

MONITORING AGENCY AGREEMENT

DATED SEPTEMBER 29, 2022

BETWEEN

DCX SYSTEMS LIMITED

AND

CARE RATINGS LIMITED



THIS MONITORING AGENCY AGREEMENT (THE "AGREEMENT") is entered into this September 29, 2022 (**Effective Date**) at Bengaluru by and among:

DCX Systems Limited, a company a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at Aerospace SEZ Sector, Plot # 29,30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli Village, Devanahalli, Bengaluru Rural – 562 110, Karnataka, India, (herein after referred to as the "**Issuer**" or the "**Company**", which expression shall unless repugnant to the context or meaning thereof mean and include its successors and permitted assigns) of the **FIRST PART**;

AND

CARE Ratings Limited, a company duly incorporated under the Companies Act, 1956, and having its registered office at Godrej Coliseum, 4th Floor, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai- 400022 in the capacity of monitoring agency appointed in terms of SEBI ICDR Regulations (*as defined herein below*) ("**CARE**", which expression shall, unless it is repugnant to the context or meaning thereof, be deemed to mean and include its successors and assigns) of the **SECOND PART**.

The Company and the Monitoring Agency are hereinafter individually referred to as a "**Party**" and collectively as "**Parties**".

WHEREAS:

A. The Company and the Promoter Selling Shareholders propose to undertake an initial public offering of equity shares of face value ₹ 2 each of the Company (the "**Equity Shares**"), comprising a fresh issue of Equity Shares of up to ₹ 5,976.00 million by the Company (the "**Fresh Issue**") and an offer for sale of Equity Shares up to ₹1,500 million (the "**Offered Shares**") comprising an offer for sale of up to [●] aggregating up to ₹ 500.00 million by NCBG Holdings Inc., up to [●] aggregating up to ₹ 1,000.00 million by VNG Technology Private Limited (collectively, the "**Promoter Selling Shareholders**") ("**Offer for Sale**" and together with the Fresh Issue, the "**Offer**"), in accordance with the Companies Act, 2013 along with the relevant rules framed thereunder (the "**Companies Act**"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**ICDR Regulations**" or "**SEBI ICDR Regulations**") and other Applicable Laws, at such price as may be determined through the book building process ("**Book Building Process**") as provided in Schedule XIII of the ICDR Regulations in terms of which the Offer is being made in consultation with the book running lead managers to the Offer (the "**Offer Price**"). The Offer may also include allocation of Equity Shares to certain Anchor Investors, in consultation with the BRLMs, on a discretionary basis, in accordance with the ICDR Regulations. The Offer includes an offer (i) within India, to Indian institutional, non-institutional, and retail investors in compliance with the ICDR Regulations; (ii) outside the United States, to institutional investors in "offshore transactions" as defined in and in reliance upon Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the applicable laws of the jurisdictions where those offers and sales are made.

B. The Board of Directors of the Company ("**Board**") has, pursuant to its resolution dated March 21, 2022 approved and authorised the Offer and the Shareholders have authorized the Fresh Issue



pursuant to a special resolution passed on March 21, 2022. The IPO committee of the Board has authorised the Offer pursuant to a resolution dated March 30, 2022.

- C. The Company and the Promoter Selling Shareholders have appointed Edelweiss Financial Services Limited, Axis Capital Limited and Saffron Capital Advisors Private Limited (collectively, the “**Book Running Lead Managers**” or the “**BRLMs**” or the “**Lead Managers**”) to manage the Offer, and the BRLMs have accepted the engagement in terms of the fee letter with Edelweiss Financial Services Limited and Axis Capital Limited dated January 4, 2022 and with Saffron Capital Advisors Private Limited dated January 17, 2022 (the “**Fee Letter**”) subject to the terms and conditions set forth therein.
- D. The Company has filed a draft red herring prospectus dated April 4, 2022 (“**DRHP**”) with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**” and together with the BSE, the “**Stock Exchanges**”) for review and comments in accordance with the ICDR Regulations. After incorporating the comments and observations of SEBI and the Stock Exchanges, as applicable, the Company proposes to file the red herring prospectus (“**Red Herring Prospectus**” or “**RHP**”) with the Registrar of Companies, Karnataka at Bangalore (“**RoC**”) and thereafter a prospectus (“**Prospectus**”) with the RoC, SEBI and the Stock Exchanges in accordance with the Companies Act and the ICDR Regulations.
- E. In terms of Regulation 41 of the SEBI ICDR Regulations, the Company is required to appoint a credit rating agency registered with SEBI as the monitoring agency, which shall monitor the use of the Net Proceeds (*as defined hereinafter*). Accordingly, at the request of the Company, CARE has agreed to act as the “**Monitoring Agency**” for monitoring the use of the Net Proceeds in accordance with this Agreement and in accordance with the Applicable Laws. Pursuant to a resolution approved by the IPO Committee dated September 16, 2022, CARE has been appointed as the Monitoring Agency.
- F. In relation to the Offer, the Company has received in-principal approvals each dated May 23, 2022 from the BSE and NSE.
- G. On receipt of the listing and trading approvals from each of the Stock Exchange(s), the Net Proceeds deposited in the account(s) opened and maintained by the Company, shall be transferred to the Offer Monitoring Account (*as defined hereinafter*), as per the terms of this Agreement.
- H. This Agreement is executed and delivered to define the obligations of the Company to deposit the amount raised through the Offer in the Offer Monitoring Account and the role of the Monitoring Agency to monitor the Net Proceeds deposited in the Offer Monitoring Account as per the schedule of utilization of proceeds of the Offer mentioned in the Offer Document (*as defined hereinafter*). (the “**Utilization Schedule**”).

