



DCX SYSTEMS LIMITED
CIN: L31908KA2011PLC061686

(Formerly known as DCX Cable Assemblies Pvt Ltd)

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@dexindia.com

Tel: 080-67119555

Web:www.dexindia.com

August 30, 2023

BSE Limited P J Towers Dalal Street, Fort Mumbai – 400001 Scrip Code – 543650	National Stock Exchange of India Ltd Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (E) Mumbai – 400051 Symbol – DCXINDIA
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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 2022-23

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 2022-23, along with, the Notice of 12th 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://dexindia.com> and on websites of 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

Nagaraj R. Dhavaskar
Company Secretary – Legal & Compliance Officer
M. No: F12503



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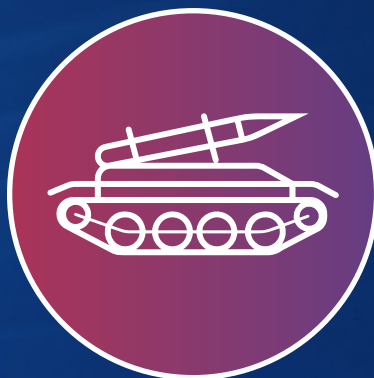
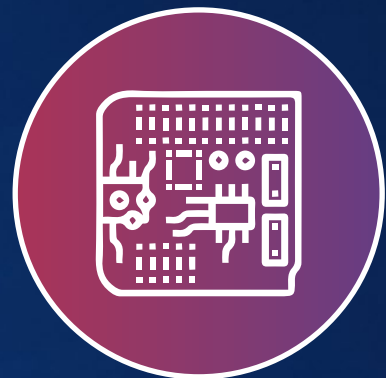
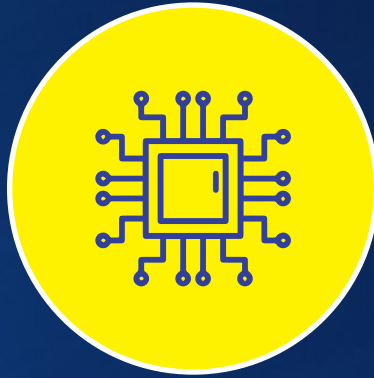
Tel: 080-67119555

Web:www.dcxindia.com

12TH ANNUAL GENERAL MEETING OF DCX SYSTEMS LIMITED

INFORMATION AT A GLANCE

Particulars	Details
Day, Date and time of the AGM	Monday, September 25, 2023 at 4.00 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	Monday, September 18, 2023
E-voting start date and time	Thursday, September 21, 2023, 9.00 A.M. (IST)
E-voting end date and time	Sunday, September 24, 2023, 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	Monday, September 18, 2023
Speaker Registration end date	Thursday, September 21, 2023
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. Rajiv Ranjan Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083



Indigenise • Integrate • Manufacture

DCX Systems Limited | Annual Report 2022-23

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About DCX

DCX Systems Limited is a leading Indian Defence & Aerospace company that manufactures electronic sub-systems, cable & wire harness assemblies and kitting, making it a preferred Indian Partner for foreign original equipment manufacturers ("OEMs") for their offset and non-offset requirements in aerospace and defence sector.

The key to DCX Systems' success lies in its operational efficiency, ensuring timely deliveries and upholding the highest standards of product security and quality control. This commitment has fostered enduring partnerships with leading OEM customers. The company's focus on quality management systems drives system-driven efficiency and the company's ability to manage long lead times ensures clear revenue visibility and helps in planning effectively for future projects and opportunities.

A diverse mix of domestic and international customers across Israel, US, Korea and India

Preferred and one of the Largest Indian Offset Partner to leading Foreign OEMs for their offset obligations.

Leveraging to expand into other geographies for both IOP and non-IOP projects

Strategically located Manufacturing facility in SEZ in Bengaluru, spread over 30,000 sq. ft.

New 40,000 sq. ft facility in Bengaluru dedicated to EMS manufacturing

DCX OPPORTUNITY SPECTRUM

DCX Systems is poised to seize significant opportunities within the rapidly expanding Indian defence and aerospace sector. Recent initiatives, such as the increase in foreign direct investment ("FDI") to 74% in the Indian defence sector under the automatic route, 4 indigenisation list, Atmanirbhar Bharat initiative by Government of India, 108 systems and sub-systems as identified by DRDO (which includes UAVs, TR Modules, Microwave receivers, Radars, RF Cables and connectors etc.) together will be opening up opportunities for DCX promising growth prospects and demand for electronics (PCBAs), cables and wire harness. With a strong foothold in the market, DCX Systems is positioned to capitalise on these opportunities and maintain its continuous trajectory of success in the dynamic defence and aerospace landscape. With a consistently expanding order book, DCX Systems is well prepared to seize future opportunities and sustain its competitive advantage in the Industry.

A record **75%** of the defence capital procurement budget, approximately

₹ 1,20,000 crores

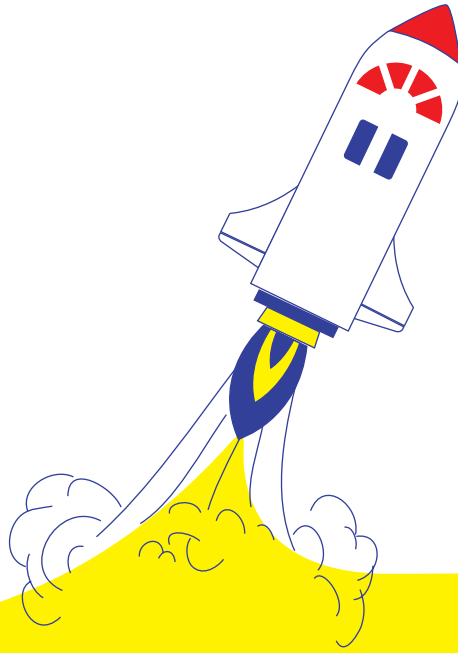
Earmarked for the domestic industry in FY 2023-24, up from **68%** in the previous year.

The Government of India's "Atmanirbhar Bharat" initiative, promoting self-reliance, anticipates that over ₹ 1.75 lakh crore worth of orders will be placed with Indian industries in the next 5-10 years.

The union budget allocation for the Ministry of Defence (MoD) in 2023-24 is

₹ 5,93,537.64 crores,

representing a **13% increase** over the previous year.



VISION

To become a world class technology based electronic manufacturing services company in providing high quality products for defence and Aerospace industry.

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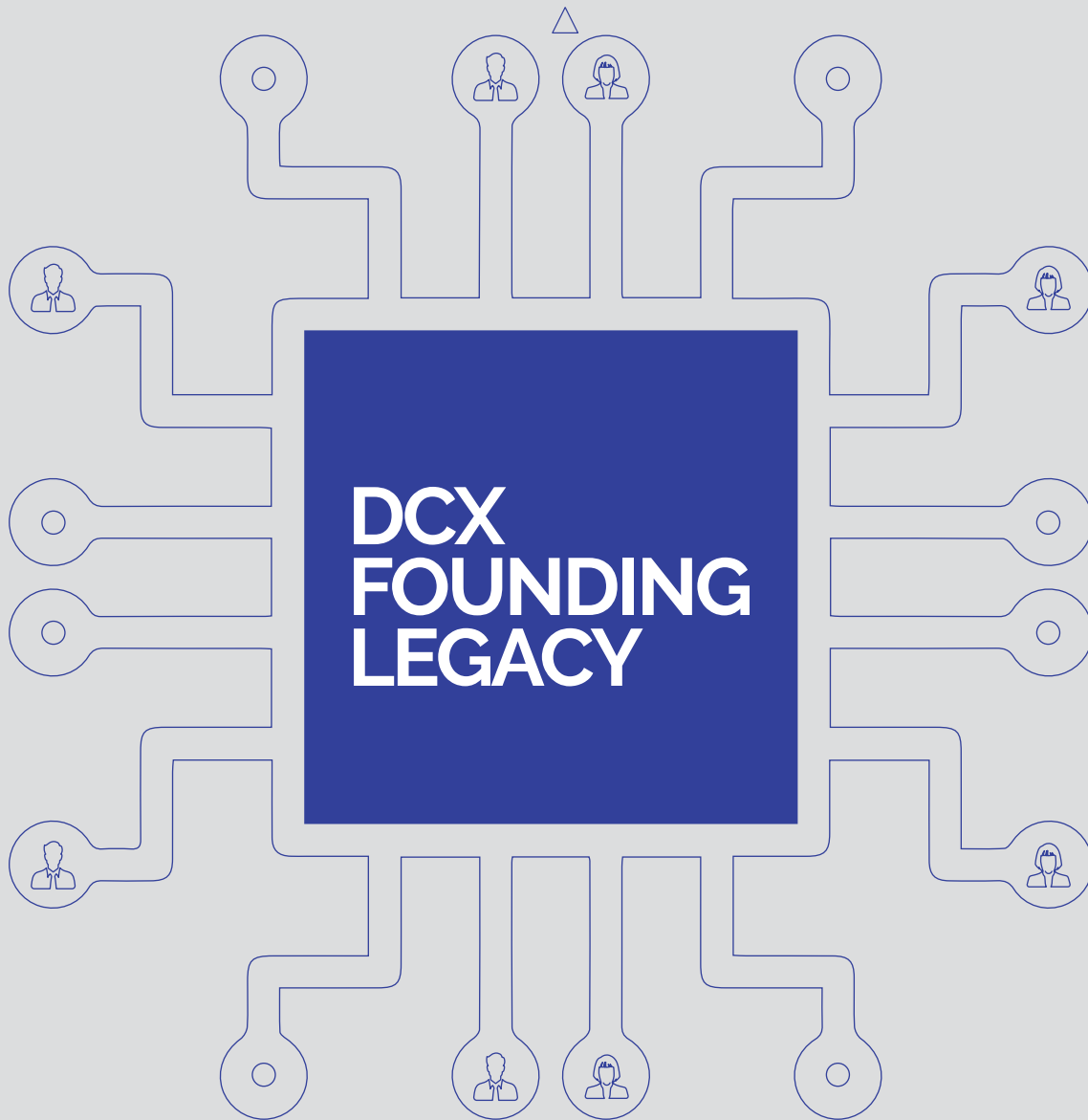
MISSION

Our Mission is to ascend as a preeminent and preferred worldwide manufacturing hub and offer comprehensive,

- A. **Turnkey solutions** comprising of **ELECTRONIC & ELECTROMECHANICAL PRODUCTS** to Foreign OEMs, Ministry of Defence and DPSUs in the Defence and Aerospace sector, 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 and sub-systems to Indian Defence forces and export market, by forging alliances with Foreign OEMs.
- C. We are determined in our commitment 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 is aggressively exploring the opportunities and is geared up to **partner with the government of India initiatives** in achieving the noble vision of making **India - a self-reliant country in Defence and Aerospace sector**.

VALUES

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



The founding legacy of DCX Systems is deeply rooted in the remarkable journey of **Dr. H.S. Raghavendra Rao**, a seasoned professional with over **30 years of experience** in the electronics manufacturing sector of the **Defence and Aerospace industry and born in 1969** into an agriculturalist family in the village of “Hosakote” near Nanjangud Taluk, Mysuru, Dr Rao’s humble beginnings instilled in him a strong work ethic and a deep appreciation for hard work and determination.

Driven by his passion for business and armed with his extensive knowledge and experience, Dr Rao embarked on a remarkable entrepreneurial journey. His commitment to excellence and dedication to his craft led to his recognition and the honour of receiving an honorary **Doctorate in Business Management from the International Peace University, Germany**. Dr Rao’s achievements and contributions to the industry have been widely acknowledged, as evidenced by the numerous accolades bestowed upon him, including **The Mahatma Gandhi Samman Award, Young**

Entrepreneur of the Year Award, Indo-Nepal Ratan Award, and Business Leadership Award.

In pursuing his entrepreneurial vision, Dr Rao joined forces with Mr Neal Jeremy Castleman, an industry veteran with over 40 years of experience in the Defence and Aerospace industry. Mr. Castleman, the President and Founder of DCX-Chol Enterprises Inc. in the USA, brought valuable expertise and insights to the company. Dr Rao and Mr Castleman founded DCX Systems, forming a formidable partnership to shape the company’s trajectory.

The founding legacy of DCX Systems is characterised by the foresight of Dr Rao’s extensive experience and his profound industry knowledge with his commitment to innovation, quality, and customer satisfaction laid the foundation for the company’s success. Driven by a relentless pursuit of excellence, he set out to establish DCX Systems as a prominent player in the Defence and Aerospace industry.

Message from **CHAIRMAN** *and* **MANAGING** **DIRECTOR**

Dear Shareholders,

I am delighted to welcome our expanded family of Shareholders, subsequent to the company's successful Initial Public Offer in November 2022, where we raised ₹ 4,000 Mn. India's robust growth and augmented expenditure on the Defence Sector Placed our company on a promising trajectory. We are poised to capitalise on this by actively contributing to nation-building within the Defence and Aerospace sector.

In the fiscal year 2022-23, our standalone revenues witnessed a growth of 13.73%, culminating at a record ₹ 12,536.29 Mn. EBITDA saw an even more impressive growth of 34.74%. Furthermore, our PAT surged by 9.75% to ₹ 720.12 Mn, marking the highest since the company's inception. These figures validate our business model and underscore our commitment to delivering quality products in a timely fashion, fostering the Indian Defence Sector's growth.

This initiative provides the company to align, strategies and allocate the resources with the theme of Atmanirbhar Bharat.

The global disruptions in supply chain management, exacerbated by the Ukraine-Russia conflict, have been felt universally. However, we have been proactive, implementing strategies to mitigate supply chain risks. Through



Our strategic forays into new markets, alignment with governmental initiatives like "Atmanirbhar Bharat", and diversification across the Defence, Aerospace, and Civilian sectors set us on a path of sustained growth and success.

meticulous resource planning, we aim to minimise potential disruptions in this critical domain.

At DCX, our ethos is grounded in preparedness for global uncertainties. We remain dedicated to our objectives, navigating challenges with proactive responsiveness, and seizing opportunities as they arise. Our continuous dialogue with customers and supply chain partners strengthens this commitment.

Post-IPO Initiatives:

- Repayment of Working Capital Loan
- Working Capital Utilization
- Establishing an EMS facility via a Wholly Owned Subsidiary,

Growth Prospects:

The company, embracing its backward integration strategy, is setting up an EMS (Electronics Manufacturing Services) facility to produce PCBAs (Printed Circuit Board Assemblies) within our Bengaluru SEZ unit in the Defence and Aerospace Park. This is expected to be operational in 2023-24. This move will position us as a Tier II manufacturer and fortify our supply chain management for system integration manufacturing, catering to global and domestic needs.

The Government of India's "Atmanirbhar Bharat" initiative, promoting self-reliance, anticipates that over ₹ 1.75 lakh crore worth of orders will be placed with Indian industries in the next 5-10 years. We are poised to leverage this by targeting the Positive Indigenisation list, identifying niche products, and engaging in preliminary discussions with both foreign and domestic OEMs (Original Equipment Manufacturers). Our ambition is to spearhead product

manufacturing via Technology Transfer, catering to the Defence, Aerospace, and Civilian sectors.

Given their substantial demand for defence and aerospace products and services, we're also venturing into new geographies, targeting the USA and European markets. Moreover, with a pending offset obligation of 13.21 bn USD to foreign OEMs, as reported on the DOMW website, we are strategically positioning ourselves to seize these opportunities.

Our strategic forays into new markets, alignment with governmental initiatives like "Atmanirbhar Bharat", and diversification across the Defence, Aerospace, and Civilian sectors set us on a path of sustained growth and success. Our comprehensive service offerings and a staunch commitment to compliance place us as a formidable force in the defence and aerospace sectors, embodying a holistic service provider.

I sincerely thank our esteemed shareholders, dedicated customers, banking partners, visionary investors, and invaluable employees. Your unwavering support and belief in our mission propel us forward. Together, we are not just building a company; we are crafting a legacy. Thank you for being an integral part of this remarkable journey.

Warm regards,

Dr. H.S. Raghavendra Rao

Chairman and Managing Director

Profile of **DIRECTORS**



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



Mr. Neal Castleman
Director



Mr. Sankarakrishnan Ramalingam
Director



Mr. Kalyanasundaram Chandrasekaran
Independent Director



Mr. Panchangam Nagashayana
Independent Director



Mrs. Lathika Siddharth Pai
Independent Director

Dr. H.S. Raghavendra Rao

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 3 decades of experience in electronics and aerospace, he holds an honorary business management doctorate from Germany's International Peace University. He is serving as a Director in multiple companies, 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. Sankar Krishnan Ramalingam

Director

Sankar Krishnan Ramalingam is the Non-Independent and Non-Executive Director of the Company. He has been the Director of our Company since January 28, 2022. He is an associate of the Indian Institute of Bankers. He holds a Bachelor of Science degree from the University of Bombay as well as a diploma in industrial chemistry from the British Institutes, Bombay. He has about 26 years of experience in the finance sector. He was previously associated with Hindustan Lever Limited and Syndicate Bank.

Mr. Panchangam Nagashayana

Independent Director

Panchangam Nagashayana is the Independent Director of our Company. He has been the Director of our Company since January 28, 2022. He holds a Bachelor of Engineering (electronics) degree from Gulbarga University. He has more than 30 years of experience in the electronics sector. He was previously associated with Canarie International, Canarie Electronics Inc., Plugmetrix Technologies LLP and Cyberstar Infocom Private Limited. He is currently a director of Avyaya Technologies Private Limited.

Mr. Neal Castleman

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 four decades of experience in the electronics manufacturing sector. He has been working with DCX-CHOL Enterprises, Inc as a director (president) since 1997.

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.

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 15 years of experience in management consultancy and has been working with Tekinroads Consulting LLP since 2014 as a partner.

MILESTONES

DCX Systems has demonstrated remarkable perseverance, strategic foresight, and a relentless pursuit of excellence throughout its inspiring corporate journey. From humble beginnings as a private limited company to becoming a trusted global player, the company has transformed challenges into opportunities, achieving one milestone after another. With its unwavering commitment to meeting strategic objectives, DCX Systems continues to shape the future of technology and set new benchmarks in the industry.

2015:

The company's growth trajectory gained further momentum in 2015 when DCX Systems was granted an industrial license by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. This milestone allowed the company to manufacture a range of items, including microwave and electronic components, and assemble and test microwave modules for the Radar and EW Systems. Its compliance with regulatory requirements showcased its commitment to excellence and paved the way for future success.

2013:

Undeterred by challenges, DCX Systems continued to push boundaries and expand its horizons. In 2013 the company celebrated another milestone as it successfully executed its first deemed export order. This accomplishment highlighted its expertise and reliability, securing its position as a trusted supplier for significant domestic projects.

2012:

A year later, in 2012, the company accomplished an extraordinary feat by executing its first direct export order. This milestone marked DCX Systems' entry into the international market and demonstrated its ability to meet the demands of customers beyond domestic borders.

2011

In 2011, DCX Systems was incorporated as a private limited company, laying the foundation for a remarkable venture. Fuelled by ambition and a commitment to success, DCX Systems embarked on a path that would lead to achieving strategic milestones.

2022:

Creating value, DCX got listed on BSE and NSE in November 2022, a milestone to cherish by creating value for stakeholders, employees and investors.



2018:

In 2018, DCX Systems reached new heights by securing authorisation to export Munitions List items to M/s IAI Elta System in Israel for the end use of the Indian Air Force and Navy. This significant milestone acknowledged its expertise in defence-related exports and positioned the company as a critical contributor to national security.

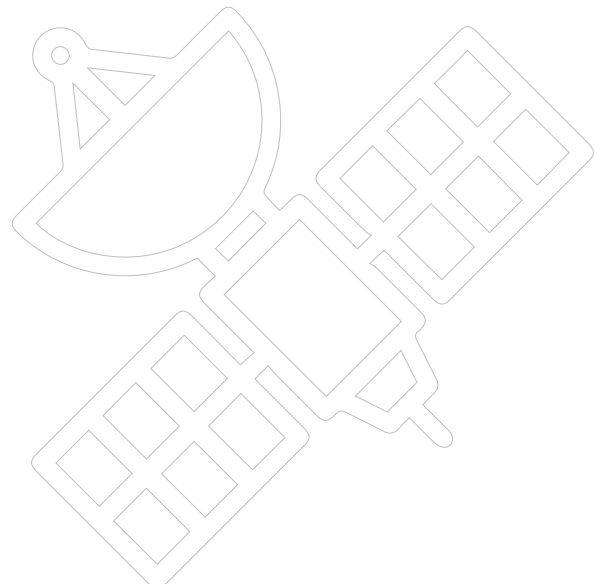
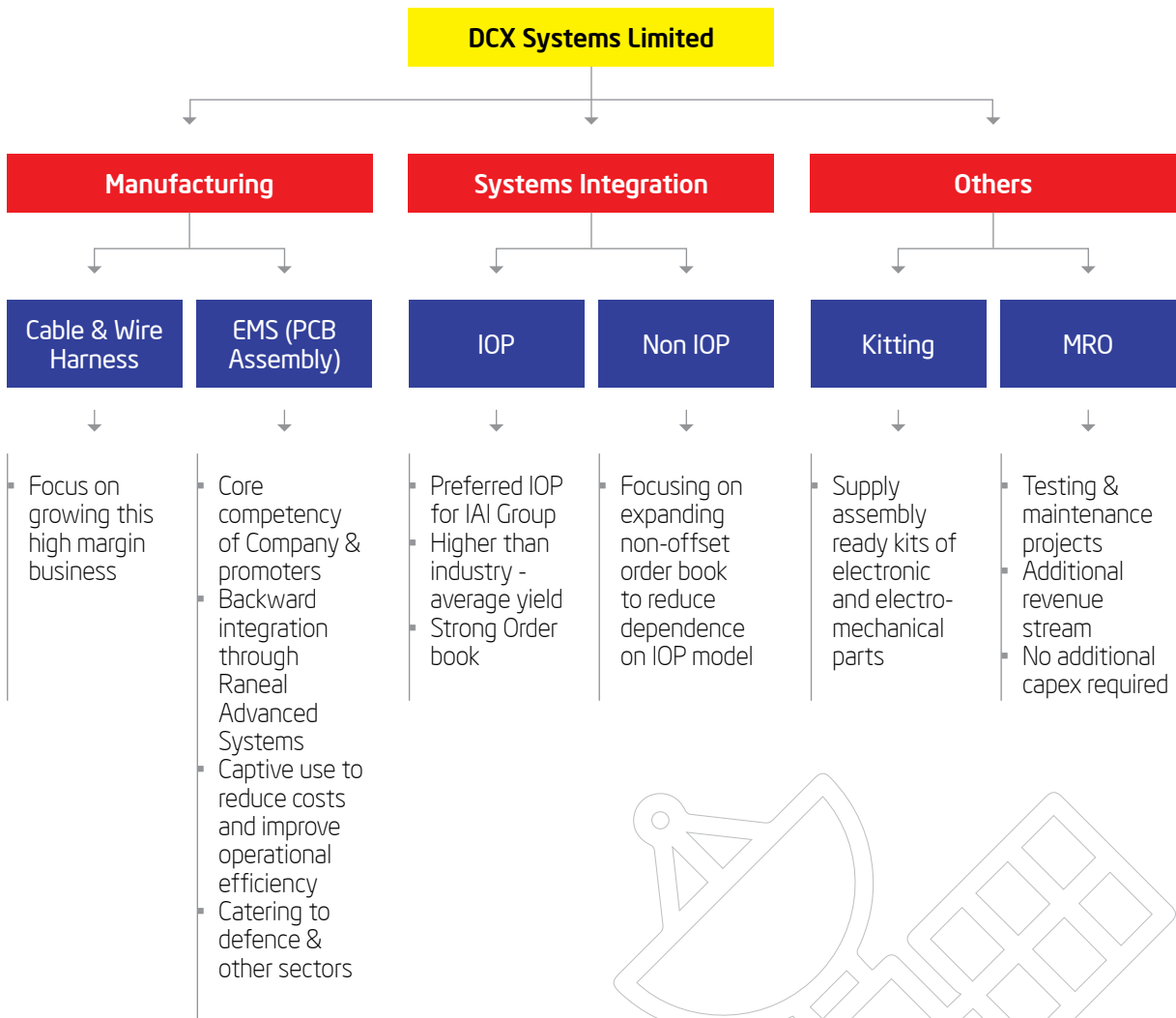
The year 2018 also witnessed DCX Systems' visionary approach as it signed a lease deed for 6,070 square meters of land in the Aerospace SEZ Sector. This strategic move showcased its dedication to infrastructure development and its willingness to invest in the future. It reflected the company's commitment to stay at the forefront of the aerospace industry and fuel further growth.

2022:

Proving its agility and adaptability, DCX Systems made a bold move in 2022 by incorporating Raneal Advanced Systems Private Limited as its wholly-owned subsidiary to manufacture PCBAs (EMS) for captive consumption and other markets for both domestic and exports. This milestone signalled its commitment to diversification and expansion, with an eye towards new markets, products, and capabilities. It exemplified the company's unwavering spirit to seize opportunities and embrace innovation. The facility is expected to start commercial operations by September 2023.

Business Model

OPERATIONAL BUSINESS MODEL



Business Model

OUR INTEGRATED VALUE CHAIN



By offering end-to-end solutions and integrating the offering DCX Systems make its value chain seamless and provides its clients with a comprehensive approach to fulfilling their Defence & Aerospace manufacturing needs.



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Design -> Cable & Wire Harness Manufacturing -> Electronic Sub-System Development & Manufacturing -> PCB Assembly -> High-End System Integration -> Testing & Quality Assurance -> Deployment

Capability MATRIX

Products:

DCX Systems' businesses - System Integration, Cable and Wire Harness Assemblies, Printed Circuit Board Assemblies and Kitting - complement each other and contribute to the company's competitive advantage. They provide comprehensive solutions, synergy in expertise, customer-centricity, competitive bidding, and streamlined operations, enhancing DCX's position in the aerospace and defence industries.

Business Segments:

System Integration:

DCX Systems excels in system integration services for radar systems, sensors, electronic warfare equipment, missiles, and communication systems. Their expertise extends to product assembly and complex system integration, meeting diverse customer requirements in electronics, electro-mechanical, and enclosure assembly. The division also provides reliable product repair support for the manufactured parts.

Cable and Wire Harness Assemblies:

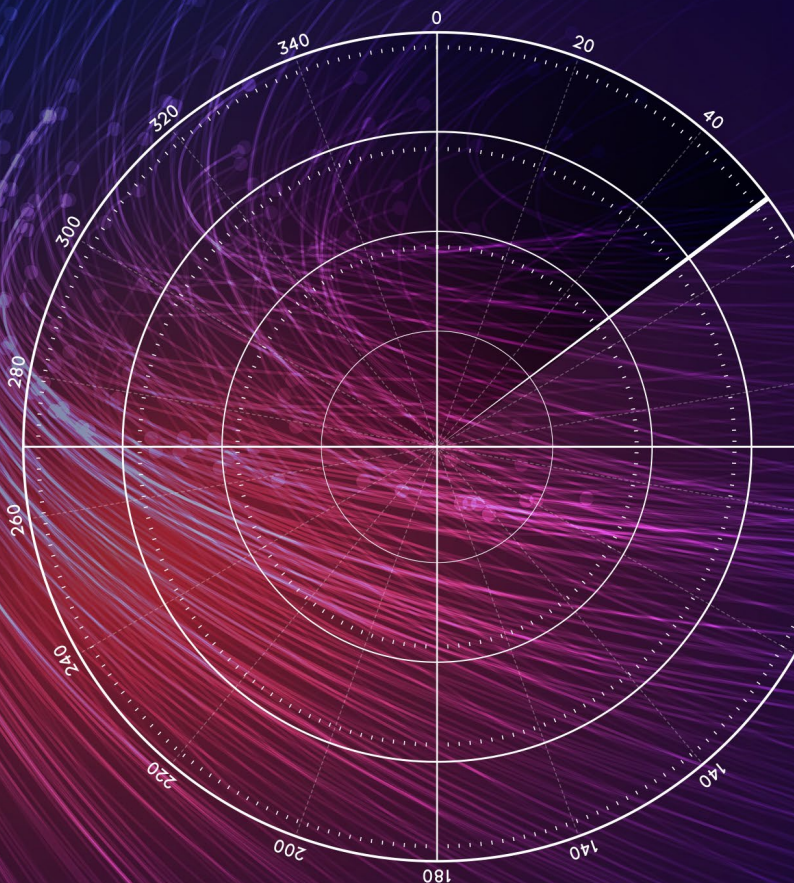
In the Cable and Wire Harness Assemblies division, DCX Systems specialises in manufacturing a comprehensive array of cables and wire harnesses. Their offerings include radio frequency cables, co-axial, mixed-signal, power, and data cables, tailored to meet the specific needs of communication systems, sensors, surveillance systems, missile systems, military armoured vehicles, and electronic warfare systems for the aerospace and defence industries.

Kitting:

DCX Systems offers kitting services, providing assembly-ready kits of electronic and electro-mechanical parts. They handle procurement from approved suppliers, ensuring traceability with a 'Certificate of Compliance.'

Printed Circuit Board Assemblies - EMS

DCX through its backward integration would be manufacturing PCBAs for Defence and Aerospace industry.





Manufacturing:

DCX Systems possesses state-of-the-art manufacturing capabilities that enable the company to provide end-to-end solutions, including upgrading and modifying equipment. The company's manufacturing facility spans an area of 70,000 square feet and is situated within a special economic zone dedicated to the aerospace and defence industry.

With its own security standards in place, including digital security cameras, alarm systems, and restricted access control for individual manufacturing divisions, DCX Systems prioritises the protection and confidentiality of its operations. The company adheres to special standard operating procedures provided by customers.

DCX Systems' manufacturing facility boasts complete in-house environmental and electrical testing capabilities. The company's wide-ranging in-house capabilities encompass everything from designing and developing cable and wire harness assemblies to extensive wire processing. Supported by an enterprise resource planning system, DCX Systems' process engineers are technically trained to meet the specific requirements of customer applications.

Quality manufacturing is at the core of DCX Systems' operations. The company strongly emphasises internal controls, skilled manpower, timely execution, and organisational processes. Continuous improvement is deeply ingrained throughout its operations, guaranteeing product delivery that meets the highest standards. DCX Systems specialises in turnkey built-to-print projects for its original equipment manufacturer (OEM) customers. Additionally, the company offers prototyping services to address customer requirements for designing and developing new products. This strategic approach positions DCX Systems for future opportunities in volume production as products mature and move towards bulk production.

With its robust manufacturing capabilities, DCX Systems provides a secure and comprehensive environment for producing high-quality assets. The company's unwavering dedication to quality, skilled workforce, and continuous improvement efforts establish it as a reliable partner for OEM customers.

Backward Integration - A Growth Opportunity

Enhancing Capabilities through Backward Integration - Electronics Manufacturing Services (EMS) - Raneal Advanced Systems Private Limited a wholly owned subsidiary.

DCX Systems is strengthening its value chain through its core competency in electronics manufacturing, with a specific emphasis on backward integration in PCBAs (Printed Circuit Board Assemblies) through its wholly-owned subsidiary, Raneal Advanced Systems Private Limited. This strategic approach enables DCX to enhance its value chain by leveraging the subsidiary for both internal use and expansion into other markets.

Implementing a backward integration strategy via Raneal Advanced Systems empowers the company with enhanced control over its supply chain, manufacturing, and resource allocation, which were previously outsourced. By internalising these operations, the company can improve its ability to deliver high-quality electronic assemblies with precision and reliability. This strategic shift towards in-house integration fosters greater efficiency and allows for seamless coordination and optimal outcomes throughout the production process resulting in better topline and margins.





