



DCX SYSTEMS LIMITED

TRANSCRIPTION OF THE 12TH ANNUAL GENERAL MEETING HELD ON SEPTEMBER 25, 2023 AT 4.00 P.M. (IST) THROUGH 'VC/OAVM'

Moderator- Good evening, ladies and gentlemen. As the quorum is in place, we welcome you to the 12th Annual General Meeting of DCX Systems Limited. I now hand over the proceedings of the meeting to the Company Secretary. Sir, over to you. Thank you.

Nagaraj R Dhavaskar- Good evening, everyone. I, Nagaraj R Dhavaskar, Company Secretary, and legal and compliance officer of DCX Systems Limited, welcome you all to the 12th Annual General Meeting of the Company. I appreciate your interest in being with us today. I hereby confirm that the quorum is present, and the 12th Annual General Meeting of the company is being held through video conference or other audio-visual means pursuant to the provision of the Companies Act 2013 and SEBI regulations.

Now, I would like to take you through certain points regarding the participation at this meeting. The facility of joining the AGM through video conference and other audio-visual modes is being made available for the members on a first-come, first-serve basis. To avoid any background noise and to ensure the smooth conduct of the meeting, all the members who have joined will be placed on mute by the host. Once the question-and-answer session starts, the host will announce the name of the shareholders who have registered as a speaker shareholders. Subsequently, they will be unmuted by the host, the speaker shareholder, to otherwise put the video on while speaking. If the speaker shareholder is unable to speak using video mode, he may speak using audio mode with earphones on. If there is any connectivity problem at the speaker's end, we would ask next speaker to join. We would like to request the speaker shareholders to restrict their speech to 3-4 minutes. During the proceedings of the AGM, if a member faces any technical problem, he may contact the helpline number mentioned in the notice of AGM. The company has taken requisite steps to allow the member to cast their vote on items being considered at this AGM. Since there is no physical attendance of members, the appointment of proxies is not applicable. Register of Directors and KMP, register of contracts and other documents as required under the Companies Act are kept open and accessible for electrical inspection on our website during the continuance of the meeting. The notice of convening this AGM, along with the audited financial statement, board report and auditor report for the financial year 2023, have been circulated to everyone in advance and are also available on the website of the Company. With your permission, I shall take them as read. A report from statutory auditors and secretarial auditors does not have qualifications, observations or comments. Therefore, these reports are not required to be read in the meeting. Members who have not voted using remote voting can cast their vote during the meeting, and voting will close after 30 minutes from the conclusion of the meeting. With this now, I hand over the proceedings of the meeting to the Chairman, Sir.

H S Raghavendra Rao- Good evening, everyone. I warmly welcome all the shareholders to the 12th AGM of DCX and I convey my sincere thanks to everyone for your trust in the Company and its business. Since the quorum is present, I call the meeting to order.

Now I take the privilege of welcoming our board member. Myself, H S Raghavendra Rao, Chairman and Managing Director; Mr. Neal Castleman, Non-Executive Director; Mr. Ranga K.S., Whole-Time Director and CFO; Mrs. Lathika Pai, Independent Director and Chairperson of CSR committee; Mr. K Chandrasekaran, Independent Director, Chairman of the Audit

Committee and Stakeholders Relationship Committee; Mr. P Nagashayna, Independent Director and Chairman of the Nomination and Remuneration committee. Also, I welcome Mr. Shiv Kumar, our Vice President, Operation; Mr. Anand, Pramod, Prasanna and Neeraj, DGM. Also, Mr. Pradeep Shetty, our statutory auditor, from NBS & Co. Mr. Naveen, Chartered Accountant, our Internal auditor, Mr Pramod, Company Secretary, our secretarial auditor, Mr. Harsha, our legal advisor from Unilegal Bangalore. Also, your confidence has infused new energy within the Company to flourish and reach new milestones in our business. I look forward to sharing the future success of the Company with you. Your company started its journey in the year 2011 with a focus on manufacturing cable and wire harness assembly for the defence and aerospace industry. From the humble beginning, it has now become one of the leading preferred Indian partners for foreign OEMs in a short period of time. Besides the supplying of cable and wire harnesses, we are also supplying technologically advanced electronic systems and sub-systems in the aerospace and defence segment. With a focus on quality, good supply chain management and timely delivery, your company has secured its place with global defence OEMs. Today, the rich legacy inspires the team at DCX to continue to put the highest focus on meeting the growing aspiration of India's defence and aerospace sector together with the Make-In-India and Atmanirbhar Bharat initiatives of the Government of India. Your Company's asset-light business model, risk-free mitigated policy, together with successful long-standing customer relationship, has moved way to DCX and earned a reputed name in the defence and aerospace sector. DCX invests a lot of time and effort in continuous training programs, which are essential for its growth. This efficient and customer-focused operating model has resulted in steady growth over the years, which further supports your Company's ability to pursue organic and inorganic growth. I would like to update the shareholders on the landmark reached by your Company in FY 2023.

