DCX SYSTEMS LIMITED

Registered and Corporate Office: Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562110 Karnataka, India
Telephone: +91 80 6711 9555; **E-mail:** cs@dcxindia.com; **Website:** www.dcxindia.com
Corporate Identity Number: L31908KA2011PLC061686; **Contact Person**: Nagaraj R Dhavaskar, Company Secretary, Legal and Compliance Officer

The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. This Preliminary Placement Documents is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be Allotted pursuant to the Placement Document.

*Our Company was incorporated as "DCX Cable Assemblies Private Limited" on December 16, 2011, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bengaluru ("**RoC**"). Thereafter, the name of our Company was changed to 'DCX Systems Private Limited' pursuant to a special resolution dated November 24, 2021, passed by our shareholders and a fresh certificate of incorporation consequent upon change of name issued by the RoC on January 3, 2022. Pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated February 2, 2022, the name of our Company was changed to "DCX Systems Limited" and the RoC issued a fresh certificate of incorporation on February 18, 2022. For further details, see "General Information" on page 254.*

Our Company is issuing up to [●] Equity Shares of face value of ₹2 each ("**Equity Shares**") at a price of ₹[●] per Equity Share (the "**Issue Price**"), including a premium of ₹[●] per Equity Share, aggregating up to ₹[●] million* (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 45.

** Subject to allotment of Equity Shares pursuant to the Issue.*

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT")

The Equity Shares are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on January 12, 2024, was ₹373.15 and ₹373.00 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue have been received by our Company from each of BSE and NSE on January 15, 2024. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

Except for this Preliminary Placement Document, the information on our Company's website or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Manager (as defined hereinafter) and their respective affiliates or agents does not form part of this Preliminary Placement Document, and prospective investors should not rely on such information contained in, or available through, such websites for their investment in this Issue. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which shall also include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges in due course. Our Company shall also make the requisite filings with the RoC, within the stipulated period as prescribed under the Companies Act and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined hereinafter). This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction. The placement of Equity Shares proposed to be made pursuant to this Preliminary Placement Document is meant solely for Eligible QIBs on a private placement basis and is not an offer to the public or to any other class of investors.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OR CATEGORY OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN VIOLATION OF THE COMPANIES ACT, SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "*RISK FACTORS*" ON PAGE 49, BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES TO BE ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT AND/OR THE PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to this Preliminary Placement Document and the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 211. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. See "*Selling Restrictions*" on page 229 for information about eligible offerees for the Issue and "*Purchaser Representations and Transfer Restrictions*" on page 237 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Preliminary Placement Document is dated January 15, 2024.

BOOK RUNNING LEAD MANAGER

DAM Capital Advisors Limited

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and our Subsidiaries. There are no other facts in relation to our Company, our Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries nor the Book Running Lead Manager have any obligation to update such information to a later date.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. DAM Capital Advisors Limited (the "**Book Running Lead Manager**" **or** "**BRLM**") has not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager and/or any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries and the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the Book Running Lead Manager or on any of its shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in certain jurisdictions.

The information contained in this Preliminary Placement Document have been provided by our Company and from other sources identified herein. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Manager or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Book Running Lead Manager that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 229.

In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, our Company and the Book Running Lead Manager are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Neither our Company nor the Book Running Lead Manager is liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs (as defined hereinafter) are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereafter) and the QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations (as defined hereafter) and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document.

The information on our Company's website, viz., www.dcxindia.com, any website directly or indirectly linked to the website of our Company or to the website of the Book Running Lead Manager or any of its respective affiliates or agents, other than this Preliminary Placement Document, does not and shall not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

Any information about our Company available on any website of the Stock Exchanges, our Company or the Book Running Lead Manager, other than this Preliminary Placement Document, shall not constitute a part of this Preliminary Placement Document and no investment decision should be made on the basis of such information.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section is to the Bidders in this Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged, and agreed to contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 229 and 237, respectively, and have represented, warranted and acknowledged to and agreed to our Company and to the Book Running Lead Manager, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries which is not set forth in this Preliminary Placement Document;

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (as defined hereafter) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the FEMA Rules, the total holding by each FPI (as defined hereinafter) including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI (as defined hereinafter), subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations (as defined hereinafter). Since FVCIs (as defined hereinafter) are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, please see the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 229 and 237, respectively;

- You are aware that this Preliminary Placement Document and the Placement Document has not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy (as defined hereinafter) and press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Manager. The Book Running Lead Manager or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association (as defined hereinafter) and Articles of Association (as defined hereinafter) and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Book Running Lead Manager;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 49;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Manager or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoters', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group or persons related to the Promoters, no veto rights or right to appoint any nominee director on our Board (as defined hereinafter), other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Manager has entered into a Placement Agreement with our Company whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the Book Running Lead Manager nor any person acting on its behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Manager or our Company or any other person, and the Book Running Lead Manager or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Manager and its respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 229 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 229;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 237 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 237;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Bengaluru, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the Book Running Lead Manager and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Manager;

- You represent that you are not an affiliate of our Company or the Book Running Lead Manager or a person acting on behalf of such affiliate. However, affiliates of the Book Running Lead Manager, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 13;

- Our Company, the Book Running Lead Manager, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Manager; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including the affiliates of the Book Running Lead Manager, who are registered as Category I FPIs may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPI may receive compensation from the purchasers of such instruments. An FPI will collect the regulatory fee of USD 1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of offshore derivative instrument issued by it and deposit such regulatory fee with SEBI by way of electronic transfer in the designated bank account of SEBI. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to payment of applicable regulatory fee and in compliance with such other conditions as may be specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document and the Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Book Running Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations of or claims on the Book Running Lead Manager.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Stock Exchanges

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

(2) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Subsidiaries, the Promoters of our Company, our management or any scheme or project of our Company

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)', "bidder" are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer', are to DCX Systems Limited and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of Republic of India and references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, all references to page numbers in this Preliminary Placement Document are to the page numbers of this Preliminary Placement Document.

All the numbers in this Preliminary Placement Document have been presented in million, unless stated otherwise. Where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Preliminary Placement Document expressed in such denominations as provided in their respective sources. However, our Financial Statements are presented in ₹ million.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Financial data and other information

Our Company publishes its financial statements in Indian Rupees. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', "Fiscal" or "Fiscal Year" or "FY", are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

Our Company has published its audited consolidated financial statements as of and for Fiscal 2023 and Fiscal 2022, audited special purpose IND AS standalone financial statements as of and for Fiscal 2021 and the unaudited interim limited reviewed consolidated financial results as of and for the six months ended September 30, 2023 and September 30, 2022. As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

i. audited consolidated financial statements of our Company as at and for Fiscals 2023 and 2022, audited special purpose IND AS standalone financial statements as at and for Fiscal 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**Audited Financial Statements**"); and

ii. unaudited interim limited reviewed consolidated financial results of our Company as of and for the six months ended September 30, 2023 and September 30, 2022 prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("**Ind AS**") as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI Listing Regulations (the "**Unaudited Interim Limited Reviewed**

Consolidated Financial Results" and together with the Audited Financial Statements, the "**Financial Statements**").

The audited consolidated financial statements as at and for Fiscals 2023 and 2022 and the audited special purpose IND AS standalone financial statements as at and for Fiscal 2021 have been audited by our Statutory Auditors, on which they have issued audit reports dated May 19, 2023, July 22, 2022 and February 15, 2022, respectively. Further, limited review of the Unaudited Interim Limited Reviewed Consolidated Financial Results has been carried out by the Statutory Auditors, on which they have issued review report dated October 30, 2023.

The Audited Financial Statements should be read along with the respective audit reports, and the Unaudited Interim Limited Reviewed Consolidated Financial Results should be read along with the corresponding review report. The Unaudited Interim Limited Reviewed Consolidated Financial Results have been subjected to review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the Institute of Chartered Accountants of India ("**ICAI**"). Further, our Unaudited Interim Limited Reviewed Consolidated Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as at and for Fiscals 2023 and 2022 and standalone financial information as at and for Fiscal 2021 included in this Preliminary Placement Document have been derived from the Audited Financial Statements. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as of and for the six months ended September 30, 2023 and September 30, 2022, included in this Preliminary Placement Document have been derived from the Unaudited Interim Limited Reviewed Consolidated Financial Results.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Financial Statements and the Unaudited Interim Limited Reviewed Consolidated Financial Results included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Please see *"Risk Factors – We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian electronic system and cable harness industry, and therefore may not be comparable with financial or industry-related statistical information of similar nomenclature computed and presented by other companies."* on page 76.

The information on our Company's website shall not form a part of this Preliminary Placement Document.

Non-GAAP financial measures

We have included certain non-GAAP financial measures relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") such as, EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin, Adjusted ROCE, return on capital employed, net worth, return on net worth, net asset value per equity share, debt equity ratio in this Preliminary Placement Document. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Statements*" and "*Risk Factors – We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian electronic system and cable harness industry, and therefore may not be comparable with financial or industry-related statistical information of similar nomenclature computed and presented by other companies*." on pages 256 and 76, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 132.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been obtained from the report titled "*The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment* " dated December 18, 2023 (the "**Company Commissioned F&S Report**"), which is a report commissioned and paid for by our Company and prepared and issued by Frost & Sullivan (India) Private Limited pursuant to an engagement letter dated November 28, 2023, in connection with the Issue.

The Company Commissioned F&S Report contains the following disclaimer:

""*The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment* " *has been prepared for the proposed qualified institutions placement of equity shares by* **DCX Systems Limited** *(the "**Company**").*

*This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("**Frost & Sullivan**") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the Offer Documents of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction."

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by Frost & Sullivan (India) Private Limited exclusively commissioned and paid for by us for such purpose*." on page 74.