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants, and agreements set forth in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged by the Parties, the Parties hereby agree as follows:

1. Definitions and Interpretation

1.1 Definitions:

“**Applicable Laws**” shall include: (i) the Companies Act, 2013 read with the rules as notified



thereunder, the Securities and Exchange Board of India Act, 1992, the SEBI ICDR Regulations, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“**SEBI Listing Regulations**”) as amended and all other applicable laws, including the law of any applicable foreign jurisdiction which may apply to the Issue; and (ii) all applicable laws which may apply to the Parties to this Agreement, including rules, circulars, directions, guidelines, bye-laws, regulations and notifications made thereunder and having the force of law, including policies and administrative and departmental regulations and guidelines of Governmental Authorities, and judgments, decrees, injunctions, writs and orders of any court, as may be in force and effect during the subsistence of this Agreement.

“**Business Days**” shall mean all days other than Saturday or Sunday or a public holiday on which commercial banks in Mumbai are open for business.

“**Draft Red Herring Prospectus**” or “**DRHP**” shall have its meaning ascribed to it in Recital C of this Agreement.

“**Equity Shares**” shall have its meaning ascribed to it in the Recital A in this Agreement.

“**Gross Proceeds**” shall mean total proceeds from the Fresh Issue.

“**Monitoring Agency**” shall mean CARE Ratings Limited.

“**Net Proceeds**” for the purposes of this Agreement, shall mean the Gross Proceeds (including the proceeds raised for general corporate purposes) less Offer related expenses as set out in the Offer Document.

“**Prospectus**” shall mean the prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act and the ICDR Regulations, including any addenda or corrigenda thereto and containing the Offer Price, the size of the Offer and certain other information;

“**Red Herring Prospectus**” shall mean the red herring prospectus to be issued in accordance with Section 32 of the Companies Act, the ICDR Regulations which will not have complete particulars of the price at which the Equity Shares shall be allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto;

“**Report**” shall mean the report(s) issued by the Monitoring Agency (monitoring the use of Net Proceeds) that the Net Proceeds have been utilized for the purpose as mentioned in the Utilization Schedule. The Report shall be submitted to the Company in the format prescribed under Schedule XI of the SEBI ICDR Regulations, as included in the Schedule to the Agreement.

“**Offer Document(s)**” shall mean collectively, the Draft Red Herring Prospectus filed with SEBI, the Red Herring Prospectus filed with SEBI and the Prospectus to be filed with the Stock Exchanges, the RoC and SEBI;

“**Objects of the Offer**” or “**Objects**” shall mean the objects of the Offer as set out in the Offer Document.



“**Offer Monitoring Account**” shall have the meaning given to such term in Clause 3.3 of this Agreement.

“**Stock Exchanges**” shall collectively mean the BSE Limited and the National Stock Exchange of India Limited.

“**Utilization Schedule**” shall have the meaning given to such term in Recital G of this Agreement.

Terms not defined under this Clause or in this Agreement shall have the meaning ascribed to them in the Offer Document, unless the context specified otherwise.

1.2 In this Agreement, unless the context otherwise requires:

1.2.1 Words denoting the singular number shall include the plural and *vice versa*;

1.2.2 Words denoting a person shall include an individual, corporation, company, partnership, trust or other entity;

1.2.3 Heading and bold type face are only for convenience and shall be ignored for the purposes of interpretation;

1.2.4 References to the word “include” or “including” shall be construed without limitation;

1.2.5 References to this Agreement or to any other agreement, deed or other instrument shall be construed as a reference to such agreement, deed, or other instrument as the same may from time to time be amended, varied, supplemented or noted or any replacement or novation thereof;

1.2.6 References to any Party to this Agreement or any other agreement or deed or other instrument shall include its successors or permitted assigns;

1.2.7 References to an article, clause, section, paragraph, schedule or annexure is, unless indicated to the contrary, a reference to an article, clause, section, paragraph, schedule or annexure of this Agreement; and

1.2.8 Unless otherwise defined, reference to the word ‘days’ shall mean calendar days.

2. **USE OF NET PROCEEDS**

The Company proposes to raise finance by way of the Fresh Issue for the following purposes as set out in the Offer Document:

- a. Repayment/ prepayment, in full or part, of certain borrowings availed of by the Company;
- b. Funding working capital requirements of the Company;
- c. Investment in the Company’s wholly owned subsidiary, Raneal Advanced Systems Private Limited, to fund its capital expenditure expenses; and
- d. General corporate purposes

(Collectively, referred to herein as the “**Objects**”).



However, provided that the above shall be read in conjunction with and shall be superseded by the details mentioned in the Offer Document.

3. The Offer Monitoring Account

3.1 The Company hereby appoints CARE as the Monitoring Agency for the purposes of monitoring the use of the Net Proceeds by the Company in accordance with the Objects of the Offer and the SEBI ICDR Regulations.

3.2 CARE agrees to act as the Monitoring Agency in accordance with the terms and conditions of this Agreement and subject to the SEBI ICDR Regulations and other Applicable Laws.

3.3 Establishment of Offer Monitoring Account

The Company will establish an account, which will be designated as Monitoring Account in which the Net Proceeds shall be deposited from the Company's accounts after the receipt of listing and trading approval by the Company with respect to Offer (the "**Offer Monitoring Account**"). While such Net Proceeds for the Offer deposited in the Offer Monitoring Account will be utilized by the Company towards Objects of the Offer, the Monitoring Agency shall be liable to monitor only Net Proceeds in terms of this Agreement and Applicable Laws.

