

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



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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