Further, the calculation of certain statistical and/or financial information / ratios specified in the sections titled "*Business*", "*Risk Factors*", "*Management's Discussions and Analysis of Results of Operations and Financial*

Condition" and otherwise in this Preliminary Placement Document may vary from the manner such information is calculated under and for purposes of, and as specified in, the Company Commissioned F&S Report. Data from these sources may also not be comparable. The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by an independent source and neither our Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute '*forward-looking statements*'. Investors can generally identify forward-looking statements by terminology such as '*aim*', '*anticipate*', '*believe*', '*continue*', '*can*', '*could*', '*estimate*', '*expect*', '*intend*', '*may*', '*objective*', '*plan*', '*potential*', '*project*'', '*pursue*', '*shall*', '*should*', '*will*', '*would*', '*will likely result*', '*is likely*', '*are likely*', '*believe*', '*expect*', '*expected to*', '*will continue*', '*will achieve*', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

1. Our business is dependent on the sale of our products and services to our key customers. Our top three customers accounted for 86.90%, 80.55%, 88.65%, 90.82% and 99.22% of our revenue from operations in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively. The loss of one or more such customers or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows;
2. Our revenue from operations depends significantly on offset defence contracts. Any changes in the defence offset policy or a decline or reprioritisation of funding in the Indian defence budget, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow;
3. Our current order book may not necessarily translate into future income in its entirety. Some of our current orders which we have received may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations;
4. Significant shortages of, or delay or disruption in the supply of raw materials could affect our estimated costs, expenditures and timelines which may have a material adverse effect on our business, financial condition, results of operations and cash flows;
5. We are dependent on the performance of the electronic subsystems market. Any adverse changes in the conditions affecting the electronic subsystems market can adversely impact our business, financial condition, results of operations, cash flows and prospects;
6. We rely on the continued operations of our manufacturing facilities and any slowdown, shutdown or disruption in our manufacturing facility may be caused by natural and other disasters causing unforeseen damages which may lead to disruptions in our business and operations could have an adverse effect on our business, results of operations, financial condition and cash flows;
7. We may not be able to obtain furnished equipment required for testing and qualifying the products from the customers which may have a material adverse effect on our business, results of operations and financial condition;

8. As of the date of this Preliminary Placement Document, we have not identified any partners for setting up joint ventures;
9. We do not own the brand name ‘DCX’. We use the brand name ‘DCX’ pursuant to a no objection letter received from DCX-Chol Enterprises, Inc. In the event that we have to discontinue the use of the brand name ‘DCX’ or the logo, it may adversely affect our business and financial condition; and
10. We are exposed to foreign currency fluctuation risks, particularly in relation to our borrowings, import of raw materials and export of products, which may adversely affect our results of operations, financial condition and cash flows.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*” on pages 49, 98, 132 and 165, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the Book Running Lead Manager nor any of its affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company and our Subsidiaries could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company limited by shares incorporated under the laws of India. Majority of our Directors, Key Managerial Personnel and Senior Management Personnel named herein are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A, respectively, of the Civil Procedure Code, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law, then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards (even if such an award is enforceable as a decree or judgement).

A total of 11 territories have been declared to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code by the Government of India, comprising United Kingdom, Aden, Fiji, Republic of Singapore, Federation of Malaysia, Trinidad and Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong, Papua New Guinea, Bangladesh and United Arab Emirates. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Book Running Lead

Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and the foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Limited ("**FBIL**"), which are available on the website of the RBI and FBIL, respectively. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

I. US Dollar

(₹ per US$)

	Period end[(1)]	**Average[(2)]**	**High[(3)]**	**Low[(4)]**
Fiscal*				
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29
Month ended*				
December 31, 2023	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15
September 30, 2023	83.06	83.05	83.26	82.66
August 31, 2023	82.68	82.79	83.13	82.28
July 31, 2023	82.25	82.15	82.68	81.81

(Source: www.fbil.org.in and www.rbi.org.in)

Notes:
(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Represents the average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period.
** In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The RBI / FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA (as defined hereinafter), the Depositories Act (as defined hereinafter), or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections on pages 246, 132, 256 and 250, respectively.

General terms

Term	Description
"Issuer", or "our Company" or "the Company"	DCX Systems Limited, a company incorporated under the Companies Act, 1956 and having its registered and corporate office at Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562 110, Karnataka, India
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries

Company related terms

Term	Description
Articles / Articles of Association / AoA	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board, as disclosed in "*Board of Directors and Senior Management*" on page 197
Audited Financial Statements	The audited consolidated financial statements of our Company as at and for Fiscals 2023 and 2022 and audited special purpose IND AS standalone financial statements as at and for Fiscal 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act
Board of Directors / Board	The board of directors of our Company or any duly constituted committee thereof, as the context may require
Chairman and Managing Director	The chairman and Managing Director of our Company, Dr. H.S. Raghavendra Rao
Chief Financial Officer	The chief financial officer and whole-time Director of our Company, Ranga K S
Company Commissioned F&S Report	Report titled "*The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment*" dated December 18, 2023, which has been commissioned and paid for by our Company and prepared and issued by Frost & Sullivan (India) Private Limited pursuant to an engagement letter dated November 28, 2023, in connection with the Issue.
Company Secretary, Legal and Compliance Officer	The company secretary and compliance officer of our Company, Nagaraj R Dhavaskar
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, as disclosed in "*Board of Directors and Senior Management*" on page 197
Director(s)	The director(s) on the Board of our Company
Equity Share(s)	The equity shares of our Company, having a face value of ₹2 each
Executive Director(s)	The executive directors of our Company. For further details of the Executive Directors, see "*Board of Directors and Senior Management*" on page 197
F&S	Frost & Sullivan (India) Private Limited
Financial Statements	Collectively, the Audited Financial Statements and Unaudited Interim Limited Reviewed Consolidated Financial Results
Fund-Raising Committee	The fund-raising committee of our Company, a committee duly authorized by our Board. For further details, see "*Board of Directors and Senior Management*" on page 197

Term	Description
Independent Director(s)	Independent director(s) on the Board and eligible to be appointed as independent director(s) under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For further details of the Independent Directors, see "*Board of Directors and Senior Management*" on page 197
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in "*Board of Directors and Senior Management*" on page 197
MoA / Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 197
Non – Executive Director(s)	The non-executive directors of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 197
Promoters	The promoters of our Company in terms of the SEBI ICDR Regulations and the Companies Act, namely, Dr. H.S. Raghavendra Rao, NCBG Holdings Inc. and VNG Technology Private Limited
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered and Corporate Office	The registered office of our Company which is located at Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562 110 Karnataka, India
Risk Management Committee	The risk management committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 197
RoC / Registrar of Companies	The Registrar of Companies, Karnataka at Bengaluru
Senior Management Personnel	Senior management of our Company as disclosed in "*Board of Directors and Senior Management*" on page 197
Shareholder(s)	The holder(s) of the Equity Shares of our Company, from time to time, unless otherwise specified in the context thereof.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, as disclosed in "*Board of Directors and Senior Management*" on page 197
Statutory Auditors	Current statutory auditors of our Company, M/s NBS & Co., Chartered Accountants
Subsidiaries	The wholly-owned subsidiaries of our Company as of the date of this Preliminary Placement Document, namely Raneal Advanced Systems Private Limited and NIART Systems Ltd, Israel
Unaudited Interim Limited Reviewed Consolidated Financial Results	The unaudited interim limited reviewed consolidated financial results of our Company as of and for the six months ended September 30, 2023 prepared in accordance with the principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares by our Company, in consultation with the Book Running Lead Manager, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the Book Running Lead Manager and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot / Allotment / Allotted	The issue and allotment of Equity Shares pursuant to this Issue
Allottees	Bidders who are Allotted Equity Shares of our Company pursuant to this Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares of our Company pursuant to the Issue
Bid(s)	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form
Bid / Issue Closing Date	The date after which our Company (or Book Running Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount, being [●], 2024

Term	Description
Bid / Issue Opening Date	The date on which our Company (or the Book Running Lead Manager on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount, being January 15, 2024
Bid / Issue Period	Period between the Bid / Issue Opening Date and the Bid / Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount
Book Running Lead Manager / BRLM	DAM Capital Advisors Limited
CAN / Confirmation of Allocation Note	Note or advice or intimation to Bidders confirming the Allocation of Equity Shares to such Eligible QIBs after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about [●], 2024
Designated Date	The date of credit of Equity Shares to the Allottees' demat accounts pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an Eligible FPI participating through Schedule II of the FEMA Rules. However, FVCIs are not permitted to participate in the Issue. In addition, Eligible QIBs are QIBs who are outside the United States, to whom Equity Shares are being offered in "offshore transactions" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made.
Eligible FPI(s)	Foreign portfolio investor, as defined under the SEBI FPI Regulations (other than individuals, corporate bodies and family offices), and including persons who have been registered under the SEBI FPI Regulations, that are eligible to participate in this Issue
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the Bid Amount shall be deposited by Eligible QIBs and from which refunds, if any, shall be remitted to unsuccessful bidder, as set out in the Application Form
Escrow Agent	ICICI Bank Limited
Escrow Agreement	The escrow agreement dated January 15, 2024 entered into amongst our Company, the Escrow Agent and the Book Running Lead Manager for collection of the Bid Amounts and remitting refunds, if any, of the amounts collected, to the Bidders in relation to the Issue.
Floor Price	The floor price of ₹358.30 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the shareholders of our Company accorded by way of a special resolution at the EGM held on December 14, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
Issue	The offer, issue and Allotment of [●] Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act and the rules made thereunder
Issue Price	₹[●] per Equity Share
Issue Size	The issue of up to [●] Equity Shares aggregating up to ₹[●] million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated January 15, 2024 entered into by and amongst our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of the proceeds of the Issue
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	The placement agreement dated January 15, 2024 entered into between our Company and the Book Running Lead Manager

Term	Description
Placement Document	The placement document to be issued by our Company in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form dated January 15, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act and the rules made thereunder
QIBs or Qualified Institutional Buyers	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Relevant Date	January 15, 2024, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decides to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount along with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Technical, industry and other terms

Term	Description
AI	Artificial Intelligence
ATP	Acceptance Test Procedures
BOM	Bill of Materials
CAGR	Compounded Annual Growth Rate
CFT	Cross Functional Team
CY	Calendar Year
DAP 2020	Defence Acquisition Policy 2020, that seeks to address technology and R&D capability shortcomings by moving the focus away from “components” and toward “technology investments” as well as “platform export"
DLA	Defence Logistics Agency, USA
DPSU	Defence Public Sector Undertakings
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EMDE	Emerging Markets and Developing Economies
EMS	Electronic Manufacturing Services
FAI	First Article Inspection
FDI	Foreign Direct Investment
FPS	Fire Protection Services
GDP	Gross Domestic Product
HVAC	Heating, Ventilation and Air conditioning
HT	High Tension
IMF	International Monetary Fund
IOP	Indian enterprises, institutions and establishments engaged in the manufacture of eligible products and/or provision of eligible services, including DRDO, as per the definition mentioned in the Defence Acquisition Procedure 2020
IoT	Internet of Things
ISRO	Indian Space Research Organisation
IPC	Institute for Printed Circuit
JV	Joint Venture
KIADB	Karnataka Industrial Areas Development Board
LRSAM	Long Range Surface-to-Air Missiles
LT	Low Tension
MEIS	Merchandise Exports from India Scheme
MRO	Maintenance, Repair and Overhaul
MRSAM	Medium Range Surface-to-Air Missiles
MSD	Moisture Sensitive Devices
NATO	North Atlantic Treaty Organisation