3.4 Deposits into and withdrawals from the Offer Monitoring Account

The Company shall submit the following information / documents to the Monitoring Agency:

(a) A certificate to be issued by an Independent Auditor, banks, management /directors of the Issuer and any other authorised personnel, consultants or experts, as the case may be, not later than ten (10) Business days, after the end of each quarter:

(b) Subject to Applicable Laws, the declaration to be issued by any of the following person amongst:

(i) Chief Financial Officer or the Company Secretary and Compliance Officer; or

(ii) Authorized officer of the Company, who is authorized by the Board of directors of the Company or a duly authorized committee of directors, (collectively referred to as the "**Authorised Signatories**"); detailing the utilization of the Net Proceeds in accordance with the Objects of the Offer to be provided. In the event, the Company is not in a position to obtain the signatures from one or both of the Authorised Signatories, then the Monitoring Agency may, in its sole discretion, allow the Company to obtain the signature from any other authorized signatory as authorized by the board of directors/duly authorised committee of the Company.

3.5 Determination and Notice of Amounts of Deposits and Withdrawals

3.5.1 In determining any amounts that had been withdrawn, paid, allocated or deposited pursuant to this Agreement, the Monitoring Agency shall be entitled to rely on all the quarterly budgets / requisitions/information/certificate of payment of the Company as shared by the Company and certificate of the Auditor shared by the Company



3.6 Interim Use of Net Proceeds

3.6.1 Pending utilization of the Net Proceeds for the purposes described in the Offer Document, the Company shall have the flexibility to deploy the Net Proceeds in accordance with the SEBI ICDR Regulations and the Offer Document.

3.6.2 The Company shall disclose the utilization of the Net Proceeds under a separate head in Company's balance sheet along with details, for all such amounts that have not been utilized or in any other manner as may be required under the SEBI Listing Regulations, the SEBI ICDR Regulations and Applicable Law.

3.7 Additional Information/Documentation

The Monitoring Agency may request for additional documents and information from the Company, which it considers necessary for the purposes of undertaking its obligations under this Agreement or as required under Applicable Laws.

4. **Appointment of Monitoring Agency**

4.1 CARE, in its capacity as the Monitoring Agency, shall fulfil such duties and obligations as may be prescribed under the SEBI ICDR Regulations and the Applicable Laws, including the following:

- (a) Delivering the Report (containing details of utilization in accordance with the Objects of the Offer set out under the Offer Document and deviations, if any), and such other documents, agreements, instruments and certificates as are prescribed under the SEBI ICDR Regulations which are to be prepared, executed and/or delivered by a Monitoring Agency to the Company post receipt of all necessary information from the Company and the Auditor after each quarter, in the prescribed format in Schedule XI of the SEBI ICDR Regulations to the Company, and more particularly described in Schedule I of this Agreement (which shall stand amended and modified, without any further act, if there is any amendment to Schedule XI or other relevant provisions of the SEBI ICDR Regulations);
- (b) For the sake of duly fulfilling the obligations under this Agreement, CARE shall have the right to inspect all relevant and necessary records, registers and accounts of the Issuer as may be necessary for the purposes of carrying out its duties effectively, provided that the Company is given at least three (3) Business Days prior notice or a reasonable notice of a shorter period if the circumstances so require in this behalf.
- (c) The Monitoring Agency will depend on the declarations/information/documents/statements provided by the management of the Issuer and the auditors/consultants appointed by the Issuer. Monitoring Agency shall not be required to verify the authenticity of such declarations/information/documents/statements provided by the management and the auditors/consultants appointed by the Issuer. In case the Monitoring Agency is not satisfied with the responses or the representations of the Issuer, it reserves the right to issue a qualified report in instances where it deems fit and shall highlight its concerns along with the reasons. The Monitoring Agency also reserves the right to highlight any such concerns to SEBI.



- (d) Take such action and do such other acts, deeds or things as may be required under the provisions of the SEBI ICDR regulations to discharge its responsibilities as the monitoring agency. This includes seeking clarifications on the information/ documents/ statements shared by the Company, seeking additional documents/ certifications/ bank statements/ independent legal opinions, etc. to help it effectively discharge its responsibilities as a monitoring agency;
- (e) Review of the information / documents / statements (including the bank statements) received from the Company with regard to the use of the Net Proceeds including the status of activities proposed to be funded out of the Net Proceeds as stated in the Offer Document; and
- (f) CARE shall be issuing the Report till 100% of the Net Proceeds raised through Offer are utilized as per the SEBI ICDR Regulations.
- (g) CARE shall take due care to produce monitoring reports that are free of errors to the best of its abilities and shall disclose to the extent possible the source of information in the Report.
- (h) CARE shall deploy personnel who are well-equipped to carry out the activity under this Agreement.
- (i) CARE will share a draft report with the Issuer and give reasonable time (not later than 3 working days) to the issuer to revert with additional information or clarifications on the draft, before finalising the Report which shall be shared with the Audit Committee of the Board.
- (j) All activities of CARE as a Credit Rating Agency, including Monitoring Agency activity under this Agreement, shall be subject to policies framed by CARE (including amendment/updation from time to time) under SEBI directives including but not limited to confidentiality policy, guidelines for dealing with conflict of interest for investment/trading by Credit Rating Agencies.

4.2 The Monitoring Agency agrees to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended with respect to the Company.