Business Model

MITIGATING RISKS *and* DRIVING GROWTH



The company's robust business model ensures cash flow visibility and mitigates operational and technology risks. Our product portfolio has driven the order book growth, building strong relationships with OEM customers. Manufacturing is obsolescence-proof, with intellectual property rights vested in OEMs. The company rectifies failures based on technical data, and OEMs permit shipping products as-is to improve inventory and cash flow. Customers approve raw material suppliers, and joint monitoring ensures quality. Customers provide technical training for efficient project execution.

Capability Matrix

MANUFACTURING CAPABILITIES *and* ADVANTAGES

DCX Systems exhibits inspiring manufacturing capabilities that exemplify an unwavering commitment to excellence. Strategically located within an aerospace SEZ, the advanced and modern manufacturing facility spans an impressive 70,000 square feet. Situated in the same city as key domestic customers, shorter delivery times are ensured, fostering seamless collaboration and enhancing customer satisfaction. The facility is equipped with cutting-edge machinery and state-of-the-art equipment, including a laser wire maker, significant investments have been made in complete in-house environmental and electrical testing capabilities, incorporating the latest inspection and testing equipment. With expertise in “Build to Print” system integration, printed circuit board assemblies and cable and harness prototype manufacturing and testing, DCX Systems showcases proficiency in delivering tailor-made solutions. These exceptional manufacturing capabilities reflect an unwavering dedication to providing superior products and services while upholding the highest precision, reliability, and customer satisfaction standards.

70,000 Sq Ft
Manufacturing Facility

Capability Matrix

MANUFACTURING

We operate from a single facility at Plot #29, 30 and 107, Hi-Tech Defence and Aerospace Park SEZ, Kavadasanahalli Village, Devanahalli, Bengaluru Rural – 562 110, Karnataka. Our facility has the capability to provide end-to-end support for assets, including upgrading and modifying assets and equipment. Our facility covers an area of 30,000 square feet which is built on a land of 1.5 acres.

Our manufacturing facility is situated in a special economic zone dedicated for the aerospace and defence industry. It is completely security fenced, monitored 24/7 basis by the Karnataka Industrial Areas Development Board ("KIADB"). The entry into this zone is regulated. Our facility is within this zone with its own security standards covering 1.5 acres of land, fenced, monitored by digital security cameras with monitoring system coupled with alarm systems and restricted access control for individual manufacturing divisions. Further, most of our classified finished goods are handled under

special standard operating procedures provided by customers, including a dedicated vehicle with armed guards to escort the consignment from our premises to the airport. This enables the security of classified products till they reach the end customer in various locations.

Our facility is set up for complete in-house environmental and electrical testing, and our in-house capabilities are wide-ranging, from a complete design and development for our cable and wire harness assemblies to extensive wire processing. Our operations are based on enterprise resource planning system. Our process engineers are technically trained to meet the requirements of our customers' applications.

We emphasise quality manufacturing, internal controls, skilled manpower, timely execution capabilities and organisational processes, as well as processes incorporated at our manufacturing facility, and continuous improvement across our operations.

An indicative list of equipment we possess at our facility is as below:

Production Machine & Equipment

Laser Wire Marker

Automatic Wire Cutting & Stripping Machine

Coaxial Stripping Machine

Thermal & Ideal Stripper

Crimp Tools (All Standard Tools)

Controlled Torque Tools

Tinned Welding Machine

Label Printer

Desiccator

Hot Melt Potting Machine

Adhesive/Glue Dispenser

Baking / Curing Oven

Temp Controlled Soldering Stations

Temp Controlled Hot Air Gun

Ultra Low Dry Cabinet

Mechanical & Pneumatic Toggle Press

Vacuum Packing System

Inspection & Testing Equipment

Cable Tester - Multipoint Series 5000

Cable Tester - CIRRIIS

Network Analyzer

Crimp Pull Tester

Microscope

Leak Test Equipment

High Voltage Tester

Micro - Ohm Meter

ATE for PCBA & Module Testing

Electrodynamic Vibration Shaker System

Shore A & Shore D Hardness Tester

Megger / Digital Insulation Tester

Contact Retention Tester

Vernier Height Gauge

Digital Crimp Height Micrometre



Build-to-Print Capabilities

Build-to-print is when a supplier produces work instructions, assembly drawings, and calls out specific and detailed manufacturing practices used in building the parts along with the customer's specification of the component's functional requirements. This method requires a little more effort and development costs from the customer, but it is advantageous to them because they maintain control of the intellectual property right while having the flexibility to select appropriate suppliers to produce the parts for them. This approach allows an easier vertical integration for the customer's business because they only need to focus on their core, and this often alleviates the bottlenecks they encounter while trying to do all those processes themselves.

We are focused on turnkey-built-to-print projects for our OEM customers. We leverage our customers' intellectual property and manufacture products according to their requirements.

Cable and Harness Prototype Manufacturing and Testing

We also undertake manufacturing of prototypes for our customers to address their requirements to design and develop new products which may give us future opportunities for volume production when the product matures and comes for bulk production.

Manufacturing Facility for EMS

The Company is strategically capitalising on immediate opportunities with the manufacturing of PCB Assemblies (EMS) business. Our wholly-owned subsidiary, Raneal Advanced Systems Private Limited (RASPL) facilitates this endeavour. RASPL has successfully established a manufacturing facility for EMS located at Plot No. 29, 30, and 107, Hitech, Defence and Aerospace Park, Kavadasanahalli Village, Devanahalli Taluk, Bengaluru Rural, Karnataka-562110.

This state-of-the-art facility is equipped to handle various aspects of the product lifecycle, including development, manufacturing, qualification, and service support for PCBA's. These assemblies find applications in a diverse array of sectors such as Aerospace and Defence, Medical Electronics, Railways, and Industrial Electronics.

RASPL has secured all necessary approvals from the relevant statutory authorities to initiate its operations. Commercial production at the facility is anticipated to commence in September 2023.

The financial aspect of this initiative has been addressed through a combination of sources. The entire cost incurred for the establishment of this facility has been financed through a term loan procured by RASPL, along with internal accruals from our Company. The latter has been directed towards investing in equity shares of RASPL, thus contributing to the funding of this strategic project.



Capability Matrix

PRODUCTS *and* SERVICES

We classify our operations under the following business verticals: (i) System Integration, (ii) Cable Harness and Wire Assemblies, and (iii) Kitting.

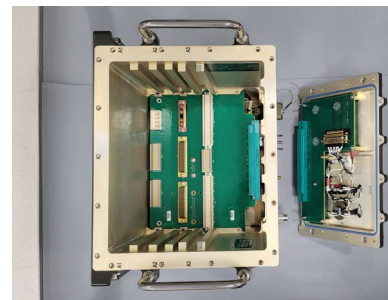
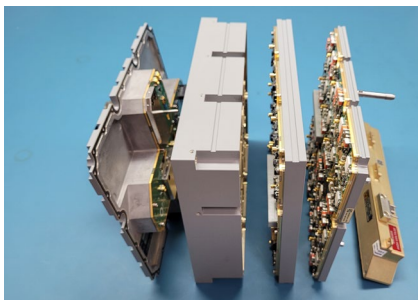
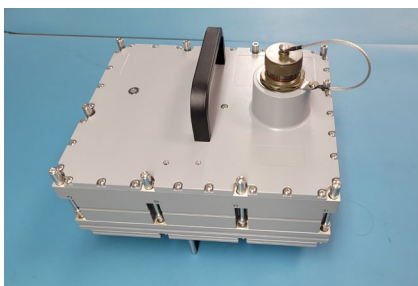
System Integration

We undertake system integration in radar systems, sensors, electronic warfare, missiles, and communication systems. We provide product assembly and system integration services to address customers' requirements. System integration services are part of a comprehensive array of electronics and electro-mechanical assembly and enclosure assembly. Our purchasing, logistics, inventory control and production engineering groups work together, supported by engineering expertise in electrical and mechanical assembly.

As part of our system integration services, we also do in-house testing, including vibration and environmental stress testing of complex radio frequency products to ensure the

quality of our final products to be shipped to our customers, and the reliability of our products' functioning under varying environmental conditions.

We possess capabilities to manufacture complex, high-end and high-power microwave modules which that have applications in radars, antennas, electronic warfare systems, receiver subsystems and missile systems. Our capabilities include inspection and test equipment of cable tester, cirrus testers, network analyzers, crimp pull testers, microscope, leak test equipment, high voltage tester, micro-ohm meter, test station for PCBAs, automatic testing equipment for PCBAs and module testing, electrodynamic vibration shaker system, contact retention tester and vernier height gauge.



Cable and Wire Harness Assemblies

We manufacture a comprehensive array of cables and wire harnesses assemblies such as radio frequency cables, co-axial, mixed signal, power, and data cables for a variety of uses including communication systems, sensors, surveillance systems, missile systems, military armoured vehicles, and other electronic warfare systems for the aerospace and defence industries as per our customers' requirements complying to the AS9100 standards and IPC620 standards.

We do design and develop in-house test cables, mechanical jigs and fixtures, form boards and test programs to meet desired requirements of customer drawings for preparing all cable assemblies and qualification of them.

We do provide solutions for Retrofit modifications and overhauling to meet customer requirements.

We provide classroom trainings and on-the-job training to strengthen the technicians' skills to meet all the customer requirements and to give the technicians opportunity to learn new skills.

Kitting

Kitting includes sourcing of components from various global manufacturers and suppliers approved by our customers, compiling them, inspecting, testing and making customised packing for customers. We take responsibility for the supply of assembly-ready kits to the machine feeders and beyond, based on our customers' bill of materials ("BOM"), and deal with all aspects of procurement including controlled storage of moisture-sensitive devices ("MSD"). With our Total BOM Management service, we ensure that our customers receive complete, assembly-ready kits when they are needed for production. Our customers benefit from complete, assembly-ready kits arriving when required, reducing costs in each department and reducing the actual cost of procurement, storage and kitting. Kitting also reduces inventory levels, space requirements, indirect cost and overhead efficiencies, and the real cost of acquisition.



Relationship Capital

CO-CREATING

VALUE *with*

CUSTOMERS

DCX Systems takes pride in co-creating value with its esteemed customers through close collaboration and partnership. Working closely with clients is our approach in ensuring timely execution and "Just-in-Time" inventory management. By closely aligning with its customers, DCX Systems actively contributes to improving the quality of raw materials supplied. Joint monitoring and quality assurance measures are put in place to ensure that the highest standards are met.

One of the key benefits for customers in this co-creation approach is the assurance of obsolescence-proof manufacturing. Since the technology and intellectual property rights rest with the original equipment manufacturer (OEM) customers, they have greater control and ownership of the customised products. Additionally, customers provide the necessary equipment for testing and qualifying the customised products, further enhancing the alignment and collaboration. DCX Systems incurs costs to maintain all the buyer-furnished equipment, typically reimbursed by customers.

As of March 31, 2023, DCX Systems held approximately ₹ 300 crore worth of equipment provided by customers, demonstrating the company's commitment to delivering customer-centric solutions. This co-creation of value not only ensures a close partnership but also offers customers the advantage of enhanced quality control, and customisation, that comes from having a dedicated manufacturing partner like DCX Systems working closely with them.



Key Drivers of the Business

EXTERNAL DEMAND DRIVERS FAVOURING DCX SYSTEMS

DCX Systems is favourably positioned due to several external demand drivers in the current landscape. The modernisation of the armed forces and the evolving technology trends are contributing factors. Policy changes, including the Indian government's initiatives like **Atmanirbhar Bharat and the 'Make in India'** campaign, propel the defence industry's dynamic growth and reduce dependence on imports. The liberalisation of foreign direct investment in the defence sector has attracted global original equipment manufacturers to shift their manufacturing facilities. Significant investment opportunities are anticipated with the increased FDI limit from **49% to 74%** in the defence sector. The government's Embargo on defence-based imports, the introduction of positive indigenisation lists, and increased budget allocations further drive demand for indigenous defence solutions. The significant allocation of the defence capital procurement budget for domestic industry and increased budgetary allocations for the Ministry of Defence and Department of Space highlight the government's commitment to strengthening the domestic defence and aerospace sectors. These external factors, such as the need for modernisation, policy reforms, increased budget allocations, and focus on self-reliance, create a favourable environment for DCX Systems to capitalise on the growing demand and secure opportunities in the defence industry.



DCX is well-positioned to leverage the opportunities presented under the Government of India thrust on Defence spending, Atmanirbhar Bharat and relaxation in FDI norms. DCX's foothold in the market, coupled with its expertise in providing end-to-end solutions of cable and wire harnesses, electronic sub-systems, high-end System Integration and Printed Circuit Board Assemblies (PCBAs) for the defence and aerospace Industry positions it to capitalise on these opportunities and sustain its competitive edge.

Global Military Spending

The global defence market grew from \$534.79 billion in 2022 to \$577.19 billion in 2023 at a compound annual growth rate (CAGR) of 7.9%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. Overall, the defence market is expected to grow to \$718.12 billion in 2027 at a CAGR of 5.6%.

Source: <https://www.thebusinessresearchcompany.com/report/defense-global-market-report>

Indian Defence Sector Highlights

The union budget allocation for the Ministry of Defence (MoD) in 2023-24 is Rs 5,93,537.64 crores, representing a 13% increase over the previous year.

A record 75% of the defence capital procurement budget, approximately Rs. 1,20,000 crore, is earmarked for the domestic industry in FY 2023-24, up from 68% in the previous year.

Indigenisation

Ongoing efforts to improve aerial, land, and maritime capabilities and modernise existing fleets are expected to drive substantial capital expenditure over the next 5-6 years. Anticipated investments across all three forces include the modernisation of fighter aircraft, unmanned aerial vehicles (UAVs), radar programs, helicopters, combat vehicles, infantry combat vehicles (ICVs), missiles, tanks, submarines, and more. These initiatives are projected to create opportunities across the Indian & Global defense companies, particularly in electronic warfare, avionics, radars, missiles, UAVs, and fighter craft. Rapid indigenisation adoption is expected, leading to significant domestic private sector catering to manufacturing and export opportunities supported by favourable policies.

Opportunity Spectrum FOR DCX

Indigenization Drive and Growing Market:

India is actively pushing for indigenisation in the defence sector due to heavy import reliance, particularly on advanced equipment, which offers a substantial opportunity for companies like DCX. With 70% of high-tech defence hardware imported, the aim of Govt of India is to increase domestic production and reduce dependence on external sources. The modernisation challenges have underlined the necessity for a robust domestic defence ecosystem.

Indigenous Initiatives and Growing Demand:

Most modernisation efforts are now geared towards complete indigenisation or significant domestic participation. The shift of focus for state-owned defence companies (DPSUs) towards platforms creates room for indigenous private firms to contribute to lower-tier product development and integration.

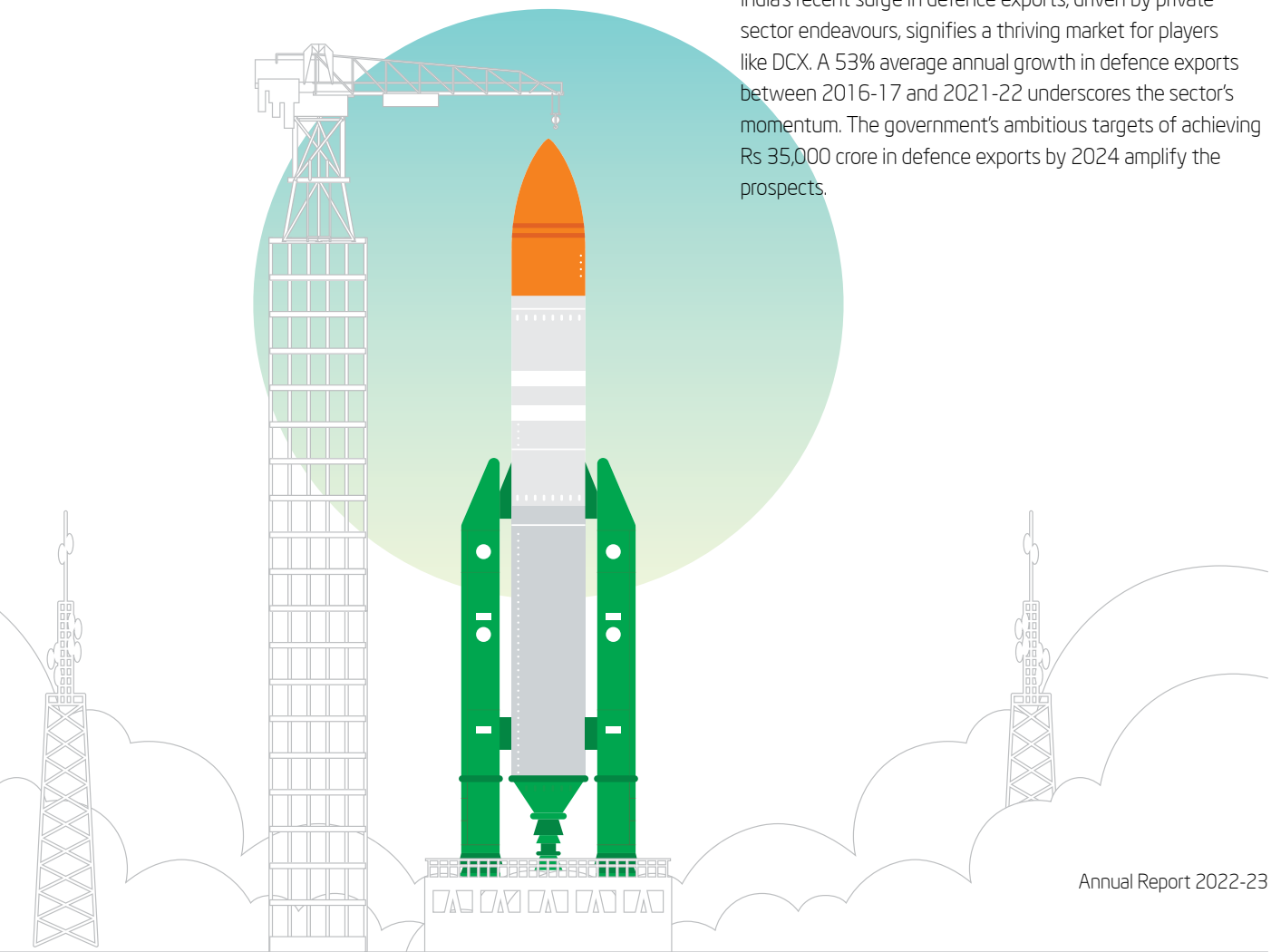
Strategic Policy Measures:

Central government's move to introduce affirmative indigenisation lists, alongside DPSUs' initiatives, enhances the prospects for domestic defence players like DCX. The Defence Acquisition Procedure (DAP), 2020, accentuates indigenous content in defence equipment manufacturing. The government's procurement hierarchy emphasises Buy (Indian-IDDM), Buy (Indian), and Buy and Make (Indian), further reinforcing the commitment to local sourcing.

DCX stands to benefit from this evolution by aligning with the growing demand and collaborating with Foreign Original Equipment Manufacturers (OEMs) for product manufacturing through Transfer of Technology (ToT) and supply to Defence forces, DPSUs and the export market. DCX would be offering complete one-stop solutions covering cable and wire harnesses, system integration, printed circuit board assemblies and product manufacturing with Maintenance Repair Overhaul (MRO).

Export and Growth Trajectory:

India's recent surge in defence exports, driven by private sector endeavours, signifies a thriving market for players like DCX. A 53% average annual growth in defence exports between 2016-17 and 2021-22 underscores the sector's momentum. The government's ambitious targets of achieving Rs 35,000 crore in defence exports by 2024 amplify the prospects.



DCX for

ATMANIRBHAR BHARAT.

Through its customer-centric approach, and enduring long term supplier relationships, DCX Systems exemplifies its significant capabilities in manufacturing, cable and wire harness assemblies, PCB Assembly and system integration providing end to end solutions. The company's commitment to meeting global standards and delivering high-quality products reinforces its position as a trusted partner in achieving the vision of Atmanirbhar Bharat. DCX is focusing on Atmanirbhar Bharat initiative as a growth strategy going forward in the areas of Defence and Aerospace, Civil applications, Railways etc., through Technology Transfer from global and Indian OEMs.

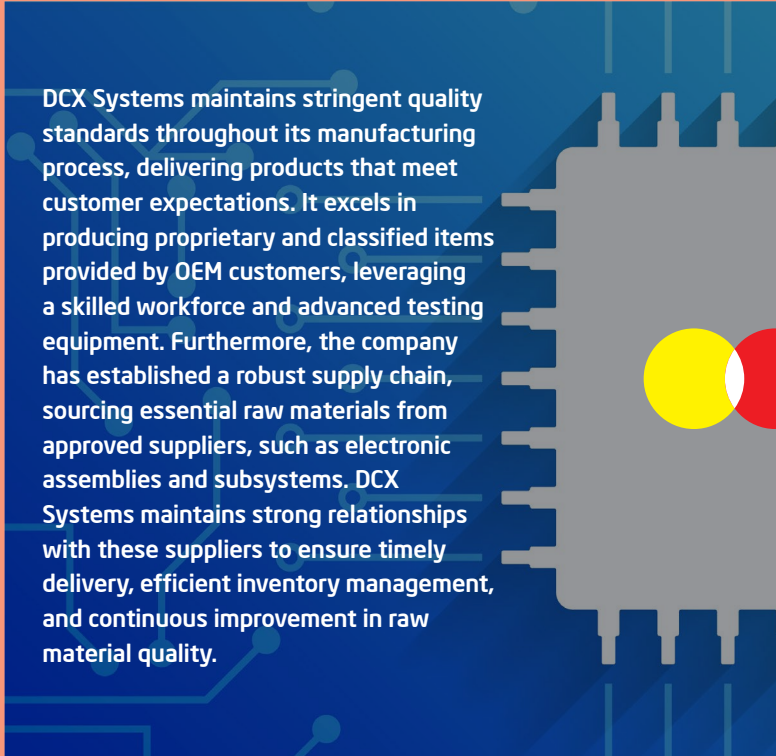
As an AS9100-certified company, DCX Systems started its journey by focusing on manufacturing and supplying Cable & Wire Harness Assemblies and System Integration as an Indian Offset Partner (IOP) for the Defence & Aerospace Industry. Over time, the company has evolved into a vertically integrated solutions provider with comprehensive capabilities and tremendous market potential.

Positioning itself strategically, DCX Systems has become the preferred Indian offset partner for foreign Original Equipment Manufacturers (OEMs) in the defence sector. Its system integration and cable/wire harness assembly manufacturing excellence have garnered domestic and international recognition. Notably, DCX Systems has emerged as one of the largest off set partner for foreign OEMs , serving the Indian defence market with electronic sub-systems, kitting and cable/wire harness assemblies.

The company's capabilities are evident in its production of complex microwave modules and sub-systems used in military, space technology, and aerospace applications. Additionally, DCX Systems manufactures a wide range of cables and wire harness assemblies, including those for radio frequency, coaxial, mixed-signal, power, data, and communication purposes.

DCX Systems goes beyond manufacturing by actively supporting its customers through sourcing, purchasing, logistics, and the development of a robust vendor ecosystem. The company has established relationships with domestic and global vendors for mechanical components, test fixtures, packaging, coatings, and chemical conversions. This network allows DCX Systems to ensure the quality of its products and meet customer specifications.

The end-to-end capabilities of DCX Systems extend to system integration for electronic, electromechanical, and wired assemblies. In-house testing ensures the reliability and quality of the final products, even under varying environmental conditions. The company's expertise lies in manufacturing assemblies used in land, underwater, and airborne applications. It possesses the skillset and technology to customise cable and wire harnesses according to customer requirements, including radio frequency, coaxial, power, and data cables.

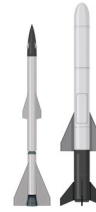


DCX Systems maintains stringent quality standards throughout its manufacturing process, delivering products that meet customer expectations. It excels in producing proprietary and classified items provided by OEM customers, leveraging a skilled workforce and advanced testing equipment. Furthermore, the company has established a robust supply chain, sourcing essential raw materials from approved suppliers, such as electronic assemblies and subsystems. DCX Systems maintains strong relationships with these suppliers to ensure timely delivery, efficient inventory management, and continuous improvement in raw material quality.

DCX with its experience in defence and aerospace manufacturing is gearing up to take a pie out of the Atmanirbhar Bharat initiative of Government of India, the company is in advance discussions with Foreign and Domestic OEMs to align with them through Transfer of Technology and manufacture in India and supply to the Defence Forces, Foreign Countries and DPSUs. DCX has a complete eco-system to cater the requirements through PCBA, Cable and wire harness, system integration, product manufacturing and MRO under complete solutions.



Major Projects with DCX involvement



MRSAM / LRSAM (Medium and Long-Range Surface-to-Air Missile)

- Transmit Receiver Group Module

PIDS (Perimeter Intrusion Detection System)

- Dual Transmit Receiver Module

Air Defence Fire Control Radar

- Antenna Unit
- Radar Processing Unit
- Transmitter Receiving Unit

High Power Radars

- Dual Transmitter Receiver Module
- Dual Receiver Module

Thermal Imager Fire Control System

- Cable and Wire Harness Assemblies

Long Range Reconnaissance and Observation System

- Cable and Wire Harness Assemblies

Thermal Imager Standalone Kit

- Cable and Wire Harness Assemblies

Barak-1 and Barak-8 Missile Systems

- Cable and Wire Harness Assemblies

Commander Open Architecture Panoramic Sight

- Cable and Wire Harness Assemblies

Competitive **ADVANTAGES**

Preferred Indian Offset Partner for Defence and Aerospace

DCX Systems is a top IOP for foreign defence and aerospace OEMs, holding global accreditations like AS-9100:2016 and a Defence Industrial License from the Government of India. Specialising in system integration and cable/wire harness assemblies for domestic and international OEMs, they excel in complex microwave modules and subsystems for military, space, and aerospace applications.

DCX is a preferred and one of the largest Indian Offset Partner to leading Foreign OEMs for their offset / Non-offset obligations.

Technology-enabled and scalable end-to-end capabilities

The company provides scalable end-to-end capabilities, specialising in electronic, electro-mechanical, and wired assemblies and full-system integration services tailored to customer requirements. The expertise includes in-house testing for quality and reliability under various environmental conditions. The company manufactures various cable and wire harnesses for aerospace, defence, and allied industries. Operations are certified to meet industry standards. With investment in infrastructure, a skilled workforce, and strong supplier relationships, the company has experienced significant revenue growth and can expand capacity without major capital expenditure.

A business model with visibility of cash flows

The order book has grown significantly, with projects scheduled for execution up to the Fiscal year 2025. Efficient operations and quality control have built long-term relationships with OEM customers.

Consistent growth in top line driven by robust execution capabilities. Healthy CAGR of 43% on revenue between FY19 to FY23

Ability to mitigate operational and technology risk

The company's manufacturing activity is obsolescence-proof as technology and IP rights are with customers.

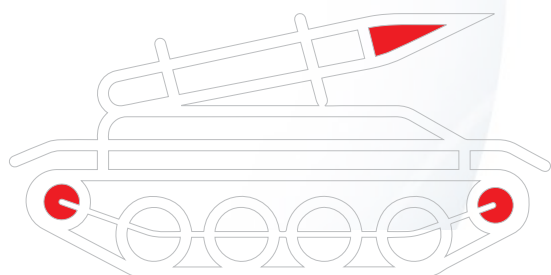
Risk mitigation measures include special procedures for classified products and rectification for inevitable failures. Capital expenditure is reduced as customers provide the necessary equipment for testing and qualification.

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Advanced Aerospace Manufacturing Facility: Strategically Located for Efficiency

The company's 70,000 square feet manufacturing facility in Bengaluru, Karnataka, strategically located in the Hi-Tech Defence and Aerospace Park SEZ, offers several advantages.

Its proximity to vital domestic customers ensures shorter delivery times. The facility enjoys digital security and restricted access control, safeguarding operations. Being in SEZ grants duty-free imports, GST exemption, and zero-rated supplies. Advanced machinery and equipment and in-house testing capabilities meet industry standards. Finished goods handling adheres to special standard operating procedures, ensuring classified product security till delivery.



Financial HIGHLIGHTS

Standalone Financials

₹12,536.29

millions - Revenues

₹66.74

Book value per share

0.89

Debt-equity ratio

₹1,130.16

millions - EBITDA

9.02%

EBITDA Margin

₹8.47

EPS

₹720.12

millions - PAT

5.74%

PAT Margin

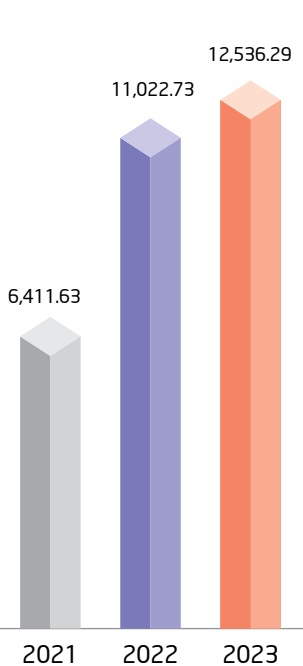
₹5,670.58

millions - Networth

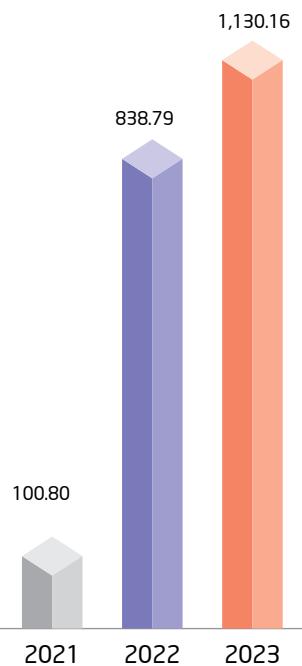
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Standalone

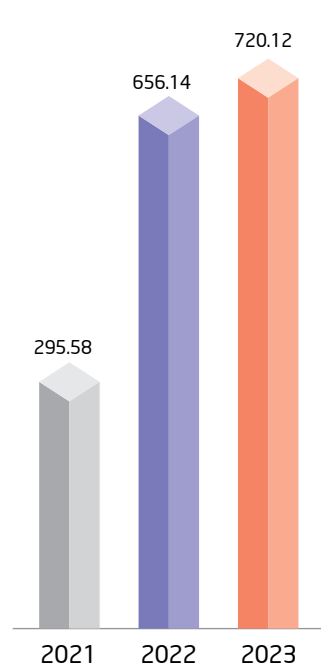
Sales
(₹in millions)



EBITDA
(₹in millions)



PAT
(₹in millions)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. H. S. Raghavendra Rao

Chairman & Managing Director

Mr. Neal Jeremy Castleman

Non-Executive Director

Mr. Sankarakrishnan Ramalingam

Non-Executive Director

Mr. Kalyanasundaram Chandrasekaran

Independent Director

Mr. Panchangam Nagashayana

Independent Director

Mrs. Lathika Siddharth Pai

Independent Director

KEY MANAGERIAL PERSONNELS

Mr. Ranga K S

Chief Financial Officer

Mr. Nagaraj R Dhavaskar

Company Secretary, Legal and Compliance Officer

SENIOR MANAGEMENT PERSONNEL

Mr. Shiva Kumara R

Vice-President

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 S

Company Secretary in Practice
No. 243, Pragathi Arcade,
3rd Main, 3rd Cross,
Chamarajpet, Bengaluru – 560 018

REGISTERED OFFICE & MANUFACTURING UNIT

DCX Systems Limited

Aerospace SEZ Sector, Plot Nos. 29, 30 and 107
Hitech Defence and Aerospace Park,
Kavadasanahalli, Bengaluru Rural – 562 110 Karnataka
Email: cs@dcxindia.com
Tel: 080 - 6711 9555
Web: www.dcxindia.com

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai -400083, Maharashtra

BOARD'S REPORT

To,
The Members,

Your directors have immense pleasure in presenting the 12th Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended as on March 31, 2023. 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, 2023 is summarized below:

(₹ in Mn)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from operations	12,536.29	11,022.73	12,536.34	11,022.73
Other income	295.35	220.61	295.48	220.61
Total Revenue	12,831.64	11,243.34	12,831.82	11,243.34
Total Expenses	11,970.61	10,487.73	11,974.10	10,487.79
Profit before tax	861.03	755.61	857.72	755.55
Tax expenses	(140.91)	(99.47)	(140.91)	(99.47)
Profit after tax	720.12	656.14	716.81	656.08
Total comprehensive income for the year, net of tax	738.29	655.93	734.98	655.87

Note: The standalone and consolidated financial statements of the Company for the financial year ended March 31, 2023, 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 ₹12,536.29 Mn for FY 2022-23 as compared to ₹11,022.73 Mn in FY 2021-22. EBITDA for FY 2022-23 stood at ₹1,130.16 Mn compared to ₹838.79 Mn achieved in FY 2021-22. The profit after tax stood at ₹720.12 Mn for FY 2022-23 as compared to ₹656.14 Mn in FY 2021-22.