NPAs	Non-Performing Assets
NPD	Notice of Proposed Debarment
OEM	Original Equipment Manufacturers
OFBs	Ordnance Factory Board
PCB	Printed Circuit Board
PCBA	Printed Circuit Board Assembly
PCFC	Packing Credit Loan in Foreign Currency
PEB	Pre-engineered Building
PHE	Public Health Engineering
PLI	Production-linked Incentive Scheme
TEV	Techno Economic Viability
UUT	Unit Under Test
WEO	World Economic Outlet

Conventional and General Terms / Abbreviations

Term	Description
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
Arbitration Act	Arbitration and Conciliation Act, 1996, as amended
AY	Assessment year
BSE	BSE Limited
Calendar Year / CY	Period of 12 months commencing from January 1 & ending on December 31
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CSR	Corporate social responsibility
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act / Companies Act, 2013	Companies Act, 2013, as amended and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DDT	Dividend distribution tax
DIN	Director Identification Number
EGM	Extraordinary general meeting
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade (formerly called the Department of Industrial Policy and Promotion) bearing file number 5(2)/2020-FDI Policy dated and with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Norms	The Government issued a notification and imposed certain restrictions or conditionality on such investments pursuant to Press Notes, circulars and regulations (including FEMA Rules) issued by the DPIIT or the RBI or the Ministry of Finance, Government of India, from time to time, as the case may be.
FEMA Rules	The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Finance Act	The Finance Act, 2023
Financial year / Fiscal Year / FY / Fiscal	Unless otherwise stated, the period of 12 months commencing on April 1 of a year and ending on March 31 of the next year
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs

Term	Description
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GDR	Global Depository Receipt
GoI / Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS as specified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
JV	Joint Venture(s)
MCA	Ministry of Corporate Affairs, GoI
MNC	Multinational companies
MSME	Micro, Small and Medium Enterprises
NCLT	National Company Law Tribunal, GoI
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PSU	Public sector undertaking
R&D	Research and development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the U.S. Securities Act
Rs. / Rupees / INR / ₹	Indian Rupees, the legal currency of the Republic of India
ROE	Return on equity
ROCE	Return on capital employed
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SRE 2410	Review of Interim Financial Statements Performed by the Independent Auditor of the Entity issued by ICAI
Stock Exchanges / Indian Stock Exchanges	Collectively, BSE and NSE
STT	Securities transaction tax
U.S.$ / U.S. dollar / USD	United States Dollar, the legal currency of the United States
USA / U.S. / United States	United States of America

Term	Description
U. S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund

SUMMARY OF BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 21 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 49 and 98, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2023 and Fiscal 2022 has been derived from the audited consolidated financial statements of our Company as at and for Fiscals 2023 and 2022, respectively, (ii) Fiscal 2021 has been derived from the audited special purpose IND AS standalone financial statements of our Company as at and for Fiscal 2021 and (ii) the six months ended September 30, 2023 and September 30, 2022 has been derived from the Unaudited Interim Limited Reviewed Consolidated Financial Statements.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March 31 of that year. Financial information for the six months ended September 30, 2023 and 2022 is not annualised and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment" dated December 18, 2023 (the "**Company Commissioned F&S Report**") prepared and issued by Frost & Sullivan (India) Private Limited, appointed by us on November 28, 2023, and exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, exclusively in connection with the Issue. The data included herein includes excerpts from the Company Commissioned F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Company Commissioned F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by Frost & Sullivan (India) Private Limited exclusively commissioned and paid for by us for such purpose." on page 74.*

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 49, 132, 98 and 256, respectively, as well as the financial and other information contained in this Preliminary Placement Document. Additionally, see "Definitions and Abbreviations" on page 26 for certain terms used in the following section.

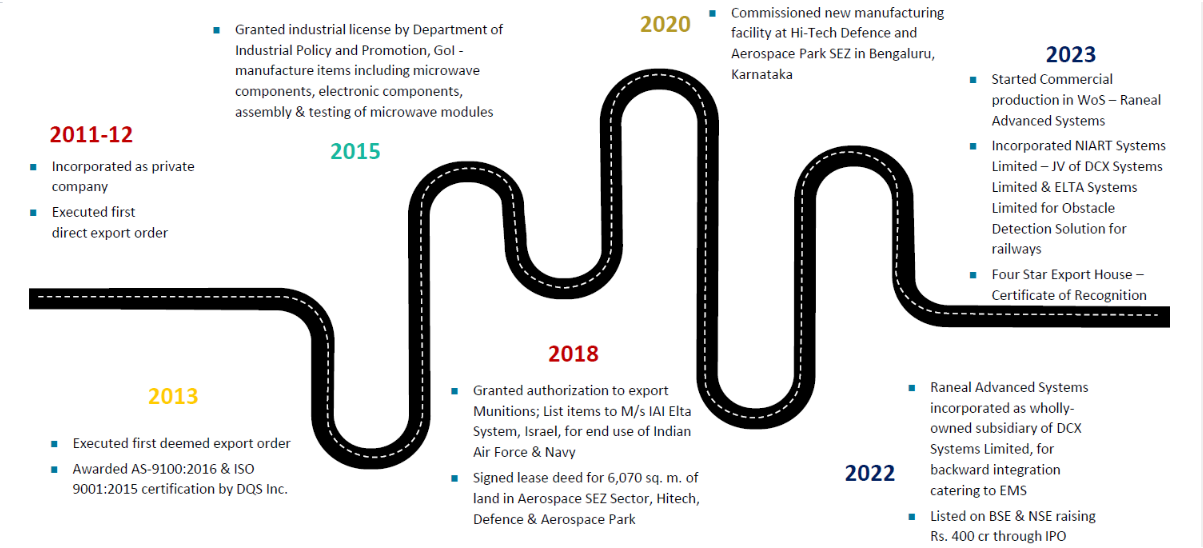
OVERVIEW

We are among the leading Indian manufacturing players for the manufacture of electronic sub-systems and cable harnesses in terms of manufacturing capability and revenue in Fiscal 2023 (*Source: Company Commissioned F&S Report*). We are primarily engaged in system integration and manufacturing a comprehensive array of cables and wire harness assemblies and are also involved in kitting. We commenced operations in 2011 and have evolved into a highly regarded Indian Offset Partner ("**IOP**") for foreign original equipment manufacturers ("**OEMs**"), particularly in the aerospace and defence manufacturing sector (*Source: Company Commissioned F&S Report*). We are a rapidly growing company in the Indian defence space (*Source: Company Commissioned F&S Report*) and our revenue from operations have grown at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. We are also one of the largest Indian Offset Partner ("**IOP**") for ELTA Systems Limited and Israel Aerospace Industries Limited, System Missiles and Space Division (together, the "**IAI Group**"), Israel, for the Indian defence market for manufacture of electronic sub-systems and cable and wire harness assemblies. We have carved a niche in the

MSME landscape as a preferred Indian offset partner for the defence and aerospace industry across geographies in the last 12 years.

We have two wholly owned subsidiaries, Raneal Advanced Systems Private Limited ("**RASPL**") and NIART Systems Ltd ("**NIART**"). Through RASPL, which is incorporated in India, we also manufacture printed circuit board assemblies. RASPL plays a role in fulfilling a key portion of the integrated manufacturing to provide total solutions to OEMs for supply of complete products in the aerospace and defence sector for both captive business as well as directly to the global OEMs by our Company by serving as backward integration. NIART, which has been incorporated in Israel, has been established as a joint venture with Elta Systems Limited. Through NIART, we aim to participate in the development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry.

Over the years, we have expanded our manufacturing capabilities and grown our order book, as set out below.



The growing Indian landscape for defence and aerospace serves as a key opportunity for our Company. The Indian aerospace and defence sector is poised to attain a value of USD 70 billion by 2030. Recent initiatives like the permission granted for 100% foreign direct investment ("**FDI**") in the Indian defence sector is anticipated to be a key driver and growth opportunity for the market. The Defence Research and Development Organization has announced the indigenous development of roughly 108 systems and sub-systems which is expected to generate demand for cables and connectors across the Indian defence environment. The Department of Defence Production also reserved 4,666 items for indigenization via the indigenization lists.. This initiative is poised to boost indigenous manufacturing within India. The instating of defence industry corridors across Uttar Pradesh and Tamil Nadu is also poised to boost the market growth dynamics by broadening the opportunities offered to the private sector. *(Source: Company Commissioned F&S Report)* All of these in turn, serve as an opportunity for us to capitalize on the expected growth in this space. Further, we focus on non-offset order book to mitigate risk from concentration of offset orders.

We believe, our competitive advantages include our efficiency in operations resulting in timely delivery to our customers, maintaining quality control and product security. This has enabled us to develop long-term and entrenched relationships with our OEM customers that has resulted in growth in our operations and sizeable order book. We expect that our quality management systems will enable our system driven efficiency and continue to attract higher revenues going forward. Given the nature of our operations and industry that we operate in, projects have long lead times (*Source: Company Commissioned F&S Report*) and, as such, visibility and predictability of our revenues is high. Our Company's order book as of September 30, 2023, was ₹12,577.03 million to be executed in the Fiscal 2024 to Fiscal 2025.

Our unique business model allows us to provide end-to-end solutions of cable & wire harnesses, electronic sub-systems, high-end system integration and PCB assembly for the defence and aerospace industry.

We classify our operations under the following business verticals:

System Integration: We have been a preferred IOP for foreign OEMs for classified products. *(Source: Company*

Commissioned F&S Report) We undertake system integration in areas of radar systems, sensors, electronic warfare, missiles, and communication systems. We provide product assembly and system integration services of various complexities to address customers' requirements. System integration services are part of a comprehensive array of electronics and electro-mechanical assembly and enclosure assembly. We also provide product repair support for the parts that we manufacture.

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 armored vehicles, and other electronic warfare systems for the aerospace and defence industries as per our customers' requirements.

Kitting: We supply assembly ready kits of electronic and electro-mechanical parts and undertake all aspects of procurement including sourcing components from suppliers approved by our 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 when they are needed for production.

Printed circuit board assembly: We undertake manufacturing of printed circuit board assemblies for microwave, high – speed digital and mixed signal applications in the defence and aerospace segment.