Your Company was listed on the exchange in November 2022 and raised ₹400 Crore. During FY 2023, the Company set up a 100% wholly owned subsidiary called Raneal Advanced Systems Private Limited to manufacture PCB assembly as a backward integration to cater for the cap-to-consumption business and target the global EMS market opportunity. Also, I am happy to announce that Raneal Advanced Systems has received all the necessary approval to start its commercial operations. The revenue for FY 2023 grew by 13.73% to a record of rupees ₹1254 crores, Profit After Tax grew by 9.75% to ₹72.01 crores, and the credit rating of the company was revised from BBB to A category. DCX has always endeavoured for growth by preparing itself as per the moving dynamic in the defence and aerospace opportunities. We would like to highlight a few initiatives your Company has taken. You all must be aware that recently your Company has entered into a joint venture agreement with ELTA Systems Limited as a premier division of IAI group Israel to cater for the railway sector through radar and optic-based obstacle deduction system for safety measurement, measuring both India and the export market. The Indian Railway has budgeted rupees ₹34,000 crore for the safety upgradation of the automatic train protection system, and your Company sees a huge potential market in this segment going forward. DCX's initiative under Make-In-India and Atmanirbhar Bharat focuses on becoming a technology-driven Company through technology transfer and manufacture of the product in India and supply directly to defence forces and defence public sector, railway sector and export market. India's growth, coupled with increased spending on the defence sector, has placed your Company in the right position to capitalize on these opportunities. DCX has a strong leadership team which can take this company to the next phase of growth. DCX continues to practice the highest level of corporate governance.

In closing, I would like to thank all our Board of Directors and employees for their dedication and hard work over the year. Your Company is grateful to its customers, bankers, suppliers and all the stakeholders for their continued support, which has helped the Company's growth and

success. Finally, once again, I thank our shareholders for their trust in our business, exacting opportunity in the motion of your Company. With its dedication and focus, DCX is in the right place and time to capture this opportunity to create a better future value for all the stakeholders.

In the end, I would like to highlight a few things to all my dearest shareholders. We are in the contract manufacturing company parallelly, we are going to add the product company in the aerospace and defence in Make-In-India and Atmanirbhar Bharat. We are also entering into railway to become a product Company, and this is huge. We are working with huge companies on the technology and sensitive areas in the aerospace and defence segment. I request everyone that the company is very focused team is very focused on business. I can give time to all my shareholders, and we are on the right part of business. We are parallelly running other than a contract manufacturing to then become a product company. It is a little bit time-consuming. I request our shareholders to have a little bit of patience in our Company. The company is in a very well position to give more results. *Namaste, Jai Hind, Jai Karnataka.* Mr. Ranga, CFO, you can highlight a few things on the financials.

Ranga K.S.- Dear shareholders, I am Ranga K.S., CFO and Whole Time Director of the Company. And here we extend a warm welcome to all the shareholders to the 12th AGM of DCX Systems Limited and the first AGM post listing. I am very happy to present the financial report of the Company for the year ended 31st March 2023. The financial report is as follows.

Standalone financial results

the standalone revenue from operations has increased to ₹12,536.29 million in the year 2022-2023 from ₹11,022.73 million in the year 2021-2022, giving a growth of around 13.73%. The total expenses have increased to ₹11,970.61 million in the financial year 2022-2023 from ₹10,487.73 million in the financial year 2021-2022. The Profit before Tax has increased to ₹861.03 million in the financial year 2022-2023 from ₹755.61 million in the year 2021-2022, showing a growth of 13.95%. The Profit after Tax has increased to ₹720.12 million in the year 2022-2023 from ₹656.14 million in the year 2021-22, giving a growth of 9.75%. The EBITDA for 2022-2023 increased to ₹1,130.16 million from ₹838.79 million in the financial year 2021-2022. The EBITDA for the year 2022-2023, in terms of percentage, stood at 9.02% compared to 7.6% in the previous year. The contributing factors for better EBITDA margin for the current year are- the execution of profitable projects and the rupee depreciation by 8% compared with the previous year. The Profit after Tax for the financial year 2022-2023 stood at 5.61% compared to 5.95% in the previous year 2021-2022. The contributing factors for the reduction in PAT for the year 2022-2023, when compared with the financial year 2021-2022, are- an increase in Forex losses and finance costs.