4.3 Payment of Monitoring Agency Fees

The Parties have agreed that the Company shall pay a non-refundable fee of ₹ 400,000/- plus goods and service tax ("GST") (at the applicable rate in force) for first quarter (₹ 200,000/- plus GST shall be paid up front and balance ₹ 200,000/- plus GST shall be paid before the submission of the report for first quarter) and ₹ 250,000/- plus GST (at the applicable rate in force) for subsequent quarters.

The above-mentioned fees shall be payable on quarterly basis to CARE in advance, i.e., before the submission of the quarterly report by CARE on status on utilization of funds raised under initial public offering.

The Company shall make the payment and other incidental expenses, if any, within the agreed timelines, as stated aforesaid.



5. Monitoring the Use of Net Proceeds

- 5.1 The Company recognizes that compliance by the Monitoring Agency with the terms of the SEBI ICDR Regulations and any other requirements stipulated by SEBI or the Stock Exchanges is dependent upon it furnishing to the Monitoring Agency, the requisite information/documents as and when required by the Monitoring Agency.
- 5.2 The Company shall provide all the required information, as per agreed timelines between the Company and the Monitoring Agency.
- 5.3 The Company shall inform the Monitoring Agency as to the use of the Net Proceeds and shall be obliged to furnish such documents, papers and information as may be required for enabling the Monitoring Agency to effectively monitor the utilization of the Net Proceeds.
- 5.4 For Monitoring Agency to perform its role effectively, the Company will fulfil its obligations including but not limited to sharing of the required information on a timely basis and timely payment of fee. In the absence of this, the Monitoring Agency may qualify its report duly capturing any non-cooperation from the Company, in terms of sharing the requisite information or non-payment of the fee and may also inform SEBI and the Stock Exchange/s where the security of Issuer is listed, of any non-cooperation by the Company.
- 5.5 The Company shall ensure that the Net Proceeds are utilized only for the purposes as mentioned in the Objects of the Offer and shall, at its cost, as and when called upon by the Monitoring Agency, take such steps as may be necessary to prove the same.
- 5.6 The Company shall promptly inform the Monitoring Agency if there is any deviation in the utilisation of the Net Proceeds as provided under the Objects of the Offer. The Company shall provide the Monitoring Agency with a copy of the Shareholders resolution to this effect and such deviation shall be reported by the Monitoring Agency in their report.
- 5.7 The Monitoring Agency shall have the right to inspect the records, registers and accounts of the Company as may be necessary for the purposes of carrying out its duties in accordance with monitoring of Net Proceeds, provided that the Monitoring Agency has given at least three (3) Business Days prior notice in writing to the Company in this behalf.
- 5.8 In addition to the above, the Company shall provide all necessary assistance and infrastructure that may be required by the Monitoring Agency in connection with the performance of its duties pursuant to this Agreement.
- 5.9 The Company shall ensure that all relevant and necessary details as sought by the Monitoring Agency for preparation of the Report, is to be provided to the Monitoring Agency within 7 Business Days from the end of each quarter.
- 5.10 In accordance with Regulation 32 and any other applicable provisions of the SEBI Listing Regulations, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on deviations, if any, in the utilization of the Net Proceeds of the Offer.

The Company shall ensure that the Monitoring Agency Report is placed before the management of the Company for their comments on the Report as per Regulation 41(3) of the SEBI ICDR Regulations.



5.12 The Company shall ensure that within forty-five (45) calendar days (or such other days as may be prescribed under relevant SEBI ICDR Regulations) from the end of each quarter, Report of the Monitoring Agency is publicly disseminated by uploading it on its website as well as submitting to the Stock Exchanges.

6. Representations, Warranties and Covenants

6.1 As of the date of this Agreement, the Company represents and warrants to the Monitoring Agency that (which representations shall continue to be true and correct on each day during the currency of this Agreement):

6.1.1 This Agreement constitutes a valid, legal and binding obligations on the Company and is enforceable against the Company in accordance with the terms hereof;

6.1.2 The execution, delivery and performance of this Agreement and any other document related hereto by it has been duly authorised and do not and will not contravene any provisions of, or constitute a default under (a) any law, regulation, judgement, decree or order of any governmental authority, (b) its organisational documents, or (c) any other agreement or instrument or undertaking to which it is a party or which is binding on it or any of its assets;

6.1.3 It has the requisite power to open and maintain the Offer Monitoring Account and has taken all necessary corporate and other actions required to authorize the opening and maintenance thereof upon the terms referred to herein and the execution of all such documents as are necessary for the purpose thereof;

6.2 The Company shall at any time and from time to time upon the reasonable written request of the Monitoring Agency promptly and duly deliver or permit the delivery of any and all such further details, information, instruments and documents as the Monitoring Agency may consider necessary for the purpose of monitoring the Net Proceeds of the Offer.

6.3 As of the date of this Agreement, the Monitoring Agency represents and warrants to the Company that (which representations shall continue to be true and correct on each day during the currency of this Agreement):

6.3.1 This Agreement constitutes a valid, legal and binding obligations on it and is enforceable against it in accordance with the terms hereof; and

6.3.2 The execution, delivery and performance of this Agreement and any other document related hereto by it has been duly authorised and do not and will not contravene any provisions of or constitute a default under (a) any law, regulation, judgement, decree or order of any governmental authority, (b) its organisational documents, or (c) any other agreement or instrument or undertaking to which it is a party or which is binding on it or any of its assets.