In addition, we also undertake certain job work services that includes assembly and testing of materials that have been supplied directly by our customers.

The table below shows our revenue from operations for the periods indicated as per our business verticals:

Verticals	**Fiscal**						**Six months ended September 30,**			
	2021		**2022**		**2023**		**2022**		**2023**	
	(Standalone)		**(Consolidated)**				**(Consolidated)**			
	Amount (₹ million)	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**
System Integration*	6,160.67	96.09%	9,398.65	85.27%	11,544.53	92.09%	3,732.39	96.41%	4,713.19	98.35%
Cable and Wire Harness Assemblies**	195.84	3.05%	298.14	2.70%	292.53	2.33%	130.60	3.37%	78.71	1.64%
Kitting	55.12	0.86%	1,325.94	12.03%	699.28	5.58%	8.41	0.22%	0.35	0.01%
Total	**6,411.63**	**100%**	**11,022.73**	**100%**	**12,536.34**	**100%**	**3,871.40**	**100%**	**4,792.25**	**100%**

* *Includes Merchandise Exports from India Scheme ("**MEIS**") incentive of ₹28.28 million, ₹28.61 million, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively*

** *Includes MEIS incentive of ₹0.03 million, nil, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.*

We also provide maintenance, repair and overhaul ("**MRO**") services including testing and maintenance projects. Our MRO services do not involve additional capital expenditure as the in-house testing machinery is being provided by the OEM customers thereby enabling us to provide MRO services at ease and creating an additional revenue stream in our business.

We operate through our manufacturing facility located at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. Our facility is spread over an area of 30,000 square feet and is set up for complete in-house environmental and electrical testing and wire processing. The location of our facility is in the same city as certain of our key domestic customers, which, we believe, ensures shorter delivery time. Further, our wholly-owned subsidiary, RASPL, has set up an additional manufacturing facility spread over an area of 40,000 square feet for electronic manufacturing services ("**EMS**") at our Company's premises.

As of September 30, 2023, we had 27 customers in Israel, United States, Korea and India, including clients in the defence industry, multinational corporations and start-ups. We partner with OEMs located in Israel and US to supply wide range of products for aerospace and defence sectors for offset and non-offset programs. Our customers include domestic and international OEMs, and private companies and public sector undertakings in India across different sectors, ranging from defence and aerospace to space ventures and railways. We have a mix of domestic and international customers and certain of our key customers are prominent names in the defence industry.

We are led by experienced Promoters and a qualified senior management team with significant experience in the aerospace and defence manufacturing industry. Dr. H.S. Raghavendra Rao, our Individual Promoter, Chairman and Managing Director, has over two decades of experience in electronics manufacturing and in the defence and aerospace sectors. Neal Jeremy Castleman, our Non-Independent and Non-executive Director, has a vast experience of more than two decades in the field of electronic manufacturing sectors. Our senior management team have demonstrated ability to anticipate and capitalize on changing market trends, manage and grow our operations and leverage and deepen customer relationships.

STRENGTHS

Among the preferred Indian Offset Partners for the defence and aerospace industry with global accreditations

We have been a preferred IOP for foreign OEMs for executing many prestigious defence manufacturing projects (*Source: Company Commissioned F&S Report*). We undertake "build-to-print" system integration and manufacture cable and wire harness assemblies for both domestic and international OEMs. We are also one of the largest IOP for the IAI Group, Israel, for the Indian defence market for manufacture of electronic sub-systems and cable and wire harness assemblies, and have been associated with them for more than a decade. We hold a number of key certifications that include AS-9100:2016 certification for quality management systems for aviation, space and defense products manufacturing and our Defence Industrial License from the Ministry of Commerce and Industry, Government of India for the manufacture of defence subsystems that includes microwave components, modules for radar and electronic warfare subsystems, microwave sub-modules, for command and guidance units for missile subsystems only. We also adhere to global standards and have obtained various global certifications. These certifications ensure that our processes comply with customer specific, industry specific, statutory health and safety, as well as environmental and social and governance requirements. Certain of these standards also require us to undergo audits. Our global certifications help us serve our customers' stringent quality specifications and assists in new customer acquisition.

As part of our system integration services, our strength includes the manufacturing of complex microwave modules and sub-systems such as transmit receiver modules, receiver subsystems, and antennas used in military applications, space technology and aerospace. We are also engaged in manufacturing a comprehensive array of cables and wire harnesses assemblies such as radio frequency co-axial, mixed signal, power, data and communication cables for a variety of uses including communication systems, sensors, surveillance systems, missile systems, military armored vehicle, and other electronic warfare systems. To increase the number of non-offset projects, we focus on penetrating new geographies, adhering to international quality standards, enhance our execution capabilities, cost competitiveness backed by an ethical foundation.

The table below sets forth certain information regarding the various projects that we have been involved in, as of September 30, 2023:

Product / Description	Vertical	Offset Value (₹ million)
MRSAM / LRSAM - Transmit receiver group module	System Integration	21,056.76
PIDS – Dual Transmit Receiver module	System Integration	4,020.16
High Power Radars - Dual transmitter receiver module	System Integration	518.40
Air Defence Fire Control Radar - Antenna unit / radar processing unit / transmitter receiving unit	System Integration	1,451.76
Thermal Imager Fire Control System	Cable and wire harness	203.08
Long Range Reconnaissance and Observation System	Cable and wire harness	90.78
Thermal Imager Standalone Kit	Cable and wire harness	75.58
Barak-1 and Barak-8 Missile Systems	Cable and wire harness	51.01
Commander Open Architecture Panoramic Sight	Cable and wire harness	35.40

We have submitted our acceptance to act as the IOP for upcoming projects for several electronic assemblies, automatic missile detection radars, HERON unmanned aerial vehicle systems, Barak systems, medium range maritime reconnaissance aircraft and short range surface to air missile. We believe, we have, over the years, established and refined our agile assembly, configuration, and testing processes to maintain our focus on quality products and timing of delivery to our customers. We have a team of skilled professionals with experience in the field of engineering, supply chain management, human resources and administration, finance and legal compliance to address the requirements of our customers. We aid our customers by performing activities, including sourcing, purchasing and logistics and development of vendor eco-system both domestically and globally. We have also developed a set of vendors domestically in areas of mechanical components, test fixtures, high-end packaging, special coatings and chemical conversions. To streamline operations, we have in place, a diversified procurement network and robust supply chain management, supported by captive sources for enhanced efficiency. Further, our status as a preferred IOP makes us a suitable partner for dominant manufacturers in the US defence market to meet their pending offset obligations.

We are focussed on providing our customers with quality products that are manufactured to meet their specifications. We have established long-term relationships with our key customers and the average period of business relationship with our top three customers is over five years. We believe that our long-standing relationship with our customers has enabled us to be among their preferred suppliers.

Technology enabled and scalable end-to-end capabilities

Our system integration services are a part of an array of electronic, electro-mechanical and wired assemblies, and full-system integration services, which can be configured as per our customers requirements. As part of our system integration services, we also do in-house testing to ensure the quality of our final products, and reliability of our products' functioning under varying environmental conditions. We also specialise in manufacturing assemblies that are used in applications for land, underwater and airborne use. We possess the skillset and technology to manufacture cable and wire harnesses according to customer requirements for various types including radio frequency, coaxial, mixed signal, power, data, submergible, twinnax cables, shielded cable harness, flexible cables and open and closed type harnesses used in aerospace and defence and other allied segments of the industry. We also manufacture test cables, large mechanical jigs and fixtures, and testing programs to meet desired requirements of customer in testing and qualifying the product. In addition, our products are also subjected to various quality assurance tests.

Our manufacturing process allows us to manufacture our products according to the specific requirements and quality expectations of our customers maintaining the required quality standards. Most of the products are manufactured by our skilled workforce and checked by the test equipment to handle manufacturing of proprietary and classified products, the designs of which are provided to us by our OEM customers. We provide 12 months warranty to our customers for our system integration and cable and wire harness services. We have supplied over 15,000 units in the last three Fiscals and in the six months ended September 30, 2023 and have to date not incurred any warranty claims. Our operations are certified with IPC-A-610 for electronic assemblies, IPC / WHMA – A – 620 for cable and wire harness assemblies and J-STD-001 for soldered electrical and electronic assemblies to meet the quality manufacturing standards of the aerospace and defence industry. Our customers conduct training for our employees at our facility. We also conduct training programs for our employees with a view of skill enhancement.

We believe that our investment in infrastructure, maintaining quality standards, enabling timely and adequate working capital limits and continuously upgrading skills and resources has enabled us to scale our operations over the years. Our scalability is demonstrated by revenues. Our revenue from operations have increased at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. Further, in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹15.84 million, ₹16.16 million, ₹24.32 million, ₹0.80 million and ₹289.51 million, respectively. We believe we possess the flexibility to scale in terms of capacity expansion without incurring significant capital expenditure.

We have developed our supply chain for sourcing raw materials used to manufacture our products. Essential raw materials required to manufacture our cable and wire harnesses and system integration are majorly in the form of electronic assemblies and sub-systems such as printed circuit board assemblies, cables and wires, sensors, cable ties, circular connectors and mechanical enclosures. We typically source our raw materials from suppliers approved by our customers. We believe we have maintained strong relationships with our suppliers by working closely with them to meet customer schedules, inventory management to minimize dead inventories and discussions to improve the quality of raw materials supplied. The average period of our relationship with our top five suppliers is six years. For further information, see "*Our Business – Raw Materials*" on page 187.

Business model with visibility of cash flows and ability to mitigate operational and technology risk

Our product portfolio backed by our system integration and manufacturing capabilities has enabled us to successfully meet the requirements of our customers. As of September 30, 2023, our order book comprised 63 orders and was ₹12,557.03 million with orders from several customers for projects to be executed in Fiscal 2024 to Fiscal 2025. We believe our competitive advantages include efficiency in operations resulting in timely delivery to customers, maintaining quality control and product security. This has enabled our Company to develop long-term and entrenched relationships with OEM customers that has resulted in growth in our operations and sizeable order book.