Consolidated financial results

DCX Systems Limited has a wholly owned subsidiary, namely Raneal Advanced Systems Private Limited, as on 31st March 2023. After the consolidation of the subsidiary, the financial results are as follows: the consolidated revenue from operations has increased to ₹12,536.29 million in the financial year 2022-2023 from ₹11,022.73 million in the financial year 2021-2022, showing a growth of 13.73%. The total expenses have been increased to ₹11,974.10 million in the year 2022-2023 from ₹10,487.79 million in the year 2021-2022. The Profit before Tax has increased to ₹857.72 million in the financial year 2022-2023 from ₹755.55 million in the financial year 2021-2022, showing a growth of 13.52%. The Profit after Tax has increased to ₹716.81 million in the financial year 2022-2023 from ₹656.08 million in the financial year 2021-2022, showing a growth of 9.267%. The EBITDA for the year 2022-2023 increased to

₹1,127.62 million from ₹838.73 million in the financial year 2021-2022. The EBITDA for the year 2022-2023 in terms of percentage stood at 9% when compared to 7.6% in the financial year 2021-2022. The contributing factors for better EBITDA margin are execution of profitable projects and rupee depreciation. The PAT of the year 2022-2023 stood at 5.58% when compared to 5.83% in the financial year 2021-2022.

Utilization of proceeds of public issue:

Out of the public issue proceeds of ₹4000 million raised in the month of November 2022, the company has utilized ₹300 million towards the closure of loans, ₹1100 million and working capital of ₹1600 million and public issue expenses of ₹300 million. A balance of ₹1000 million has been parked in fixed deposits. On the balance sheet, during the year 2022-2023, the Company has invested ₹66 million in the wholly-owned subsidiary, namely M/s Raneal Advanced Systems Private Limited. The inventory and receivables have increased from ₹272.51 million to ₹2285.11 million and ₹3195.32 million to ₹694.94 million, respectively. The receivables turnover ratio has increased from 23 to 93 days, and the reason is on account of sales which took place in the Q4 of 2022-2023. Thank you, once again and over to CS Nagaraj R Dhavaskar.

Nagaraj R Dhavaskar- Thank you, Ranga Sir. The resolutions has been voted on through remote e-voting. Therefore, as provided in the secretarial standard of the Annual General Meeting, there will be no proposing and seconding of resolution. With your permission. I will now take up the resolutions which require our shareholders' approval. The objective and necessary explanation are provided in the explanatory statement of the AGM notice. The resolution forming part of the notice are:

Ordinary business

- 1) To consider and adopt the standalone and consolidated financial statement of the company for the financial year ended March 31st, 2023, together with the report of the Board of Directors and Auditors thereon.
- 2) The appointment of Mr. Neal Jeremy Castleman as a Non-Executive and Non-Independent director who retires by rotation and, being eligible, offers himself for re-appointment.

Special business

- 3) Appointment of Mr. Krishna Bhagawan Srinivas Ranga as the Director of the Company.
- 4) The appointment of Mr. Krishna Bhagwan Srinivas Ranga, as a Whole-Time Director of the company and approval for payment of remuneration.
- 5) The approval for continuation of directorship of Mr. Neal Jeremy Castleman, Non-Executive and Non-Independent Director of the Company, after attaining the age of 75 years. Item six, approval for levy of charges for serving of any document to the member of the Company.

I would like to inform you that pursuant to the provision and subsection of 108 of the Companies Act 2013, the Company has provided a remote e-voting facility to vote between Thursday, 21st September 2023, from 9 AM to Sunday, 24th September 2023, up to 5 PM Indian Standard Time. To the members holding the shares as of the cutoff date of 18 September 2023. CS Pramod, Practicing Company Secretary, Bangalore, was appointed as a scrutinizer to conduct the e-voting process in a fair and transparent manner. Their decision will be final with regard to the validity and the result of voting through remote e-voting and e-voting during the meeting. Upon receipt of the final report from the scrutinizer, the result of e-voting along with remote e-voting, will be announced within two working days of the

conclusion of the meeting. The results of voting will be placed on the website of the Company once they are declared and filed with the respective stock exchanges.

