT AT THE 13TH ANNUAL GENERAL MEETING, PURSUANT TO REGULATION 36 (3) OF SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS 2 ON GENERAL MEETING ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

Name of the Director	Mr. Diwakaraiah Neriga Jagannatheswar
DIN	00427317
Designation	Additional Executive Director
Date of Birth	June 20, 1964
Age	60 Years
Date of first appointment on the Board	June 28, 2024
Qualifications	Bachelor of Commerce degree from the University of Bangalore, Cost and Management Accountant from the Institute of Cost Accountants of India and Bachelor of Law from Karnataka State Law University
Profile, Experience and Expertise	<p>Mr. Diwakaraiah N.J has more than 35 years of rich experience in Strategy, Planning & Goal setting, Financial, Cost & Management Accounting, Budgeting & Budgetary Review and Control, and Commercial Operations including its Legal aspects.</p> <p>Career spans roles like Managing Director at Vaatsalya Healthcare Solutions Pvt. Ltd, Financial Controller at Gokaldas Exports Limited, and Vice President Finance at Arvind Retail Limited. Noteworthy achievements include orchestrating a turnaround at Vaatsalya Healthcare Solutions Pvt. Ltd, strategizing profitable growth at Gokaldas Exports Limited, and providing strategic guidance at Arvind Retail Limited.</p> <p>He has adeptly steered diverse roles and proficient in Systems and I.T., deploying ERP Systems across multiple products and a nationwide network.</p>
Details of remuneration last drawn	₹ 5,00,000/- P.M. (CTC) as on July 2024
Remuneration proposed to be paid	₹ 5,00,000/- P.M. (CTC)
Terms and Conditions of appointment	As mentioned in the resolutions in Item No.3 of the Notice
Shareholding in the Company	NIL
Relationship with other Directors / Key Managerial Personnel	None
Directorships in other Companies	Techkey E-Ventures Private Limited
Membership of Committees/ Chairmanship in other Companies	None
Resigned to the Listed entities in the past three years	None
Number of Board meetings attended during the FY 2023-24	None

DETAILS OF MR. PRAKASH NAGABUSHAN (DIN: 00998992), INDEPENDENT DIRECTOR, SEEKING APPOINTMENT AT THE 13TH ANNUAL GENERAL MEETING, PURSUANT TO REGULATION 36 (3) OF SEBI (LODR) REGULATIONS, 2015 AND SECRETARIAL STANDARDS 2 ON GENERAL MEETING ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:

Name of the Director	Mr. Prakash Nagabushan
DIN	00998992
Designation	Additional Independent Director
Date of Birth	September 10, 1970
Age	54 Years
Date of first appointment on the Board	August 01, 2024
Qualifications	Electrical Engineering graduation from Bangalore University
Profile, Experience and Expertise	<p>Mr. Prakash Nagabushan is a Co-Founder, Managing Director & CFO of "Towers Infotech Private Limited", a Bangalore based IT company providing Technology Solutions in Compute, Storage, Networking, Security & Cloud solutions space across various Industry Verticals since last 30 plus years.</p> <p>With his vast technical expertise in IT Infrastructure Industry, Mr. Prakash Nagabushan also specializes in designing cutting edge and cost-effective Networking & Security solutions to customers.</p> <p>He has been the core founder member of AIT, Karnataka State IT Association and has served in various capacities as Member, Treasurer & President for more than 15 years. In his tenure, he has made significant contributions to IT fraternity with regard to VAT, GST, TOT & other legal matters along with ensuring financial discipline of the Association.</p> <p>Mr. Prakash Nagabushan has been part of multiple Forest & Wild-life conservation related initiatives & also spends dedicated time for various other social causes.</p>
Skills and capabilities required for the role and the manner in which he meets such requirements	As per the resolution at Item no. 4 of the Notice, read with the explanatory statement thereto.
Details of remuneration last drawn	NIL
Remuneration proposed to be paid	NIL
Terms and Conditions of appointment	As mentioned in the resolution in Item No.4 of the Notice
Shareholding in the Company	1,180 Equity Shares constituting 0.001% on the paid-up share capital of the Company.
Relationship with other Directors / Key Managerial Personnel	None
Directorships in other Companies	Towers Infotech Private Limited, and Sparck Naisargika Private Limited
Membership of Committees/ Chairmanship in other Companies	None
Resigned to the Listed entities in the past three years	None
Number of Board meetings attended during the FY 2023-24	None



Aerospace SEZ Sector,
Plot No 29, 30 & 107,
Hi-Tech Defence & Aerospace Park,
KIADB Industrial Area, Kavadasanahalli,
Bangalore Rural, Karnataka 562110,
INDIA.