Our manufacturing activity is obsolescence-proof as the technology coupled with intellectual property rights, both vest with our OEM customers. Further, our in-house team monitors the obsolescence factor and provides feedback to our OEM customers for suitable action including drop-in replacements. Our OEM customers also provide training at their facilities to our employees. In our system integration projects that are high value, intellectual property-sensitive and classified, we perform risk mitigation including handling of our finished goods under special standard operating procedure provided by customers which includes a dedicated vehicle with freight forwarders to escort the consignment from our premises to dedicated area in airport. This enables security of classified products till they reach the end-customer in various locations. For certain products which do not meet the required specification after subjecting them for the defined testing processes, we are able to rectify the failure based on available technical data and our expertise. The equipment used for testing is provided by our customers, thereby enables our business to be "asset – light" despite our capital intensive product portfolio. For products where the failure cannot be identified with available technical data and those that require core design data for further analysis, our OEM customers permit us to ship the product in an as-is condition which improves our inventory position and ensures cash flows. Our capital expenditure requirement on such projects significantly reduces as our customers provide us with equipment required for testing and qualifying the customised products. Our customers typically reimburse us for costs incurred to maintain all buyer furnished equipment to use in manufacturing and qualifying the products in serviceable condition. As of September 30, 2023, we held ₹1,726.12 million worth of equipment provided to us by our customers, and such equipment can be used for similar projects, subject to approval from such customers. Suppliers of our raw materials for a particular project are approved and determined by our customers prior to commencement of the project. Our Company and our customer jointly monitor and ensure the quality of items. Our customers also provide technical training to our employees to ensure efficient project execution.

Strategically located in aerospace Special Economic Zone with an advanced and modern manufacturing facility

In 2020, we commissioned our new manufacturing facility at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. Our facility is spread over an area of 30,000 square feet and is located in the same city as our key domestic customers which ensures shorter delivery times. The facility is secured by digital security cameras coupled with alarm systems with restricted access control for individual manufacturing divisions. Our facility is situated within a SEZ that offers us duty free imports, exemption from GST and supplies that are zero rated under extant regulations. Being situated in an SEZ ensures that we are also not subject to levies imposed by the state government and our operations are eligible for single-window clearance by the relevant authority. Further, being a MSME, we are eligible for an interest subvention of 3% on the working capital for export orders. Additionally, by virtue of being located in a SEZ, we are eligible to avail 100 percent tax benefit until assessment year 2024-2025, 50 percent tax benefit from assessment year 2025-2026 till assessment year 2029-2030 and further tax benefit of 50 percent of our export profits or the amount credited to the SEZ reinvestment allowance reserve, whichever is lower from assessment year 2030-2031 until assessment year 2034-2035. We have invested ₹86.00 million in our wholly owned subsidiary, RASPL as on September 30, 2023. RASPL has also set up a manufacturing facility for EMS at our Company's premises, which has facilities for design, development, manufacturing, qualification and life cycle support of electronic and electro-mechanical systems used in aerospace and defence, medical electronics and industrial electronics application.

Our facility is equipped with advanced machinery and equipment including laser wire maker, automatic wire cutting and stripping machine, coaxial stripping machine, crimp tools, controlled torque tools, vacuum pump and desiccator, tunnel welding machine and temperature controlled soldering station. Our facility is set up for complete in-house environmental and electrical testing and contains the latest inspection and testing equipment. Our manufacturing line and equipment meets the standards prescribed by the Institute for Printed Circuit ("**IPC**"). We manage our operations through an enterprise resource planning system.

A majority of our finished goods are handled under special standard operating procedure mandated by our customers which includes transporting the consignment from our premises to the airport with a dedicated vehicle with freight forwarders. This enables security of classified products till it reaches the customers in various locations.

Well-positioned to capitalize on industry tailwinds

There is a strong focus and various initiatives by the Government of India in the aerospace and defence sectors and in particular for private sector players including micro, small and medium enterprises. India's defence budget outlay for Fiscal 2023 is ₹5,250,000 million, the annual budget representing a 10% increase over the budget of ₹4,780,000 million in Fiscal 2022.The Indian Defence private sector has also witnessed a substantial growth owing to the implementation of government reforms. In Fiscal 2022 and Fiscal 2021, private sector players in the Indian defence sector accounted for 86% and 70% respectively, of the exports generated. Private sector players play an important role in meeting the offset obligations and helping the goals set by the Government of India with reference to be a US$ 5 billion export country by 2025. (*Source: Company Commissioned F&S Report*) In Fiscal 2023, we exported about US$ 107 million worth of equipment accounting for about 5.5% of the overall Defence Exports from India. (*Source: Company Commissioned F&S Report*) The Defence Acquisition Policy 2020 ("**DAP 2020**") has extended avenues for extending offsets, providing foreign businesses direct credit for transferring vital technologies to the Indian economy. The DAP 2020 ensures that large number of innovations utilised in defence equipment are now available to private entities. With defence public sector undertakings focussing on specialisation and integration and sub-component manufacture being outsourced to the private sector, there are significant opportunities for the private sector. (*Source: Company Commissioned F&S Report*)

We have established a leadership position in the Indian aerospace and defence industry amongst other companies, in the segment of system integration business as a result of our long operating history and the experience of our management team (*Source: Company Commissioned F&S Report*).We believe that our in-depth knowledge base and understanding of the aerospace and defence industry, particularly in India positions us to take advantage of the growth in these sections. Our relationships with OEMs serves as a strategic advantage in catering to government contracts. As a Defence Industrial Licence holder for microwave modules for radar and electronic warfare sub-systems, microwave modules for command and guidance units for missile sub-systems, we are well-positioned to take advantage and potential of various initiatives by the Government of India set out below.

Measure	**Description**
Positive Indigenisation List	To incentivise domestic production and limit imports, the Defence Ministry has notified four positive indigenization lists consisting of a total of 509 items, and an additional 98 items in the fifth list, which was released in 2023. Imports of these items are banned, And services can only source the listed equipment from Indian vendors, according to the procedures given in DAP 2020. Equipment covered includes segments such as electronic warfare, sensors, radars, unmanned aerial systems, spares amongst others. Depending on the complexity, some of the suitable items are brought under the preview of Defence Technology Fund or iDEX (Innovation for Defence Excellence), which have been primarily benefiting MSMEs, start-ups, and individual innovators. (*Source: Company Commissioned F&S Report*).
Budget Allocations	75% of capital procurement budget has been earmarked for domestic defence procurement for Fiscal 2024, up from 68% in Fiscal 2023. (*Source: Company Commissioned F&S Report*).
Corporatisation of Ordnance Factory Board ("**OFBs**")	The government aims to corporatize OFBs in a bid to improve production efficiency and transparency. There are 41 ordnance factories in India, which source components from Tier 2 and Tier 3 suppliers. (*Source: Company Commissioned F&S Report*).
FDI	The FDI limit under the automatic route has been increased from the current 49% to 74%. The increase will encourage foreign manufacturers to invest in India with confidence as they will have a controlling stake in a joint venture (*Source: Company Commissioned F&S Report*).
Indian Offset – Self Reliant	This measure encompasses design, development, and manufacture as part of its mandate, and encourage OEMs and design firms to form long term partnerships with India's defence sector (*Source: Company Commissioned F&S Report*).

Track record of consistent financial performance

We have been delivering consistent financial performance. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our revenue from operations were ₹6,411.63 million, ₹11,022.73 million, ₹12,536.34 million, ₹3,871.40 million and ₹4,792.25 million, respectively. Our revenue from operations grew at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. We have witnessed consistent improvement in our balance sheet position in the last three Fiscals and in the six months ended September 30, 2022 and September 30, 2023. Our total assets have grown from ₹7,931.78 million, as of March 31, 2021 to ₹12,192.84 million, as of March 31, 2023, respectively and was ₹9,122.92 million, as of September 30, 2022 and ₹11,178.96 million, as of September 30, 2023.

The following table sets forth certain key financial performance indicators as of and for the periods indicated:

Particulars	As of and for the years ended March 31,			CAGR (Fiscal 2021 to Fiscal 2023)	For the six months ended September 30,	
	2021	2022	2023		2022	2023
	(Standalone)	(Consolidated)			(Consolidated)	
	(₹ million, except percentages)					
Total Income	6,832.42	11,243.34	12,831.82	37.04%	4,005.68	5,029.16
Revenue from Operations	6,411.63	11,022.73	12,536.34	39.83%	3,871.40	4,792.25
EBITDA(1)	100.80	838.73	1,127.62	234.47%	350.53	260.41
EBITDA Margin(2)	1.57%	7.61%	8.99%	139.29%	9.05%	5.43%
Adjusted EBITDA(3)	324.76	1,058.97	1,421.69	109.23%	484.71	460.91
Adjusted EBITDA Margin(4)	4.75%	9.42%	11.08%	52.73%	12.10%	9.16%
Profit for the year/period	295.58	656.08	716.81	55.73%	134.46	294.44
Profit for the year/period Margin(5)	4.33%	5.84%	5.59%	13.62%	3.36%	5.85%
ROE(6)	63.18%	55.79%	12.65%	-55.25%	10.26%	4.98%
ROCE(7)	4.16%	13.15%	10.30%	57.35%	5.21%	2.43%
Adjusted ROCE(8)	16.33%	16.70%	13.03%	-10.67%	7.26%	4.39%
Debt / Equity	2.91	4.27	0.90	-44.39%	3.99	0.73

Notes:

1. *EBITDA is calculated as profit before exceptional items and tax plus finance costs, depreciation and amortization expenses less other income and plus foreign exchange loss. Other income includes (i) interest income on fixed deposits; (ii) unwinding of interest on security deposit; (iii) income from foreign exchange fluctuation; (iv) gain on termination of lease; (v) income from mutual funds; (vi) income arising from fair valuation of asset through profit and loss; and (vii) other income on account of incentives received pursuant to the Pradhan Mantri Rojgar Protsahan Yojana.*
2. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
3. *Adjusted EBITDA is calculated as EBITDA plus interest on fixed deposits.*
4. *Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total income.*
5. *Profit for the year/period Margin is calculated as profit after tax divided by total income.*
6. *ROE is calculated as profit after tax divided by Net Worth. Net Worth is total equity.*
7. *ROCE is calculated as EBIT / Capital Employed. EBIT is calculated as EBITDA less depreciation and amortization expenses. Capital Employed is total assets less the sum of current liabilities and current investments.*
8. *Adjusted ROCE is calculated as Adjusted EBIT / Capital Employed. Adjusted EBIT is calculated as Adjusted EBITDA less depreciation and amortization expenses. Capital Employed is total assets less the sum of current liabilities and current investments.*

The following table sets forth certain operational metrics as of and for the periods indicated:

Particulars	As of and for the years ended March 31,			CAGR (Fiscal 2021 to Fiscal 2023)	For the six months ended September 30,	
	2021	2022	2023		2022	2023
	(Standalone)	(Consolidated)			(Consolidated)	
	(₹ million, except percentages)					
Cost of Material Consumed(1)	6,184.69	10,005.86	11,191.99	34.52%	3,411.36	4,401.47
Other Operating Expenses (Including Foreign Exchange Gain / (Loss))(2)	53.62	481.93	782.11	281.92%	438.87	249.99
Total Expenditure (Including Foreign Exchange Gain / (Loss))(3)	6,238.31	10,487.79	11,974.10	38.54%	3,850.23	4,651.46
EBIT(4)	497.28	868.77	1,114.00	49.67%	273.00	486.68
EBIT Margin(5)	7.28%	7.73%	8.68%	9.19%	6.82%	9.68%

Notes:

1. *Cost of materials consumed includes changes in inventory;*
2. *Other operating expenses includes foreign exchange gain / loss, employee cost, finance cost, depreciation and other expenses;*
3. *Total expenditure includes foreign exchange gain / loss, cost of materials consumed, other operating expenses, finance cost and depreciation.*
4. *EBIT is the aggregate of profit before tax and finance cost;*

5. *EBIT margin is calculated on total income by dividing EBIT by total income.*

Experienced and qualified Promoters and senior management team supported by a committed employee base

We possess a qualified senior management team with considerable industry experience. Our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, is an industry veteran with over two decades of experience in electronic manufacturing and in the defence and aerospace sectors. Our Non-Independent and Non-executive Director, Neal Jeremy Castleman, has been involved in the electronics industry since 1997 and possesses extensive electronics manufacturing experience.