Consolidated Financial Results:

The consolidated revenue from operations increased to ₹12,536.34 Mn for FY 2022-23 as compared to ₹11,022.73 Mn in FY 2021-22. EBITDA for FY 2022-23 stood at ₹1,127.62 Mn compared to ₹838.73 Mn achieved in FY 2021-22. The profit after tax stood at ₹716.81 Mn for FY 2022-23 as compared to ₹656.08 Mn in FY 2021-22.

REVISION OF FINANCIAL STATEMENTS:

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

LISTING OF EQUITY SHARES:

During the year, the Company has successfully completed the initial public offering of its equity shares ("IPO") through book building process and raised ₹5,000 Mn. The public issue was comprising a fresh issue of 1,93,23,671 equity shares of face value of ₹2/- each for an amount of ₹4,000 Mn and an offer for sale of 48,30,916 equity shares for an amount of ₹1,000 Mn.

The Company's equity shares were listed on the recognized stock exchanges i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 11.11.2022.

DIVIDEND:

In view of the business requirements of the Company, the Board of Directors has not recommended a dividend for the financial year ended March 31, 2023. 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 2022-23.

CHANGES TO EQUITY SHARE CAPITAL:

At present, the Authorized Share Capital of the Company is ₹ 25,00,00,000/- divided into 12,50,00,000 Equity Shares of ₹ 2/- each.

During the year, by virtue of Initial Public Offering ("IPO") 1,93,23,671 equity shares were allotted and at present, the issued, subscribed and paid-up Share Capital of the Company is ₹ 19,34,47,342/- comprising of 9,67,23,671 Equity Shares of ₹ 2/- each.

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, is forming part of the Annual Report., which forms part of this Annual Report as **Annexure-1**.

DETAILS OF SUBSIDIARY COMPANIES:

As of March 31, 2023, 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, the statement containing the salient feature of the financial statement of the company's subsidiary is given in the prescribed form AOC-1, as **Annexure-2**.

The Company has no material subsidiary as of March 31, 2023.

During the year under review, no Bodies Corporate have become or ceased to be Subsidiary, Joint Venture or Associate Company of the Company.

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, 2023, 100% of the Company's total paid up capital representing 9,67,23,671 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, 2023, the Board of the Company comprised 6 Directors out of which 1 is an Executive Director, 2 are Non-Executive and Non-Independent Directors and 3 are Non-Executive Independent Directors, out of which 1 Women Independent Director. The composition of the Board of Directors as on March 31, 2023 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 14 (fourteen) times on the following dates:

1. May 14, 2022	8. November 09, 2022
2. June 01, 2022	9. November 14, 2022
3. June 28, 2022	10. November 17, 2022
4. July 21, 2022	11. December 26, 2022
5. August 25, 2022	12. January 23, 2023
6. September 16, 2022	13. February 08, 2023
7. October 13, 2022	14. March 01, 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 AUDITORS:

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 is classified as small enterprises under 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 functions 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, 2023, is enclosed as **Annexure-4** to this Report.

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

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 behaviour, 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 Director, Non-Executive Director and 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 relevant section of the Corporate Governance forming part of this Report.

During the year, the Company has not appointed any new Director on the Board of the Company and none of the Director, who held the post of directorship as on the beginning of the financial year, has resigned from the directorship.

During the year, the designation of Mr. Sankarakrishnan Ramalingam (DIN: 00078459) was changed from Whole Time Director to Non-Executive Director with effect from 26.12.2022.

Mr. Neal Jeremy Castleman (DIN:05159412), Non- Executive Director of the Company, who will attain the age of 75 years as on April 1, 2024 and in order to continue to his directorship as Non-Executive Director of the Company as required under the Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Members approval is sought by way of Special Resolution at the ensuing Annual General Meeting.

For more details regarding additional information under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards, please refer to notice of 12th Annual General Meeting forming part of this Report.

Key Managerial Personnel (KMP)

During the year, Mr. Kiran Kumar K S, Key Managerial Personnel (KMP) as designated by the Company resigned from the post of Manager Planning & Production w.e.f. January 30, 2023.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During the financial year 2022-23, 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 corresponding to the changing needs of diverse workgroup 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, 2023 was 95.

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 OUTGO:

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 Annual 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 Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance of the board was evaluated by the Board after seeking inputs 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 seeking inputs 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 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 and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and Individual Directors 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 programme aims to make the Independent Directors of the Company familiar with the business and operations of the Company through various structured familiarisation programmes. 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 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
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management 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, Your Company has received the following awards:

1. Awarded Excellence in Defence and Aerospace award from Mid-Day Icons at Goa.
2. Awarded Most Admired Company of the year award from ET Ascent at Mumbai.
3. Awarded India's Innovative Entrepreneur of the year award for excellence in defence electronics exports to Dr. H S Raghavendra Rao, Chairman and Managing Director from International Achievers at Dubai.
4. Awarded Business Leader of the year award to Dr. H S Raghavendra Rao, Chairman and Managing Director, from ET Ascent at Mumbai.

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 and Designated Employees 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>

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 the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and DCX continuance towards greener environment by enabling the service of the Annual Report, Annual General Meeting Notice and other documents 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, 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 Book Running Lead Managers (BRLM's), Legal Counsels, Securities Exchange Board of India (SEBI), Registrar of Companies (ROC), National Stock Exchange of India Limited (NSE), BSE Limited, 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 Initial Public Offer (IPO).

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/-
Sankarakrishnan Ramalingam
Director
DIN: 00078459

Place: Bengaluru
Date: 14.08.2023

ANNEXURE-1

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward looking statement

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared as per the IND AS guidelines and comply with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2015. The management of DCX Systems Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements, reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited standalone financial statements and the notes to these statements included in the annual report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "DCX Systems" are to DCX Systems Ltd.

Business Overview

DCX Systems is among the leading Indian players for the manufacture of electronic sub-systems and cable harnesses. The Company specializes in system integration, kitting, and manufacturing of a wide range of cables and wire harness assemblies. DCX Systems has been in operation since 2011 and has been an Indian Offset Partner (IOP) for overseas original equipment manufacturers (OEMs) for executing defence manufacturing projects.

DCX Systems has been expanding its footprint in the Indian Defence space with growing capacities and order book. The Company is one of the largest IOP's for ELTA Systems Ltd

(part of Israel Aerospace Industries Group), to manufacture electronic sub-systems and cable and wire harness assemblies.

The Company operates through its manufacturing facility at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. This facility is spread over an area of 30,000 square feet and has set up for complete in-house environmental and electrical testing and wire processing. The location of the facility is in the same city as certain of DCX's key domestic customers like Bharat Electronics Limited, Alpha Design Technologies Pvt. Ltd., Alpha Elsec Defence and Aerospace Systems Pvt. Ltd. and Centum Adeno India Pvt. Ltd., which ensures shorter delivery time.

DCX's clientele include Fortune 500 companies, multinational corporations and start-ups across Israel, US, Korea and India, across different sectors, ranging from defence and aerospace to space ventures. The Company has a mix of domestic and international customers; some of the key customers include ELTA Systems Limited, Israel Aerospace Industries Limited – System Missiles and Space Division, Bharat Electronics Ltd., Astra Rafael Comsys Pvt. Ltd., Alpha-Elsec Defence & Aerospace Systems Pvt. Ltd., Alpha Design Technologies Pvt. Ltd., Astra Microwave Products Ltd., Kalyani Rafael Advanced Systems Pvt. Ltd., SFO Technologies Pvt. Ltd. and DCX-Chol Enterprises Inc.

The Company maintains the highest standard of quality control, product security and on-time delivery, which serves as a competitive advantage and leads to long-term relationships with customers.

Order Book Position

The order book is computed based on the total order value from a customer less executed amount as on the relevant date. The order book as on 31st March 2023 stood at ₹ 16,990 Mn.

Leadership

DCX Systems is headed by a highly qualified and competent leadership team and promoters, with significant experience in aerospace and defence manufacturing industry. Dr. H.S. Raghavendra Rao, Promoter, Chairman and Managing Director, has over Three decades of experience in electronics manufacturing and in the defence and aerospace sectors. Mr. Neal Jeremy Castleman, Non-Independent and Non-executive Director, has a vast experience of more than Four decades in the field of electronic manufacturing sectors. The senior management team has a proven track record to anticipate and capitalize on changing market trends, manage and grow operations and leverage and deepen customer relationships.

Business Segments

DCX Systems' operations can be broadly classified under the following categories:

1. **System Integration:** Company undertakes system integration in areas of radar systems, sensors, electronic warfare, missiles, and communication systems. It provides product assembly and system integration of various complexities to address customers' requirements. System integration is part of a comprehensive array of electronics and electromechanical assembly and enclosure assembly. This line of business encompasses the IOP projects that DCX undertakes for Israel-based IAI. Company also provides product repair support for the parts that it manufactures.
2. **Cable and Wire Harness Assemblies:** DCX manufactures a comprehensive array of cables and wire harnesses assemblies such as radio frequency cables, co-axial, mixed signal, power, and data cables for a variety of uses including communication systems, sensors, surveillance systems, missile systems, military armoured vehicles, and other electronic warfare systems for the aerospace and defence industries as per our customers' requirements.
3. **Kitting:** Company supplies assembly ready kits of electronic and electro-mechanical parts and undertake all aspects of procurement including sourcing components from suppliers approved by its customer along with a 'Certificate of Compliance' for traceability, controlled storage of moisture sensitive devices to ensure that customers receive complete, assembly-ready kits when required.

Additionally, the Automatic Testing Equipments (ATEs) worth ₹ 3,000 Mn. have been supplied by our Customers.

As a backward integration initiative, DCX is in the process of commencing Electronics Manufacturing Services (EMS) operations wherein it will manufacture printed circuit board assemblies (PCBAs) catering to Defence and Aerospace sectors and other civil applications.

In conclusion, DCX Systems' diversified portfolio of verticals and sub-verticals demonstrates its strong strategic vision and ability to adapt to evolving market trends. Through its emphasis on high-margin business, core competencies, and value propositions, DCX Systems continues to deliver value to its stakeholders.

Industry

Global Economy

The global economy is expected to slow down significantly this year due to various factors such as tightening policies aimed at controlling high inflation, worsening financial conditions, and ongoing disruptions caused by the Russian Federation's invasion of Ukraine. Emerging markets and developing economies are likely to experience lower investment growth

than the average of the past two decades. The global economy could be pushed into another recession if it faces further adverse shocks. Small states are especially vulnerable due to their reliance on external trade and financing, limited economic diversification, high debt, and susceptibility to natural disasters. It is necessary to take immediate global action to reduce the risks of a global recession and debt distress in emerging markets and developing economies (EMDEs). Given the limited policy space, national policymakers should ensure that any fiscal support targets vulnerable groups, inflation expectations remain stable, and financial systems remain resilient. It is also essential to implement policies that support a significant increase in investment in EMDEs, including new financing from the international community and the repurposing of inefficient agricultural and fuel subsidies.

Source: <https://openknowledge.worldbank.org/bitstream/handle/10986/38030/GEP-January-2023.pdf>

Global Defence Industry

The global defence market grew from \$534.79 billion in 2022 to \$577.19 billion in 2023 at a compound annual growth rate (CAGR) of 7.9%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. Overall, the defence market is expected to grow to \$718.12 billion in 2027 at a CAGR of 5.6%.

Source: <https://www.thebusinessresearchcompany.com/report/defense-global-market-report>

Indian Economy 2022-2023

The Indian economy, which contracted by 6.6% in 2020-21 due to COVID-19-induced lockdowns, recovered significantly in the following year, outperforming many other countries, with GDP growing by 8.7%. Though the growth momentum has since slowed, India is seen as a bright spot in an otherwise bleak global economic outlook, which has been hampered by the pandemic's aftermath, the ongoing Russia-Ukraine war, and the resulting inflation in essential commodities such as fuel, food, and fertilisers. According to data from the Economic Survey 2022-23, released on the eve of the FM's Union Budget 2023-24 speech, the Indian economy is expected to grow at 7.0% in the current fiscal year, making India the world's fastest growing large economy. According to the Survey, the Indian economy will grow at a rate of 6.0-6.8% in 2023-24, with a baseline GDP growth rate of 6.5%.

Source: <https://www.orfonline.org/research/high-on-revenue-low-on-capital-indias-defence-budget-2023-24/#:~:text=Press%20Information%20Bureau%2C%20%E2%80%9CDefence%20gets,budget%20announcements%202022%2D23>

<https://www.ibef.org/economy/economic-survey-2022-23>

Indian Defence Industry

The overall budget allocation for defence is INR 5.94 lakh crore, up from INR 5.25 lakh crore in FY 2022–23, a hike of 13%. The total capital outlay for this fiscal year is INR 1.62 lakh crore, a nominal increase of 16% over the previous fiscal year of INR 1.52 lakh crore.

The capital expenditure or outlay is meant for the procurement of new weapons and platforms as well as to pay off outstanding committed liabilities for past defence contracts.

A 13% hike in India's latest defence allocation is noteworthy, although it is not adequate to meet the existing shortages faced by the defence establishment. Nonetheless, following a significant upward revision of the previous allocation, the new budget has the potential of a mid-year increase.

Source: <https://www.ibef.org/industry/defence-manufacturing>
<https://www.orfonline.org/research/high-on-revenue-low-on-capital-indias-defence-budget-2023-24/#:~:text=Press%20Information%20Bureau%2C%20%E2%80%9CDefence%20gets,budget%20announcements%202022%2D23>.

Significant Factors/Risks Affecting Our Operations and Financial Condition

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. However, there are some specific items, that we believe, impact our results of operations and, in some cases, may continue to impact our results. We believe that the following factors, amongst others, have, or could have, an impact on results, the manner in which we generate income and incur the expenses associated with generating this income.

Maintaining our customer relationships

Our customers typically have specific requirements, and our continued relationships with customers play a significant role in our results of operations. We primarily cater to the requirements of the export, both direct and deemed exports, markets in the aerospace and defence industry. Our customers include domestic and international OEMs, private companies, and public sector undertakings in India across different sectors, ranging from defence and aerospace to space ventures. We have strong and long-established relationships with most of our customers.

The Demand for manufacture and supply of the products from our customers has a significant impact on our results of operations and financial condition and our sales are particularly affected by the inventory and sales levels of our key customers. In the event that we lose one or more of our key customers or if the amount of business we receive from them is reduced for any reason, our cash flows and results of operations may be affected. Our supply arrangements with our customers also require us to meet certain standards and performance obligations and our failure to meet such

specifications could result in a reduction of business from them, termination of contracts or additional costs and penalties, all of which may adversely impact our results of operations and financial condition.

Loss of Orders

Our order book position with our customers also require us to meet certain standards and performance obligations and our failure to meet such specifications could result in a reduction of business from them, termination of orders or additional costs and penalties, all of which may adversely impact our results of operations and financial condition.

Defence exports of India

India's defence exports have witnessed a notable surge in the financial year 2022-23, with military hardware worth ₹ 15,920 crore exported, marking a tenfold increase since 2016-17. This achievement has been attributed to the enthusiasm for 'Make in India,' a key initiative aimed at boosting domestic manufacturing and promoting India as a global manufacturing hub. Prime Minister Narendra Modi lauded the accomplishment as a clear manifestation of India's talent and the results of key reforms in the sector over the last few years, and pledged the government's support in making India a defence production hub.

The increase in defence exports is also in line with India's focus on indigenisation, which aims to replace imports with domestic products. This has been achieved in categories such as warships, artillery guns, the light combat aircraft (LCA), basic trainer aircraft, helicopters, radars, and ammunition. India has a good strategy and action plan in place, backed by forward-looking policies, to ensure self-reliance in defence and boost the country's status as a net exporter of weapons in the coming years.

The country's defence exports were a mere ₹1,521 crore in 2016-17, but there was a marked improvement in performance in the following years on the back of government policies to boost exports. The exports slipped during 2019-21 before climbing back to healthier levels. India's defence exports in 2017-18 stood at ₹4,682 crore, ₹10,745 crore in 2018-19, ₹9,115 crore in 2019-20, ₹8,434 crore in 2020-21, and ₹12,814 crore in 2021-22, according to government data. India's current portfolio of defence exports includes missiles, the advanced light helicopter (ALH), offshore patrol vessels, personal protective gear, surveillance systems, and a variety of radars, which are being supplied to around 85 countries. Weapons and systems that hold export potential include the LCA Tejas, different types of helicopters, artillery guns, Astra beyond-visual-range air-to-air missiles, Akash surface-to-air missile systems, tanks, sonars, and radars.

The Indian government has set aside 75% of this year's defence capital procurement budget for locally made weapons and systems, which aims to unlock new opportunities for achieving self-reliance targets and ramping up the country's defence exports. The share of the domestic sector in the defence budget was never higher, with 68% of the military's

capital acquisition budget being allocated for making indigenous purchases in 2022-23. The government has also notified hundreds of weapons and systems that cannot be imported, which is a move aimed at boosting indigenous defence manufacturing.

The defence ministry signed contracts worth almost ₹ 52,000 crore for locally made military hardware in March this year, including basic trainer aircraft, a satellite for the army, training ships, medium-power radars, radar warning receivers, air defence systems, and Dornier aircraft. Defence exports have become a significant contributor to the Indian economy, and with the government's support and focus on indigenisation, the country's status as a global defence manufacturing hub is expected to be enhanced further in the coming years.

Source: <https://www.hindustantimes.com/india-news/indias-defence-exports-hit-record-high-of-rs-15-920-crore-in-fy-2022-23-a-tenfold-increase-since-2016-17-thanks-to-make-in-india-reforms-101680344018909.html>

Availability and cost of raw materials

Our primary raw materials are electronic assemblies and sub-systems such as printed circuit board assemblies, power supplies, radio frequency cables and wires, radio frequency connectors, circular connectors, integrated circuits and mechanical enclosures.

We have, from time to time, experienced cost fluctuations of our primary raw materials, particularly in the aforementioned components due to volatility in commodity markets. Since the selling price of our products are affected by the prices of our primary raw materials, fluctuations in the prices of these raw materials and an inability to pass on the cost increase to our customers could negatively affect our operating results. To manage such risks, we have agreements with a majority of our customers, pursuant to which pass on any fluctuation or increase in cost of raw materials to our customers. This allows us to factor in the costs of the raw materials when we enter into any sales contracts and accordingly pass on any increase in the prices of raw materials to our customers. For most of our other suppliers with whom we do not have such pricing windows, we tend to submit purchase orders for raw materials back-to-back at or around the same time as we receive orders from customers, to help minimize our open raw material positions. While we enter into general purchase agreements with certain of our suppliers, we typically do not enter into long-term agreements with our suppliers, other than for the contract period of the project under the purchase order. We typically pay in advance to our suppliers for procuring raw materials. However, shortage in supply positions in the global market could be a risk in scheduling our delivery timings and hence pose a business risk considering that the raw materials required for our business is basically a long lead time frame oriented. Shortage in supply of raw materials we use in our business may result in an increase in the price of the products. An increase in raw material prices could result in a reduction of our profit margins.

Our results of operations may be impacted by our ability to

formulate and adjust business strategies in accordance with market demand as influenced by changing dynamics on supply in the competitive landscape.

Product Company

DCX with a strategic focus is aggressively exploring the opportunities and is geared up to partner under the Government of India initiatives in achieving the noble vision of making India - a self-reliant Atmanirbhar Bharat in Defence and Aerospace sector.

DCX is in the process and advance stages of discussions in identifying the opportunities available in collaboration with Original Equipment Manufacturers (OEMs) under the positive indigenization program through Transfer of Technology (ToT), to manufacture and supply the products to Ministry of Defence and Defence Public Sector Units (DPSUs) and export market in the Defence and Aerospace sector.

Expansion of business verticals and operations

Our manufacturing facility consists of a 30,000 square feet facility situated in a special economic zone dedicated for aerospace and defence industry. Our manufacturing has facilities for system integration, cable design, manufacturing, qualification and life cycle support of high reliability electronic systems used in defence and aerospace applications.

The company has invested about ₹ 66 Mn through equity to set up a manufacturing facility for EMS through its wholly owned subsidiary Raneal Advanced Systems Private Limited (RASPL). The facility includes capabilities for manufacturing, qualification and life cycle support of high reliability electronic and electro – mechanical systems used in aerospace and defence, medical electronics and industrial electronics applications. We believe our investment in infrastructure will enable us to cater to the growing demand from our customers and enhance our product portfolio, which in turn is expected to result in an increase in our revenue and profits. However, the successful implementation of this project converting into revenue and getting new orders will depend on the demand from our customers, which is beyond our control and is subject to uncertainty as well as changes in Government policies and priorities.

While we continue to expand our business organically, we intend to evaluate and selectively pursue strategic investment and acquisition opportunities across the advanced technology platform products to supplement and complement our existing services and strategies when such opportunities arise. The actual deployment of funds will depend on a number of factors, including the timing, nature, size of acquisitions to be undertaken, as well as general factors affecting our results of operation, financial condition and access to capital. These factors will also determine the form of investment for these potential acquisitions. Going forward, our acquisition plans may be affected by delays, cancellations, renegotiations of the contracts as well as the long gestation period in implementing the plan and concluding such contracts, if any, which may affect our business positioning and financial results.

FINANCIAL OVERVIEW

Our Financial Statements are prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The standalone performance of the Company for the financial year ended March 31, 2023, is as follows:

Total revenue from operations at ₹ 12,536.29 Mn for the year ended March 31, 2023, as against ₹ 11,022.73 Mn for the corresponding previous period, an increase of 13.73%, mainly on account of ongoing conversion of the order book.

The EBIDTA (earnings before interest, depreciation and tax, excluding other income and FX loss) was ₹ 1,130.16 Mn for the year ended March 31, 2023, as against ₹ 838.79 Mn for the corresponding previous period, an increase of 34.74%. EBITDA margin was at 9.02% - YoY improvement of 141 bps.

The PAT (profit after tax) was ₹ 720.12 Mn for the year ended March 31, 2023, as against ₹ 656.14 Mn for the corresponding previous period, a rise of 9.75%.

EPS was at ₹ 8.47.

RESOURCES AND LIQUIDITY

As on March 31, 2023, the standalone net worth stood at ₹ 5,670.58 Mn and the total debt was at ₹ 5,037.11 Mn.

The net debt to equity ratio of the Company stood at 0.89 as on March 31, 2023.

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2023, our contingent liabilities that have not been accounted for in our financial statements were as follows:

For further information on our contingent liabilities, see "Financial Statement Information – Contingent liabilities, contingent assets and commitments – Note 33".

Except as disclosed in the financial statement, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Contractual Obligations and Commitments

We do not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.

Quantitative and Qualitative Disclosures

About market risk, our activities expose us to market risk, liquidity risk and credit risk. Our board of directors has overall

responsibility for the establishment and oversight of our risk management framework.

Credit Risk

Credit risk is the risk of financial loss to our Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from our Company's receivables from customers.

Our Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, our 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, our Company uses expected credit loss model to assess impairment loss or gain. Our 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.

Our Company has not made any provision on expected credit loss on trade receivables and other financial assets, based on the management estimates.

We believe that credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Liquidity Risk

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our 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 our Company's reputation.

Our treasury department is responsible for liquidity and funding. In addition, policies and procedures relating to such risks are overseen by our management.

Our Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from the operations.

Market Risk

Market risk is the risk that changes with market prices – such as foreign exchange rates and interest rates, will affect our 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.

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 (Indian Rupees) and in other foreign currencies. Our Company's exposure to the risk of changes in foreign exchange rates relates primarily to our Company's operating activities, where revenue or expense is denominated in a foreign currency.

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. Our exposure to the risk of changes in market interest rates relates primarily to our Company's debt obligations with floating interest rates. We manage our interest rates by selection of appropriate type of borrowings and by negotiation with bankers.

Changes in Accounting Policies

There have been no changes in our accounting policies during Fiscal 2020, 2021, 2022 & 2023.

Unusual or Infrequent Events or Transactions

Except as described, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes That Materially Affect or Are Likely to Affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Segment Reporting

Our Company is exclusively engaged in the business of manufacturing of electronic subsystems 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.

Significant Developments after March 31, 2023 That May Affect Our Future Results of Operations

Except as disclosed in financial statements and to our knowledge, no circumstances have arisen since March 31, 2023, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Opportunities

- Favourable Market Outlook: There is a positive outlook on the demand for defence electronics on a global scale. As nations focus on enhancing their defence

capabilities, the need for advanced electronics systems and technologies is expected to grow. This presents a significant opportunity for companies operating in the defence electronics sector.

- Growing Defence Spending: Many governments around the world are increasing their defence budgets to strengthen their national security and modernize their armed forces. This trend provides a promising opportunity for defence electronics companies to offer their products and services to meet the growing demand for advanced defence technologies.
- 'Make in India' Initiatives: The 'Make in India' initiatives undertaken by the Indian government aim to promote domestic manufacturing and attract foreign investments in various sectors, including defence electronics. These initiatives provide a unique opportunity for both domestic and international companies to establish or expand their manufacturing facilities in India, tapping into the country's skilled workforce and large market potential.
- Untapped Offset Scheme: The offset scheme, implemented by several countries, including India, encourages foreign companies to collaborate with domestic manufacturers as part of defence procurement contracts. This scheme presents an opportunity for overseas defence electronics companies to form partnerships with Indian counterparts, facilitating technology transfer, knowledge sharing, and joint manufacturing ventures. It enables the development of indigenous capabilities and strengthens the domestic defence electronics industry.

Maintenance, Repair and Overhaul (MRO) DCX is determined in the commitment 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.

By capitalizing on these opportunities, defence electronics companies can not only cater to the increasing demand for advanced technologies but also leverage favourable government policies to expand their manufacturing capabilities, establish strategic partnerships, and access new markets.

Threats

- Intense Competition: DCX Systems Limited faces the threat of competition from both established companies and emerging start-ups offering similar services. To maintain its competitive position, the company must continually innovate, differentiate its offerings, and provide exceptional value to its clients.
- Raw Material Price Volatility: DCX Systems Limited is vulnerable to fluctuations in raw material prices, which can impact its profitability and cost structure. Sudden price increases or supply shortages can strain

the company's margins and affect its ability to deliver products at competitive prices. Effective supply chain management and proactive hedging strategies are necessary to mitigate this threat.

- **Uncertainty in Tendering Processes:** The tendering processes in the defence and aerospace sectors can be complex and uncertain. DCX Systems Limited may face challenges in winning contracts due to factors such as intense competition, changing customer requirements, or delays in the tendering process. The company needs to closely monitor market dynamics, develop strong relationships with customers, and adapt its strategies to navigate this potential threat.
- **Unfavourable Policy Changes in Defence and Aerospace:** Changes in government policies and regulations can pose a significant threat to DCX Systems Limited. Shifts in defence procurement policies, foreign investment regulations, or trade barriers can impact the company's operations, market access, and growth prospects. DCX Systems Limited must closely monitor policy changes, engage in effective advocacy, and proactively adapt its business strategies to mitigate potential risks associated with policy uncertainties.

Managing these threats requires DCX Systems Limited to maintain a proactive and adaptive approach. By focusing on innovation, staying ahead of technological advancements, diversifying its client base, maintaining strong relationships with customers, and closely monitoring market and policy dynamics, the company strives to mitigate the identified threats and sustain its growth and profitability.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an internal audit function designed to review the adequacy of internal control checks in the system which covers all significant areas of Company's operations such as accounting and finance, procurement, business operations, statutory compliances, IT processes, safeguarding the assets and their protection against unauthorized use, among others. The Internal Audit function performs the internal audit of Company's activities based on an internal audit plan, which is reviewed each year and is approved by the Board of Audit Committee. The Audit Committee reviews the report submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. Disciplinary action is taken, wherever required, for non-compliance to corporate policies and controls.

The Company has also implemented effective systems for achieving highest level of efficiency in operations, to achieve optimum and effective utilization of resources, monitoring thereof and the compliance with provisions all laws including the Companies Act, 2013, Listing Agreement, directions issued by the Securities and Exchange Board of India, labour laws, tax laws etc. It also aims at improvement in financial management, and investment policy. The System ensures appropriate information flow to facilitate effective monitoring.

HUMAN RESOURCES

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

As on March 31, 2023, the Company had 95 employees on payroll. The manpower is a prudent mix of experienced and young professionals which gives us the dual advantage of stability and growth. Skilled/ semi-skilled/ unskilled resources, together with the Company's strong management team, have enabled it to successfully implement growth plans.

The Company also imparts behavioural, technical and on the job training to its employees.

Material Changes in Financial Ratios

Details of significant changes in key financial ratios:

Ratio	FY23	FY22	Change
Debtors Turnover	93.03	23.07	(303.24%) (in Days)
Inventory Turnover	4.90	36.72	(86.66%)
Interest Coverage Ratio	4.37	7.67	(43.02%)
Current Ratio	1.83	1.17	56.63%
Debt Equity Ratio*	0.89	4.27	79.22%
EBITDA Margin (%)**	9.02%	7.61%	141 bps
PAT Margin (%)	5.74%	5.95%	(21 bps)

* Debt to Equity Ratio is not comparable year-on-year since the Company got listed in November 2022 through fresh issue of equity shares.

** Earnings before Interest, depreciation & taxes excluding other income and forex loss

Return on Net Worth

The Company's Return on net worth stood at 12.70% as on 31st March 2023, vis-à-vis 55.80% as on 31st March 2022. However, the ROE is not comparable year-on-year since the Company got listed in November 2022 through fresh issue of equity shares.

Outlook

Looking ahead, the defence and aerospace sectors in India and around the world show promising growth prospects in the near term. Despite encountering supply chain challenges, DCX Systems has successfully overcome these obstacles, emerging stronger and more resilient in converting its order book into successful deliveries. In an evolving landscape, the Company aims to leverage the expanding opportunities within these sectors, driven by increased defence spending and initiatives like 'Make in India'.

