

Dear Shareholders,

The success of DCX is not mapped by its performance alone. In a difficult business environment, which FY 22 definitely was, it is also a measure of a company's ability to adapt to the transforming global ecosystem. It is defined by the speed and agility with which an organisation aligns itself to the new systems and processes. By this yardstick, FY 22 will go down in the history of your Company as quite a remarkable one. Given the backdrop of geopolitical scenario, rising inflation, hardening of interest rates in both the domestic and international markets, and the continuing menace of Coronavirus variants, your Company's performance has been astounding.

Continuing growth path.... Creating new milestones:

Your company has consistently and in a sustained manner excelled in its working year on year surpassing the targets in revenue, improving margins, adequately improving leverage ratios and improved its net worth. The range of growth can be assimilated by you from the table below. Further DCX has a clear business visibility with confirmed order book on hand to the tune of Rs. 2,600 crores and pipeline orders worth Rs. 4,600 crores.

LN No	Particular (Rs. In Millions)	FY2019	FY2020	FY21	FY 2022
1	Revenue from Operations	2,998.72	4,492.62	6,411.63	11,022.73
2	Interest on fixed deposits	90.94	146.87	223.96	220.24
3	Other income	1.04	12.80	196.83	0.37
4	Total Other Income	91.98	159.67	420.79	220.61
5	Total income	3,090.70	4,652.29	6,832.42	11,243.34
6	Cost of materials consumed operation and incidental cost	2,708.80	4,311.78	6,604.35	9,293.43
7	Changes in inventories of finished goods and work-in-progress	95.97	(232.49)	(419.66)	712.43
8	Employee benefits expense	49.97	55.97	54.79	86.65
9	Finance costs	58.20	79.41	99.22	113.22
10	Depreciation and amortisation expense	7.36	13.76	24.31	21.75
11	Other expenses	97.37	295.19	71.35	260.25
12	Total Expense	3,017.67	4,523.62	6,434.36	10,487.73
13	Profit Before Tax	73.03	128.67	398.06	755.61
14	Taxes	27.17	31.23	102.48	99.47
15	PAT	45.86	97.44	295.58	656.14
16	Forex Loss	59.74	242.96	-	168.82
17	EBIDTA	106.35	305.13	100.80	838.79
18	EBIT	98.99	291.37	76.49	817.04
19	Total Assets	4,889.46	6,988.47	7,931.78	9,426.15
20	Current Liabilities	3,708.67	5,468.79	6,091.84	3,213.60
21	Current Investments	41.06	1.19	-	-
22	Capital Employed	1,139.73	1,518.49	1,839.94	6,212.55
23	ROCE (EBIT/Capital Employed)	8.69%	19.19%	4.16%	13.15%
24	Adjusted EBIDTA	197.29	452.00	324.76	1,059.03
25	Adjusted EBIT	189.93	438.24	300.45	1,037.28
26	Adjusted ROCE (Adjusted EBIT/Capital Employed)	16.66%	28.86%	16.33%	16.70%

Dawn of a New Growth Cycle

As the global economy is gradually recovering from the COVID-19 recession, we are optimistic that this signals the dawn of a new growth cycle for the economy, aerospace and defence industry and DCX.

However, we are mindful of the ongoing macro volatilities, such as the possibility of further waves of infections from COVID-19 variants, tightening of monetary policies in several economies, rising interest and inflation rates, and war between Russia and Ukraine, that continue to create uncertainties. Barring any unforeseen circumstances, your company is well poised to capitalise on the growth cycle to elevate our business further and also add new business verticals through its wholly owned subsidiary in the area of Electronic manufacturing services (EMS).

Your Company is embarking upon its IPO plans this fiscal. The IPO in the next few months will ensure additional Rs. 600 crores being infused into the system to meet Capex and other vertical integration besides catering to additional working capital needs of your company and prepaying some loans.

Our strong customer centricity, we will leverage on our diversified business model, track record of operational excellence and good financial discipline to bring about long-term value to our stakeholders.

Words of appreciation

I would like to thank the management team, staff, bankers and dedicated and loyal customers for their support and hard work that has enabled us to come this far. I would also like to extend my gratitude to my fellow directors for their contributions to the Company and counsel. Last but not least, I would like to show appreciation to our shareholders for their constant support.

In this dawn of a new growth cycle, I believe that DCX is well-positioned to seize new opportunities as we arise by leveraging on our strengths and comprehensive business model with business visibility to provide customers timely and cost-effective solutions. We will continue to focus on our strength through execution, new initiatives and innovative strategy and strive towards a more sustainable business for our customers.

Sd/-

Dr. H.S. Raghavendra Rao
Chairman and Managing Director
DCX Systems Limited