Our Key Managerial Personnel and Senior Management Personnel team includes a combination of management executives who bring in significant business expertise including in the areas of supply chain management, legal compliance and corporate sectorial services which positions us well to capitalize on the current and future growth opportunities. Shiva Kumara R., Vice President, Operations of our Company, has over 15 years of experience in the supply chain management. Nagaraj R Dhavaskar, Company Secretary, Legal and Compliance Officer of our Company, has more than six years of experience in legal compliance and corporate sectorial services and was previously associated with B. Rudra Gouda, Intertrustviteos Corporate and Fund Services Private Limited, Infinite Techworld Limited, Infinite Tech Ventures Limited, Infinite Computer Solutions (India) Limited and BPL Limited. . The heads of functional groups, such as operations, finance, logistics, production and quality, enhance the quality of our management with their specific and extensive industry experience. Our Whole - time Director and Chief Financial Officer, Ranga K. S., was previously associated with Micro Plastics Private Limited and Alpha Design Technologies Private Limited.

STRATEGIES

Strengthen our system integration operations, further expand our cable and wire harness assembly business and inculcate backward integration through the manufacture of printed circuit board assemblies

To expand within our existing verticals we intend to collaborate with OEMs in Israel and United States that possess high-end technologies in areas such as radars, electronic warfare, missile systems, surveillance systems, sensors and communication systems. Another driver of defence electronics and associated integration opportunities in India is the future proliferation of more advanced intelligence, surveillance and reconnaissance solutions and in particular, radar systems. Several Indian combat aircraft continue to use passive radar solutions. Moving forward, passive radars will be replaced with indigenous active electronically scanned array radar systems. The shift from passive to active radar solutions will thus provide opportunities for the manufacture, assembly, and integration of electronic radar modules, as well as related cabling. (*Source: Company Commissioned F&S Report*) This is another opportunity that we intend to capitalize on based on our existing capabilities.

We also intend to expand our existing cable and wire harness assembly operations, which is a high-margin business and printed circuit board assembly business for their global customers and also make new geographical penetrations by integrating a new assembly line of fibre optic cable assemblies. *(Source: Company Commissioned F&S Report)*. . The domain experience of our senior management team and our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, extends beyond EMS in the aerospace and defence sectors and we intend to leverage such experience to further expand our operations. The major focus of our proposed expansion would be on sectors such as telecom, medical, power, industrial and automotive, amongst others as they result in high volume business along with high EBITDA and profit after tax margins *(Source: Company Commissioned F&S Report)*. Our wholly owned subsidiary, RASPL, has also established a manufacturing facility for printed circuit board assemblies to meet the requirements of the defence and aerospace sector. The backward integration offered by this manufacturing facility will also enable our Company to expand its business and product offerings to our domestic and global customers.

Focus on adjacent industry verticals leading to expansion of customer base

Our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao and our senior management team have significant experience in the EMS sector particularly in the aerospace and defence sectors. We intend to focus on adjacent industry verticals like EMS and MRO services. Globally, revenues of the top 50 EMS companies were about US$ 344 billion in 2019, which accounted for 16% of the global electronics market by value. Most of the major manufacturers are considering the a "China+1" policy, where India is the most favoured destination. Defence electronics is noted to be one of the substantially upscaling markets within India. The Indian EMS Industry is expected to grow from US$ 20 billion in Fiscal 2022 to US$ 60 billion in Fiscal 2026 at a CAGR of around 32.3%. The Indian MRO market attained a value of US$ 1.7 billion in 2021. The Indian commercial MRO market is poised to grow at a CAGR of approximately 8.9% between 2022 to 2030. The electronic cables and connectors segments are expected to account for 4% of the total Indian MRO market. The potential market for our Company will be around US$ 160 million by 2031. The global MRO market is estimated to expand at a CAGR of 7.7% between 2022 and 2030, as the market expands from US$ 64.7 billion in 2022, to US$ 117 billion in 2030. (*Source: Company Commissioned F&S Report*) Given our capabilities, we believe we are well positioned to capitalize on the potential growth opportunities in these segments.

We intend to focus on the products identified in the Positive Indigenization List by the Ministry of Defence, Government of India or similar products, which we believe will provide opportunities to further the expansion of our business activities and obtain transfer of technology. Transfer of technology is poised to be one of the key factors which is anticipated to drive the market for the hardware components vertical. Connectors and cables are used across various turnkey and subsystems assembly; hence an increased number of technology transfer contracts on both national as well as global basis are poised to boost the demand for cables and connectors. Technology transfer agreements have a major advantage in terms of defence offsets. Locally manufacturing companies in India would gain potential opportunities to explore international markets through this. (*Source: Company Commissioned F&S Report*) We are in the process of evaluating options for the transfer of technology, and in particular, from key markets that we serve, such as Israel and the United States.

Strengthen relationships with our existing customers and expand customer base

We have established long-term relationships with our customers and have recurring business engagements with such customers. We have a comprehensive business model with strict adherence to quality standards and timeline based deliveries which in our experience enables us to offer end-to-end solutions to OEMs. We plan to continue to focus on strengthening our existing relationships with our customers with a view of entering into more sophisticated, higher value projects with them. We are in the process of evaluating options for the transfer of technology especially from key markets that we serve. Our focus area is the positive indigenisation lists (containing 351, 107, and 780 items to be indigenised in the first, second and third lists respectively) of the Ministry of Defence, Government of India as provided in the website of Department of Defence Production at https://srijandefence.gov.in/ and advanced technology for civilian applications. We intend to focus on certain items within this list for the transfer of technology including long-range glide bombs and small UAVs for surveillance. For further information, see "*Our Business – Strategies – Pursue inorganic growth through selective acquisitions*" on page 175.

We believe that our quality product offerings, and our leadership in key product segments will enable to us to increase our share of business amongst our existing customers as well as increase our customer base. We intend to acquire customers that can provide higher value contracts, increase the wallet share with our existing customers through a combined means of marketing strategies and improvement of our manufacturing facility.

We intend to increase cross-selling of our product to increase customer base in various product verticals and expand into new or adjacent product verticals with our existing customers. We will continue to leverage our existing customer relationships to expand into new product categories. We are in the process of achieving horizontal integration of our business model through RASPL, our Subsidiary which has set up additional manufacturing facility for EMS at our Company's premises, which has facilities for design, development, manufacturing, qualification and life cycle support of electronic and electro-mechanical systems used in aerospace and defence, medical electronics and industrial electronics application. We currently serve as an IOP for OEMs and our raw material for PCB assembly or Printed Circuit Card is manufactured by external vendors. Through vertical integration in this segment, we believe we will have greater control on manufacturing, costs, optimized utilisation of working capital, better adherence to delivery timelines, improvement in supply chain management, increased volume, higher profitability and margins. We also expect to generate additional business opportunities from other IOPs and domestic and foreign OEMs based on our track record of serving as an IOP for defence manufacturing projects.

Penetrate into new geographies through an increase in exports

Owing to relaxation of export limitations and policy changes, Indian defence exports are expected to rise rapidly. This is supported by the expanding capabilities of Indian defence suppliers. In comparison to defence public sector entities, the private sector now dominates Indian defence exports, which is expected to drive income prospects (*Source: Company Commissioned F&S Report*). We believe that we are well positioned to capture this expected growth in exports. Our export revenues were ₹3,801.16 million, ₹6,116.94 million, ₹8,847.25 million, ₹1,985.30

million and ₹4,715.41 million, respectively, and accounted for 59.59%, 55.73%, 70.57%, 51.28% and 98.40%, respectively, of our revenue from sale of products, in Fiscals 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023. Our export revenues grew at a CAGR of 52.56% between Fiscal 2021 to Fiscal 2023. We are a four star export house, thereby enabling us to move and obtain clearances for our products from the customs authorities easily.

Over the years, we have supplied electronic sub-systems, cable and wire harness assemblies primarily to Israel, the United States and Korea. We intend to expand our international operations to enhance our global presence in the aerospace and defence sectors. We intend to enter new markets such as Europe where we believe we can provide cost and operational advantages to our customers, and where we will be able to distinguish ourselves from other companies with similar offerings. In Europe, a higher number of NATO members met the Alliance's guideline aim of spending at least 2% of GDP on their military in 2020, compared to just nine countries in 2019. Further, spending on defence is expected to increase in the middle east with the ongoing conflict between Israel and Palestine. Further, in 2022, global military expenditure has surpassed $2 trillion per year, and looks set to rise further as European countries reinforcing their armed forces in response to Russia's invasion of Ukraine. Despite a brief period of declining military spending between 2011 and 2014, expenditures have increased for seven consecutive years. In the wake of the full-scale invasion of Ukraine, several European governments have pledged a spending overhaul to boost their armed forces' capabilities. (*Source: Company Commissioned F&S Report*)

We are focused on expanding the verticals that we will cater to and also implement forward and backward integration strategies. For further information, see "*Our Business - Strategies – Continue to improve operational efficiencies through economies of scale, supply chain rationalization and effective resource planning*" on page 175. Given our design and manufacturing capabilities, we believe that there is significant potential for us to move into newer geographies and markets. We intend to identify opportunities in such overseas jurisdictions and tie up with local partners to utilise our existing product portfolio and further develop products suitable for meeting the respective country's native requirements. We expect that such initiatives will provide us opportunities to not only expand our customer base but penetrate into newer geographies.