In terms of supply chain management, DCX Systems has a well-defined supply chain plan to ensure smooth delivery of products based on current and future orders. The Company

will continue to enhance supply chain efficiency and cost effectiveness while exploring opportunities in new verticals.

The ongoing backward integration plans in EMS are moving in the right direction. This initiative leverages the Company's manufacturing expertise, strengthening its EMS business and drive cost efficiency. DCX Systems is also focusing on cables and wire harness manufacturing as this is a relatively higher margin business. Additionally, DCX Systems' strategic partnership with IAI in the System Integration segment continues to grow, with incremental orders in the pipeline. The Company is also exploring non-IOP based projects in this line of business based on positive feedback.

The overall outlook is optimistic, based on DCX Systems' quality deliverables, which enhances the Company's reputation and leads to more opportunities with OEMs. The Company aims to grow its share of non-offset projects and expand presence in new geographies, catering to Indian and global customers. Additionally, the Company is open to joint ventures with global OEMs to capitalize on defence and civilian technology applications.

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	66.00
5.	Reserves & Surplus	(3.38)
6.	Total Assets	150.92
7.	Total Liabilities	150.92
8.	Investments	NIL
9.	Turnover	1.71
10.	Profit before taxation	(3.31)
11.	Provision for taxation	(0.0)
12.	Profit after taxation	(3.31)
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 – NIL
- 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

Sl. No	Particulars	Details
1	Name of Associates/Joint Ventures	
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 %	NIL
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

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

Sd/-
Sankarakrishnan Ramalingam
Director
DIN: 00078459

ANNEXURE-3

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

(Pursuant to Section 134 of the Act 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	80.16	No Change
2.	*Sankarakrishnan Ramalingam	Non-Executive Director	9.32	84.10%
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, the designation of Mr. Sankarakrishnan Ramalingam (DIN: 00078459) was changed from Whole Time Director to Non-Executive Director with effect from 26.12.2022.

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	HR & Admin Manager	4.80	17.7%
2.	Prasanna Kumar T S	DGM- Finance & Accounts	8.77	12.2%
3.	Rajanikanth K N	Manager Logistics	4.25	11.8%
4.	**Kiran Kumar K S	Manager-Planning & Production	5.08	4.8%
5.	Anand S	DGM-Supply Chain Management	7.49	0.0%
6.	Shiva Kumara R	Vice-President	11.65	7.7%
7.	Pramod. B	DGM-Operations	7.49	0.0%
8.	Atul D Mutthe	Manager-Quality	3.94	0.0%
9.	Nagaraj R Dhavaskar	Company Secretary and Compliance Officer	1.22	0.0%
10.	Ranga K S	Chief Financial Officer	4.40	0.0%

** During the year, Mr. Kiran Kumar K S, Key Managerial Personnel (KMP) as designated by the Company resigned from the post of Manager Planning & Production w.e.f. January 30, 2023

Notes:

1	Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹0.29 Mn, as at March 31, 2022 to ₹0.36 Mn as at March 31, 2023, representing an increase of 20.45%.
2	Number of permanent employees on the rolls of the Company	There were 95 permanent employees on the rolls of company as on March 31, 2023.
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 6.55%. 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 2022-23 was ₹0.36 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	22	16.01.2012	54	Serving as a Director in multiple companies	5.80%
Ranga K S	CFO	4.61	Chartered Accountant	25	23-12-2021	55	Microplastics Pvt Ltd	0.07%
Shiva Kumara R	Vice President	4.45	Bachelor of Engineering	15	01-10-2021	41	Serving as a Director in Reneal Technologies Pvt Ltd	0.16%
Prasanna Kumar T S	DGM Finance & Accounts	3.03	Chartered Accountant	20	23-04-2012	42	Udupa Poojari & Sadashiva Chartered Accountants	0.07%
Anand S	DGM-SCM	2.59	Diploma	15	02-08-2021	38	Serving as a Director in VNG Technology Pvt Ltd	0.07%
Pramod. B	DGM-Operations	2.59	Bachelor of Engineering	15	01-10-2021	43	Serving as a Director in Reneal Technologies Pvt Ltd	0.07%

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
Sankarakrishnan Ramalingam	Non-Executive Director	2.47	Bachelor of Science, Diploma in Industrial Chemistry	27	01-02-2022	62	Hindustan Lever Limited	0.13 %
Jagadeesh N	Sr. Manager-Accounts	2.08	Master Of Commerce	11	02-05-2022	36	Financial Consultant	0.03 %
Ravichandra S G	Sr. Manager -Production	1.76	Bachelor of Engineering	16	06-09-2021	37	Varsity Instruments Pvt Ltd	0.01%
G S Manjunath	Manager - HR & Admin	1.64	Master of Business Administration	29	01-02-2012	51	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	22	16.01.2012	54	Serving 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/-
Sankarakrishnan Ramalingam
Director
DIN: 00078459

Place: Bengaluru
Date: 14.08.2023

ANNEXURE-4

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2023

[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** (Formerly known as DCX CABLE ASSEMBLIES PRIVATE LIMITED) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me 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 31.03.2023, 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 31.03.2023, 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; (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws 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; (Applicable to the Company only to the extent of Foreign Direct Investment 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; (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable to the Company during the Audit Period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (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 as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Audit Period);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable as the Company has not delisted/proposed to delist its equity shares from any stock exchange 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;

(Not Applicable to the Company during the Audit Period)

- (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable to the Company during the Audit Period) and
 - (k) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)
- (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. (The Company got listed as on November 11, 2022 and the provisions are applicable from the date of listing till March 31, 2023)

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 the following events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

1. The Company had filed compounding application for delay in holding Annual General Meeting with Regional Director and during the year the honourable Regional Director has passed the order and company has complied by filing the order with Registrar of Companies.
2. The Company has formed the Management Sub-Committee as per Section 179(3) of the Companies Act, 2013 at its meeting of the Board of Directors held on June 01, 2022.
3. During the year the Company has filed the Prospectus with the Registrar of Companies pursuant to Initial Public Offer.
4. During the year under review the Company has allotted the shares to the subscribers of Initial Public Offering as on November 09, 2022.
5. During the year under review the Company got listed with Stock Exchanges i.e. Bombay Stock Exchange [BSE] and National Stock Exchange [NSE] as on November 11, 2022.

Sd/-

Signature

Pramod S.

Practicing Company Secretary

ACS: 36020; CP No.: 13335

Peer Reviewed Unit: 1491/2021

ICSI UDIN: A036020E000298920

Place : Bengaluru

Date : 12.05.2023

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 2022-23 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 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: A036020E000298920

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:

Sr. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Nil
2.	Nature of contracts/arrangements/transaction	Not Applicable
3.	Duration of the contracts/arrangements/transaction	Not Applicable
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
5.	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
6.	Date of approval by the Board	Not Applicable
7.	Amount paid as advances, if any	Nil
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

SL. No.	Particulars	Details
1.	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;
2.	Nature of contracts/arrangements/transaction	(i) Purchase of Raw materials, goods and (ii) Availing or Rendering of Services
3.	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year.
4.	Salient terms of the contracts or arrangements or transaction including the value if any	Upto ₹8,000 Mn and the transaction is of Ordinary course of business at arm's length basis
5.	Date of approval by the Board	13.10.2022
6.	Amount paid as advances if any	Yes

SL. No.	Particulars	Details
1.	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
2.	Nature of contracts/arrangements/transaction	(i) Purchase of Raw materials, goods and (ii) Availing or Rendering of Services
3.	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year.
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Upto ₹500 Mn and the transaction is of Ordinary course of business at arm's length basis
5.	Date of approval by the Board	13.10.2022
6.	Amount paid as advances if any	Yes

SL. No.	Particulars	Details
1.	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
2.	Nature of contracts/arrangements/transaction	(i) Sale of Raw materials, goods and (ii) Availing or Rendering of Services
3.	Duration of the contracts/arrangements/transaction	The contract or arrangement shall be on a continuous basis throughout the year.
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	Upto ₹1,000 Mn and the transaction is of Ordinary course of business at arm's length basis
5.	Date of approval by the Board	13.10.2022
6.	Amount paid as advances, if any	Yes

For and on behalf of the Board of Directors

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

Sd/-
Sankarakrishnan Ramalingam
Director
DIN: 00078459

Place: Bengaluru
Date: 14.08.2023

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 with environmentally 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 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	FY 2022-23	FY 2021-22
Foreign Exchange Earnings	8,062.12	7,543.69
Foreign Exchange Outgo	8,767.82	8,777.60

For and on behalf of the Board of Directors

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

Sd/-
Sankarakrishnan Ramalingam
Director
DIN: 00078459

Place: Bengaluru
Date: 14.08.2023

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 2023:

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		2
2	Mr. Panchangam Nagashayana	Member	2	2
3	Dr. H. S. Raghavendra Rao	Member		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

- (a) Average net profit of the Company as per section 135(5): ₹ **427.18 Mn**
 - (b) Two percent of average net profit of the Company as per section 135(5): ₹ **8.54 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: ₹ **0.33 Mn**
 - (e) Total CSR obligation for the financial year (a+b-c): ₹ **8.21 Mn**
- (a) Amount Spent on CSR Projects(both ongoing projects and other than ongoing projects): ₹ **8.50 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)]= ₹ **8.50 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)		
₹ 8.50 Mn	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	NIL			NIL	

(f) Excess amount for set off, if any: ₹ 0.29 Mn

Sl. No.	Particular	Amount (In ₹ Mn)
(i)	Two percent of average net profit of the Company as per section 135(5)	8.21
(ii)	Total amount spent for the Financial Year	8.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.29
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.29

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 2019-20	--	--	--	0.51	30.08.2021	--	--
2	FY 2020-21	--	--	--	0.99	30.08.2021	--	--
3	FY 2021-22	--	--	--	--	--	--	--

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: 14.08.2023

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 THE COMPANY

DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd) is a prominent and preferred Indian Partner for Foreign Original Equipment Manufacturers (OEMs) for their offset and non-offset programs operating in Defence and Aerospace Sector. The Company specializes in providing Built to Print Electronic Sub-Systems and Electromechanical Modules, System Integration, Kitting and Cable and Wire Harness Solutions.

One of the key strengths of DCX Systems is its strong track record in the industry, which has earned it a reputation for operational efficiency and timely deliveries. The Company places a high emphasis on maintaining the highest standards of product security and quality control, which has contributed to build enduring partnership with leading OEM Customers.

To ensure top-notch quality and efficiency, DCX focuses on implementing robust quality management systems and effective supply chain management strategies. These system driven approaches help streamline operations and maintain operational 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. This ensures a strong financial position and the ability to meet the demand of its OEM customers efficiently.

DCX Systems, is a reliable and efficient partner for Foreign OEMs in the Defence and Aerospace Sector, offering a comprehensive range of services and solutions while upholding the highest standards of Quality and Product security.

DCX reports BRSR to demonstrate its commitment to responsible business practices, including environmental sustainability, social impact, and corporate governance. The BRSR provides transparency on DCX's efforts to address sustainability challenges and serves as a benchmark for measuring progress towards its goals, fostering trust and accountability.

In this report, the words – 'DCX', 'DCX Systems', 'We', 'Company', 'Our' are used interchangeably to denote DCX Systems Ltd.

Important Achievements: Our Path to Excellence

2011-

Established as a privately owned corporation

2012-

Successfully fulfilled the initial deemed export order. Received certification from DQS Inc. for compliance with AS-9100:2016 and ISO 9001:2015 standards

2013-

Completed the inaugural deemed export order

2015-

Obtained an industrial license from the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, allowing the manufacturing of various products such as microwave components, electronic components, and the assembly and testing of microwave modules.

2018-

Received authorization to export Munitions List items to M/s IAI Elta System in Israel for the exclusive use of the Indian Air Force and Navy.

Finalized a lease agreement for 6,070 square meters of land in the Aerospace SEZ Sector of the Hitech, Defence & Aerospace Park.

2020-

Inaugurated a state-of-the-art manufacturing facility at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka.

2022-

DCX through its Wholly Owned Subsidiary Raneal Advanced Systems Private Limited is setting up to manufacture Printed Circuit Board Assemblies (PCBAs) for captive consumption and cater to other customers.

DCX equity shares are listed on both the BSE and NSE Exchanges in November 2022.

Snapshots of Awards and Accolades

**BEST MSME INDIA 5000 AWARD-
May 2018 from MSME India**



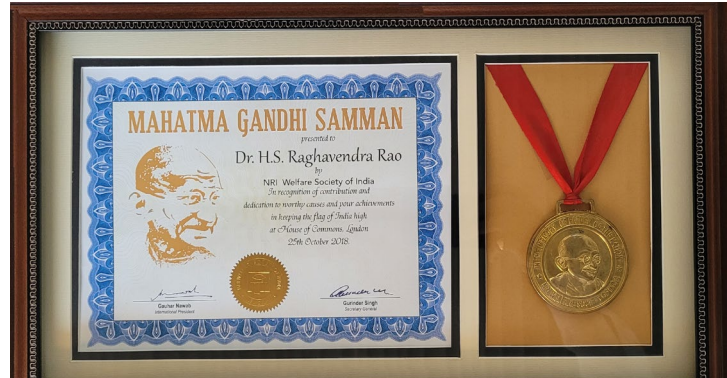
**“INDO-NEPAL RATAN AWARD FOR EXCELLENCE” by
President and Members of Economic Growth Society
of India for Outstanding contributions to National
Development.**



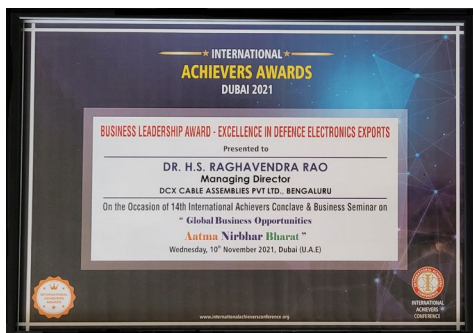
**ET Pioneer 2021 achievers award for
exemplary contribution in the Aerospace and
Defence field.**



**“MAHATMA GANDHI SAMMAN” Award by NRI Welfare
Association at House of Commons, London.**



**“INTERNATIONAL ACHIEVERS AWARDS – Dubai 2021 –
Business Leadership Award – Excellence in Defence Electronics Exports.**



SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L31908KA2011PLC061686						
2.	Name of the Listed Entity	DCX Systems Limited (Formerly known as DCX Cable Assemblies Pvt Ltd)						
3.	Year of incorporation	2011						
4.	Registered office address	Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural, 562110 Karnataka, India						
5.	Corporate address	Aerospace SEZ Sector, Plot Nos. 29, 30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural, 562110 Karnataka, India						
6.	E-mail	cs@dcxindia.com						
7.	Telephone	+91 80 – 6711 9555						
8.	Website	www.dcxindia.com						
9.	Financial year for which reporting is being done	2022-23						
10.	Name of the Stock Exchange(s) where shares are listed	<table border="1"> <thead> <tr> <th>Name of the Exchanges</th> <th>Stock Code</th> </tr> </thead> <tbody> <tr> <td>BSE Limited</td> <td>543650</td> </tr> <tr> <td>National Stock Exchange of India Limited</td> <td>DCXINDIA</td> </tr> </tbody> </table>	Name of the Exchanges	Stock Code	BSE Limited	543650	National Stock Exchange of India Limited	DCXINDIA
Name of the Exchanges	Stock Code							
BSE Limited	543650							
National Stock Exchange of India Limited	DCXINDIA							
11.	Paid-up Capital	₹ 19,34,47,342/-						
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Nagaraj R Dhavaskar – Company Secretary, Legal and Compliance Officer Tel - +91 80-6711 9555 E-mail - cs@dcxindia.com						
13.	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.						

II. Products/services

14. 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	99.45%

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

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Systems Integration Assemblies and Kitting	27320	97.12%
2.	Cable and Wire Harness	27900	2.33%
3.	Other Professional and technical Services	74909	0.55%

III. Operations

16. 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

17. Markets served by the entity:

- a. Number of locations

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

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

98.90% (including deemed exports)

- c. A brief on types of customers

DCX Systems Limited serves a diverse range of customers in both domestic and international markets, with a primary focus on the Defence and Aerospace sectors. The Company's client base includes organizations primarily located in Israel, India, Korea and the United States of America. The Company plays a crucial role in manufacturing the customer specific requirements by providing value added services through system integration, build to print, cable and wire harness. 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 man power, quality product and timely deliveries to support the critical needs of Defence and Aerospace Industry.

IV. Employees

18. 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)	58	51	87.93%	7	12.07%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	58	51	87.93%	7	12.07%
WORKERS						
4.	Permanent (F)	37	36	97.30%	1	2.70%
5.	Other than Permanent (G)	30	28	93.33%	2	6.67%
6.	Total workers (F + G)	67	64	95.52%	3	4.48%

- 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)					
2.	Other than Permanent (E)					
3.	Total differently abled employees (D + E)					
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)					
5.	Other than permanent (G)					
6.	Total differently abled workers (F + G)					

19. 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

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7%	3%	10%	7%	2%	9%	6%	0%	6%
Permanent Workers	2%	1%	3%	0%	0%	0%	2%	0%	2%

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

21. (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	No

VI. CSR Details

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

(i) Turnover (in ₹) – 12,536.29 Mn

(ii) Net worth (in ₹) – 5,670.58 Mn

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances 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 2022-23		FY 2021-22	
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Number of complaints filed during the year	Number of complaints pending resolution at close of the year
Communities	Yes, https://dcxindia.com/contact-us/				
Investors (other than shareholder)	Yes, https://dcxindia.com/contact-us/				
Shareholders	Yes, https://dcxindia.com/contact-us/				
Employees and workers	Yes, as per HR Policy	No Complaints or grievances received from any of the mentioned stakeholders			
Customers	Yes, https://dcxindia.com/contact-us/				
Value Chain Partners	Yes, https://dcxindia.com/contact-us/				
Other (please specify)	Yes, https://dcxindia.com/contact-us/				

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability 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 implications, as per the following format

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	R	Energy plays a vital role since the Company is in the aerospace and defense manufacturing industry, with purchased electricity being the primary expense, followed by purchased fuels. The specific energy sources, consumption levels, and management strategies employed depend on the products being manufactured. The energy mix, which includes on-site generation, grid electricity, and alternative energy, can impact the cost and dependability of the energy supply. As a result, it has the potential to influence the entity's cost structure and regulatory risk.	To mitigate the potential challenges associated with energy in aerospace and defense manufacturing, the Company can adopt several strategies. Firstly, they can invest in energy-efficient technologies and processes to reduce overall energy consumption. This can be coupled with the integration of renewable energy sources to decrease reliance on traditional energy providers and enhance sustainability. Additionally, implementing robust energy management systems and conducting regular energy audits can help identify areas for improvement and optimize energy usage. By diversifying the energy mix and adopting proactive measures, The Company can mitigate cost volatility, enhance energy reliability, and reduce regulatory risks in their operations.	Negative * There was no negative financial impact in the reporting period of FY 22-23.
2.	Product Quality & Safety	O	Product safety is critical for aerospace and defense entities due to their significant role in aviation and military operations.	The products are built as per the design and specifications provided by the customers. The products are manufactured/tested as per standard operating procedures with Automatic Testing Equipment's (ATEs) provided by the OEMs (Original Equipment Manufacturers) meeting the requirement of Quality and safety standards for manufacturing.	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)
3.	Data Security	R	Given the Aerospace & Defense industry's involvement in developing sensitive military and advanced aviation products, entities within this sector face a heightened risk of cyber-attacks. Compromised information systems due to data security breaches can lead to significant costs for both the entity and its clients.	The Company's endeavor and continuous efforts to safeguard all data security related aspects. Data security is of utmost priority for the organization being in defence and aerospace manufacturing. To ensure data security, the Company has allocated resources and well-defined Standard Operating Procedures regarding information security, cyber-attacks and data theft. Regular security audits and vulnerability assessments can help identify and address potential weaknesses and any associated risks. Implementing employee training programs on cybersecurity with best practices is crucial. Collaboration with cybersecurity experts and participation in information sharing networks can enhance threat intelligence. By taking these preventive steps, the Company can minimize the financial and reputational impacts of data breaches, ensuring the integrity of their systems, protecting client information, and maintaining the trust of their customers.	Negative * There was no negative financial impact in the reporting period of FY 22-23.

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.	Materials Sourcing & Efficiency	R	Aerospace and defense entities face supply chain risks associated with the use of critical materials in their products. These materials have limited or no substitutes and are often obtained from deposits concentrated in a few countries, making them susceptible to geopolitical uncertainties. Additionally, growing global demand for these materials from various sectors creates competition, leading to price increases and supply risks. To mitigate potential financial impacts arising from supply disruptions and volatile input prices, entities in this industry can reduce their reliance on critical materials by exploring alternative options and actively securing their supply chains.	To mitigate the supply chain risks associated with critical materials, the Company can adopt strategic measures. The Company engages with pre-approved and vetted suppliers as per the OEM's requirements. This coupled with established supply chain management, ensures that the Company is not exposed to challenges of delay/ damage of materials needed for manufacturing with well planned supply chain schedules for timely deliveries. Establishing strong supplier relationships and implementing robust supply chain management practices, such as monitoring and early warning systems, can enhance resilience.	Negative. * There was no negative financial impact in the reporting period of FY 22-23.

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	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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 in the Company's Website:								
	Name of the Policy		Web-link						Principles Mapped
	CSR Policy		https://dcxindia.com/wp-content/uploads/2022/04/1_CSR_Policy.pdf						P4, P8
	Risk Management Policy		https://dcxindia.com/wp-content/uploads/2022/04/2_Risk_Management_Policy.pdf						P1, P2
	Vigil Policy	Mechanism	https://dcxindia.com/wp-content/uploads/2022/04/3_Vigil_Mechanism_Policy.pdf						P1
	Whistle blowers operating guidelines		https://dcxindia.com/wp-content/uploads/2022/04/4_Whistle_Blower_Operating_Guidelines.pdf						P1
	Remuneration Policy		https://dcxindia.com/wp-content/uploads/2022/04/5_Remuneration_Policy.pdf						P3, P4
	Code of Conduct		https://dcxindia.com/wp-content/uploads/2022/12/6_Code_of_Conduct_v2.pdf						P1
	Policy on Succession planning		https://dcxindia.com/wp-content/uploads/2022/04/8_Policy_on_Succession_Planning.pdf						P1, P3, P8
	Familiarization programme for Independent Directors		https://dcxindia.com/wp-content/uploads/2022/04/9_Familiarisation_Programme_for_Independent_Directors.pdf						P1
	Policy on Board Diversity		https://dcxindia.com/wp-content/uploads/2022/04/10_Policy_on_Board_Diversity.pdf						P1
	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
	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
	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

Materiality Policy	https://dcxindia.com/wp-content/uploads/2022/04/13_Materiality_Policy.pdf	P1
Material Subsidiaries	https://dcxindia.com/wp-content/uploads/2022/04/14_Material_Subsidiaries.pdf	P1
Dividend Distribution Policy	https://dcxindia.com/wp-content/uploads/2022/04/15_Dividend_Distribution_Policy.pdf	P3, P4
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
Policy on Related Party Transactions	https://dcxindia.com/wp-content/uploads/2022/04/17_Policy_on_Related_Party_Transactions.pdf	P1, P4, P7
Anti-Bribery Anti-Corruption Policy	https://dcxindia.com/wp-content/uploads/2022/04/18_Anti_Bribery_Anti_Corruption_Policy.pdf	P1, P7
POSH Policy	https://dcxindia.com/wp-content/uploads/2022/04/19_POSH_Policy.pdf	P5
The Company has other policies and Procedures in their Intranet, Like: Occupational, Health and Safety Policy; Environmental, Health and Safety Procedure; Store Management Procedure; Resource Planning and Control; etc.		

2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes
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>Certifications:</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 Defense Organization: AS9100:2016 Quality Management Systems: ISO 9001: 2015 Certified IPC trainer: IPC/WHMA-A-620 				
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	In order to ensure continuous upgrade and timely renewal of certifications, the company sets specific commitments, goals, and targets with defined timelines. These targets serve as a roadmap to track and achieve certification renewal within predetermined timeframes, ensuring ongoing professional development and compliance.				
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	DCX has identified long-term sustainability goals/targets and tracks them annually. They have developed an action plan that includes resource allocation, stakeholder engagement, performance measurement, and continuous improvement. Through integration into their business strategy and external collaborations, the Company aims to achieve sustainable outcomes and ensure long-term business resilience.				

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

I strongly believe that taking into account 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 acknowledging the impact of our operations on the environment, employees, local communities, and stakeholders. Therefore, we dedicate ourselves 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 promoting renewable energy and energy-efficient technologies to lower greenhouse gas emissions.

Additionally, the company acknowledges the pressing need to tackle climate change. They are committed to actively supporting initiatives aimed at reducing greenhouse gas emissions, adapting to climate risks, and collaborating 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 secure working environment and implementing comprehensive protocols. Our employees are our most valuable asset, and we foster diversity, equality, and inclusion while encouraging their professional development and meaningful contributions to the company and society.

We have a strong commitment to upholding the highest ethical standards in all our operations, promoting transparency, integrity, and accountability. Adherence to applicable laws, regulations, and international best practices is strictly followed. Engaging with stakeholders to understand their expectations and concerns is a priority, maintaining open communication for mutual trust and collaboration.

We have robust systems for identifying, assessing, and managing risks related to ESG factors, ensuring compliance with regulations and industry standards. By embracing ESG principles, DCX Systems aims to create long-term value for shareholders, employees, customers, and society. Responsible decisions, innovation, and technical expertise are utilized to drive 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, Risk Management Committee Overviews Sustainability related issues and is responsible for giving recommendations to the Board for decision making.
The members of Committee are as follows:
1. Dr. H.S. Raghavendra Rao - Chairman
2. Mr. Sankarakrishnan Ramalingam – Member
3. Mr. Kalyanasundaram Chandrasekaran – Member

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against Above policies and follow up action	The Company regularly monitors and evaluates its performance against sustainability policies. If any deviations or non-compliance are identified, prompt follow-up actions are taken. This includes conducting investigations, implementing corrective measures, and reviewing policies to ensure adherence and continuous improvement towards sustainability goals.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company is in compliance with all statutory requirements and no non-compliance of the same has been reported.								

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)	Operational issues are being addressed on an 'ongoing basis' as and when identified.								
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.	P1 to P9 Dhir & Dhir Associates, a Law Firm, assessed the implementation and efficacy of policies. Their evaluation focused on examining how effectively the policies were functioning. Furthermore, the department heads and business heads periodically review and revise the policies, which are then approved by the management or board. It is important to note that internal auditors and regulatory bodies may scrutinize the processes and ensure compliance with relevant regulations and requirements.								

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)						NA			
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

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%
Key Managerial Personnel	1	Awareness on ESD, AS-9100	100%
Employees other than BoD and KMPs	25	1. On Job Process Training 2. 5S Training 3. QMS Process, Etc.	100% (Production, Quality and Stores)
Workers	37	1. On Job Process Training 2. 5S Training 3. QMS Process, Etc.	100% (Production, Quality and Stores)

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, in the following format (Note: the entity shall make disclosures on the basis of 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		NIL					
Compounding Fee	Principle 1 The Regional Director, South East Region, The Ministry of Corporate Affairs, Hyderabad	Compounding Amount charged on the Company for ₹0.2 Mn, on Mr. Neal Jeremy Castleman, Director, for ₹ 0.1Mn and on Dr. H S Raghavendra Rao, Managing Director for ₹0.05 Mn	A compounding order from the Regional Director on 11.04.2022 was passed in respect of violation of Section 96 of the Companies Act, 2013 for the FY 2021-22. The Order was passed before the Company got listed on stock exchanges	No			
Non-Monetary							
Imprisonment		NIL					
Punishment		NIL					

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.

The Company did not file for an appeal to the compounding order mentioned in Question no. 2.

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.

The Company upholds the principles of anti-bribery as an integral part of its code of conduct. The Company places great importance on maintaining the highest standards of corporate governance and ethical business behavior. Recognizing the significance of preventing bribery, the Company considers it a crucial element of its corporate governance framework. This approach helps the Company to ensure adherence to legal requirements, safeguard its reputation, mitigate risks, and foster a culture of ethical business practices. It is worth noting that while the Company prioritizes anti-bribery measures within its code of conduct, it does not currently have a separate policy specifically dedicated to this aspect.

URL of the Policy: https://dcxindia.com/wpcontent/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 2022-23	FY 2021-22
Directors	Nil. No disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption against any of our Directors/KMPs/Employees/Workers in the reporting year.	
KMPs		
Employees		
Workers		

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

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

Nil. No complaints were received in relation to issues of conflict of interest against any of our Directors or KMPs in the reporting year and in the year before that.

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 because there were no such complaints raised in the reporting year.

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) under the awareness programmes
		NIL

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 that addresses the issue of Conflict of Interest concerning Directors and Senior Management which sets guidelines and expectations for these key positions within the Company. Additionally, the Company has a dedicated handbook specifically designed for its employees which covers the topic of Conflict of Interest, outlining the expectations and protocols for all employees to prevent any situations that may compromise their loyalty or impartiality towards the company.



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

Essential Indicators

1. 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.

	Current Financial Year	Previous Financial Year	Details of improvements in the environmental and social impacts
R&D	No R&D investments has been done by the Company in both the FYs		
Capex	Assessment of Capital Expenditure spend is in line with its possible impact on the betterment of social & environmental components associated with business activities. The costs are inseparable and hence separate identification of such cost is not feasible.		

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Currently, the Company does not have a formalized system in place to govern sustainable sourcing practices. Nevertheless, the Company recognizes the significance of sustainable sourcing and intends to adopt a procedure to address this aspect in the future. By acknowledging the importance of sustainable sourcing, the Company demonstrates its commitment to environmental and social responsibility. The Company aims to establish a framework that will guide its sourcing practices towards sustainable and ethical standards, ensuring that its supply chain aligns with its values and objectives.

b. If yes, what percentage of inputs were sourced sustainably?

As of now, no specific percentage of inputs can be attributed to sustainable sourcing in the Company, as the Company has not yet implemented a formal procedure for sustainable sourcing. Therefore, all input materials are sourced without consideration of sustainable practices. However, the Company has plans to implement a sustainable sourcing procedure in the future, which will enable them to track and quantify the percentage of sustainably sourced inputs. Once the procedure is in place, the Company will be able to provide accurate information regarding the percentage of inputs sourced sustainably.

3. 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.

Waste	Disposal method
Plastic (including packaging)	All Plastic waste including packaging materials is disposed through an agency authorized by Pollution Control Board.
Hazardous waste	Hazardous waste is categorized and is sent for proper disposal in accordance with local and national regulations.
E-waste	E-waste is handed over to an agency authorized by Pollution Control Board.

4. 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.

Considering the Company's Business operations of Cable Assembly and System Integration, EPR is not applicable to the Company as per CPCB (Central Pollution Control Board)'s regulations.

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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The Company's operation does not lead to a comprehensive evaluation of environmental impacts throughout its life cycle, therefore LCA is not being conducted for the Company.

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
NIL.	The Company manufactures products as per designs and specifications provided by the OEMs.	