6.3.3 It shall perform its duties with the highest standards of integrity and fairness and shall act in an ethical manner in all its dealings with the Company;

6.4 It shall act with due diligence, care and skill while discharging the work assigned to it in



relation to the Net Proceeds;

- 6.3.5 It will not take up any activities which are likely to be in conflict with its own interests, interests of the Company, the Issue, its activities as the Monitoring Agency or contrary to the directions issued by SEBI or under any other Applicable Laws;
- 6.3.6 It shall carry out its duties/responsibilities and complete all the formalities including corporate action within the specified time limits as required under law, including with respect to relevant statutes, guidelines issued by SEBI, stock exchange regulations, etc.; and
- 6.3.7 It has due authority and valid registration as required under Applicable Laws to act as the monitoring agency for the Offer and it is not prohibited from acting as a monitoring agency by any judicial, regulatory or administrative body.

7. Directions of Stock Exchanges / SEBI / Statutory Authorities

In the event any instructions are received from any of the Stock Exchanges or SEBI or any other statutory authorities to the effect that the Offer Monitoring Account shall be frozen or that the Company shall not be allowed to make any payments to any of the specified parties then the Monitoring Agency and banker to the Offer Monitoring Account, as the case may be, shall be bound by such instructions and the Company acknowledges the same and shall also abide by such instructions, however, the Monitoring Agency undertakes to immediately intimate, within 7 Business Day the Company of such instruction/restriction unless such intimation is prohibited by Applicable Laws or order of the court.

8. Rights and duties of Monitoring Agency and Indemnity

8.1 Particular rights and duties of the Monitoring Agency

8.1.1 The Monitoring Agency:

- (a) Shall, except to such extent as may otherwise be provided herein, refrain from exercising any right, power or discretion vested in it as agent;
- (b) Shall review the information/ documents/ statements (including bank statements) received from the Issuer showing use of the Net Proceeds including the status of implementation of the activities proposed to be funded out of the Net Proceeds, as stated in the final Offer Document.
- (c) Shall take such action and do such other acts, deeds or things as may be required under the provisions of the ICDR Regulations to discharge its responsibilities as the monitoring agency. This includes seeking clarifications on the information/ documents/ statements provided by the Issuer, seeking additional documents/ certifications/ bank statements/ independent legal opinions, etc. to help it effectively discharge its responsibilities as a monitoring agency.
- (d) Shall deliver the monitoring report to the Issuer in the format as prescribed in the SEBI ICDR regulations, on a quarterly basis (or any other frequency as prescribed by SEBI in the SEBI ICDR Regulations from time to time.



- (e) Undertakes to perform only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Monitoring Agency unless required under Applicable Laws.
- (f) Shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it;
- (g) May rely on and shall be fully protected in acting on, or in refraining from acting in accordance with, any resolution, certificate, certificate of auditors approved by the Company, or any other statement, instrument, opinion, report, notice, request, direction, consent, order, appraisal or other paper or document believed by it to be genuine and to have been signed or presented to it pursuant to this Agreement by the proper party or parties;
- (h) Shall be entitled to refrain from taking any action in accordance with any intimation given under this Agreement to the extent (and during the time that) such intimation is, in the reasonable determination of the Monitoring Agency, uncertain, ambiguous, incorrect, or inconsistent with the Objects of the Offer and the Utilization Schedule, provided that the Monitoring Agency shall not later than three (3) Business Days after the receipt of any such intimation, notify the Company of such uncertainty, ambiguity, incorrectness or inconsistency, and until such time as the aforesaid uncertainty, ambiguity, incorrectness or inconsistency is resolved, the Monitoring Agency shall not be required to take action in accordance with such intimation as aforesaid, and shall be protected by the Company from any liability in connection therewith if such uncertainty, ambiguity, incorrectness or inconsistency has not been rectified by the Company within three (3) Business Days of the intimation received from the Monitoring Agency, save and except in case of any default, bad faith, fraud or negligence on the part of the Monitoring Agency;
- (i) May execute any of the powers hereunder or perform any duties hereunder through agents or attorneys, at its own cost and the Monitoring Agency shall be responsible for any misconduct or negligence on the part of any agent or attorneys appointed by it hereunder, provided the Company has been given prior intimation of appointment of such agents or attorneys and the Monitoring Agency has entered into arrangements / agreements with such agents or attorneys to indemnify the Monitoring Agency and the Company for all claims, losses, expenses and liabilities that the Monitoring Agency and / or Company might incur due the misconduct or negligence on the part of any such agent or attorneys;

8.2 Indemnity

- a) The Company shall indemnify and hold harmless the Monitoring Agency against all direct and reasonable costs, losses and damages incurred, including any third party claims and/or any claims for any taxes payable by the Company which are made on the Monitoring Agency in respect of all or any part of the Offer Monitoring Account and which the Monitoring Agency may incur either as a consequence of breach of the terms and conditions of this Agreement, including any breach of representations and warranties by the Company.



unless such breach is not rectified within thirty (30) Business Days from the date of notice thereon, provided further that the Company shall not be liable for any losses suffered by the Monitoring Agency arising out of misconduct, negligence, wilful default or failure on the part of the of the Monitoring Agency.

b) This Clause 8.2 shall survive three (3) years from termination of this Agreement.