Continue to improve operational efficiencies through economies of scale, supply chain rationalization and effective resource planning

Our operational efficiencies have been established and refined over the years through an emphasis on economies of scale, incorporating the learnings we have acquired as part of our business operations, and supply chain developed for sourcing raw materials. We intend to continue to maintain and improve our operational efficiencies, with a focus on our supply chain. In order to improve our operational efficiency, we have undertaken implementation of comprehensive vertical integration measures such as undertaking EMS in-house, and MRO activities. In addition, we also intend to focus on cycle time reduction by adopting advanced technologies that will also result in process optimization, increasing our Company's capacity to undertake more projects and thereby increase our revenues and margins. We intend to continue to maintain flexibility in our manufacturing lines for our different business verticals. We believe that will ensure higher utilization levels while aiding us in attaining a cost advantage. Further, we intend to leverage technology to effectively utilise our machinery through digital solutions, enabling effective monitoring of machines, allowing us to study shop floor patterns to address potential bottlenecks, thereby improving our output efficiency.

We believe these vertical integration measures will allow us to reduce our dependence on third parties, better manage our material inventory, and also contribute to higher margins. With vertical integration, we expect to achieve greater control over our manufacturing process, quality standards and also benefit from cost efficiencies. As a result, we will be able to fulfil our customers' diverse needs in a timely manner, increase our sales per customer and improve our working capital requirements and supply chain processes.

Pursue growth and strategies through selective acquisitions and incorporation of new joint ventures and subsidiaries

In the past, we have incorporated new joint ventures and subsidiaries as a part of our growth strategy. We have incorporated RASPL, a wholly owned subsidiary for manufacturing printed circuit board assemblies to meet the requirements of the defence and aerospace sector. RASPL intents to fulfil a key portion of the integrated manufacturing by providing total solutions to OEMs for supply of complete products in the aerospace & defence sector for both captive business as well as supply of total products directly to the global OEM's by our Company by serving as backward integration. Further, as there are large market opportunities for EMS in non – defence related industries such as railways, industrial electronics, medical, strategic electronics etc., (*Source: Company*

Commissioned F&S Report), we intend to use the EMS manufacturing capabilities of RASPL to cater to the aforementioned non – defence industries, and grow our business.

We have established a foreign subsidiary, NIART. Through NIART, we aim to participate in the development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry. The market potential for the obstacle detection solutions based on radar and options for civilian industries in India alone is over $3 billion and over $4 billion for other global market. Further, the recent budgeted amount of ₹34,000 crore by the Government of India for safety upgrades in the railways provides major boost and confidence in this business. (*Source: Company Commissioned F&S Report*) Through NIART, we aim to directly supply the Indian and global railway market with obstacle detection solutions based on radar and optics technology to improve the safety and efficiency of railways operations. This partnership will allow us to expand our business in new markets and add value in the form of additional business to our present business verticals.

We may consider and explore selective strategic acquisitions or joint ventures in the aerospace and defence segment as and when identified to pursue our growth strategies and complement the scale of our operations and growth in recent periods. We are currently engaged in discussions with leading technology players globally for joint ventures and/or acquisition of technology and product to be made in India under Aatmanirbhar Bharat and Make-in-India initiatives. We believe that pursuing selective acquisitions will expand our customer base by addressing additional business verticals and augment our service coverage by providing end-to-end customer solutions. We believe that such acquisitions would also allow us to commercialize the technology and products of the target company faster and acquire new clients and improve our cross-selling opportunities. Our extensive industry experience and insights enable us to identify suitable target companies for collaboration and effectively evaluate and execute potential opportunities. We intend to have a dedicated team that evaluates inorganic opportunities and assists us in evaluating each potential opportunity in determining how their business model or solution will integrate with our existing product portfolio, and how the companies can mutually benefit from such potential investments or collaboration. As on the date of this Preliminary Placement Document, we have not entered into any definitive agreements for acquisition.

We also intend to pursue growth opportunities by entering into joint ventures for collaborating with other participants in the Indian and global defence markets. Through such collaborations, we aim to obtain transfer of technology and gain access to the intellectual property and technical knowhow required to pursue expansion of business activities in sectors such as manufacturing for defence and civil applications. We are currently in the process of identifying potential partners for such collaborations and joint ventures.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 49, 88, 226, 211 and 242, respectively.

Issuer	DCX Systems Limited
Face Value	₹2 per Equity Share
Issue Price	₹[●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹358.30 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Board may, in consultation with the Book Running Lead Manager, offer a discount of not more than 5% on the Floor Price, in accordance with the approval of our Board accorded by way of a resolution dated November 16, 2023 and the Shareholders of our Company accorded by way of a special resolution through e-voting passed at the EGM held on December 14, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[●] million*. A minimum of 10% of the Issue Size i.e., at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs. ** Subject to allotment of Equity Shares pursuant to the Issue.*
Date of Board Resolution authorizing the Issue	November 16, 2023
Date of shareholders' resolution authorizing the Issue	December 14, 2023
Eligible Investors	Eligible QIBs, as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations to whom this Preliminary Placement Document and the Application Form are delivered and who are not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations or restricted from participating in this Issue under the SEBI ICDR Regulations. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company in consultation with the Book Running Lead Manager, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 216, 229 and 237, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 242 and 97, respectively.
Taxation	See "*Taxation*" on page 246
Equity Shares issued and outstanding immediately prior to the Issue	96,723,671 fully paid-up Equity Shares
Subscribed and paid-up Equity Share capital prior to the Issue	₹193,447,342
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Issue Procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, please see the section entitled "*Issue Procedure*" on page 211.
Listing and trading	Our Company has obtained in-principle approvals dated January 15, 2024 from the Stock Exchanges in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants.

	The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.
Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 226.
Proposed Allottees	See "*Proposed Allottees in the Issue*" on page 257 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company
Transferability restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, please see "*Purchaser Representations and Transfer Restrictions*" on page 237.
Use of proceeds	The gross proceeds from the Issue will be aggregating to ₹[●]million*. The Net Proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue, will be approximately ₹[●] million. For details, see "*Use of Proceeds*" on page 88 for additional information regarding the use of net proceeds from the Issue. ** Subject to allotment of Equity Shares pursuant to the Issue.*
Risk factors	For details, see "*Risk Factors*" on page 49 for a discussion of risks you should consider before participating in the Issue.
Closing Date	The Allotment is expected to be made on or about [●], 2024.
Ranking and Dividend	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see "*Dividends*" and "*Description of the Equity Shares*" on pages 97 and 242, respectively.
Security codes for the Equity Shares	ISIN: INE0KL801015 BSE Code: 543650 NSE Symbol: DCXINDIA

SELECTED FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Financial Statements and the Unaudited Interim Limited Reviewed Consolidated Financial Results included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 98, for further discussion and analysis of the Audited Financial Statements and the Unaudited Interim Limited Reviewed Consolidated Financial Results.

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DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Statement of Assets and Liabilities
(₹ In Millions, unless otherwise stated)

Particulars	Consolidated For the year ended 31st March 2023 (Audited)	Consolidated For the year ended 31st March 2022 (Audited)	Standalone For the year ended 31st March 2021 (Audited)	Consolidated For the half year ended 30th September 2023 (Unaudited)	Consolidated For the half year ended 30th September 2022 (Unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	108.40	107.94	116.12	387.19	99.65
Capital work-in-progress	52.90	-	-	-	0.07
Right-of-use assets	43.00	38.10	38.10	43.00	38.10
Other intangible assets	0.43	0.48	1.78	0.34	0.20
Financial assets					
(i) Investments	-	-	-	-	-
(ii) Other financial assets	30.70	3.18	3.10	33.71	1.74
Deferred tax assets (net)	43.72	38.02	5.35	53.67	44.45
Other non-current assets	0.50	0.50	0.50	0.50	0.50
			-		
Total non-current assets	**279.65**	**188.22**	**164.95**	**518.41**	**184.71**
Current assets					
Inventories	2,291.62	272.51	2,016.76	1,031.76	703.28
Financial assets					
(i) Trade receivables	3,195.32	694.94	123.14	2,138.25	962.31
(ii) Cash and cash equivalents	136.71	1,884.79	858.83	175.63	621.40
(iii) Bank balances other than (ii) above	5,821.76	6,118.44	4,634.50	6,395.41	6,329.95
(iv) Other financial assets	21.30	50.68	30.54	0.01	3.14
Current tax assets (net)	13.87	-	-	0.55	-
Other current assets	432.61	216.57	103.06	918.94	318.13
Total current assets	**11,913.19**	**9,237.93**	**7,766.83**	**10,660.55**	**8,938.21**
Total assets	**12,192.84**	**9,426.15**	**7,931.78**	**11,178.96**	**9,122.92**
EQUITY & LIABILITIES					
Equity					
Equity share capital	193.45	154.80	35.00	193.45	154.80
Other equity	5,473.76	1,021.10	432.86	5,721.35	1,155.91
Total equity	**5,667.21**	**1,175.90**	**467.86**	**5,914.80**	**1,310.71**
Liabilities					
Non-current liabilities					
Financial liabilities					
(i) Long Term Borrowings	57.70	354.40	-	204.02	370.15
(ii) Provisions	12.40	10.38	8.29	12.94	11.43
Total non-current liabilities	**70.10**	**364.78**	**8.29**	**216.96**	**381.58**
Liabilities					
Current liabilities					
Financial liabilities					
(i) Borrowings	5,037.11	4,671.80	1,363.79	4,135.58	4,857.07
(ii) Trade payables					
a) total outstanding dues of MSME	5.47	452.63	9.96	11.65	9.41
b) total outstanding dues of creditors other than MSME	1,357.07	512.50	1,288.03	460.40	29.25
(iii) Other financial liabilities	11.16	6.97	165.14	47.80	17.75
Other current liabilities	44.19	2,153.17	4,546.43	389.45	2,401.66
Provisions	0.53	0.44	0.41	2.32	5.52
Current tax liabilities (net)	-	87.96	81.87	-	109.97
Total current liabilities	**6,455.53**	**7,885.47**	**7,455.63**	**5,047.20**	**7,430.63**
Total liabilities	**6,525.63**	**8,250.25**	**7,463.92**	**5,264.16**	**7,812.21**
Total equity and liabilities	**12,192.84**	**9,426.15**	**7,931.78**	**11,178.96**	**9,122.92**