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 22-23	FY 21-22
	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 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)			0.466			0.064
E-waste			0.536			0
Hazardous Waste	Not Applicable		0	Not Applicable		0
Other waste			3.736			6.091

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.
	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:

	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Insurance		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	51	51	100	51	100	0	0	0	0	0	0
Female	7	7	100	7	100	7	100	0	0	0	0
Total	58	58	100	58	100	7	12.069	0	0	0	0
Other than Permanent Employees											
Male											
Female											
Total											

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

	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Insurance		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	36	36	100	36	100	0	0	0	0	0	0
Female	1	1	100	1	100	1	100	0	0	0	0
Total	37	37	100	37	100	1	2.70	0	0	0	0
Other than Permanent workers											
Male	28	28	100	28	100	0	0	0	0	0	0
Female	2	2	100	2	100	0	0	0	0	0	0
Total	30	30	100	30	100	0	0	0	0	0	0

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

Benefits	FY 2022-23			FY 2021-22		
	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	100	Y	100	100	Y
Gratuity	100	100	NA	100	100	NA
ESI	100	100	Y	100	100	Y
Others	NIL					

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, 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 and workers by providing Ramp Facilities, Work Area and Rest Rooms.

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 is taking necessary steps to ensure equal opportunity for all employees, it does not currently have a specific policy in place. However, the Company recognizes the importance of promoting equal opportunities and fostering an inclusive work environment. Efforts are underway to develop and implement an equal opportunity policy that aligns with the provisions of the Rights of Persons with Disabilities Act, 2016.

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	NIL			
Female	1	100%	NIL	
Total	1	100%		

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 implemented a system where all employees have access to grievance registers to address any concerns or complaints they may have. The company's management takes these grievances seriously and strives to resolve them in a fair and amicable manner. It is noteworthy that, up to this point, the company has not received any grievances from its employees and 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 2022-23			FY 2021-22		
	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						
Male						
Female						
Total Permanent Worker						
Male						
Female						

NIL

8. Details of training given to employees and workers:

	FY 2022-23					FY 2021-22				
	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	51	51	100	0	0	51	51	100	0	0
Female	7	7	100	0	0	7	7	100	0	0
Total	58	58	100	0	0	58	58	100	0	0
Workers										
Male	36	36	100	36	100	36	36	100	36	100
Female	1	1	100	1	100	2	2	100	2	100
Total	37	37	100	37	100	38	38	100	38	100

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	51	51	100	51	51	100
Female	7	7	100	7	7	100
Total	58	58	100	58	58	100
Workers						
Male	36	36	100	36	36	100
Female	1	1	100	2	2	100
Total	37	37	100	38	38	100

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, an occupational health and safety management system has been implemented by the Company. This system provides comprehensive coverage for various aspects of health and safety in the workplace. It includes processes for identifying

and assessing risks, developing and implementing policies and procedures, conducting regular training and education programs, establishing incident reporting and investigation protocols, and ensuring continuous improvement. The system aims to create a safe and healthy work environment, protect the well-being of employees, and comply with occupational health and safety regulations. By implementing this system, the entity demonstrates its commitment to prioritizing the health and safety of its workforce and maintaining a responsible and compliant 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 identifies work-related hazards in following ways:

- The Company designates a dedicated Hazardous Material Storage Area that is clearly marked and includes Material Safety Data Sheets (MSDS) for all hazardous materials. The Data sheet is maintained, containing essential information such as the Date of Manufacturing (DOM) and Date of Expiry (DOE) for each hazardous material.
- The employees responsible for handling these hazardous materials undergo regular reviews and assessments to ensure their safety knowledge and practices are up to date.
- The Company prioritizes employee safety by providing them with Personal Protective Equipment (PPE) such as aprons, safety eyeglasses, hand gloves, and safety shoes. Additionally, the Company supplies employees with Electrostatic Device (ESD) slippers to mitigate the risk of static discharge.

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 has processes in place for workers to report work-related hazards and to remove themselves from such risks. These processes encourage workers to report hazards or unsafe conditions they encounter in the workplace, ensuring their ability to prioritize their safety and well-being by taking appropriate measures to mitigate or remove the risks.

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

Yes, the Company has implemented comprehensive Standard Operating Procedures (SOP's) that serve as guidelines for both employees and workers. These procedures outline the specific steps to be followed in the event of any adverse safety incidents, ensuring a systematic and effective response.

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

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees		
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of fatalities	Employees		NIL
	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 conducts regular First-Aid and Fire Safety training sessions for its employees, prioritizing their well-being and preparedness. The Company diligently maintains fire safety equipment, ensuring timely refilling of fire extinguishers and prominently displaying emergency escape route maps and conducts mock drills. Additionally, SOPs (Standard Operating Procedures) are prominently showcased in the working areas, serving as a visual reference for employees to follow established protocols.

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

	FY 2022-23			FY 2021-22		
	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			NIL			
Health & Safety						

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	Nil
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 safety-related incidents and no significant risks/ concerns arising from assessments of health & safety practices and working conditions were reported.

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).

Currently, the Company does not offer any specific life insurance or compensatory package. However, the company acknowledges the importance of providing support during such unfortunate circumstances and is open to considering the formulation of such packages in the future. The Company recognizes the value of employee welfare and understands that providing financial security to employees and workers' families in case of unexpected events is a crucial aspect of a comprehensive benefits program.

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 the timely payment of contractor bills by following a thorough verification process. Before clearing the bills, they ensure that all necessary statutory dues have been remitted to the relevant authorities. This verification is done by carefully examining the deposit or remittance Challans submitted along with the bills.

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 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees			NIL	
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	NIL
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 concerns were raised and assessment was not 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 maintains regular communication and engagement with its key stakeholders, which include Investors, Customers, Suppliers, and Employees. The Company's management actively interacts with these stakeholders to foster strong relationships and gather valuable insights. They have established dedicated committees for Risk Management and Corporate Social Responsibility (CSR) which are responsible for monitoring and updating the progress of actions related to economic, environmental, and social topics.

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
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

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 importance on maintaining regular and proactive engagement with its key stakeholders. This active involvement enables them to effectively develop and implement strategies related to Environmental, Social, and Governance (ESG) initiatives while ensuring transparency in reporting the outcomes. In compliance with current regulations and based on interactions with stakeholders, they conduct periodic evaluations to review and update its 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 range of initiatives to foster 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 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	39	39	100	51	51	100
Other than permanent			Not Applicable			
Total Employees	39	39	100	51	51	100
Workers						
Permanent	37	37	100	38	38	100
Other than permanent	30	30	100	36	36	100
Total Workers	67	67	100	74	74	100

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

Category	FY 2022-23					FY 2021-22				
	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	58	0	0	58	100	58	0	0	58	100
Male	51	0	0	51	100	51	0	0	51	100
Female	7	0	0	7	100	7	0	0	7	100
Other than Permanent										
Male	NIL									
Female										
Workers										
Permanent	37	0	0	37	100	38	0	0	38	100
Male	36	0	0	36	100	36	0	0	36	100
Female	1	0	0	1	100	2	0	0	2	100
Other than Permanent										
Male	28	0	0	28	100	34	0	0	34	100
Female	2	0	0	2	100	2	0	0	2	100

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

	Male		Female	
	Number	Median remuneration/ Salary/ Wages of respective category	Number	Median remuneration/ Salary/ Wages of respective category
Board of Directors (BoD)	5		1	
Key Managerial Personnel	9		0	
Employees other than BoD and KMP	43	₹ 0.36 Mn	7	₹ 0.36 Mn
Workers	36		1	

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

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

The Company considers the respect for human rights to be a foundational and integral aspect of its values. Upholding human rights is of utmost importance to the Company, and it actively endeavours to support, protect, and advance these rights. This commitment extends to both its business practices and employment policies, with a focus on promoting fairness and ethics. The Company is dedicated to creating a safe and harmonious environment in both the business operations and the workplace. It recognizes the significance of fostering an atmosphere where every individual feels secure, valued, and respected.

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

	FY 2022-23			FY 2021-22		
	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						
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other Human Rights related issues						

Nil. No complaints were raised with regards to the abovementioned human rights issues in the reporting year and the previous year.

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

The Company is fully committed to upholding 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 as defined by relevant laws.

To ensure inclusivity and diversity, the Company has implemented a Policy against Sexual Harassment at Workplace, Code of Business Conduct and Ethics and Vigil Mechanism Policy. The primary objective of these policies is to ensure that the Company remains an inclusive employer that respects and embraces diversity across various groups, including gender identity, disability, caste, creed, colour, religion, marital status, age, sexual orientation, expression, medical condition, language, and other relevant aspects. The policy aims to foster an open and inclusive culture for all stakeholders and emphasizes a zero-tolerance approach towards discrimination.

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

Yes, human rights requirements can form a part of the Company's business agreements and contracts where relevant. The Company recognizes the importance of incorporating human rights considerations into its contractual relationships and business agreements. By including human rights requirements in these agreements, the Company seeks to ensure that its business partners, suppliers, and other stakeholders adhere to ethical practices and respect human rights throughout their operations.

9. Assessments for the year:

	% of your plants and Offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	
Forced/involuntary labour	
Sexual Harassment	The Company has conducted a Self- assessment for the reporting year.
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 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 and workers 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	NIL
Discrimination at workplace	
Child Labour	
Forced Labour / Involuntary Labour	
Wages	
Others – Please Specify	

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, as assessment has not been done.

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 (values presented in Gigajoules):

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	569.74	514.94
Total fuel consumption (B)	147.36	255.19
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	717.10	770.13
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.00000057	0.00000007
Energy intensity (optional) – 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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

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

Not Applicable, as the Company is not identified as a Designated Consumer under the PAT Scheme. (According to the official gazette of Ministry of Power - National Mission for Enhanced Energy Efficiency - NMEEE)

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

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	2,410	2,730
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	0	0
Total volume of water consumption (in kilolitres)	2,410	2,730
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000002	0.00000025
Water intensity (optional) – 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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

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

Currently, the Company has not implemented Zero Liquid Discharge (ZLD) practices. Recognizing the importance of sustainable water management, the Company acknowledges that adopting ZLD can significantly reduce its environmental impact by minimizing water pollution and conserving water resources. By implementing ZLD, the Company can effectively treat and reuse wastewater generated during its operations, ensuring that no wastewater is discharged into the environment.

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

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx			
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Nil, The Company does not emit any of the gases/matters mentioned in the first column.

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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

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

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	137	203.35
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	128.19	115.86
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent	0.00000002	0.00000003
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Nil	Nil	Nil

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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

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

No, the Company has not started any project related to GHG Emission. However, the Company anticipate and endeavour to reduce carbon emissions by adopting innovative approaches.

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

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0.46	0.06
E-waste (B)	0	0
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please Specify, if any. (G)	0	0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	4.27	6.09
Total (A+B + C + D + E + F + G + H)	4.73	6.15
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		
(ii) Re-used		NIL
(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		NIL
(iii) Other disposal operations		
Total		

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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

Plastics Waste (including packaging) - Plastic Items including packaging materials is disposed through an approved agency authorized by Pollution Control Board.

E- Waste - An agency authorised by the Pollution Control Board is selected for ensuring safe disposal of e-waste with minimal environmental impact.

Hazardous Waste - Hazardous waste is categorised as per the Rules and is sent for proper disposal in accordance with local and national regulations.

9. 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:

The Company follows a waste management strategy centred on the principles of Reduce, Reuse, and Recycle. Our aim is to achieve zero waste to landfills by actively minimizing waste generation and investing in recycling technologies. We are committed to streamlining our systems and processes to optimize waste management practices and minimize our environmental footprint.

10. 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.
Not Applicable. As the entity is not situated on or near any ecologically sensitive area			

11. 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
Not Applicable. As per MoEF (Ministry of Environment, Forest & Climate Change); our industry/operations do not have to provide any environmental clearance/EIA					

12. 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:

S. No.	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 taken, if any action
The Company is complying with all applicable environmental laws, regulations, and guidelines in India. There is no non-compliance on part of the Company. No penalties /fines /action taken by the Regulatory Authorities /Agencies.				

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Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D)	569.74	514.94
Total fuel consumption (E)	147.36	255.19
Energy consumption through other sources (F)		
Total energy consumed from non-renewable sources (D+E+F)	717.10	770.13

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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
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		Not Applicable
(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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

3. 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
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format: The Company does not withdraw, consume or discharge water in areas of water stress

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		Not Applicable
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Water discharge by destination and level of treatment (in kilolitres)

(i) Into Surface water
- 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

Not Applicable

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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

The above mentioned table is not applicable to the Company, as none of the Company's offices are not situated near any water stress areas.

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

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	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 (optional) – 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-

Considering the Company's Business Operations, evaluation is not being conducted from any external agency.

5. With respect to the ecologically sensitive areas reported at Question 10 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.

Not Applicable. The Company has no operations/offices in/around ecologically sensitive areas.

6. 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
Not Applicable			

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

The Company implements comprehensive strategies to safeguard its operations and ensure resilience in the face of potential disruptions. This includes conducting risk assessments, developing contingency plans, establishing redundant systems, training employees and conducting regular drills to test the plan's effectiveness. The Company prioritizes maintaining essential functions, minimizing downtime and swiftly responding to crises to ensure the continuity of critical operations and services for its customers and stakeholders. Additionally, the Company actively engages with key stakeholders, suppliers, and partners to foster a collaborative approach to disaster management. Regular reviews and updates to the plan, based on lessons learned from past incidents, demonstrate the Company's commitment to continuously improving its business continuity and disaster management capabilities.

8. 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

9. 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 affiliated with 1 trade and Industry chambers/ associations. Details are listed down below (1.b).

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
NIL					

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 does come under the requirements of Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Social Impact Assessment and Consent) Rules, 2014					

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)	% 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 implemented multiple methods to address and resolve complaints from different individuals or groups involved. The Human Resources department is responsible for maintaining a Register of Grievances, which serves as a platform for receiving and resolving grievances from the community. Additionally, the Company has established a Whistle-blower Policy that enables all stakeholders to report their concerns or complaints. The detailed guidelines and procedures for utilizing this policy can be accessed on the company's website at <https://dcxindia.com/investors/policies/>.

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	9.27%	13.86%
Sourced directly from within the district and neighbouring districts	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 on any of the aspirational district mentioned on my.msme.gov.in			

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 procurement policy in place that prioritizes purchasing from suppliers belonging to marginalized or vulnerable groups. Instead, the Company follows a sourcing policy that is primarily based on attributes, quality, costs, and capability as recommended by the OEMs. The procurement is strictly adhered as per the pre-approved vendor list provided by the OEMs, as the product manufactured 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.	People For animals	The Company ensures welfare of animals 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 Eradicating hunger, promoting education, meals scheme for under privileged children and animal welfare activities. This CSR initiative was benefitted to large number of people including vulnerable and marginalized groups, which is difficult to quantify.
2.	Jagadguru Sri Shivarathreeswara Mahavidyapeetha		
3.	Swami Shivanand Seva Samiti		
4.	Tapas 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 focus in conducting business operations, ensuring that each customer concern is promptly addressed with a positive response at all levels. To handle customer complaints effectively, the Company has formed an internal team dedicated to this task. The team carefully analyses the issues raised by customers and holds structured and regular meetings to devise an action plan for resolution. Throughout the entire complaint resolution process, the Company maintains open communication with the customer, keeping them informed about the progress being made. The Company actively engages with the customer by making phone calls, establishing connections, and providing the final resolution to ensure that 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	
Safe and responsible usage	Negligible Value - ₹ 0.07 Mn for FY 2022-23
Recycling and/ or safe disposal	

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

	FY 2022-23		Remarks Received during the Year	FY 2021-22		Remarks Received during the Year
	Received during the Year	Pending resolution at end of year		Received during the Year	Pending resolution at end of year	
Data Privacy						
Advertising						
Cyber-security						
Delivery of essential services						NIL
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

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 acknowledges 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. This policy outlines the guidelines and measures that need to be followed internally within the organization. It serves as a framework to protect sensitive information, prevent unauthorized access or breaches, and mitigate potential cyber threats. By adhering to this policy, the Company prioritizes the confidentiality of its operations and safeguards 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 table 3.

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. For detailed information, please visit the official website 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 supply the products to end customers, the Company's ability to directly inform and educate the end users about the safe and responsible usage of its products is restricted. As a result, the Company faces limitations in directly reaching out to end users to provide information and guidance on the proper and responsible utilization of their products.

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

The Company has developed a contingency plan to address the potential risks associated with the disruption or discontinuation of essential services. The Company's team emphasizes quality and customer service, enabling them to proactively identify issues before they escalate and collaborate with customers to find mutually beneficial solutions. Additionally, the Company maintains a functional website that is regularly updated to provide stakeholders with timely information on material 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)

Taking into consideration the Company's need to maintain confidentiality being in Defence and Aerospace sector which covers National Security, the entity does not display product information on the product beyond what is mandated by local laws.

5. Provide the following information relating to data breaches:

a) Number of instances of data breaches along-with impact

No such instances of data breach were marked.

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

NIL



ESG (Environment, Social and Governance) Chapter mapped with Sustainable Development Goals (SDGs) and BRSR Principles

ENVIRONMENT:



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION: Mapped with Principles: P2, P6, P8



- The Company has planted various type of fruit trees and other type of trees within the Company's premises so that the Company employees can consume good amount of clean oxygen.
- The Company has celebrated environmental day by planting various types of saplings within the industrial area (outside the company premise) where the Company operates.



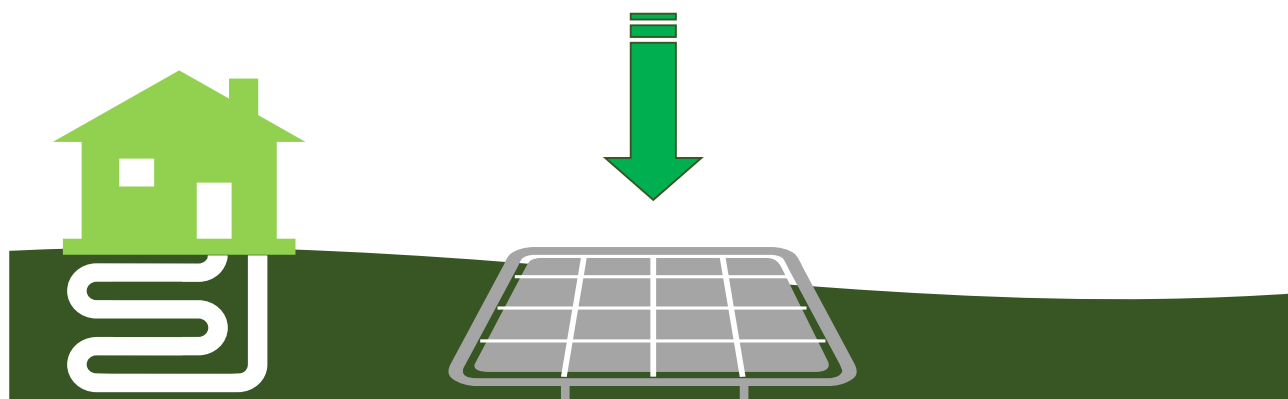
SDG 15: LIFE ON LAND

Mapped with Principles: P2, P6

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The Company's donation to the CSR implementing agency under CSR scheme is to ensure animal welfare activities.



SOCIAL



SDG 1: NO POVERTY **Mapped with principles:** **P3, P4, P8**

- 350 Food Kits were given to underprivileged individuals living below the poverty line in Gangawara Village, Devanahalli Taluk, Bangalore Rural District, aiming to eliminate hunger in the vicinity of Devanahalli Taluk with ongoing dedication.
- The Company is offering complimentary Noon Meals to its employees, workers, contract employees, and outsourced cab drivers. Any surplus food will be distributed among the needy individuals residing in and around the Company's premises.



SDG 3: GOOD HEALTH AND WELL-BEING **Mapped with Principles:** **P3, P8**

- The Company is offering a cost-free "group medical insurance scheme" to all its employees, regardless of their category.
- The Company's contribution to the CSR implementing agency, as part of the CSR scheme, aims to support underprivileged students by providing them with accommodation, food, healthcare, and education.



SDG 5: GENDER EQUALITY **Mapped with Principles:** **P3, P4, P5, P8**

- The Company is dedicated to its vision of offering equal employment opportunities for women. Our HR Policies prioritize and stress the provision of a safe and secure working environment for female employees, ensuring there is no gender discrimination within the Company premises and no risk of harassment.

GOVERNANCE



SDG 6: CLEAN WATER AND SANITATION Mapped with Principles: P2, P6, P8

The Company places great importance on the well-being of its employees, and as a result, it has implemented measures to provide clean and healthy water for them. The Company's policy is focused on environmental preservation, which led to the construction of a concrete tank to store wastewater, preventing it from seeping into the soil. Proper procedures have been adopted to dispose of this wastewater through a Government-approved vendor. It is noteworthy that the Company does not dispose of any chemical-mixed wastewater as a by-product of its manufacturing activities.



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE: Mapped with Principle 3, 4 and 8

Our facility spans more than 30,000 square feet, accommodating assembly, system integration, and conducting environmental and electrical testing.





As a System Integrator and build to print specialists, we assure our customers that they can depend on us to collaborate closely and fulfil all their comprehensive program requirements.

We possess a broad range of in-house capabilities, spanning from production to inspection and testing.



DCX Systems invests in skilled workforce, on job training and supply chain management to drive the manufacturing capability and deliver quality products to Defence and Aerospace sector. DCX always believes in providing end-to-end solutions in system integration, kitting and cable and wire harness.



**SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION:
Mapped with Principle 2, 6, 9**

Our distinctiveness arises from our dedication to the Quality First approach

Throughout our journey, we have emphasized the development of manufacturing systems and procedures that align with Health & Safety, Environmental, Social, and Governance standards. We uphold an exceptional quality management system compliant with AS9100:2016, ISO 9001:2015, and ANSI ESD 20:20-2014. Furthermore, we possess highly skilled personnel, including a Certified IPC Trainer for IPC 620B/WHMA, IPC 610D certified technicians for printed circuit board assemblies, and J-STD certified technicians for soldering tasks. These certifications showcase our unwavering commitment to maintaining the highest quality standards in our cable and wire harness manufacturing processes.





The Company is dedicated to attaining customer satisfaction through the timely delivery of quality products and services. This goal is achieved by fostering complete employee engagement and continuously improving both products and processes. The Company ensures on-time delivery to customers, offers employee training for skill enhancement, and remains committed to enhancing product and process quality through ongoing improvements.

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, 2023, the Company has six Directors. Out of six Directors, one is Executive Director, two are Non-Executive Non-Independent Directors and three are Non-Executive Independent Directors including one Women 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, 2023 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 31,2023			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		11 th AGM Held on 28.07.2022	Directorship(s)	Committee Memberships	Committee Chairmanships	
		Held	Attended					
Dr. H S Raghavendra Rao (DIN: 00379249)	Executive	14	14	Yes	1	-	-	Nil
Mr. Neal Jeremy Castleman (DIN: 05159412)	Non-Executive	14	8	Yes	1	-	-	Nil
Mr. Sankarakrishnan Ramalingam (DIN: 00078459)	Non-Executive	14	14	Yes	1	2	-	Nil
Mrs. Lathika Siddharth Pai (DIN: 00420102)	Independent (ID)	14	9	Yes	1	-	-	Nil

Name of the Director	Category	Attendance particulars			No. of Directorships and Committee Memberships/Chairmanships in Indian Companies as on March 31,2023			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		11 th AGM Held on 28.07.2022	Directorship(s)	Committee Memberships	Committee Chairmanships	
		Held	Attended					
Mr. Kalyanasundaram Chandrasekaran (DIN: 00936289)	Independent (ID)	14	14	No	1	2	2	Nil
Mr. Panchangam Nagashayana (DIN: 00907296)	Independent (ID)	14	14	Yes	1	2	-	Nil

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 was listed in recognized stock exchanges i.e., BSE and NSE on November 11, 2022. Since the Company was not a listed Company last year, so the Chairperson of Audit Committee and Stakeholders' Relationship Committee did not attend the last Annual General Meeting.
- 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, 2023 are given below:

Name	Category	Number of Equity Shares	% of Holding
Mr. Sankar Krishnan Ramalingam	Non-Executive Director	1,25,000	0.129%
Mr. Panchangam Nagashayana	Independent Director	50,000	0.051%

Details of equity shares of the Company held by the relative of Non-Executive Directors as on March 31, 2023 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	0.051%
Mr. Siddharth Ammembal Pai	Spouse of Non-Executive, Independent Director, Ms. Lathika Siddharth Pai	50,000	0.051%

- 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)	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Lathika Siddharth Pai (DIN: 00420102)	✓	✓	✓	-	✓	-	✓	✓
Mr. Kalyanasundaram Chandrasekaran (DIN: 00936289)	✓	✓	-	✓	✓	-	✓	✓
Mr. Panchangam Nagashayana (DIN: 00907296)	✓	✓	✓	-	-	✓	✓	✓

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 appraised 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 meetings 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 2022-23, the Board Meetings of the Company were held **14 (Fourteen)** times, i.e. on 14.05.2022, 01.06.2022, 28.06.2022, 21.07.2022, 25.08.2022, 16.09.2022, 13.10.2022, 09.11.2022, 14.11.2022, 17.11.2022, 26.12.2022, 23.01.2023, 08.02.2023 and 01.03.2023. The details for 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 01.03.2023, 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 thereunder 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 01.03.2023. All the Directors were participative, interactive and communicative during the entire evaluation process.

H. Code of Conduct

The Company has stipulated 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 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 members of the Audit Committee met **Eleven (11)** times during financial year 2022-23 i.e., on 14.05.2022, 30.05.2022, 01.06.2022, 28.06.2022, 21.07.2022, 25.08.2022, 16.09.2022, 13.10.2022, 14.11.2022, 23.01.2023 and 08.02.2023.

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 2022-23 is as below:

Sl. No.	Name of the Member	Designation	Category	No. of Meetings attended
1	Mr. Kalyanasundaram Chandrasekaran	Chairman and Member	Independent Director	11
2	Mr. Panchangam Nagashayana	Member	Independent Director	11
3	Mr. Sankarakrishnan Ramalingam	Member	Non-Executive Director	11

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 into 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
- 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;
- 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;

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.

- 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; and
- 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.

B. 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 2022-23, **Four (4)** meetings of the Committee were held on 30.05.2022, 21.07.2022, 26.12.2022 and 01.03.2023.

The composition of the Committee and attendance of each member at the Nomination and Remuneration Committee meetings held during the financial year 2022-23 is as below:

Sl. Nos.	Name of 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	3

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 then 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 of 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>.

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 2022-23:

Executive Directors:

(₹ in Mn)

Sl. Nos.	Name of the Director	Salary	Sitting fees	Commission paid/ payable	Total
1	Dr. H S Raghavendra Rao	22.89	-	-	22.89
2	Mr. Sankarakrishnan Ramalingam*	2.47	-	-	2.47

* Mr. Sankarakrishnan Ramalingam (DIN: 00078459) was appointed as Whole Time Director / KMP of the Company w. e. f 28.01.2022. Considering his prospective assignments, he intimated to the Board that he would not be able to devote full time services to the Company and hence expressed his unwillingness to continue as Whole Time Director and KMP of the Company and has agreed to continue as a Non-Executive Director of the Company, who liable to retire by rotation w. e. f 26.12.2022.

Non-Executive Independent Directors:

(₹ in Mn)

Sl. Nos.	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 on 02.02.2022 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, **two (2)** meetings of the Committee was held on 30.05.2022 and 23.01.2023 respectively.

The composition of the Committee and attendance of each member at the Stakeholders Relationship Committee meetings held during the financial year 2022-23 is as below:

Sl. Nos.	Name of Member	Category	Designation	No. of Meetings attended
1	Mr.Kalyanasundaram Chandrasekaran	Independent Director	Chairman and Member	2
2	Mr. Sankarakrishnan Ramalingam	Non-Executive Director	Member	2
3	Mr. Panchangam Nagashayana	Independent Director	Member	2

Terms of reference:

- 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;
- Review of measures taken for effective exercise of voting rights by shareholders.
- 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
- Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- 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;
- 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.
- 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 2022 -23 are as follows:

Pending as of April 01, 2022	Received during the year	Disposed of during the year	Pending as of March 31, 2023
NIL	1492	1492	NIL

D. Risk Management Committee

The Company has duly constituted Risk Management Committee (RMC) on 02.02.2022 pursuant to the provisions of Regulation 21 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year, **Three (3)** RMC meetings were held on 30.05.2022, 14.11.2022 and 07.02.2023.

The composition of the Committee and attendance of each member at the Risk Management Committee meetings held during the financial year 2022-23 is as below:

Sl. Nos.	Name of Member	Designation	Category	No. of Meetings Attended
1	Dr. H S Raghavendra Rao	Chairman and Member	Executive Director	2
2	Mr. Kalyanasundaram Chandrasekaran	Member	Independent Director	2
3	Mr. Sankarakrishnan Ramalingam	Member	Non-Executive Director	3

Terms of reference:

The Risk Management Committee shall be responsible for, among other things, the following:

- To formulate a detailed risk management policy which shall include:
 - 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.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- 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;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- 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, **two (2)** CSR meetings were held on 30.05.2022 and 07.02.2023.

The composition of the Committee and attendance of each member at the Corporate Social Responsibility Committee meetings held during the financial year 2022-23 is as below:

Sl. Nos.	Name of Member	Designation	Category	No. of Meetings attended
1	Mrs. Lathika Siddharth Pai	Chairperson and Member	Independent Director	2
2	Dr. H S Raghavendra Rao	Member	Executive Director	1
3	Mr. Panchangam Nagashayana	Member	Independent Director	2

Terms of reference:

- 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;
- review and recommend the amount of expenditure to be incurred on the CSR activities referred to in clause a;
- monitor the corporate social responsibility policy of the Company and its implementation from time to time; and
- 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, wherever applicable, along with any significant transaction or arrangement entered into by any of its unlisted subsidiary company, are 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 approval and review. 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 any statutory authority on any matter related to the capital market during the last 3 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, 2023. 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 initial public offering of its equity shares ("IPO") through book building process and raised ₹5,000 Mn. The public issue was comprising a fresh issue of 1,93,23,671 equity shares of face value of ₹2/- each for an amount of ₹4,000 Mn and an offer for sale of 48,30,916 equity shares for an amount of ₹1,000 Mn. The Company's equity shares were listed on the recognized stock exchanges i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 11.11.2022.

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 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 2022-23, 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 and annual 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 same is available at <https://dcxindia.com>

ii. Investors Calls

Earnings conference calls was conducted on 29.05.2023 at 4:30 P.M. after the announcement of Annual Financial Results for the quarter and year ended March 31, 2023 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 and with exchanges for public information.

iii. Disclosure regarding appointment or re-appointment of Directors

Disclosure regarding Directors seeking appointment/ reappointment in the 12th 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 12th 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, post listing of its equity shares with stock exchanges on 11.11.2022 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:

- a. **The Board:** The Company has an Executive Chairman and therefore the provision relating to Non-Executive Chairperson is not applicable.
- b. **Shareholders' Right:** The Company promptly disseminates its financial results to the stock exchange 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.
- c. **Modified Opinion(s) in Audit Report:** NIL
- d. **Reporting of Internal Auditor:** The Internal Auditors report to the Audit Committee on a quarterly basis.

M. MD/CFO CERTIFICATION

As required under the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, a certificate from MD/CFO to the Company's Board was placed at the Board meeting held on May 19, 2023.

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 DIRECTORS HAD NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD, WHICH IS MANDATORILY REQUIRED, IN THE FINANCIAL YEAR 2022-23

There was no instance during the financial year 2022-23, 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, 2023, 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 22.12.2022, Infomercials Valuation and Rating Pvt. Ltd (Credit Rating Agency), has upgraded 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	Previous Rating
Long Term Non-Fund Based Facilities	8,090.0	IVR A- / Stable (IVR Single A Minus with Stable Outlook)	IVR BBB/Credit Watch with Positive implication
Short Term Fund Based Facilities	7,073.5	IVR A2+ (IVR A Two Plus)	IVR A3+ Credit watch with Positive Implication
Short Term Non-Fund Based Facilities	590.0	IVR A2+ (IVR A Two Plus)	IVR A3+ Credit watch with Positive Implication

T. DETAILS OF UTILIZATION OF FUNDS OF PREFERENTIAL ALLOTMENT/QIP

The Company has not raised funds through Preferential Allotment/QIP during the year under review.