We now move on to our discussion with the shareholders who have registered themselves as a speaker with the company to raise their queries or share their views on any item of the AGM notice or the financial statement for the financial year 2020-2023. Further, the shareholders who have not registered themselves and who would like to express their views or raise any concern can write to me, i.e., Company Secretary at CS@dcxindia.com. Shareholders who have registered themselves as a speaker have received a speaking serial number. I request you to remember this number and start with your conversation after your name and the serial number are announced. Speaker shareholders are requested to unmute their microphones before speaking and enable their cameras if they wish to appear on video. Speaker shareholders are referred to mention their name, DP ID and location. Kindly restrict your comment to more than 3-4 minutes so that all the speakers may get an opportunity to share their views. Answers to the queries raised by the shareholder will be provided once all speaker shareholders have spoken. It may be noted that the Company may have to limit the number of members speaking the question depending on the availability of time at the AGM. Now, the host will invite the speaker shareholders. Over to the host.

Moderator- Thank you, Sir. Our first speaker shareholder is Mr. Rajendra Seth. Sir, you can speak now.

Rajendra Seth- *Chairman Sir, management team, shareholder bhaiyo, Main Rajendara Seth Thane, Mumbai se bol raha hoon. Chairman ji aapne bahut achi tarah humko Company ke baarein mein bataya, hum bahut santusht hue. Khali ek hi question tha ki abhi defence sector India mein kaafi growth kar raha hain toh humari company mein direct aur indirect kya rahega, uska kya acha hoyega? Wo jara bataiye. Baaki management ke upar pura bharosa hain aur sab resolution mein main poora support aur Hardik shubhechha deta hoon. Aur secretary team ka bhi bahut hi sundar aur badia kaam raha hain, time pe poori detail ke saath balance sheet bheji hain. Bolne ka mauka dia, dhanyavad. Main wapis bolta hoon ki sab resolution mein mera pura support deta hoon. Thank you.*

H S Raghavendra Rao- Can I take the question, host?

Moderator- Yes, can we go to the next shareholder?

H S Raghavendra Rao- Yes, please

Moderator- Our next shareholder is Mr. Ayush Gupta.

Ayush Gupta- *Chairman sir main Ayush Gupta, Delhi se, aapka aur sab board members ka swagat karta hoon. Excellent chairman speech ho ri thi uske baad kuch question bachte nahi hain. Lekin aapke leadership mein jo poori team ne kaam kia hain, uske lie main unhe badhai dunga ye share price mein bhi reflect ho raha hain sir. Aapne company ke bhavishay aur vartmaan ke baarein mein sab kuch bataya. Lekin humari sarkar ka defence pe bahut focus hain, usko lekar aane wale 1-2 saal ke lie humara kya roadmap hoga, uske baarein mein bataiye? Humare pass total order book kya hai aur hum kab tak wo execute kar paa rahe hain, aur uska idea koi bata payenge kitne margin se wo execute kar rahe hain kyunki order hona achi baat hain, usse bhi badi baat hain uska sahi samay aur pe sahi margin se execute hona sir. Baaki mein secretarial team ke lie aapko bahut bahut dhanyavad dunga ki main delhi se baitha hoon, mujhe nahi pata tha ki kaise juddna hain. Unhone baar-baar meri madad ki aur main aapse judd paya. Sir ek acha platform humein mila hain jisse hum Pan-India ke shareholders aapse iss platform pe judd pate hain sir. Bhavishay mein AGM iss prakhar karenge toh mujhe delhi se aapse baar-baar juddne ka ek avsar milega. Hum chote*

shareholders hain jo is portal pe aapse judde hain, thoda unka bhi dhyaan rakhiye sir kyunki unko saal main ek baar aapse judne ka avsar milta hain. Aur saal mein hum sirf ek hi baar aapke paas aate hai lekin hum secretarial ke paas apni problem lekar baar baar jate hain wahan se har baar samadhan milta hain, iske lie main aapki leadership mein secretarial ko bahut bahut dhanyavad dunga ki mujhe is portal pe judne ka avsar diya. Thank you, sir.

Moderator- We do not have any other speaker shareholders. You may proceed with the agenda. Thank you.

Nagaraj R Dhavaskar- Thank you everyone for your question. Now I request to our chairman and CFO to answer the question in the following order. Over to CMD sir.