9. Limitation of Liability

- 9.1 The Monitoring Agency shall be at liberty to accept a certificate signed by any of the authorized signatories of the Company as to any fact or matter prima facie within the knowledge of the Company as sufficient evidence thereof and other than as required by applicable laws, the Monitoring Agency shall not be in any way bound in any case to call for further evidence or be responsible for any loss that may be occasioned by their failing to do so.
- 9.2 The Monitoring Agency undertakes to perform only such duties (and the ancillary duties in connection therewith) as are specifically set forth in this Agreement and as are required by Applicable Laws.
- 9.3 The Monitoring Agency shall have no responsibility, other than as required by Applicable Laws, to verify the authenticity of any order of a competent body, court or tribunal or any ruling of any arbitrator/s in proceedings between or concerning the other Parties and may rely, in good faith and without any liability, upon the contents thereof; Other than as required by Applicable Laws or by order of a court, tribunal, the Monitoring Agency shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.
- 9.4 The Monitoring Agency may, to the extent permitted by Applicable Laws, rely on any resolution, certificate, certificate of auditors approved by the Company, or any other statement, instrument, opinion, report, notice, request, direction, consent, order, appraisal or other paper or document believed by it to be genuine and to have been signed or presented to it pursuant to this Agreement by the Company or its authorized official and whose specimen signatures are contained herein or any other persons as may be authorized by the Company in writing from time to time.
- 9.5 The Monitoring Agency, to the extent permitted by Applicable Laws, shall be entitled to refrain from taking any action in accordance with any intimation given under this Agreement to the extent (and during the time that) such intimation is in the reasonable determination of the Monitoring Agency, uncertain, ambiguous, incorrect, or inconsistent with the Objects of the Offer and the Utilization Schedule, provided that the Monitoring Agency shall not later than three (3) Business Days after the receipt of any such intimation, notify the Company of such uncertainty, ambiguity, incorrectness or inconsistency, and until such time as the aforesaid uncertainty, ambiguity, incorrectness or inconsistency is resolved, the Monitoring Agency shall not be required to take action in accordance with such intimation as aforesaid, and shall be protected by the Company from any liability in connection therewith;

The recitals contained herein shall be taken as the statements of the Company, and the Monitoring Agency shall not be liable, to the extent permitted by Applicable Laws, for the use of any application by the Company of the Net Proceeds it receives pursuant to the Objects of



the Offer and Utilization Schedule hereinafter;

- 9.7 Notwithstanding anything to the contrary contained herein, the Parties agree that, to the extent permitted by applicable laws, in no event shall either Party be liable for any indirect, incidental or consequential damages, or for any amounts claimed for lost business, opportunities or profits of the other Party, except in case of default, fraud, misrepresentation or negligence by such Party.

10. Termination

- 10.1 Neither Party has right to terminate this Agreement, except for the reasons as prescribed under the Applicable Laws framed thereunder from time to time, till CARE submit report confirming 100% utilization of the proceeds.
- 10.2 Both the Parties shall have an option to terminate this Agreement, by providing 30 days prior written notice to other Party. The Party terminating this Agreement shall intimate SEBI and the Stock Exchange/s, in which the security of the Issuer is listed, the reason for termination of this Agreement along with the termination notice/letter. The termination shall be effective after 30 days from the date of the termination notice or due date of publication of next Monitoring Agency Report, whichever is later.
- 10.3 During the termination notice period, CARE shall capture the reason for termination of the Agreement, in the report issued to the Issuer, during such period. The Monitoring Agency will display on its website regarding information of the termination of this Agreement.

11. Disclaimer

- 11.1 The Monitoring Report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CARE providing or intending to provide any services in jurisdictions outside India, where it does not have the necessary licenses and/or registration to carry out its business activities referred to above.
- 11.2 Access or use of this report does not create a client relationship between CARE and the user.
- 11.3 CARE will not be aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing the Report, CARE will not have taken into consideration the objectives or particular needs of any particular user.
- 11.4 Neither CARE nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the Report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. CARE and each aforesaid party disclaim any and all express or implied warranties, including but not limited to any warranties of merchantability, suitability or fitness for a particular purpose or use.
- 11.5 CARE or its associates may have other commercial transactions with the Issuer to which the Report pertains. CARE may rate the issuer or any debt instruments / facilities issued or proposed to be issued by the Issuer that is subject matter of this Report. CARE may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or



underwriters of the instruments, facilities, securities or from obligors.

- 11.6 Unless required under any applicable law, this Report should not be reproduced or redistributed to any other person or in any form without prior written consent from CARE.
- 11.7 The Monitoring Agency Report does not constitute a commentary on the quality of utilization of Net Proceeds as provided under the Objects of the Offer, reasonableness of costs or spending by the Issuer against any objects/heads or assurance on outcome of such spending.
- 11.8 The Monitoring Agency will not be required to either verify or comment on the appropriateness of the usage of proceeds.
- 11.9 The Monitoring Agency, based on its due consideration, may accept a certificate signed by one of the authorised signatories of the Company/Issuer as sufficient evidence.
- 11.10 The Monitoring Agency is neither construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. The Monitoring Agency is issuing the Report solely in the capacity of a Monitoring Agency and that the same shall not be construed to be an opinion of an expert, as it relies on certificates, confirmations and representations of reliable stakeholders such as auditors, banks and others.
- 11.11 The Monitoring Agency's role does not comprise, nor does it have wherewithal, to ensure that funds withdrawn from the Monitoring Account are actually applied for the purpose for which they were withdrawn. The Monitoring Agency shall rely on the certificates submitted by the Auditors and information/document shared by the Company to submit its report on utilization of proceeds in relation to the objects of the issue.
- 11.12 The Monitoring Agency does not have the authority to approve/ disapprove any withdrawals of monies from bank accounts as the same is outside its scope of responsibilities.
- 11.13 Neither the Monitoring Agency nor any of its directors, officers, agents and employees shall be deemed to be a trustee for or have any fiduciary relationship with the Company, or any other person. Where the Monitoring Agency has acted in accordance with the SEBI ICDR Regulations and this Agreement with the Issuer, it shall be deemed to have acted as if instructed to do so by the Company.
- 11.14 The Monitoring Agency rely on the due diligence conducted by Statutory Auditors or other experts, the users of the Monitoring Agency Report shall not hold Monitoring Agency liable for any loss or liability arising out of their use of the Report.
- 11.15 The Disclaimer mentioned in the Clause shall be read together with the Disclaimer mentioned in the Report.