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, 2023 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 ₹ 0.75 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, 2023.

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 2022-23.

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 the last three (3) Annual General Meetings of the Company are as mentioned below:

AGM	Date of AGM	Venue	Time	Special Resolutions items
9 th *	21.01.2021	Registered Office Address at Aerospace SEZ Sector, Plot Nos.29,30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli, Bengaluru Rural - 562110, Karnataka, India	10.00 A.M. (IST)	Change of situation of Registered Office of the Company
	20.07.2021	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)	-
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)	-

*Financial Statement for FY 2019-20 was approved in the Adjourned 9th AGM held on 20.07.2021.

Special Resolution through Postal Ballot

No Special Resolution was passed through postal ballot in 2022-23.

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 12th AGM	:	(IST) via Video Conferencing/ Other Audio Visual Mean										
5.	Book Closure Dates/Cut-off dates	:	18.09.2023										
6.	Dividend Payment Date	:	N.A.										
7.	Financial Year	:	April 01, 2022 to March 31, 2023										
8.	Financial Calendar for 2023-24(Tentative and subject to change)		<table border="0"> <tr> <td>Financial results reporting for the first quarter ending June 30, 2023</td> <td>On or before 2nd week of August, 2023</td> </tr> <tr> <td>Financial results reporting for the second quarter ending September 30, 2023</td> <td>On or before 2nd week of November, 2023</td> </tr> <tr> <td>Financial results reporting for the third quarter ending December 31, 2023</td> <td>On or before 2nd week of February, 2024</td> </tr> <tr> <td>Financial results reporting for the year ending March 31, 2024</td> <td>On or before 4th week of May, 2024</td> </tr> <tr> <td>Annual General Meeting for the Financial Year ending March 31, 2024</td> <td>On or before September, 2024</td> </tr> </table>	Financial results reporting for the first quarter ending June 30, 2023	On or before 2 nd week of August, 2023	Financial results reporting for the second quarter ending September 30, 2023	On or before 2 nd week of November, 2023	Financial results reporting for the third quarter ending December 31, 2023	On or before 2 nd week of February, 2024	Financial results reporting for the year ending March 31, 2024	On or before 4 th week of May, 2024	Annual General Meeting for the Financial Year ending March 31, 2024	On or before September, 2024
Financial results reporting for the first quarter ending June 30, 2023	On or before 2 nd week of August, 2023												
Financial results reporting for the second quarter ending September 30, 2023	On or before 2 nd week of November, 2023												
Financial results reporting for the third quarter ending December 31, 2023	On or before 2 nd week of February, 2024												
Financial results reporting for the year ending March 31, 2024	On or before 4 th week of May, 2024												
Annual General Meeting for the Financial Year ending March 31, 2024	On or before September, 2024												

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	:	INEOKL801015	
11.	Payment of Listing fee	:	Listing fee for the financial year 2022-23 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: Ms.Sayali Borchate	
13.	Dematerialization of Equity Share of the Company as on March 31, 2023	:	9,67,23,671 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, 2023.	

Shareholding Pattern of the Company as of March 31, 2023:

Sl. No.	Category	Number of Equity Shares	%
1.	Indian Promoter Company	3,18,84,542	32.9646
2.	Clearing Members	28,590	0.0296
3.	Other Bodies Corporate	20,84,247	2.1548
4.	Foreign Promoter Company	3,18,84,542	32.9646
5.	Hindu Undivided Family	4,62,842	0.4785
6.	Mutual Funds	28,98,504	2.9967
7.	Non Nationalised Banks	3,533	0.0037
8.	Non Resident Indians	2,19,069	0.2265
9.	Non Resident (Non Repatriable)	90,655	0.0937
10.	Public	1,32,01,551	13.6487
11.	Promoters	56,12,558	5.8027
12.	Trusts	494	0.0005
13.	Body Corporate - Ltd Liability Partnership	2,63,648	0.2726
14.	Foreign Portfolio Investors (Corporate) - I	4,53,303	0.4687
15.	Alternate Invst Funds - I	7,24,638	0.7492
16.	Alternate Invst Funds - II	33,84,063	3.4987
17.	Alternate Invst Funds - III	23,65,335	2.4455
18.	Directors and their relatives (excluding independent Directors and nominee Directors)	1,25,000	0.1292
19.	Key Managerial Personnel	5,85,000	0.6048
20.	Foreign Portfolio Investors (Corporate) - II	4,51,557	0.4669
	Total	9,67,23,671	100.00

Distribution Schedule as on March 31, 2023:

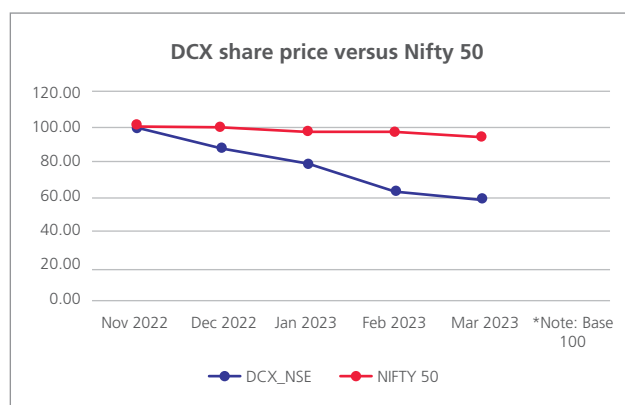
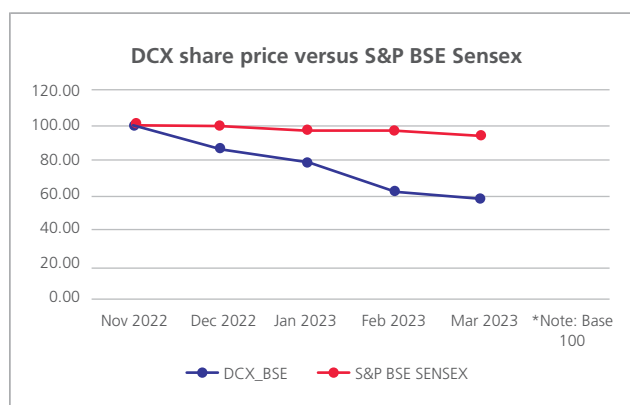
Share -Range	No. of Shareholders	% of total	No. of Shares Held	% total
1-500	68,293	93.8220	54,13,202	5.5966
501-1000	2,540	3.4895	18,78,465	1.9421
1001-2000	1,202	1.6513	16,31,193	1.6864
2001-3000	312	0.4286	7,85,263	0.8119
3001-4000	107	0.1470	3,78,809	0.3916
4001-5000	83	0.1140	3,88,427	0.4016
5001-10000	126	0.1731	9,35,946	0.9676
10001 & Above	127	0.1745	8,53,12,366	88.2022
TOTAL	72,790	100.0000	9,67,23,671	100.0000

Market Price Data:

The Company's equity listed with BSE and NSE on 11.11.2022. The monthly high and low quotations of the Company's equity shares traded on BSE and NSE during each month of the financial year 2022-23, from the listing month are as follows:

F Y 2022-23	DCX-BSE		DCX-NSE	
	High	Low	High	Low
November	319.75	250.25	319.90	250.10
December	264.5	199.55	264.85	199.70
January	228.9	190.3	228.10	190.10
February	195.05	149.65	195.40	149.75
March	176.9	138.9	177.00	138.00

Performance in comparison to broad-based indices viz., S&P BSE Sensex and NSE Nifty



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: Ms.Sayali Borchate

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 THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) AND (T) OF SUBREGULATION (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, as the Company has been listed on 11.11.2022.

Place: Bengaluru
Date: 14.08.2023

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, 2023 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: A036020E000298854

Place : Bengaluru

Date : 12.05.2023

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, 2023, 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, 2023.

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: A036020E000298744

Place : Bengaluru

Date : 12.05.2023

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, 2023, 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: 19.05.2023

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 Ranga K S, 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, 2023 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/-
Ranga K S
Chief Financial Officer

Place: Bengaluru
Date: 19.05.2023

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members
DCX Systems Limited
(Formerly known as DCX Cable 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, 2023, 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, 2023, 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, 2023. 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.

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, 2023 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2023 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 does not have any pending litigations which would impact its financial position.
 - 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 misstatement.
- 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, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, is not applicable for the financial year ended March 31, 2023.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

Sd/-

Pradeep Shetty

Partner
Membership No. 046940
UDIN: 23046940BGPTTW2150
Place: Mumbai
Date: May 19, 2023

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, 2023.

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, provided guarantees to subsidiary which are detailed below:

Particulars	Amount in ₹ mn			
	Guarantees	Security	Loans	Advance in the nature of loans
Aggregate amount granted/ provided during the year	450.00	Nil	Nil	Nil
Balance outstanding as at balance sheet	450.00	Nil	Nil	Nil

(b) During the year the investments 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 requirement to reporting on this clause of the order is not applicable to the company.

(d) Since the company has not granted any loans and advances to any companies the requirement to reporting on this clause, on overdues on loans, 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 overdues of existing loans is not applicable.

(f) The Company has not granted any loans or advances 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.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, in our opinion, the coverage and procedure of such verification by the management is appropriate. As informed to us, any discrepancies of 10% or more in the aggregate for each class of inventory were not noticed on such verification.

(b) In our opinion and according to the information and explanations given to us and based on the audit procedures performed by us, the company has been sanctioned working capital limits in excess of Rupees Five Crores, in aggregate, from banks or Financial Institutions which are secured on the basis of security of current assets. According to the explanations given to us and based on our verification the returns filed by the company are generally in agreement with the books of accounts.

- (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 maintenance 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:

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	4,35,930.00	Nil	AY 2021-22	ITO Ward -2 (1)(3)
Income Tax Act, 1961	Income Tax	36,34,570.00	9,50,000/-	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Interest on Income Tax	73.00	Nil	AY 2014-15	ITO Ward -2 (1)(3)

- (viii) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2023, 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 to 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 on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the standalone financial 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 financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to 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 for the purposes for which they were raised.
- (b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares 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 is 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) (d) 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 current 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) Since there is no unspent amount towards corporate social responsibility at the balance date, the provisions of this clause of the order is not applicable to the company.
- (xxi) The reporting under paragraph 3 (xxi) of the order is not applicable in respect of Audit of Standalone Financial Statement. Accordingly, no comment in respect of paragraph 3 (xxi) has been included in the report.

For NBS & CO.

Chartered Accountants
Firm Registration No.110100W

Sd/-

Pradeep Shetty

Partner
Membership No. 046940
UDIN:23046940BGPTTW2150
Place: Mumbai
Date: May 19, 2023

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 Cable Assemblies Pvt Ltd)** for the year ended March 31, 2023)

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 Cable Assemblies Pvt Ltd**) (the 'Company') as of March 31, 2023 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 authorisations 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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: 23046940BGPTTW2150

Place: Mumbai

Date: May 19, 2023.

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(All amounts in ₹ Millions, unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	108.18	107.94
Capital work-in-progress	2	18.65	
Right-of-use assets	3	43.00	38.10
Other intangible assets	4	0.43	0.48
Financial assets			
(i) Investments	5	66.00	1.00
(ii) Other financial assets	6	30.71	3.18
Deferred tax assets (net)	31 (d)	43.72	38.02
Other non-current assets	7	0.50	0.50
Total non-current assets		311.19	189.22
Current assets			
Inventories	8	2,285.11	272.51
Financial assets			
(i) Trade receivables	9	3,195.32	694.94
(ii) Cash and cash equivalents	10	105.40	1,883.79
(iii) Bank balances other than (ii) above	11	5,808.77	6,118.44
(iv) Other financial assets	12	21.20	50.68
Current tax assets (net)	31 (c)	13.87	-
Other current assets	13	377.42	216.57
Total current assets		11,807.09	9,236.93
Total assets		12,118.28	9,426.15
EQUITY & LIABILITIES			
Equity			
Equity share capital	14	193.45	154.80
Other equity	15	5,477.13	1,021.17
Total equity		5,670.58	1,175.97
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long Term Borrowings	16	-	354.40
(ii) Provisions	17	12.40	10.38
Total non-current liabilities		12.40	364.78
Current liabilities			
Financial liabilities			
(i) Borrowings	18	5,037.11	4,671.80
(ii) Trade payables	19		
a) total outstanding dues of MSME		4.30	452.63
b) total outstanding dues of creditors other than MSME		1,336.80	512.50
(iii) Other financial liabilities	20	11.02	6.91
Other current liabilities	21	45.54	2,153.16
Provisions	22	0.53	0.44
Current tax liabilities (net)	31 (c)	-	87.96
Total current liabilities		6,435.30	7,885.40
Total liabilities		6,447.70	8,250.18
Total equity and liabilities		12,118.28	9,426.15

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN: 23046940BGPTTW2150

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ Millions, unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	23	12,536.29	11,022.73
Other Income	24	295.35	220.61
Total income		12,831.64	11,243.34
Expenses			
Cost of materials Consumed	25	12,630.68	9,293.43
Changes in inventories of finished goods and work-in-progress	26	(1,438.46)	712.43
Employee benefit expenses	27	104.95	86.65
Finance cost	28	255.26	113.22
Depreciation and amortisation expenses	29	18.20	21.75
Other expenses	30	399.98	260.25
Total expenses		11,970.61	10,487.73
Profit/(loss) before Exceptional Items, and Tax		861.03	755.61
Profit before exceptional items and tax		861.03	755.61
Exceptional items		-	-
Profit before tax		861.03	755.61
Tax expense:	31		
Current tax		(150.44)	(132.02)
Deferred tax		(0.57)	2.59
Mat Credit		10.10	29.96
Total Tax Expenses		(140.91)	(99.47)
Profit for the period (A)		720.12	656.14
Other comprehensive (loss)/ income			
i. Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability / (asset)		0.81	(0.32)
(ii) Income tax relating to remeasurements of defined benefit liability / (asset)		(0.14)	0.11
		0.67	(0.21)
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	
(ii) Income tax relating to items that will be reclassified to profit or loss		(3.70)	
		17.50	-
Total Other comprehensive income (B)		18.17	(0.21)
Total comprehensive income for the period (A+ B)		738.29	655.93
Earnings per equity share [nominal value of ₹ 2]			
Earnings per equity share for Continuing operations			
- Basic (₹)		8.47	9.19
- Diluted (₹)		8.47	9.19
Earnings per equity share for discontinued operations			
- Basic (₹)		-	-
- Diluted (₹)		-	-
Earnings per equity share for discontinued and continuing operations			
- Basic (₹)		8.47	9.19
- Diluted (₹)		8.47	9.19
Summary of Significant Accounting policies	1		
Notes to the financial statements	2 to 45		

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTT2150

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Sd/-
R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

STANDALONE STATEMENT OF CASH FLOWS

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities		
Profit before tax	861.03	755.61
Adjustments to reconcile profit before tax to net cash flows:		
Interest on fixed deposits	(293.95)	(220.24)
Profit on sale of fixed assets	(1.30)	-
Interest on borrowings	187.08	72.40
Depreciation and amortisation expense	18.20	21.75
Operating profit before working capital changes	771.06	629.52
Movement in working capital:		
(Increase)/Decrease in trade receivables	(2,500.38)	(571.80)
(Increase)/Decrease in inventories	(2,012.60)	1,744.25
(Increase)/Decrease in other current assets	(160.86)	(113.51)
(Increase)/Decrease in other non current financial assets	(27.53)	(0.08)
(Increase)/Decrease in other current financial assets	50.68	(20.14)
Increase/(Decrease) in trade payables	375.97	(332.86)
Increase/(Decrease) in non current provisions	2.02	2.08
Increase/(Decrease) in current provisions	0.09	(0.18)
Increase/(Decrease) in other current financial liabilities	4.11	(158.23)
Increase/(Decrease) in other current liabilities	(2,107.63)	(2,393.27)
Cash generated from operations	(5,605.07)	(1,214.22)
Net income tax (paid)	(251.46)	(126.03)
Net cash from operating activities (A)	(5,856.53)	(1,340.25)
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(28.98)	(16.16)
Proceeds from disposal of property, plant and equipment	7.00	3.90
Capital work in progress and capital advance	(18.65)	
Investment in Subsidiary	(65.00)	(1.00)
Interest received	293.95	220.24
Net cash used in investing activities (B)	188.32	206.98
C. Cash flows from financing activities		
Working Capital/Term Loan	10.92	3,662.40
Net Proceeds from issue of Shares	3,756.31	52.17
Interest paid	(187.08)	(72.40)
Net cash used in financing activities (C)	3,580.15	3,642.17
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,088.06)	2,508.90
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period / year	8,002.23	5,493.33
Cash and cash equivalents at the end of the period / year	5,914.17	8,002.23
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	0.01	
Balances with bank		
- Current accounts	105.39	1,883.79
Other bank balances	5,808.77	6,118.44
	5,914.17	8,002.23

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN: 23046940BGPTT2150

DCX

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

STANDALONE STATEMENT OF CHANGES IN EQUITY

(All amounts in ₹ Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares*	Amount	Number of Shares*	Amount
Balance at the beginning of the reporting year	77,400,000.00	154.80	3,500,000.00	35.00
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance as the the beginning of the reporting period / year	77,400,000.00	154.80	3,500,000.00	35.00
Changes in equity share capital during the period / year	19,323,671.00	38.65	77,400,000.00	119.80
Equity Shares issued during the year in consideration for cash	19,323,671.00	38.65	370,000.00	3.70
Bonus Issue of shares during the period			58,050,000.00	116.10
Number of Shares after Sub division during the year (5 shares for 1 share)			19,350,000.00	-
Balance at the end of the reporting period / year	96,723,671.00	193.45	77,400,000.00	154.80

* Number of shares is presented as absolute number.

(b) Other equity

Particulars	TOTAL OTHER EQUITY	
	For the year ended 31 March 2023	For the year ended 31 March 2022
RETAINED EARNINGS		
Balance at the beginning of current reporting year	1,021.17	432.86
Total comprehensive income for the year		
Profit for the year	720.12	656.14
Other comprehensive income (net of tax)		
- Remeasurements of defined benefit liability / (asset)	0.67	(0.21)
-Hedge Reserve	17.50	
Utilized for issue of Bonus Shares		(67.62)
Total comprehensive income (A)	1,759.46	1,021.17
SECURITY PREMIUM		
Balance at the beginning of current reporting year	-	
Proceeds from issue of Shares	3,961.35	48.47
Less : Public issue expenditure	(243.68)	
Utilized for issue of Bonus Shares		(48.47)
Total Security Premium (B)	3,717.67	-
Balance at the end of current reporting year (A +B)	5,477.13	1,021.17

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 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 Information.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTW2150

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

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 2023 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. Estimation of uncertainty relating to COVID – 19 outbreak:

The company has considered internal and external sources of information up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The company has used the principles of prudence in applying the judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including intangible assets, investments and derivatives if any. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

g. Going Concern assumption:

The management has given the significant

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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.

h. 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.

i. Reclassification:

No such material reclassification done during the year.

j. 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.

k. 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

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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

l. 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 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.

m. 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.

n. 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

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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.

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

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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 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.

o. 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.

p. 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.

q. 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

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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.

r. 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 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.

s. 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.

t. 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

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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 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.

u. 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

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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 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 or 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 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.

v. 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

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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.

w. 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).

x. 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.

y. 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.

z. 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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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 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 INFORMATION (CONTINUED)

(All amounts 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 2021	5.98	2.14	3.91	8.34	5.11	10.09	39.16	85.03	7.62	167.38
Additions	0.80	0.22	0.55	-	-	0.01	-	0.02	14.29	15.89
Disposals during the period / year	-	-	-	-	-	-	-	-	(3.90)	(3.90)
As at 31 March 2022	6.78	2.36	4.46	8.34	5.11	10.10	39.16	85.05	18.01	179.37
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
Accumulated depreciation										
As at 1 April 2021	4.90	1.78	1.83	8.34	3.88	3.15	16.22	8.26	2.90	51.26
Depreciation for the period / year	0.20	0.09	0.62	-	0.32	1.82	6.78	7.29	3.05	20.17
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	5.10	1.87	2.45	8.34	4.20	4.97	23.00	15.55	5.95	71.43
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
	-	-	-	-	-	-	-	-	-	-
Net block										
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
As At 31 March 2022	1.68	0.49	2.01	(0.00)	0.91	5.13	16.16	69.50	12.06	107.94

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Title deeds of Immovable Properties

Descriptions	As at 31 March 2023	As at 31 March 2022
Title deeds held in the name of	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.	
Reason for not being held in the name of Company	The name of the company has changed from DCX Cable Assemblies Private Limited to DCX Systems Private Limited w.e.f 03-01-2022. Further the company was converted from private limited to public limited w.e.f. 02-02-2022. However, the title deed are still in the name of DCX Cable Assemblies Private Limited.	

Refer note no. 16 and 18 for information on property, plant and equipment pledged 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 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

Particulars	As at 01 April 2021	Additions	Capitalised during the period / year	As at 31 March 2022
Capital work-in-progress	-	-	-	-
Total	-	-	-	-

3 Right-of-use assets

Particulars	Gross Block			Gross Block			Net Block			
	As at 01 April 2022	-	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

Particulars	Gross Block			Gross Block			Net Block			
	As at 01 April 2021	-	Disposals during the period / year	As at 31 March 2022	As at 01 April 2021	Charge for the period / year	Disposals during the period / year	As at 31 March 2022	As at 01 April 2021	As at 31 March 2022
Leasehold land	38.10	-	-	38.10	-	-	-	-	38.10	38.10
Total Assets	38.10	-	-	38.10	-	-	-	-	38.10	38.10

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
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
As at 1 April 2021	9.35	9.35
Additions	0.28	0.28
Disposals during the period / year	-	-
As at 31 March 2022	9.63	9.63
Amortisation		
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
As at 1 April 2021	7.57	7.57
Amortisation for the period / year	1.58	1.58
Disposal during the period / year	-	-
As at 31 March 2022	9.15	9.15
Net block		
As at 31 March 2023	0.43	0.43
As at 31 March 2022	0.48	0.48

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
5 Investments		
Investment measured at cost		
Investment in wholly owned subsidiary (unquoted investments)		
Addition : During the year/period 6,500,000 (31 March 2022 : 1,00,000) equity shares of "Raneal Advanced Systems Private Limited" of ₹ 10 Each acquired	66.00	1.00
	66.00	1.00
(a) Aggregate book value of quoted investments	-	-
(b) Aggregate market value of quoted investments	-	-
(c) Aggregate amount of unquoted investments	66.00	1.00
(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	-	2.44
Other deposits	0.01	0.01
SBI Gratuity Trust	4.00	-
Security deposits	26.70	0.73
	30.71	3.18
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	846.65	272.51
Stock in trade	-	-
Finished goods	1,438.46	-
Work in progress	-	-
	2,285.11	272.51
9 Trade receivables (Unsecured)		
Trade receivables considered good	3,195.32	694.94
Trade receivables - credit impaired	-	-
	3,195.32	694.94
Less: Allowance for doubtful receivables	-	-
	3,195.32	694.94
The above amount includes :		
Others	3,195.32	694.94
Receivable from related parties	-	-
Total	3,195.32	694.94

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

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

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As at 31 March 2022

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	688.13		6.81		-	694.94
(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					-	-
	688.13	-	6.81	-	-	694.94

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
10 Cash and cash equivalents		
Balances with banks		
Current accounts	105.39	1,883.79
In deposit account (the maturity of the period of which is less than 3 months)		-
Cash in hand	0.01	
	105.40	1,883.79
11 Bank balances other than cash and cash equivalents		
Other bank balances		
Deposits with original maturity of more than 3 months (₹ 2000.50 Mn Kept as margin money with Banks)	5,808.77	6,118.44
	5,808.77	6,118.44
12 Other current financial assets		
MEIS incentive receivables		50.68
Forward Contract	21.20	
	21.20	50.68
13 Other current assets		
(Unsecured, considered good)		
Advances to suppliers	326.05	170.76
Advance salary	1.15	0.93
Balances with statutory/government authorities	18.74	13.45
Expenses Relating To Public Issue	-	17.30
Prepaid expenses	31.48	14.13
	377.42	216.57

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

14 Share capital

Particulars	As at 31 March 2023	As at 31 March 2022
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	154.80	154.80
Addition : During the year/period 19,323,671 of equity shares issued at face value of ₹ 2/- with premium of ₹ 205/-	38.65	
TOTAL	193.45	154.80

Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity share :	As at 31 March 2023 Number of Shares*	As at 31 March 2022 Number of Shares*
Outstanding at the beginning of the year / period	77,400,000.00	3,500,000
Equity Shares issued during the year in consideration for cash		
IPO	19,323,671.00	
Preferential allotment	-	100,000.00
Right issue (Refer note 2 below)	-	270,000.00
Total number of shares before Sub Division	96,723,671.00	3,870,000.00
Adjustment for subdivision of shares	-	15,480,000.00
Bonus Issue of shares during the year	-	58,050,000.00
Outstanding at the end of the year	96,723,671.00	77,400,000.00

* Number of shares is 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 STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Shareholders holding more than 5% shares in the Company is set out below:

	As at 31 March 2023		As at 31 March 2022	
	Equity shares of ₹ 2 each fully paid		Equity shares of ₹ 2 each fully paid	
	Number of Shares*	Number of Shares	Number of Shares*	Number of Shares
		%		%
M/s NCBG Holdings Inc	31,884,542.00	32.965%	34,300,000.00	44.32%
M/s VNG Technology Pvt Ltd	31,884,542.00	32.965%	34,300,000.00	44.32%
Dr. H S Raghavendra Rao	5,612,558.00	5.80%	7,400,000.00	9.56%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2023		As at 31 March 2022	
	Equity shares of ₹ 2 each fully paid		Equity shares of ₹ 2 each fully paid	
	Number of Shares*	Number of Shares	Number of Shares*	Number of Shares
		%		%
M/s NCBG Holdings Inc	31,884,542.00	32.965%	34,300,000.00	44.32%
M/s VNG Technology Pvt Ltd	31,884,542.00	32.965%	34,300,000.00	44.32%
Dr. H S Raghavendra Rao	5,612,558.00	5.80%	7,400,000.00	9.56%

* Number of shares is presented as absolute number.

15 Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
A. Retained earnings	1,759.46	1,021.17
B. Securities premium	3,717.67	-
	5,477.13	1,021.17
	As at 31 March 2023	As at 31 March 2022
A. Retained earnings		
Balance at the beginning of current reporting year	1,021.17	432.86
Profit for the year	720.12	656.14
Less: Utilized for issue of Balance Bonus Shares		(67.62)
Other comprehensive (loss)/ income		
-Remeasurements of defined benefit liability / (asset) (net of tax)	0.67	(0.21)
-Hedge Reserve	17.50	
	1,759.46	1,021.17
	As at 31 March 2023	As at 31 March 2022
B. Securities premium		
Opening balance	-	-
Add : Proceeds from issue of Shares	3,961.35	48.47
Less : Public issue expenditure	(243.68)	
Less : Utilized for issue of Bonus Shares	-	(48.47)
	3,717.67	-

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
16 Long Term Borrowings		
Secured Working Capital Term Loan		354.40
	-	354.40
The Working Capital Term Loan, Loan under ECGL(Emergency Credit Line Guarantee Scheme) Interest @ 7.5% PA with a tenure of 60 to 72 Months and second Charge on movable fixed assets of the company both present and future.		
17 Provisions		
Provision for employee benefits		
Gratuity (Refer note no. 37 for further disclosures)	7.37	6.49
Leave encashment	5.03	3.89
Others provision	-	-
	12.40	10.38
18 Borrowings		
Secured		
From Bank		
Working capital loan	5,037.11	4,671.80
	5,037.11	4,671.80
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 5.1% 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)	4.30	452.63
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,336.80	512.50
	1,341.10	965.13

Notes :

(1) Refer note for related party disclosure.