H S Raghavendra Rao- Dear shareholders, *aapka baat sunke mereko bahut, to be frank with you, you touch here and humare liye bada ek shareholder bhi ek hi hain aur lakho shareholder bhi thik hi hain.* We treat all the shareholder as the family of DCX. The two questions asked by both shareholders are same. Let me explain and the one by one, the number one *Humara Bharat sarkar ne bahut bada momentum start kar diya hain, usme kya hota hain, Bharat sarkar ke hisaab se defence and aerospace mein bahut aspirations hain. Bada aspirations hain and uske lie kya kya even though chota chota company also can grow in this business. Opportunity bahut bada hain, islie Make-In-India and Atmanirbhar Bharat ke lie bahut focus de raha hain* Modi government of India, Ministry of Defence. *Isle hum log bhi to become a product company mera hindi itna acha nahi hain islie thoda english jodd raha hun,* please don't mind. Ours is a sunrise company and we are well positioned in the same *Atmanirbhar Bharat* and *Make-In-India mein.* *Hum log foreign OEM ka saath bhi parallelly kaam kar rahe hain, parallelly islie hum log technology ke upar bahut kaam kar rahe hain* and things are very bright, and we are going to supply product to the Indian armed forces, DPS- Defence Public Sector both. We are in the right position I can say on the plan that we have for the company's vision and mission. We are fully concentrated to take this benefit of Government of India. Secondly, not defence and aerospace, second biggest budget as you know is the railway budget, which we have mentioned already. We announced our joint venture with ELTA, this is a one of the global technologies and over the world available. Your company is very lucky to have such a JV, this is not only for India business, it's huge and also it is a global technology and outside India also we have a lot of potential on the railway security. And finally, coming to the order book, as of today, on 26th 2023, we have about ₹1535 crores orderbook and *pipeline both acha hain, hum log convert hote hi aap logo ko immediately exchange mein within no time hum log announce karta hain. Thoda dheeraj rakhiye, humara order book toh visibility hain and plants hain, aapka Raneal bhi chaalu hogya, backward integration bhi chaalu hogya. Iska bhi bahut bada business opportunity hain, captive business not only for internal consumption. Humara bahar ka bhi bahut expectation hain,* we are well positioned, team is working very focused on this business. Very good company you are holding shareholding. *Please, aap thoda Dheeraj rakhiye, plan ke hisaab se pura chal raha hain, Bhagwan ki kripa se acha chal raha hain, itna bol sakta hoon. Namaste sir.*

Nagaraj R Dhavaskar- Thank you CMD sir, I trust that we have responded all the questions and if any more clarifications are required, you are welcome to get into touch with me at cs@dcxindia.com. Now I invite Mr. Neal Castleman, Director to give his closing remarks.

H S Raghavendra Rao- Thank you Nagaraj. Let me tell few things about my dearest partner, my mentor Mr. Neal Castleman. I want to introduce to the shareholders, Neal Castleman is my guruji and best partner. Wherever company had a very initial stage he is the man, today who

has given me a chance to speaking to all of you. He is the man who has decided to come to me in India and trusting me and started business with me. And today, all our DCX shareholder Neal Sir, all the employees, all the board member, thank you very much for all your kind support. I request you to talk few things about our shareholders and other members in the company. Thank you so much sir. We expect to grow much more expected than the shareholder with your support and guidance. Neal sir, we require your blessing and your guidance to grow further in this company. Please, you can take the closing remarks. Neal sir, I hand over to you, please.

Neal Castleman-Thank you. Good evening and I take this moment to express my heartfelt gratitude to each and every one for being part of this AGM.I am truly inspired by the dedication, passion and compassion demonstrated by Dr. Rao and his team for their unparalleled performance in these years. And I am sure that under his visionary leadership, Dr.Rao DCX will flourish and scale new heights of success in the years to come and create wealth for all its stakeholders. I take this opportunity to thank the Board of Directors, fellow shareholders, registrars, statutory auditors, secretarial auditors and all other associates for their time and participation in this AGM. I thank you once again for your continued support and wishing you all the best. Thank you.

Nagaraj R Dhavaskar- Thank you Neal sir. As all the items of the business as per AGM notice have been taken up, the proceeding of the AGM has been concluded. It's now 04:36 PM, I declare the meeting closed. The e-voting facility will remain open for the next 30 minutes to enable those members who have not casted their vote and would like to cast their vote now. The result will be announced on or before 27th September 2023 and the same would be intimated to the stock exchange and also uploaded on the website of the company. I declare the 12th AGM as concluded. Thank you.