12. Miscellaneous

12.1 Partial Invalidity and Exercise of Remedies

If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto in respect of and including any provision hereof which is invalid or unenforceable as



nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

12.2 Assignment

This Agreement shall be binding upon and inure to the benefit of each Party hereto and its successors and assigns. This Agreement is not intended to confer upon any Person other than the Parties hereto any rights or remedies.

However, a Party to this Agreement shall not assign its rights and/ or duties under this Agreement without prior written consent of the other Party.

12.3 Notices

Any notice, demand, communication or other request (individually, a "Notice") to be given or made under this Agreement shall be in writing in the English language. Such Notice shall be delivered by hand, airmail (postage prepaid), recognized overnight courier service, email, facsimile or registered post to the party to which it is addressed at such party's address specified below or at such other address as such party shall from time to time have designated by fifteen (15) Business Days' written Notice to the party giving such Notice, and shall be deemed to have been duly given or made when delivered as aforesaid.

For the Company:

DCX Systems Limited

Aerospace SEZ Sector,
Plot # 29,30 and 107, Hitech Defence and Aerospace Park,
Kavadadasanahalli Village, Devanahalli, Bengaluru Rural – 562 110,
Karnataka, India
Attention: Nagaraj R Dhavaskar
Telephone: +91-80-6711 9555
E-mail: cs@dcxindia.com

For the Monitoring Agency:

CARE Ratings Limited

4th Floor, Godrej Coliseum,
Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), Mumbai-400022, Maharashtra
Attention: Nitin Dalmia
Telephone: 022-67543456
E-mail: nitin.dalmia@careedge.in

13. **Jurisdiction**

Each of the Parties hereto agrees that the courts and/or tribunals located in Mumbai, India shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Agreement.



14. Governing Law and Dispute Resolution

14.1 This Agreement is governed by, and shall be construed in accordance with, the laws of the Republic of India.

14.2 In the event a dispute arises out of or in relation to or in connection with the interpretation or implementation of this Agreement, the Parties (“Disputing Parties”) shall attempt in the first instance to resolve such dispute through consultations between the Disputing Parties. If the dispute is not resolved through consultations within seven (7) Business Days after commencement of discussions (or such longer period as the Disputing Parties may agree to in writing) then either of the Disputing Parties may refer the dispute through arbitration.

14.3 Arbitration shall be conducted as follows:

- (a) All claims, disputes and differences between the Disputing Parties arising out of or in connection with this Agreement shall be referred to or submitted for arbitration in Mumbai, India;
- (b) The arbitration shall be conducted by a sole arbitrator to be appointed by mutual consent of Parties, failing which the arbitrators shall be appointed within fifteen (15) days as per the Indian Arbitration and Conciliation Act, 1996;
- (c) The arbitrator shall have the power to award interest on any sums awarded;
- (d) Notwithstanding the power of the arbitrators to grant interim relief, the Disputing Parties shall have the power to seek appropriate interim relief from the courts of India;
- (e) The arbitration award shall be final and binding on the Disputing Parties and the Disputing Parties agree to be bound thereby and to act accordingly;
- (f) The arbitrator may award to a Disputing Party that substantially prevails on the merits, its costs and actual expenses (including actual fees of its counsel);
- (g) The Parties shall bear their respective costs incurred in the arbitration unless otherwise awarded or fixed by the arbitral tribunal; and
- (h) The Disputing Parties shall co-operate in good faith to expedite, to the maximum extent practicable, the conduct of any arbitral proceedings commenced pursuant to this Agreement.

15. Amendments and Waiver

15.1 Any amendments of any provision of this Agreement shall be in writing and signed by the parties hereto and shall have the same effect as if they were a part of these presents, unless decided otherwise.

15.2 Notwithstanding anything stated in this Agreement, the Parties to this agreement may, from time to time, or at any time, by mutual consent (in writing) waive such terms and conditions of this Agreement, so long as the same is not in contravention of the terms of the SEBI ICDR



Regulations or Applicable Laws.

16. English Language

This Agreement and all documents to be furnished or communications to be given or made under this Agreement shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by a representative of the respective Party, which translation shall be the governing version thereof.

17. Confidentiality

During the currency of this Agreement, the Monitoring Agency shall not make public and disclose any information received by it from the Company to any other party, without prior written consent from the Company, which shall not be unreasonably withheld, however, the Monitoring Agency may disclose information to SEBI, Stock Exchange/s where the security of the Issuer is listed or to any government, judicial, regulatory authority, if required under SEBI ICDR Regulations or Applicable Laws, without prior approval of the Company, but shall intimate the Company as soon as reasonably practicable. However, this does not preclude the credit ratings activity utilizing the insights gained from the monitoring agency activity in general and post publication of Monitoring Agency report, utilizing the information received from the issuer in specific, for forming credit opinions.

18. Effectiveness of Agreement

This Agreement shall be effective on and from the date first hereinabove written as the date of execution and shall be in force for a period up to such date till 100% of the Net Proceeds are utilized in accordance with Clause 3 of this Agreement and the Offer Document or till the termination as per the provisions of this Agreement.

19. Survival

Clauses 1 (*Definitions and Interpretations*), 8.2 (*Indemnity*), 10 (*Termination*), 12.3 (*Notices*), 14 (*Governing Law and Dispute Resolution*), 17 (*Confidentiality*), and this Clause 19 (*Survival*) shall survive the termination of this Agreement.