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

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

As at 31 March 2022

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		452.63			-	452.63
(ii) Others		512.50			-	512.50
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	965.13	-	-	-	965.13

20	Other financial liabilities	As at 31 March 2023	As at 31 March 2022
	Accrued expense payable	1.59	1.61
	Employee benefits payable	9.43	5.30
		11.02	6.91
21	Other current liabilities	As at 31 March 2023	As at 31 March 2022
	Advance received from customers	31.33	2,147.31
	Statutory dues payable	12.81	5.85
	Rent Security Deposit	1.40	-
		45.54	2,153.16
22	Provisions		
	Provision for gratuity	0.31	0.27
	Provision for leave encashment	0.22	0.17
		0.53	0.44

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
23 Revenue from operations		
Sale of products	12,467.62	10,976.66
Sale of services	68.67	17.46
Other operating revenue		
MEIS incentive received		28.61
	12,536.29	11,022.73
Refer note no. 38 for further disclosures.		
24 Other income		
Interest on fixed deposits	293.95	220.24
Other income	0.10	0.37
Profit on sale of used Asset	1.30	-
		-
	295.35	220.61
25 Cost of materials consumed		
Opening Stock	272.51	1,304.33
Import purchases	1,371.33	1,770.47
Local purchases	11,833.49	6,491.14
Less: Closing Stock	846.65	272.51
	12,630.68	9,293.43
26 Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening inventories		
Stock in trade		
Raw materials		
Finished goods		19.97
Work-in- process		692.46
Stores & spares		
Total (A)		712.43
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)	712.43

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
27 Employee benefit expenses		
Employee Insurance	0.61	0.42
Encashment of earned leave	1.36	1.27
Gratuity	1.41	2.48
Salaries and wages including bonus, incentives	94.36	76.86
Staff welfare expenses	7.21	5.62
	104.95	86.65
28 Finance costs		
Bank charges	12.03	8.06
Interest on borrowings	187.08	72.40
Interest on Working Capital Term Loan	30.00	0.71
Other borrowing costs	26.15	32.05
	255.26	113.22
29 Depreciation and amortisation expense		
Amortisation of intangible assets (refer note 4)	0.20	1.58
Depreciation of property, plant and equipment (refer note 2)	18.00	20.17
	18.20	21.75
30 Other expenses		
Manufacturing service cost expenses		
Freight expenses	6.74	11.70
Power and fuel expenses	2.97	2.61
Repairs and maintenance		
Building	0.49	0.97
Machinery & others	1.70	1.47
Wages and labour charges	5.91	6.01
Water Charges	0.37	0.53
Administrative and general expenses		
Business promotion expenses	2.90	0.99
Communication expenses	0.75	0.53
Director Sitting Fees	1.20	0.30
Insurance	5.55	3.43
Internal Audit fees	0.60	-
Net loss on foreign currency translation	291.02	168.82
Others expenses	22.03	17.84
Professional & consultancy fees	45.71	36.06
Printing and stationery	0.37	0.33
Rates and taxes	8.03	5.33
Remuneration to auditors		
Statutory audit	0.75	0.70
Tax audit	-	-
Travelling and conveyance	2.89	2.63
	399.98	260.25

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

31 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax:		
Current income tax charge	(150.44)	(132.02)
Deferred tax	(0.57)	2.59
MAT Credit Entitlement	10.10	29.96
Income tax expense reported in the statement of profit or loss	(140.91)	(99.47)

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Deferred tax		
Taxes on equity instruments through other comprehensive income		
Remeasurements gains and losses on post employment benefits	(0.14)	0.11
Income tax recognised in OCI	(0.14)	0.11

(c) Balance sheet

Current tax assets

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Non- current tax assets	-	-
Current tax assets	13.87	
Total tax assets	13.87	-

Current tax liabilities

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Income tax (net of advance tax)		87.96
Total current tax liabilities	-	87.96

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(d) Deferred tax liabilities / assets

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Income tax relating to remeasurements of defined benefit liability / (asset)	(0.14)	
Income tax relating to items that will be reclassified to profit or loss	(3.70)	
Excess of depreciation/amortisation on property plant and equipment under income tax act	3.98	4.28
Gratuity provision	1.88	2.36
Leave encashment	1.63	1.42
MAT Credit	40.07	29.96
Net deferred tax liability/(asset)	43.72	38.02

(e) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	For the year ended 31 March 2023	For the year ended 31 March 2022
Accounting profit before tax	861.03	755.61
Tax rate	34.94%	34.94%
Tax as per IT Act on above	300.88	264.04
Tax expenses (P&L)		
(i) Current tax	(150.44)	(132.02)
(ii) Deferred tax	(0.57)	2.59
(iii) Taxation in respect of earlier years		29.96
	(151.01)	(99.47)
Tax expenses (OCI)	(0.14)	0.11
Difference (C)	149.73	164.68
Tax reconciliation		
Adjustments:		
Taxation in respect of earlier years	-	
Effect of exemptions and deductions	(149.73)	(163.72)
Others		(0.96)
	-	-

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

32 Earnings Per Share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profits attributable to equity shareholders		
Profit for the year	720.12	656.14
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	84,970,644	71,380,274
Basic EPS (₹)	8.47	9.19
Diluted Earnings Per Share		
Profit for the year	720.12	656.14
Weighted average number of equity shares outstanding during the year	84,970,644	71,380,274
Diluted EPS (₹)	8.47	9.19
Weighted average number of equity shares for Basic and Diluted Earnings Per Share	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the period of ₹ 2 each (₹ 10 each for Previous year)	77,400,000.00	3,500,000.00
Issued during the period	19,323,671.00	370,000.00
Total	96,723,671.00	3,870,000.00
Adjustment for subdivision of shares		19,350,000.00
Bonus Issue of shares during the year		58,050,000.00
	96,723,671.00	77,400,000.00
Weighted average number of equity shares outstanding during the period	84,970,644	71,380,274

* 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 2023	For the year ended 31 March 2022
Bank guarantees	INR	3,353.73	4,807.93
Corporate Guarantee provided to wholly owned Subsidiary	INR	450.00	

(b) Commitments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	9.54	-
	9.54	-

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Principal amount remaining unpaid to any supplier as at the end of the period/year		
Trade payables	4.30	452.63
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 INFORMATION (CONTINUED)

(All amounts 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
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
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

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(b)

Sl. No.	Related parties	Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022
Purchase				
1	M/S DCX Chol Enterprises Inc	Purchases of Raw Materials	3.82	35.58
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Raw Materials	7,450.56	2,783.82
Sales				
3	M/S DCX Chol Enterprises Inc	Export of Finished Goods	24.38	0.01
Expenditure				
4	Dr. H.S. Raghavendra Rao	Salary	22.89	29.20
5	Mr. Anand S	Salary	2.59	1.73
6	Mr.R.Sankarakrishnan	Professional Fee	-	1.25
7	Mr.R.Sankarakrishnan	Salary	2.47	0.53
8	Mr.Ranga K S	Salary	4.61	1.26
9	Mr.Shiva Kumara R	Salary	4.45	1.88
10	Mr.Prasanna Kumar T S	Salary	3.03	2.70
11	Mr.Nagaraj R Dhavaskar	Salary	1.21	0.35
12	Mr.Pramod. B	Salary	2.59	1.30
13	Mr.G S Manjunath	Salary	1.64	1.38
14	Mr.Kiran Kumar K S	Salary	1.48	1.40
15	Mr.Atul D Mutthe	Salary	1.33	0.43
16	Mr.Rajanikanth K N	Salary	1.46	1.30
17	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	0.13	1.70
18	Mr.Harsha H.M	Professional Fee	0.78	-
19	Mr.Harsha H.M	Professional Fee(Arrears)	0.65	-
TOTAL			7,530.07	2,865.82
Payable				
20	M/S DCX Chol Enterprises Inc	Payable / (Receivable)	(31.63)	1.53
21	M/S RNSE-TRONICS Pvt Ltd.,	Payable / (Advance)	128.77	419.85
22	Mr.R.Sankarakrishnan	Salary Payable	-	0.16
23	Dr. H S Raghavendra Rao	Salary Payable	1.10	0.67
24	Anand S	Salary Payable	0.17	0.12
25	Mr.Ranga K S	Salary Payable	0.27	0.17
26	Mr.Shiva Kumara R	Salary Payable	0.25	0.26
27	Mr.Prasanna Kumar T S	Salary Payable	0.18	0.19
28	Mr.Nagaraj R Dhavaskar	Salary Payable	0.09	0.08
29	Mr.Pramod. B	Salary Payable	0.16	0.16
30	Mr.G S Manjunath	Salary Payable	0.11	0.10
31	Mr.Kiran Kumar K S	Salary Payable	-	0.13
32	Mr.Atul D Mutthe	Salary Payable	0.10	0.09
33	Mr.Rajanikanth K N	Salary Payable	0.10	0.10
34	Mr.Harsha H.M	Payable / (Advance)	(1.24)	-

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

36 Fair value measurements

(a) Categories of financial instruments -

Particulars	As at 31 March 2023				
	Carrying amount	Fair values			Amortised cost
		FVTPL	FVTPL	FVTOCI	
Category		Level 1	Level 3	Level 3	Level 2
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
Particulars	As at 31 March 2022				
	Carrying amount	Fair values			Amortised cost
		FVTPL	FVTPL	FVTOCI	
Category		Level 1	Level 3	Level 3	Level 2
Financial assets					
Trade receivables	694.94	-	-	-	694.94
Cash and cash equivalents	1,883.79	-	-	-	1,883.79
Other bank balances	6,118.44	-	-	-	6,118.44
Other financial assets	53.86	-	-	-	53.86
Total financial assets	8,751.03	-	-	-	8,751.03
Financial liabilities					
Borrowings	4,671.80	-	-	-	4,671.80
Trade payables	965.13	-	-	-	965.13
Working Capital Term Loan	354.40	-	-	-	354.40
Other financial liabilities	6.91	-	-	-	6.91
Total financial liabilities	5,998.24	-	-	-	5,998.24

(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). Investments in mutual funds which are designated at fair value through profit and loss (FVTPL).

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Provident fund		
Employer's Contribution	4.17	3.47
Administration charges	0.17	0.23
Employer's Contribution to ESI (Employee State Insurance)	0.19	0.30
	4.53	4.00

(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 2023	As at 31 March 2022
Present Value of Benefit Obligation at the Beginning of the Period	6.76	5.76
Interest cost	0.49	0.39
Current service cost	1.30	1.02
Benefits paid	(0.07)	(0.74)
Actuarial (Gains)/Losses on Obligations	-	-
- Due to Change in Financial Assumptions	(0.23)	0.94
- Due to Change in Demographic Assumptions	-	-
- Due to Experience	(0.58)	(0.61)
Present value of obligation at the end of the period / year	7.67	6.76

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at the beginning of the period / year		-
Interest income		-
Contributions	0.07	0.74
Mortality charges and taxes		
Benefits paid	(0.07)	(0.74)
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 INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Net interest cost for current period

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest Cost	0.49	0.39
Interest Income	-	-
Net Interest Cost for Current Period	0.49	0.39

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	1.30	1.02
Net interest (Income)/ Expense	0.49	0.39
Net benefit expense	1.79	1.41

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	0.81	(0.32)
Re-measurement for the year - plan assets (gain) / loss	-	-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	0.81	(0.32)

Net Defined Benefit Liability/(Asset) for the period / year

Particulars	As at 31 March 2023	As at 31 March 2022
Defined Benefit Obligation	7.67	6.76
Fair value of plan assets	-	-
Closing net defined benefit liability/(asset)	7.67	6.76

Particulars	As at 31 March 2023	As at 31 March 2022
Current	0.31	0.27
Non-Current	7.36	6.49

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	31 March 2022
	%	%
Mortality table	100% of IALM 2012-14	100% of IALM 2012-14
Discount rate	7.52%	7.28%
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 2022 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

A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2022	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.79)	0.97
Delta effect of 1% change in rate of salary increase	0.77	(0.67)
Delta effect of 1% change in rate of employee turnover	(0.18)	0.21

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 2023	31 March 2022
1st Following Year	0.30	0.27
2nd Following Year	0.31	0.29
3rd Following Year	0.34	0.29
4th Following Year	0.36	0.32
5th Following Year	0.39	0.33
After 5th Year	24.54	21.69

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Gross Sales (Contracted Price)	12,536.29	10,997.82
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	-	(3.70)
Revenue recognised	12,536.29	10,994.12

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time and over the period in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108.

Sr.No	Item description
1	Transmission receiver group modules, Missile switching units, Power supplies, filters, transmitter modules, receiver modules
2	Cable & Wire harness assemblies
3	Electronic & Electro mechanical components

(b) Recognition of revenue as per IND AS 115

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue recognised at point in time	12,467.62	10,976.66
Revenue recognised over the period	68.67	17.46
Total	12,536.29	10,994.12

(c) Revenue from products:

Country / Region	For the year ended 31 March 2023	For the year ended 31 March 2022
Exports	8,847.25	6,116.94
Deemed Exports	3,551.81	4,844.46
Domestic	68.56	15.26
Total revenue	12,467.62	10,976.66

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 financial 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.

Particulars	As at 31 March 2023	As at 31 March 2022
Total current assets (A)	11,807.09	9,236.93
Total current liabilities (B)	6,435.30	7,885.40
Working capital (A-B)	5,371.79	1,351.52
Current Ratio:	1.83	1.17

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 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
	As at 31 March 2022			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	5,026.20	4,671.80	354.40	5,026.20
Trade payables	965.13	965.13	-	965.13
Other liabilities	6.91	6.91	-	6.91

(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 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD				
Trade receivables				
USD			9.03	684.24
Euro	-	-	-	-
Advance to suppliers				
USD	3.56	292.69	2.11	159.87
Euro	0.02	1.85	0.01	0.45
GBP			0.00	0.32
Balance with banks - in EEFC accounts	0.08	6.39	19.38	1,468.83
	3.66	300.93	30.53	2,313.71

Note: Amounts seen as (0.00) are below the disclosure threshold of the company.

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(ii) Financial liabilities

Financial assets	As at 31 March 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD				
Trade payable				
USD	14.36	1,180.29	12.31	932.78
Euro	0.14	12.73	0.15	12.77
GBP	-	-	-	-
Packing credit in foreign currency	-	-	61.63	4,671.80
Advance from customer			27.95	2,118.96
	14.50	1,193.02	102.04	7,736.31

(iii) Currency wise net exposure (Financial assets - Financial liabilities)

Currency wise net exposure (assets -liabilities)	As at 31 March 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	(10.72)	(881.21)	(71.37)	(5,410.60)
EUR	(0.12)	(10.88)	(0.15)	(12.32)
GBP	-	-	0.00	0.32
Total	(10.84)	(892.09)	(71.52)	(5,422.60)

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)		Impact on profit/equity (1% weakening)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	USD	(8.81)	(54.11)	8.81
EUR	(0.11)	(0.12)	0.11	0.12
GBP	-	0.00	-	(0.00)
Total	(8.92)	(54.23)	8.92	54.23

(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 2023	As at 31 March 2022
Variable rate borrowings	5,037.11	5,026.20
Fixed rate borrowings		
Total borrowings	5,037.11	5,026.20

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Sensitivity analysis

Impact on profit before tax /pre- tax equity :

Particulars	As at 31 March 2023	As at 31 March 2022
Increase by 50 basis points	(25.19)	(25.13)
Decrease by 50 basis points	25.19	25.13

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 2023	As at 31 March 2022
Total liabilities	6,447.70	8,250.18
Less: cash and cash equivalents and bank balances	5,914.18	8,002.23
Net debt	533.52	247.94
Total equity	5,670.58	1,175.97
Debt-equity ratio	0.09	0.21

41 Ratios as per the Schedule III requirements

(a) Current Ratio = Current Assets divided by Current Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current Assets	11,807.09	9,236.93
Current Liabilities	6,435.30	7,885.40
Ratio (Times)	1.83	1.17
% Change from previous period / year	56.63%	12.45%

Increase in inventory holding and receivables 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 2023	As at 31 March 2022
Total Debt	5,037.11	5,026.20
Total Equity	5,670.58	1,175.97
Ratio (Times)	0.89	4.27
% Change from previous period / year	79.22%	-46.63%

The company raised capital of ₹ 400.00 crores during the year hence the ratio has improved considerably

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	As at 31 March 2022
Profit for the year	720.12	656.14
Add: Non cash operating expenses and finance cost		
Depreciation and amortisation expense	18.20	21.75
Finance costs	30.00	113.22
Earnings available for debt services	768.32	791.11
Interest cost on borrowings	30.00	72.40
Principal repayments (including certain prepayments)	354.40	
Total Interest and principal repayments	384.40	72.40
Ratio (Times)	2.00	10.93
% Change from previous period / year	-81.71%	-

The working capital term loan borrowed was repaid in entirety

(c) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity

Particulars	As at 31 March 2023	As at 31 March 2022
Profit for the year	720.12	656.14
Total Equity	5,670.58	1,175.97
Ratio	12.70%	55.80%
% Change from previous period / year	-77.24%	-11.68%

The total equity when compared to previous year has increased due to public issue of ₹ 400.00 crores hence the change in the ratio.

(d) Inventory Turnover Ratio = Cost of Material Consumed plus Changes in Inventory divided by Closing Inventory

Particulars	As at 31 March 2023	As at 31 March 2022
Cost of materials consumed	11,192.23	10,005.85
Closing Inventory	2,285.11	272.51
Inventory Turnover Ratio	4.90	36.72
% Change from previous period / year	-86.66%	1097.33%

Turnover over for the last quarter was ₹ 5105.45 million, hence the ratio has increased when compared to the previous year.

(e) Trade Receivables Turnover ratio = Credit sales divided by Closing Trade Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Credit Sales	12,536.29	10,994.12
Closing Trade Receivables	3,195.32	694.94
Trade Receivable Turnover Ratio	3.92	15.82
Ratio (Days)	93.03	23.07
% Change from previous period / year	-303.24%	227.67%

Turnover over for the last quarter was ₹ 5105.45 million, hence the ratio has increased when compared to the previous year.

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(f) Trade payables turnover ratio = Cost of Material Consumed divided by closing trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Cost of Material purchased	12,630.68	9,293.43
Closing Trade Payables	1,341.10	965.13
Trade Payables Turnover Ratio	9.42	9.63
Ratio (Days)	38.75	37.91
% Change from previous period / year	2.24%	-47.16%

Terms of payment to suppliers for Majority of the Purchase is against advance. Hence the ratio has increased

(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 2023	As at 31 March 2022
Revenue from operations	12,536.29	11,022.73
Net Working Capital	10,408.90	6,023.33
Ratio (Times)	1.20	1.83
% Change from previous period / year	-34.19%	-52.19%

The funds raised during the third 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 2023	As at 31 March 2022
Profit for the year	720.12	656.14
Revenue from operations	12,536.29	11,022.73
Ratio (%)	5.74	5.95
% Change from previous period / year	-3.50%	29.12%

Due to significant depreciation in INR and increase in finance cost, the net profit has reduced when compared to previous year.

(i) Return on Capital employed (ROCE) = (EBIT) divided by Capital Employed

Particulars	As at 31 March 2023	As at 31 March 2022
Profit/(Loss) Before Tax (A)	861.03	755.61
Forex Loss (B)	291.02	168.82
Other Income (C)	295.35	220.61
Finance Costs (D)	255.26	113.22
Net Income before Interest (D) = (A)+(B)- (C) +(D)	1,111.96	817.04
Total Assets (E)	12,118.28	9,426.15
Current Liabilities (F)	1,398.19	3,213.60
Current Investments (G)	-	-
Capital Employed (H)=(E)-(F)-(G)	10,720.09	6,212.55
Ratio (D)/(H) (%)	10.37%	13.15%
% Change from previous period / year	-21.13%	-86.85%

The funds raised during the third quarter of the financial year was not fully deployed hence there is a change in the ratio.

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
1	CSR Amount Required to be spent for the year	8.54	4.00
2	CSR Amount unspent/(Excess spent for set-off) for the past year	(0.33)	1.52
		8.21	5.52
	Spent during the year	8.50	5.85
	Amount unspent/(Available for set-off in succeeding financial year)	(0.29)	(0.33)

Sr. No	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	JSS Mahavidyapeetha		3.00
2	The National Association for the Blind		0.50
3	People for Animals	0.90	0.50
4	Food Kits(Food Kits distributed to BPL families in associated with Chennarayana pattana Police station)		0.25
5	PM CARE COVID19		1.52
6	PMO National Relief Fund		0.08
7	National Defence Fund		
8	JSS Mahavidyapeetha	7.00	
9	Swami Shivanand Seva Samiti	0.50	
10	Tapas Trust	0.10	
	Total	8.50	5.85

- 44. A** 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.

44. B 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	0.43	Nil	AY 2021-22	ITO Ward -2 (1)(3)
Income Tax Act, 1961	Income Tax	3.63	0.95	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Interest on Income Tax	0.00 (₹ 73.00)	Nil	AY 2014-15	ITO Ward -2 (1)(3)

NOTES TO STANDALONE FINANCIAL INFORMATION (CONTINUED)

- 45 The financial statements has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 19, 2023.

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTW2150

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies
Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To

The Members

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, 2023, 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, 2023, 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, 2023. 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 subsidiary included in the consolidated Ind-AS financial statements whose financial statements reflect Group's share of total assets of ₹ 150.92 million as at March 31, 2023, Group's share of total revenue of ₹ 1.71 million and Group's share of total net profit after tax of ₹ (3.30) Million and Group's share of total comprehensive income of ₹ Nil for the year ended March 31, 2023, and net cash flows of ₹ 43.31 million for the year ended March 31, 2023. 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 on the Consolidated Ind-AS financial Statements is not modified in respect of the above matters.

Report On Other Legal and Regulatory Requirements

1. As per section 177 (1) of the Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Powers) rules 2014, it is mandatory for the company to constitute an Audit Committee.
2. The Holding Company being listed company is required to comply with section 149(4) of the Companies Act 2013 regarding minimum number of independent directors on the Board.
3. 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. As per notification no. G.S.R 463 (E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.
 - 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 (b) 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 forward 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 2023.
- 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, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, is not applicable for the financial year ended March 31, 2023.
- 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

Sd/-

Pradeep Shetty

Partner

Membership No. 046940

UDIN:23046940BGPTTX3498

Place: Mumbai

Date: May 19, 2023

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, 2023)

Report on the Internal Financial Controls 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, 2023 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.

Auditors' 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 system 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, 2023, 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: 23046940BGPTTX3498

Place: Mumbai

Date: May 19, 2023.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(All amounts in ₹ Millions, unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	2	108.40	107.94
Capital work-in-progress	2	52.90	-
Right-of-use assets	3	43.00	38.10
Other intangible assets	4	0.43	0.48
Financial assets			
(i) Investments	5	-	-
(ii) Other financial assets	6	30.70	3.18
Deferred tax assets (net)	31 (d)	43.72	38.02
Other non-current assets	7	0.50	0.50
Total non-current assets		279.65	188.22
Current assets			
Inventories	8	2,291.62	272.51
Financial assets			
(i) Trade receivables	9	3,195.32	694.94
(ii) Cash and cash equivalents	10	136.71	1,884.79
(iii) Bank balances other than (ii) above	11	5,821.76	6,118.44
(iv) Other financial assets	12	21.30	50.68
Current tax assets (net)	31 (c)	13.87	-
Other current assets	13	432.61	216.57
Total current assets		11,913.19	9,237.93
Total assets		12,192.84	9,426.15
EQUITY & LIABILITIES			
Equity			
Equity share capital	14	193.45	154.80
Other equity	15	5,473.76	1,021.10
Total equity		5,667.21	1,175.90
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Long Term Borrowings	16	57.70	354.40
(ii) Provisions	17	12.40	10.38
Total non-current liabilities		70.10	364.78
Current liabilities			
Financial liabilities			
(i) Borrowings	18	5,037.11	4,671.80
(ii) Trade payables	19		
a) total outstanding dues of MSME		5.47	452.63
b) total outstanding dues of creditors other than MSME		1,357.07	512.50
(iii) Other financial liabilities	20	11.16	6.97
Other current liabilities	21	44.19	2,153.17
Provisions	22	0.53	0.44
Current tax liabilities (net)	31 (c)	-	87.96
Total current liabilities		6,455.53	7,885.47
Total liabilities		6,525.63	8,250.25
Total equity and liabilities		12,192.84	9,426.15

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN: 23046940BGPTTX3498

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ Millions, unless otherwise stated)

	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Income			
Revenue from operations	23	12,536.34	11,022.73
Other Income	24	295.48	220.61
Total income		12,831.82	11,243.34
Expenses			
Cost of materials Consumed	25	12,630.45	9,293.43
Changes in inventories of finished goods and work-in-progress	26	(1,438.46)	712.43
Employee benefit expenses	27	105.10	86.65
Finance cost	28	256.28	113.22
Depreciation and amortisation expenses	29	18.21	21.75
Other expenses	30	402.52	260.31
Total expenses		11,974.10	10,487.79
Profit/(loss) before Exceptional Items, and Tax		857.72	755.55
Public Issue Expenses			
Profit before exceptional items and tax		857.72	755.55
Exceptional items		-	-
Profit before tax		857.72	755.55
Tax expense:	31		
Current tax		(150.44)	(132.02)
Deferred tax		(0.57)	2.59
Mat Credit		10.10	29.96
Total Tax Expenses		(140.91)	(99.47)
Profit for the period (A)		716.81	656.08
Other comprehensive (loss)/ income			
i. Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability / (asset)		0.81	(0.32)
(ii) Income tax relating to remeasurements of defined benefit liability / (asset)		(0.14)	0.11
		0.67	(0.21)
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	
(ii) Income tax relating to items that will be reclassified to profit or loss		(3.70)	
		17.50	-
Total Other comprehensive income (B)		18.17	(0.21)
Total comprehensive income for the period (A+ B)		734.98	655.87
Earnings per equity share [nominal value of ₹ 2]			
Earnings per equity share for Continuing operations			
- Basic (₹)		8.44	9.19
- Diluted (₹)		8.44	9.19
Earnings per equity share for discontinued operations			
- Basic (₹)		-	-
- Diluted (₹)		-	-
Earnings per equity share for discontinued and continuing operations			
- Basic (₹)		8.44	9.19
- Diluted (₹)		8.44	9.19
Summary of Significant Accounting policies	1		
Notes to the financial statements	2 to 44		

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information.

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN: 23046940BGPTTX3498

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from operating activities		
Profit before tax	857.72	755.55
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	(294.07)	(220.24)
Profit on sale of fixed assets	(1.31)	-
Interest on borrowings	187.08	72.40
Depreciation and amortisation expense	18.21	21.75
Operating profit before working capital changes	767.63	629.46
Movement in working capital:		
(Increase)/Decrease in trade receivables	(2,500.39)	(571.80)
(Increase) / Decrease in current investments		-
(Increase)/Decrease in inventories	(2,019.11)	1,744.25
(Increase)/Decrease in other current assets	(216.05)	(113.51)
(Increase)/Decrease in other non current financial assets	(27.51)	(0.08)
(Increase)/Decrease in other current financial assets	50.58	(20.14)
Increase/(Decrease) in trade payables	397.41	(332.86)
Increase/(Decrease) in non current provisions	2.02	2.08
Increase/(Decrease) in current provisions	0.09	(0.18)
Increase/(Decrease) in other current financial liabilities	4.19	(158.17)
Increase/(Decrease) in other non current financial liabilities	-	-
Increase/(Decrease) in other current liabilities	(2,108.98)	(2,393.27)
Increase/(Decrease) in other non current assets	-	-
Cash generated from operations	(5,650.12)	(1,214.22)
Net income tax (paid)	(251.46)	(126.03)
Net cash from operating activities (A)	(5,901.58)	(1,340.25)
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(29.22)	(16.16)
Proceeds from disposal of property, plant and equipment	7.00	3.90
Capital work in progress and capital advance	(52.90)	-
Investment/(Sale) of mutual funds	-	-
Investment in fixed deposits	-	-
Investment in Subsidiary	-	-
Loans (Financial assets)	-	-
Interest received	294.07	220.24
Net cash used in investing activities (B)	218.95	207.98
C. Cash flows from financing activities		
Working Capital/Term Loan	68.62	3,662.40
Net Proceeds from issue of Shares	3,756.33	52.17
Interest paid	(187.08)	(72.40)
Net cash used in financing activities (C)	3,637.87	3,642.17
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,044.76)	2,509.90
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period / year	8,003.23	5,493.33
Cash and cash equivalents at the end of the period / year	5,958.47	8,003.23
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	0.01	-
Balances with bank		
- Current accounts	136.70	1,884.79
Other bank balances	5,821.76	6,118.44
	5,958.47	8,003.23

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Information. As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

DCX

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in ₹ Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares*	Amount	Number of Shares*	Amount
Balance at the beginning of the reporting year	77,400,000.00	154.80	3,500,000.00	35.00
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance as the the beginning of the reporting period / year	77,400,000.00	154.80	3,500,000.00	35.00
Changes in equity share capital during the period / year	19,323,671.00	38.65	73,900,000.00	119.80
Equity Shares issued during the year in consideration for cash	19,323,671.00		370,000.00	3.70
Bonus Issue of shares during the period			58,050,000.00	116.10
Number of Shares after Sub division during the year (5 shares for 1 share)			15,480,000.00	-
Balance at the end of the reporting period / year	96,723,671.00	193.45	77,400,000.00	154.80

* Number of shares is presented as absolute number.

(b) Other equity

Particulars	TOTAL OTHER EQUITY	
	For the year ended 31 March 2023	For the year ended 31 March 2022
RETAINED EARNINGS		
Balance at the beginning of current reporting year	1,021.10	432.86
Total comprehensive income for the year		
Profit for the year	716.81	656.08
Other comprehensive income (net of tax)		
- Remeasurements of defined benefit liability / (asset)	0.67	(0.21)
-Hedge Reserve	17.50	
Utilized for issue of Bonus Shares		(67.63)
Total comprehensive income (A)	1,756.08	1,021.10
SECURITY PREMIUM		
Balance at the beginning of current reporting year	-	
Proceeds from issue of Shares	3,961.35	48.47
Less : Public issue expenditure	(243.67)	
Utilized for issue of Bonus Shares		(48.47)
Total Security Premium (B)	3,717.68	-
Balance at the end of current reporting year (A +B)	5,473.76	1,021.10

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 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 Information.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 19-05-2023
UDIN:23046940BGPTTX3498

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Sd/-
R Sankarakrishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

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 2023 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. Estimation of uncertainty relating to COVID – 19 outbreak:

The company has considered internal and external sources of information up to the date of approval of the consolidated financial statements in determining the impact on various elements of its financial statements. The company has used the principles of prudence in applying the judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including intangible assets, investments and derivatives if any. The eventual outcome of impact of the global health pandemic may be

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

different from those estimated as on the date of approval of these consolidated financial statements.

g. **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 amount of assets and classification of liabilities that might result, should the company be unable to continue as a going concern.

h. **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.

i. **Reclassification:**

No such material reclassification done during the year.

j. **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.

k. **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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

I. 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 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.

m. 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.

n. 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,

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- 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 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.

o. 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.

p. 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.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

q. 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.

r. 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.

s. 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.

t. 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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

'- 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 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.

u. 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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 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 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 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 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.

v. 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.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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.

w. 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).

x. 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.

y. 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.

z. 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.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 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 INFORMATION (CONTINUED)

(All amounts 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 2021	5.98	2.14	3.91	8.34	5.11	10.09	39.16	85.03	7.62	167.38
Additions	0.80	0.22	0.55	-	-	0.01	-	0.02	14.29	15.89
Disposals during the period / year	-	-	-	-	-	-	-	-	(3.90)	(3.90)
As at 31 March 2022	6.78	2.36	4.46	8.34	5.11	10.10	39.16	85.05	18.01	179.37
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
Accumulated depreciation										
As at 1 April 2021	4.90	1.78	1.83	8.34	3.88	3.15	16.22	8.26	2.90	51.26
Depreciation for the period / year	0.20	0.09	0.62	-	0.32	1.82	6.78	7.29	3.05	20.17
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	5.10	1.87	2.45	8.34	4.20	4.97	23.00	15.55	5.95	71.43
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
	-	-	-	-	-	-	-	-	-	-
Net block										
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
As At 31 March 2022	1.68	0.49	2.01	(0.00)	0.91	5.13	16.16	69.50	12.06	107.94

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Title deeds of Immovable Properties

Descriptions	As at 31 March 2023	As at 31 March 2022
Title deeds held in the name of	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.	
Reason for not being held in the name of Company	The name of the company has changed from DCX Cable Assemblies Private Limited to DCX Systems Private Limited w.e.f 03-01-2022. Further the company was converted from private limited to public limited w.e.f. 02-02-2022. However, the title deed are still in the name of DCX Cable Assemblies Private Limited.	