[Remainder of this page intentionally left blank]



THIS SIGNATURE PAGE FORMS AN INTEGRAL PART OF THE MONITORING AGREEMENT ENTERED INTO BY AND BETWEEN THE COMPANY AND THE MONITORING AGENCY

IN WITNESS WHEREOF, this Monitoring Agreement has been executed by the Parties or their duly authorised signatories the day and year first above written.

Signed for and on behalf of **DCX Systems Limited**



Authorised Signatory

Name: Nagaraj R Dhavaskar
Designation: Legal & Compliance Officer



THIS SIGNATURE PAGE FORMS AN INTEGRAL PART OF THE MONITORING AGREEMENT ENTERED INTO BY AND BETWEEN THE COMPANY AND THE MONITORING AGENCY

IN WITNESS WHEREOF, this Monitoring Agreement has been executed by the Parties or their duly authorised signatories the day and year first above written.

Signed for and on behalf of **CARE Ratings Limited**



Authorised Signatory



Name: Nitin Dalmia

Designation: Associate Director

Schedule

Format of the Monitoring Agency Report to be submitted

Front Page:

Report of the Monitoring Agency
Name of the Issuer: For quarter ended: Name of the Monitoring Agency:
(a) Deviation from the objects: – Utilization different from Objects stated in the offer document but in line with change of objects approved by shareholders' resolution; or – Utilization neither in line with Objects stated in the offer document nor approved by shareholders' resolution – In case of no deviation, the fact would be stated.
(b) Range of Deviation*: <i>Indicate range of percentage deviation from the amount of issue proceeds earmarked for objects. For example, up to 10%, 10 - 25%, 25-50%, 50-75%, 75-100%, not ascertainable etc.</i> <i>* Range of Deviation may be computed by taking weighted average of financial deviation of each object in the ratio of issue proceeds allocated for it. Non-financial deviation may be indicated separately by way of notes.</i>
Declaration: <i>I/We hereby declare that this report is based on the format as prescribed by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. I/We further declare that this report provides true and fair view of the utilization of issue proceeds.</i> <i>I/We declare that we do not have any direct / indirect interest in or relationship with the issuer/promoters/directors/management and also confirm that we do not perceive any conflict of interest in such relationship / interest while monitoring and reporting the utilization of issue proceeds by the issuer.</i>
Signature: Name of the Authorized Person/Signing Authority: Designation of Authorized person/Signing Authority: Seal of the Monitoring Agency: Date:

Subsequent Pages:

1) Issuer Details: Name of the issuer: The names of the promoters of the issuer: Industry/sector to which it belongs:	
2) Issue Details: Issue Period: Type of issue (public/rights): Type of specified securities: IPO Grading, if any:	

Issue size (Rs. in Crores):

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

(Give item by item description for all the objects, as well as for the sub-heads (if any) given under objects, stated in the offer document separately in following format)

Particulars	Reply	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of Board of Directors
Whether all the utilization is as per disclosure in Offer Document?	Yes/No			
Whether Shareholder approval is obtained in case of material deviations# from expenditures disclosed in Offer Document?	Yes/No			
Whether means of finance for disclosed objects of the Issue has changed?	Yes/No			
Any major deviation observed over the earlier monitoring agency reports?	Yes/No			
Whether all Government / Statutory approvals related to the object(s) obtained?	Yes/No			
Whether all arrangements pertaining to technical assistance/collaboration in operation?	Yes/No			
Any favourable events improving object(s) viability?	Yes/No			
Any unfavourable events affecting object(s) viability?	Yes/No			
Any other relevant information that may materially affect the decision making of the investors?	Yes/No			

Where material deviation may be defined to mean:

a) Deviation in the objects or purposes for which the funds have been raised

b) Deviation in the amount of fund actually utilized by more than 10% of the amount projected in the offer documents.

4) Details of object(s) to be monitored:

(i) Cost of object(s):

(Give item by item description for all the objects, as well as for the sub-heads (if any) given under objects, stated in the offer document separately in following format)

Sl. No	Item Head	Source of information/certifications considered by Monitoring	Original Cost (as per Offer Document)	Revised Cost	Comments of Monitoring Agency	Comments of Board of Directors		
						Reason of cost revision	Proposed financing option	Particulars of firm arrangements made



		Agency for preparation of report						

(ii) Progress in the object(s):

(Give item by item description for all the objects stated in Offer Document separately in following format)

Sl. No	Item Head \$	Source of information / certifications considered by Monitoring Agency for preparation of report	Amount as proposed in Offer Document	Amount utilized			Total unutilized Amount	Comments of Monitoring Agency	Comments of Board of Directors	
				As at Beginning of the quarter	During the quarter	At the end of the quarter			Reason of idle funds	Proposed Course of Action

\$ Provide following details under Item Head:

- (a) Name of the object(s):
 (b) Brief description of the object(s):
 (c) Location of the object(s) (if applicable):

(iii) Deployment of unutilized Offer proceeds:

Sl. No	Type of instrument where amount invested*	Amount invested	Maturity date	Earnings	Return on Investment (ROI %)	Market Value as at the end of quarter**

* Also indicate name of the party/company in which amounts have been invested

** Where market value is not practical to find, provide NAV/NRV/Book Value of the same

(iv) Delay in implementation of the object(s):

Object(s) Name	Completion Date		Delay (No. of days/ months)	Comments of Board of Directors	
	As per Offer Document	Actual*		Reason of delay	Proposed Course of Action

* In case of continuing object(s) please specify latest/revised estimate of completion date.

[5] Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:]