Refer note no. 16 and 18 for information on property, plant and equipment pledged 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 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

Particulars	As at 01 April 2021	Additions	Capitalised during the period / year	As at 31 March 2022
Capital work-in-progress	-	-	-	-
Total	-	-	-	-

3 Right-of-use assets

Particulars	Gross Block			Gross Block			Net Block			
	As at 01 April 2022	-	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

Particulars	Gross Block			Gross Block			Net Block			
	As at 01 April 2021	-	Disposals during the period / year	As at 31 March 2022	As at 01 April 2021	Charge for the period / year	Disposals during the period / year	As at 31 March 2022	As at 01 April 2021	As at 31 March 2022
Leasehold land	38.10			38.10	-	-		-	38.10	38.10
Total Assets	38.10			38.10	-	-		-	38.10	38.10

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
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
As at 1 April 2021	9.35	9.35
Additions	0.28	0.28
Disposals during the period / year	-	-
As at 31 March 2022	9.63	9.63
Amortisation		
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
As at 1 April 2021	7.57	7.57
Amortisation for the period / year	1.58	1.58
Disposal during the period / year	-	-
As at 31 March 2022	9.15	9.15
Net block		
As at 31 March 2023	0.43	0.43
As at 31 March 2022	0.48	0.48

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
5 Investments		
Investment measured at cost		
Investment in wholly owned subsidiary (unquoted investments)		
Addition : During the year/period 6,500,000 (31 March 2022 : 1,00,000) equity shares of "Raneal Advanced Systems Private Limited " of ₹ 10 Each acquired	-	-
	-	-
(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		2.44
Other deposits	0.01	0.01
SBI Gratuity Trust	4.00	
Security deposits	26.69	0.73
	30.70	3.18
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	853.16	272.51
Stock in trade		-
Finished goods	1,438.46	
Work in progress		
	2,291.62	272.51
9 Trade receivables (Unsecured)		
Trade receivables considered good	3,195.32	694.94
Trade receivables - credit impaired	-	-
	3,195.32	694.94
Less: Allowance for doubtful receivables	-	-
	3,195.32	694.94
The above amount includes :		
Others	3,195.32	694.94
Receivable from related parties	-	-
Total	3,195.32	694.94

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

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

As at 31 March 2022

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	688.13		6.81		-	694.94
(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					-	-
	688.13	-	6.81	-	-	694.94

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
10 Cash and cash equivalents		
Balances with banks		
Current accounts	136.70	1,884.79
In deposit account (the maturity of the period of which is less than 3 months)		-
Cash in hand	0.01	
	136.71	1,884.79
11 Bank balances other than cash and cash equivalents		
Other bank balances		
Deposits with original maturity of more than 3 months (₹ 2000.50 Mn Kept as margin money with Banks)	5,808.77	6,118.44
Deposit - Kept as margin money against LC	12.99	-
	5,821.76	6,118.44
12 Other current financial assets		
Interest receivable (from fixed deposits with banks)	0.10	-
MEIS incentive receivables		50.68
Forward Contract	21.20	
	21.30	50.68
13 Other current assets		
(Unsecured, considered good)		
Advances to suppliers	380.44	170.76
Advance salary	1.15	0.93
Balances with statutory/government authorities	19.28	13.45
Expenses Relating To Public Issue	-	17.30
Prepaid expenses	31.74	14.13
	432.61	216.57
14 Share capital		
Particulars	As at 31 March 2023	As at 31 March 2022
Authorised :		
125,000,000 Equity Shares of ₹ 2/- Each (31 March 2022 : 3,500,000 equity shares of Rs.10 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 Rs.2/-each	154.80	154.80
Addition : During the year/period 19,323,671 of equity shares issued at face value of ₹ 2/- with premium of ₹ 205/-	38.65	
TOTAL	193.45	154.80

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity share :	As at 31 March 2023	As at 31 March 2022
	Number of Shares*	Number of Shares*
Outstanding at the beginning of the year / period	77,400,000.00	3,500,000.00
Equity Shares issued during the year in consideration for cash		
IPO	19,323,671.00	
Preferential allotment	-	100,000.00
Right issue	-	270,000.00
Total number of shares before Sub Division	96,723,671.00	3,870,000.00
Adjustment for subdivision of shares	-	15,480,000.00
Bonus Issue of shares during the year	-	58,050,000.00
Outstanding at the end of the year	96,723,671.00	77,400,000.00

* Number of shares is 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.

Shareholders holding more than 5% shares in the Company is set out below:

	As at 31 March 2023		As at 31 March 2022	
	Equity shares of ₹ 2 each fully paid		Equity shares of ₹ 2 each fully paid	
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %
M/s NCBG Holdings Inc	31,884,542.00	32.965%	34,300,000.00	44.32%
M/s VNG Technology Pvt Ltd	31,884,542.00	32.965%	34,300,000.00	44.32%
Dr. H S Raghavendra Rao	5,612,558.00	5.80%	7,400,000.00	9.56%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2023		As at 31 March 2022	
	Equity shares of ₹ 2 each fully paid		Equity shares of ₹ 2 each fully paid	
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %
M/s NCBG Holdings Inc	31,884,542.00	32.965%	34,300,000.00	44.32%
M/s VNG Technology Pvt Ltd	31,884,542.00	32.965%	34,300,000.00	44.32%
Dr. H S Raghavendra Rao	5,612,558.00	5.80%	7,400,000.00	9.56%

* Number of shares is presented as absolute number.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

15 Other equity

	As at 31 March 2023	As at 31 March 2022
Reserves and surplus		
A. Retained earnings	1,756.08	1,021.10
B. Securities premium	3,717.68	-
	5,473.76	1,021.10
	As at 31 March 2023	As at 31 March 2022
A. Retained earnings		
Balance at the beginning of current reporting year	1,021.10	432.86
Profit for the year	716.81	656.08
Less: Utilized for issue of Balance Bonus Shares		(67.63)
Other comprehensive (loss)/ income		
-Remeasurements of defined benefit liability / (asset) (net of tax)	0.67	(0.21)
-Hedge Reserve	17.50	
	1,756.08	1,021.10
	As at 31 March 2023	As at 31 March 2022
B. Securities premium		
Opening balance	-	-
Add : Proceeds from issue of Shares	3,961.35	48.47
Less : Public issue expenditure	(243.67)	
Less : Utilized for issue of Bonus Shares	-	(48.47)
	3,717.68	-
Particulars	As at 31 March 2023	As at 31 March 2022
16 Long Term Borrowings		
Secured Term Loan	57.70	354.4
	57.70	354.4
The Working Capital Term Loan, Loan under ECGL(Emergency Credit Line Guarantee Scheme) Interest @ 7.5% PA with a tenure of 60 to 72 Months and second Charge on movable fixed assets of the company both present and future.Term Loan with tenure of 72 months with Initial 12 months moratorium and interest at 10.25% PA linked with 3months T bills.		
17 Provisions		
Provision for employee benefits		
Gratuity (Refer note no. 37 for further disclosures)	7.37	6.49
Leave encashment	5.03	3.89
Others provision	-	-
	12.40	10.38

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
18 Borrowings		
Secured		
From Bank		
Working capital loan	5,037.11	4,671.80
	5,037.11	4,671.80
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 5.1% 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)	5.47	452.63
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,357.07	512.50
	1,362.54	965.13

Notes :

(1) Refer note for related party disclosure.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

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

As at 31 March 2022

Particulars	Outstanding for following periods					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME		452.63			-	452.63
(ii) Others		512.50			-	512.50
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
	-	965.13	-	-	-	965.13

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20	Other financial liabilities	As at 31 March 2023	As at 31 March 2022
	Accrued expense payable	1.64	1.67
	Employee benefits payable	9.52	5.30
		11.16	6.97
21	Other current liabilities	As at 31 March 2023	As at 31 March 2022
	Advance received from customers	31.32	2,147.31
	Statutory dues payable	12.87	5.86
	'Rent security Deposits	-	-
		44.19	2,153.17
22	Provisions		
	Provision for gratuity	0.31	0.27
	Provision for leave encashment	0.22	0.17
		0.53	0.44

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
23 Revenue from operations		
Sale of products	12,467.62	10,976.66
Sale of services	68.72	17.46
Other operating revenue		
MEIS incentive received		28.61
	12,536.34	11,022.73
Refer note no. 38 for further disclosures.		
24 Other income		
Interest on fixed deposits	294.07	220.24
Other income	0.10	0.37
Profit on sale of used Asset	1.31	
		-
	295.48	220.61
25 Cost of materials consumed		
Opening Stock	272.51	1,304.33
Import purchases	1,377.84	1,770.47
Local purchases	11,833.26	6,491.14
Less: Closing Stock	853.16	272.51
	12,630.45	9,293.43
26 Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening inventories		
Stock in trade		
Raw materials		
Finished goods		19.97
Work-in- process		692.46
Stores & spares		
Total (A)		712.43
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)	712.43

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
27 Employee benefit expenses		
Employee Insurance	0.61	0.42
Encashment of earned leave	1.36	1.27
Gratuity	1.41	2.48
Salaries and wages including bonus, incentives	94.51	76.86
Staff welfare expenses	7.21	5.62
	105.10	86.65
28 Finance costs		
Bank charges	13.05	8.06
Interest on borrowings	187.08	72.40
Interest on Working Capital Term Loan	30.00	0.71
Other borrowing costs	26.15	32.05
	256.28	113.22
29 Depreciation and amortisation expense		
Amortisation of intangible assets (refer note 4)	0.20	1.58
Depreciation of property, plant and equipment (refer note 2)	18.01	20.17
	18.21	21.75
30 Other expenses		
Manufacturing service cost expenses		
Freight expenses	6.74	11.70
Power and fuel expenses	2.97	2.61
Repairs and maintenance		
Building	0.49	0.97
Machinery & others	1.72	1.47
Wages and labour charges	5.91	6.01
Water Charges	0.37	0.53
Administrative and general expenses		
Business promotion expenses	2.90	0.99
Communication expenses	0.75	0.53
Director Sitting Fees	1.20	0.30
Insurance	5.55	3.43
Internal Audit fees	0.60	
Income / (loss) arising from fair valuation of assets through profit & loss		-
Net loss on foreign currency translation	290.89	168.82
Others expenses	22.03	17.84
Professional & consultancy fees	45.89	36.09
Printing and stationery	0.38	0.33
Rent	0.42	
Rates and taxes	10.04	5.33
Remuneration to auditors		
Statutory audit	0.78	0.73
Tax audit		
Travelling and conveyance	2.89	2.63
	402.52	260.31

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

31 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax:		
Current income tax charge	(150.44)	(132.02)
Deferred tax	(0.57)	2.59
MAT Credit Entitlement	10.10	29.96
Income tax expense reported in the statement of profit or loss	(140.91)	(99.47)

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Deferred tax		
Remeasurements gains and losses on post employment benefits	(0.14)	0.11
Income tax recognised in OCI	(0.14)	0.11

(c) Balance sheet

Current tax assets

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Non- current tax assets	-	-
Current tax assets	13.87	-
Total tax assets	13.87	-

Current tax liabilities

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Income tax (net of advance tax)	-	87.96
Total current tax liabilities	-	87.96

(d) Deferred tax liabilities / assets

Particulars	For the year ended 31 March 2023	As at 31 March 2022
Income tax relating to remeasurements of defined benefit liability / (asset)	(0.14)	-
Income tax relating to items that will be reclassified to profit or loss	(3.70)	-
Fair valuation of Security deposits	-	-
Excess of depreciation/amortisation on property plant and equipment under income tax act	3.98	4.28
Gratuity provision	1.88	2.36
Leave encashment	1.63	1.42
MAT Credit	40.07	29.96
Net deferred tax liability/(asset)	43.72	38.02

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

32 Earnings Per Share

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profits attributable to equity shareholders		
Profit for the year	716.81	656.08
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year	84,970,644	71,380,274
Basic EPS (₹)	8.44	9.19
Diluted Earnings Per Share		
Profit for the year	716.81	656.08
Weighted average number of equity shares outstanding during the year	84,970,644	71,380,274
Diluted EPS (₹)	8.44	9.19
Weighted average number of equity shares for Basic and Diluted Earnings Per Share	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the period of ₹ 2 each (₹ 10 each for Previous year)	77,400,000	3,500,000
Issued during the period	19,323,671	370,000
Total	96,723,671	3,870,000
Adjustment for subdivision of shares		19,350,000
Bonus Issue of shares during the year		58,050,000
	96,723,671	77,400,000
Weighted average number of equity shares outstanding during the period	84,970,644	71,380,274

* 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 2023	For the year ended 31 March 2022
Bank guarantees	INR	3,353.73	4,807.93
Corporate Guarantee provided to wholly owned Subsidiary	INR	450.00	
Letter of Credit (LC)	INR	129.04	

(b) Commitments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	69.86	-
		-

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Principal amount remaining unpaid to any supplier as at the end of the period/year		
Trade payables	5.47	452.63
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 INFORMATION (CONTINUED)

(All amounts 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
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
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

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(b)

Sl. No.	Related parties	Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022
Purchase				
1	M/S DCX Chol Enterprises Inc	Purchases of Raw Materials	3.82	35.58
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Raw Materials	7,450.56	2,783.82
Sales				
3	M/S DCX Chol Enterprises Inc	Export of Finished Goods	24.38	0.01
Expenditure				
4	Mr. H.S. Raghavendra Rao	Salary	22.89	29.20
5	Mr. Anand S	Salary	2.59	1.73
6	Mr.R.Sankarakrishnan	Professional Fee	-	1.25
7	Mr.R.Sankarakrishnan	Salary	2.47	0.53
8	Mr.Ranga K S	Salary	4.61	1.26
9	Mr.Shiva Kumara R	Salary	4.45	1.88
10	Mr.Prasanna Kumar T S	Salary	3.03	2.70
11	Mr.Nagaraj R Dhavaskar	Salary	1.21	0.35
12	Mr.Pramod. B	Salary	2.59	1.30
13	Mr.G S Manjunath	Salary	1.64	1.38
14	Mr.Kiran Kumar K S	Salary	1.48	1.40
15	Mr.Atul D Mutthe	Salary	1.33	0.43
16	Mr.Rajanikanth K N	Salary	1.46	1.30
17	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	0.13	1.70
18	Mr. Harsha H.M	Professional Fee	0.78	-
19	Mr. Harsha H.M	Professional Fee(Arrears)	0.65	-
TOTAL			7,530.07	2,865.82
Payable				
20	M/S DCX Chol Enterprises Inc	Payable / (Receivable)	(31.63)	1.53
21	M/S RNSE-TRONICS Pvt Ltd.,	Payable / (Advance)	128.77	419.85
22	Mr.R.Sankarakrishnan	Salary Payable	-	0.16
23	Dr. H S Raghavendra Rao	Salary Payable	1.10	0.67
24	Anand S	Salary Payable	0.17	0.12
25	Mr. Ranga K S	Salary Payable	0.27	0.17
26	Mr.Shiva Kumara R	Salary Payable	0.25	0.26
27	Mr.Prasanna Kumar T S	Salary Payable	0.18	0.19
28	Mr.Nagaraj R Dhavaskar	Salary Payable	0.09	0.08
29	Mr.Pramod. B	Salary Payable	0.16	0.16
30	Mr.G S Manjunath	Salary Payable	0.11	0.10
31	Mr.Kiran Kumar K S	Salary Payable	-	0.13
32	Mr.Atul D Mutthe	Salary Payable	0.10	0.09
33	Mr.Rajanikanth K N	Salary Payable	0.10	0.10
34	Mr.Harsha H.M	Payable / (Advance)	(1.24)	-

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

36 Fair value measurements

(a) Categories of financial instruments -

Particulars	As at 31 March 2023				
	Carrying amount	Fair values			Amortised cost
		FVTPL	FVTPL	FVTOCI	
Category		Level 1	Level 3	Level 3	Level 2
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
Particulars	As at 31 March 2022				
	Carrying amount	Fair values			Amortised cost
		FVTPL	FVTPL	FVTOCI	
Category		Level 1	Level 3	Level 3	Level 2
Financial assets					
Trade receivables	694.94	-	-	-	694.94
Cash and cash equivalents	1,884.79	-	-	-	1,884.79
Other bank balances	6,118.44	-	-	-	6,118.44
Other financial assets	53.86	-	-	-	53.86
Total financial assets	8,752.03	-	-	-	8,752.03
Financial liabilities					
Borrowings	4,671.80	-	-	-	4,671.80
Trade payables	965.13	-	-	-	965.13
Working Capital Term Loan	354.40	-	-	-	354.40
Other financial liabilities	6.97	-	-	-	6.97
Total financial liabilities	5,998.30	-	-	-	5,998.30

(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). Investments in mutual funds which are designated at fair value through profit and loss (FVTPL).

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Provident fund		
Employer's Contribution	4.17	3.47
Administration charges	0.17	0.23
Employer's Contribution to ESI (Employee State Insurance)	0.19	0.30
	4.53	4.00

(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 2023	As at 31 March 2022
Present Value of Benefit Obligation at the Beginning of the Period	6.76	5.76
Interest cost	0.49	0.39
Current service cost	1.30	1.02
Benefits paid	(0.07)	(0.74)
Actuarial (Gains)/Losses on Obligations	-	-
- Due to Change in Financial Assumptions	(0.23)	0.94
- Due to Change in Demographic Assumptions	-	-
- Due to Experience	(0.58)	(0.61)
Present value of obligation at the end of the period / year	7.67	6.76

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at the beginning of the period / year		-
Interest income		-
Contributions	0.07	0.74
Mortality charges and taxes		
Benefits paid	(0.07)	(0.74)
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 INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Net interest cost for current period

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest Cost	0.49	0.39
Interest Income	-	-
Net Interest Cost for Current Period	0.49	0.39

Net employee benefit expense on account of gratuity recognised in employee benefit expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	1.30	1.02
Net interest (Income)/ Expense	0.49	0.39
Net benefit expense	1.79	1.41

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	0.81	(0.32)
Re-measurement for the year - plan assets (gain) / loss	-	-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	0.81	(0.32)

Net Defined Benefit Liability/(Asset) for the period / year

Particulars	As at 31 March 2023	As at 31 March 2022
Defined Benefit Obligation	7.67	6.76
Fair value of plan assets	-	-
Closing net defined benefit liability/(asset)	7.67	6.76

Particulars	As at 31 March 2023	As at 31 March 2022
Current	0.31	0.27
Non-Current	7.36	6.49

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	31 March 2022
	%	%
Mortality table	100% of IALM 2012-14	100% of IALM 2012-14
Discount rate	7.52%	7.28%
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 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

A quantitative sensitivity analysis for significant assumption as at 31 March 2022 is as shown below:

Assumptions	Defined benefit obligation	
	As at 31 March 2022	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.79)	0.97
Delta effect of 1% change in rate of salary increase	0.77	(0.67)
Delta effect of 1% change in rate of employee turnover	(0.18)	0.21

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 2023	31 March 2022
1st Following Year	0.30	0.27
2nd Following Year	0.31	0.29
3rd Following Year	0.34	0.29
4th Following Year	0.36	0.32
5th Following Year	0.39	0.33
After 5th Year	24.54	21.69

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	For the year ended 31 March 2022
Gross Sales (Contracted Price)	12,536.34	10,997.82
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	-	(3.70)
Revenue recognised	12,536.34	10,994.12

The Company derives its revenue from contracts with customers for the transfer of goods and services at a point in time and over the period in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment under Ind AS 108.

Sr.No	Item description
1	Transmission receiver group modules, Missile switching units, Power supplies, filters, transmitter modules, receiver modules
2	Cable & Wire harness assemblies
3	Electronic & Electro mechanical components

(b) Recognition of revenue as per IND AS 115

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue recognised at point in time	12,467.62	10,976.66
Revenue recognised over the period	68.72	17.46
Total	12,536.34	10,994.12

(c) Revenue from products:

Country / Region	For the year ended 31 March 2023	For the year ended 31 March 2022
Exports	8,847.25	6,116.94
Deemed Exports	3,551.81	4,844.46
Domestic	68.56	15.26
Total revenue	12,467.62	10,976.66

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 2023	As at 31 March 2022
Total current assets (A)	11,913.19	9,237.93
Total current liabilities (B)	6,455.53	7,885.47
Working capital (A-B)	5,457.66	1,352.46
Current Ratio:	1.85	1.17

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts 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 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
	As at 31 March 2022			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	5,026.20	4,671.80	354.40	5,026.20
Trade payables	965.13	965.13	-	965.13
Other liabilities	6.97	6.97	-	6.97

(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 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD				
Trade receivables				
USD			9.03	684.24
Euro			-	-
Advance to suppliers				
USD	3.59	295.16	2.11	159.87
Euro	0.02	1.86	0.01	0.45
GBP	-	-	0.00	0.32
Balance with banks - in EEFC accounts	0.08	6.78	19.38	1,468.83
	3.69	303.80	30.53	2,313.71

Note: Amounts seen as (0.00) are below the disclosure threshold of the company.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

(ii) Financial liabilities

Financial assets	As at 31 March 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD				
Trade payable				
USD	14.53	1,194.91	12.31	932.78
Euro	0.18	16.32	0.15	12.77
GBP	-	-	-	-
Packing credit in foreign currency	-	-	61.63	4,671.80
Advance from customer			27.95	2,118.96
	14.71	1,211.23	102.04	7,736.31

(iii) Currency wise net exposure (Financial assets - Financial liabilities)

Currency wise net exposure (assets -liabilities)	As at 31 March 2023		As at 31 March 2022	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	(10.86)	(892.97)	(71.38)	(5,410.60)
EUR	(0.16)	(14.45)	(0.15)	(12.32)
GBP	-	-	-	0.32
Total	(11.02)	(907.41)	(71.53)	(5,422.60)

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)		Impact on profit/equity (1% weakening)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	USD	(8.93)	(54.11)	8.93
EUR	(0.14)	(0.12)	0.14	0.12
GBP	-	-	0.00	(0.00)
Total	(9.07)	(54.23)	9.07	54.23

(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 2023	As at 31 March 2022
Variable rate borrowings	5,037.11	5,026.20
Fixed rate borrowings	57.70	-
Total borrowings	5,094.82	5,026.20

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

Sensitivity analysis

Impact on profit before tax /pre- tax equity :

Particulars	As at 31 March 2023	As at 31 March 2022
Increase by 50 basis points	(25.19)	(25.13)
Decrease by 50 basis points	25.19	25.13

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 2023	As at 31 March 2022
Total liabilities	6,525.63	8,250.25
Less: cash and cash equivalents and bank balances	5,958.47	8,003.23
Net debt	567.16	247.03
Total equity	5,667.21	1,175.90
Debt-equity ratio	0.10	0.21

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 19.05.2023.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(All amounts in ₹ Millions, unless otherwise stated)

44. A 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	99.942	5,667.21	99.540	716.81	100.000	0.67	99.553	734.98
Adjustment arising out of consolidation-Eqyity investment	-							
Indian subsidiaries								
Raneal advanced sysetms private limited	0.06	3.31	0.46	3.31	-	-	0.45	3.31
Foreign subsidiaries								
Associate								
Total	100.00	5,670.52	100.00	720.12	100.00	0.67	100.00	738.28

44. B 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	0.43	Nil	AY 2021-22	ITO Ward -2 (1)(3)
Income Tax Act, 1961	Income Tax	3.63	0.95	AY 2020-21	COMMISSIONER OF INCOME TAX (APPEALS),
Income Tax Act, 1961	Interest on Income Tax	0.00 (₹ 73.00)	Nil	AY 2014-15	ITO Ward -2 (1)(3)

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Sd/-
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:19-05-2023
UDIN:23046940BGPTTX3498

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)

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

Sd/-
K S Ranga
Chief Financial Officer
Place : Bangalore
Date:19-05-2023

Sd/-
R Sankar Krishnan
Non-Executive Director
DIN : 00078459

Sd/-
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

NOTICE

Notice is hereby given that the **12th (Twelfth)** Annual General Meeting (AGM) of the Members of the Company will be held on **Monday, September 25, 2023, at 4:00 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, 2023, together with the reports of the Board of Directors and Auditors thereon:**

To consider, and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited standalone and consolidated financial statements of the Company, 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. Krishnabagawan Srinivasa Ranga (DIN:02386255) as a 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 Section 152 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), Mr. Krishnabagawan Srinivasa Ranga (DIN:02386255), who, pursuant to the

Provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, was appointed as an Additional Director with effect from 01st September, 2023 and who holds the office upto the date of forthcoming Annual General Meeting of the Company 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."

- 4: Appointment of Mr. Krishnabagawan Srinivasa Ranga (DIN:02386255) as a Whole-Time 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 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, 203 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. Krishnabagawan Srinivasa Ranga (DIN:02386255), as the Whole-Time Director of the Company, for a period of 5 (Five) years w.e.f. 1st September, 2023.

RESOLVED FURTHER THAT the Nomination and Remuneration Committee and Board of Directors, be and are hereby authorised to alter, modify or revise from time to time, the said terms and conditions of appointment and remuneration of Mr. Krishnabagawan Srinivasa Ranga 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.”

5: 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:

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 and applicable provisions of the Companies Act, 2013, if any, read with relevant rules made therein under, consent of the Members of the Company be and is hereby accorded for Mr. Neal Jeremy Castleman (DIN:05159412), Non-Executive, Non-Independent Director of the Company, who will attain the age of 75 years on April 01, 2024, to continue and to hold his office of Non-Executive, Non-Independent Director of the Company, after attaining the age of 75 years.

RESOLVED FURTHER THAT any of the Director and/ or the Company Secretary of the Company be and are hereby jointly / severally authorized to file necessary e-forms and all other necessary information with Registrar of Companies, along with filing of other necessary documents with various other regulatory authorities, as may be required, and issue certified true copies and to do all acts, deeds and things as may be required to give effect to the above resolution.”

6: Approval for levy of charges for serving of any document to the members of the Company:

To consider and if thought fit, to pass with or without modification, the following resolution as a n **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members be and is hereby accorded to the Board of Directors of the Company and/or any of the duly constituted Committee of the Board of Directors to charge from the Member such fees equivalent to the estimated actual expenses of delivery of the documents to members through a particular mode requested by such member.

RESOLVED FURTHER THAT such requests by Members along with requisite estimated fees shall be duly received by the Company in advance of dispatch of documents by the Company to the Members.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors and Company Secretary of the Company be and is hereby severally

authorized to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to the foregoing resolution.”

By order of the Board of Directors
For DCX Systems Limited

Sd/-

Nagaraj R Dhavaskar

Company Secretary, Legal and Compliance Officer
M. No.: F12530

Place: Bengaluru

Date: August 29, 2023

Registered Office:

Aerospace SEZ Sector, Plot Nos.29,30 and 107,
Hitech Defence and Aerospace Park,
Kavadadasanahalli, 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 to 6 in the Notice of this 12th Annual General Meeting 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. 10/ 2022 and General Circular No. 11/ 2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (the 'MCA') and Circular no. SEBI/ HO/ CFD/ PoD-2/P/ CIR/ 2023/ 4 dated January 5, 2023 issued by 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., 18th September, 2023 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 meeting is also 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 electronically. Members seeking to inspect such documents can send an e-mail to cs@dcxindia.com.

In addition, 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 Thursday, September 21, 2023 from 9.00 a.m. and ends on Sunday, September 24, 2023 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 Monday, September 18, 2023 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 of 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 of 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 and 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.

Login method for Individual shareholders holding securities in demat mode is given below:

Individual Shareholders holding securities in demat mode with NSDL:

1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select «Register Online for IDeAS Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>.
3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal

computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

Individual Shareholders holding securities in demat mode with CDSL:

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your 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. Open the internet browser and launch the 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:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

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

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical 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 ‘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 minimum 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

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 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 company from Monday September 18, 2023 and the registration as speaker closes on Thursday September 21, 2023, 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 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 18th September 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 evoting/ 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 MEETING

Particulars	Details
Day, Date and time of the AGM	Monday, September 25, 2023 at 4.00 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	18.09.2023
E-voting start date and time	21.09.2023
E-voting end date and time	24.09.2023
Name, address and contact details of Registrar and Share Transfer Agent and e-voting service provider	Link Intime India Private Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3 & 4

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 18th August, 2023, on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), had appointed Mr. Krishnabhagawan Srinivasa Ranga (DIN:02386255) as an Additional Director with effect from 01st September, 2023, 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. Krishnabhagawan Srinivasa Ranga being an Additional Director, holds office up to the date of the 12th 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. Krishnabhagawan Srinivasa Ranga for the office of a Director of the Company.

Mr. Krishnabhagawan Srinivasa Ranga satisfies all the other conditions set out in Part-I of Schedule V of the Act as 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 Director in terms of Section 164 of the Act.

The appointment and payment of remuneration to Mr. Krishnabhagawan Srinivasa Ranga 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)
 - ii. **Other Allowances:** ₹ 1,49,333/- (Rupees One Lakh Forty-Nine Thousand Three Hundred Thirty Three Only)
 - iii. **Medical Reimbursement:** ₹ 3.00 Lakh (Rupees Three Lakh Only) per annum as for self through Medical Insurance Card.
 - iv. **Leave Travel Allowance:** ₹ 31,967/- (Rupees Thirty-One Thousand Nine Hundred Sixty Seven Only)
 - vi. **Encashment of the leave:** At the end of the tenure of office in accordance with the Company's rules.
 - viii. **Bonus:** As per the Company's rules.
 - ix. **Provident Fund:** Company's contribution towards Provident Fund as per Rules of the Company, but not exceeding 12% of the Salary or such percentage as required under the statute.
 - xii. **Gratuity:** Not exceeding one-half month's salary for each completed year of service, subject to a maximum limit as prescribed under Schedule V to the Companies Act, 2013.
- 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. Krishnabhagawan Srinivasa Ranga 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 resolution set out at Item No. 3 and 4 of the Notice for approval by the Members by way of an Ordinary Resolution.

Save and except, Mr. Krishnabhagawan Srinivasa Ranga 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. 5

Mr. Neal Jeremy Castleman (DIN:05159412), Non-Executive Non-Independent Director of the Company, will be attaining the age of 75 years on April 01, 2024. Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements), 2015 insists for members approval by way of Special Resolution to continue the directorship of any person as a Non-Executive Non-Independent director who has attained the age of seventy-five years. In view of the said provisions, consent of the Members is required by way of a Special Resolution for the continuation of Mr. Neal Jeremy Castleman (DIN:05159412) as a Non-Executive Non-Independent Director of the Company.

Mr. Neal Jeremy Castleman has been the Non-Executive Non-Independent 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 two decades of experience in the electronics manufacturing sector. He has been working with DCX-CHOL Enterprises, Inc as a director (president) since 1997.

The Board of Directors, based on the recommendations of the Nomination and Remuneration Committee, has recommended and approved continuation of office by Mr. Neal Jeremy Castleman as a Non-Executive, Non-Independent Director of the Company after attaining the age of 75 years as on April 01,2024.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 5 of the Notice for approval and 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.

Except Mr. Neal Jeremy Castleman, including his relatives only to the extent of their shareholding, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No. 6

As per the provisions of Section 20(2) of the Companies Act, 2013, a Member may request to the Company for any document through a particular mode, for which the Member shall pay such fees as may be determined by the Company in its Annual General Meeting.

Since the cost of providing documents may vary according to the mode of service, its weight and its destination, etc., it is proposed that actual expense that may be borne by the Company for such dispatch will be paid in advance by the Member to the Company.

Since provisions of the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, The Board recommends the resolution set out at Item No. 6 of the Notice for approval by the members by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice.

DETAILS OF MR. KRISHNABHAGAWAN SRINIVASA RANGA (DIN:02386255) WHOLE TIME DIRECTOR, SEEKING APPOINTMENT AT THE 12TH 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. KRISHNABHAGAWAN SRINIVASA RANGA
DIN	02386255
Designation	Whole-Time Director
Date of Birth	February 17, 1968
Age	55 Years
Date of first appointment on the Board	01.09.2023
Qualifications	Bachelor of science degree from the University of Bangalore as well as Chartered Accountant from Institute of Chartered Accountants of India.
Experience and Expertise	Chartered Accountant with 25 years of post-qualification experience. Proven capabilities in financial reporting, project finance both short term and long term, production planning and control, statutory compliance, tax planning, budgeting, raising capital from PE's and public, Handled working capital limits of ₹ 1500 crores and above, proficiency in implementing systems, procedures in finance and accounts, liaison with auditors, bankers and investors community,
Details of remuneration last drawn	₹ 5,20,000/- P.M. (CTC) as on July 2023
Remuneration proposed to be paid	₹ 5,20,000/- P.M. (CTC)
Terms and Conditions of appointment	As mentioned in the resolution in Item No.3 & 4 of Notice
Shareholding in the Company	75,000 equity shares of ₹ 2/- each
Relationship with other Directors / Key Managerial Personnel	None
Directorships in other Companies	Raneal Advanced Systems 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 year	None

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 12TH AGM, 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 AND SEEKING APPOINTMENT AS A DIRECTOR OF THE COMPANY AFTER ATTAINING THE AGE OF 75 YEARS PURSUANT TO REGULATION 17 (1A) OF SEBI (LODR) REGULATIONS, 2015:

Name of the Director	Mr. Neal Jeremy Castleman
DIN	05159412
Designation	Non-Executive Non-Independent Director
Date of Birth	01-04-1949
Age	74 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	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.5 of Notice
Shareholding in the Company	Ncbg Holdings Inc is the Promoter shareholder of the Company holding 3,18,84,542 shares, constituting 32.96% 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.