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Statement of Profit and Loss
(₹ In Millions, unless otherwise stated)

Particulars	Consolidated For the year ended 31st March 2023 (Audited)	Consolidated For the year ended 31st March 2022 (Audited)	Standalone For the year ended 31st March 2021 (Audited)	Consolidated For the half year ended 30th September 2023 (Unaudited)	Consolidated For the half year ended 30th September 2022 (Unaudited)
Income					
Revenue from operations	12,536.34	11,022.73	6,411.63	4,792.25	3,871.40
Other Income	295.48	220.61	420.79	236.91	134.28
Total income	**12,831.82**	**11,243.34**	**6,832.42**	**5,029.16**	**4,005.68**
Expenses					
Cost of materials Consumed	12,630.45	9,293.43	6,604.35	2,963.01	3,411.36
Changes in inventories of finished goods and work-in-progress	(1,438.46)	712.43	(419.66)	1,438.46	-
Employee benefit expenses	105.10	86.65	54.79	67.56	50.74
Finance cost	256.28	113.22	99.22	133.17	117.55
Depreciation and amortisation expenses	18.21	21.75	24.31	10.64	9.37
Other expenses	402.52	260.31	71.35	62.81	261.21
Total expenses	**11,974.10**	**10,487.79**	**6,434.36**	**4,675.65**	**3,850.23**
Profit/(loss) before Exceptional Items, and Tax	**857.72**	**755.55**	**398.06**	**353.51**	**155.45**
Public Issue Expenses					
Profit before exceptional items and tax	**857.72**	**755.55**	**398.06**	**353.51**	**155.45**
Exceptional items					
Profit before tax	**857.72**	**755.55**	**398.06**	**353.51**	**155.45**
Tax expense:					
Current tax	(150.44)	(132.02)	(104.65)	(63.20)	(27.49)
Deferred tax	(0.57)	2.59	2.17	(0.11)	0.26
Mat Credit	10.10	29.96	-	4.24	6.24
Total Tax Expenses	(140.91)	(99.47)	(102.48)	(59.07)	(20.99)
Profit for the period (A)	**716.81**	**656.08**	**295.58**	**294.44**	**134.46**
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)	0.82	-	0.44
(ii) Income tax relating to remeasurements of defined benefit liability / (asset)	(0.14)	0.11	(0.24)	-	(0.08)
	0.67	**(0.21)**	**0.58**	**-**	**0.36**
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	-	-	(33.41)	-
(ii) Income tax relating to items that will be reclassified to profit or loss	(3.70)	-	-	5.84	-
	17.50	**-**	**-**	**(27.57)**	**-**
Total Other comprehensive income (B)	**18.17**	**(0.21)**	**0.58**	**(27.57)**	**0.36**
Total comprehensive income for the period (A+ B)	**734.98**	**655.87**	**296.16**	**266.87**	**134.82**
Earnings per equity share [nominal value of Rs. 2]					
Earnings per equity share for Continuing operations					
- Basic (Rs.)	8.44	9.19	4.22	3.04	1.74
- Diluted (Rs.)	8.44	9.19	4.22	3.04	1.74
Earnings per equity share for discontinued operations					
- Basic (Rs.)					-
- Diluted (Rs.)					-
Earnings per equity share for discontinued and continuing operations					
- Basic (Rs.)	8.44	9.19	4.22	3.04	1.74
- Diluted (Rs.)	8.44	9.19	4.22	3.04	1.74

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Statement of Cash Flows

(₹ In Millions, unless otherwise stated)

Particulars	Consolidated For the year ended 31st March 2023 (Audited)	Consolidated For the year ended 31st March 2022 (Audited)	Standalone For the year ended 31st March 2021 (Audited)	Consolidated For the half year ended 30th September 2023 (Unaudited)	Consolidated For the half year ended 30th September 2022 (Unaudited)
A. Cash flow from operating activities					
Profit before tax	857.72	755.55	398.06	353.51	155.45
Adjustments to reconcile profit before tax to net cash flows:					
Interest on fixed deposits	(294.07)	(220.24)	(223.96)	(200.50)	(134.18)
(Income) / loss arising from fair valuation of assets through profit & loss	-	-	0.19	-	-
Profit on sale of fixed assets	(1.31)	-	-	(0.07)	-
Interest on borrowings	187.08	72.40	47.39	111.94	117.55
Depreciation and amortisation expense	18.21	21.75	24.31	10.64	9.37
Operating profit before working capital changes	**767.63**	**629.46**	**245.99**	**275.52**	**148.19**
Movement in working capital:					
(Increase)/Decrease in trade receivables	(2,500.39)	(571.80)	756.57	1,057.08	(267.37)
(Increase) / Decrease in current investments				-	
(Increase)/Decrease in inventories	(2,019.11)	1,744.25	(1,244.65)	1,259.86	(430.77)
(Increase)/Decrease in other current assets	(216.05)	(113.51)	859.43	(486.31)	(101.56)
(Increase)/Decrease in other non current financial assets	(27.51)	(0.08)	3.12	(3.01)	1.44
(Increase)/Decrease in other current financial assets	50.58	(20.14)	0.04	0.09	47.54
Increase/(Decrease) in trade payables	397.41	(332.86)	(209.00)	(890.48)	(926.48)
Increase/(Decrease) in non current provisions	2.02	2.08	0.66	0.54	1.05
Increase/(Decrease) in current provisions	0.09	(0.18)	0.01	1.79	5.07
Increase/(Decrease) in other current financial liabilities	4.19	(158.17)	159.13	24.42	10.79
Increase/(Decrease) in other non current financial liabilities			-	-	-
Increase/(Decrease) in other current liabilities	(2,108.98)	(2,393.27)	600.35	345.26	248.50
Increase/(Decrease) in other non current assets			-	-	-
Cash generated from operations	**(5,650.12)**	**(1,214.22)**	**1,171.65**	**1,584.76**	**(1,263.61)**
Net income tax (paid)	(251.46)	(126.03)	(31.84)	(49.87)	(5.05)
Net cash from operating activities (A)	**(5,901.58)**	**(1,340.25)**	**1,139.81**	**1,534.89**	**(1,268.66)**
B. Cash flows from investing activities					
Purchase of property, plant and equipment and Other Intangible assets	(29.22)	(16.16)	(15.84)	(289.51)	(0.80)
Proceeds from disposal of property, plant and equipment	7.00	3.90	1.53	0.23	-
Capital work in progress and capital advance	(52.90)			52.90	(0.07)
Investment/(Sale) of mutual funds			1.00	-	-
Investment in fixed deposits					
Investment in Subsidiary				-	-
Loans (Financial assets)				-	-
Interest received	294.07	220.24	223.96	200.50	134.18
Net cash used in investing activities (B)	**218.95**	**207.98**	**210.65**	**(35.88)**	**133.31**
C. Cash flows from financing activities					
Working Capital/Term Loan	68.62	3,662.40	24.02	(755.22)	201.02
Net Proceeds from issue of Shares	3,756.33	52.17	-		-
Public issue expenditure				(19.28)	
Interest paid	(187.08)	(72.40)	(47.39)	(111.94)	(117.55)
Net cash used in financing activities (C)	**3,637.87**	**3,642.17**	**(23.37)**	**(886.44)**	**83.47**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**(2,044.76)**	**2,509.90**	**1,327.09**	**612.57**	**(1,051.88)**
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	4,166.24	5,958.47	8,003.23
Cash and cash equivalents at the end of the period / year	**5,958.47**	**8,003.23**	**5,493.33**	**6,571.04**	**6,951.35**
Notes:-					
1. Cash and cash equivalents include					
Cash on hand	0.01		0.01	0.00	0.01
Balances with bank					
- Current accounts	136.70	1,884.79	858.82	175.63	621.39
Other bank balances	5,821.76	6,118.44	4,634.50	6,395.41	6,329.95
	5,958.47	**8,003.23**	**5,493.33**	**6,571.04**	**6,951.35**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) the six months period ended September 30, 2023; (ii) Fiscal 2023; (iii) Fiscal 2022; and (iv) Fiscal 2021, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended and as reported, please see the section titled *"Financial Statements"* on page 256.

RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us, our Equity Shares, or the industry in which we operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 165, 132, 98 and 256, respectively, as well as the other financial and statistical information contained in this Preliminary Placement Document. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved.

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Preliminary Placement Document also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. For further information, see "Forward-Looking Statements" on page 21.

The consolidated financial information for the six months ended September 30, 2023 and September 30, 2022, and for Fiscal 2023 and Fiscal 2022 are not directly comparable with the standalone financial information for Fiscal 2021 given that we did not have any subsidiary in such prior period. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscal 2021 is on a standalone basis, while all such information for the six months ended September 30, 2023, the six months ended September 30, 2022, Fiscal 2023 and Fiscal 2022 is on a consolidated basis. For further information, see "Selected Financial Information" on page 47.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment" dated December 18, 2023 ("**Company Commissioned F&S Report**") prepared and issued by Frost & Sullivan (India) Private Limited, appointed by us on November 28, 2023, and exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, exclusively in connection with the Issue. A copy of the Company Commissioned F&S Report is available on the website of our Company at http://dcxindia.com/investors. The data included herein includes excerpts from the Company Commissioned F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Company Commissioned F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "Industry and Market Data" on page 19.*

Internal Risks

1. ***Our business is dependent on the sale of our products and services to our key customers. Our top three customers accounted for 86.90%, 80.55%, 88.65%, 90.82% and 99.22% of our revenue from operations in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively. The loss of one or more such customers or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.***

We are dependent on a limited number of key customers for a significant portion of our revenues. We are the largest Indian Offset Partner ("**IOP**") for the IAI Group, Israel, for the Indian defence market for manufacture of electronic sub-systems. (*Source: Company Commissioned F&S Report*).

The table below sets forth details of our revenue from operations from our top three and top 10 customers in the periods indicated:

Customer Concentration	**Fiscal**						**Six months ended September 30,**			
	2021 (Standalone)		**2022 (Consolidated)**		**2023 (Consolidated)**		**2022 (Consolidated)**		**2023 (Consolidated)**	
	Amount (₹ million)	**Percentage of Revenue from Operations**	**Amount (₹ million)**	**Percentage of Revenue from Operations**	**Amount (₹ million)**	**Percentage of Revenue from Operations**	**Amount (₹ million)**	**Percentage of Revenue from Operations**	**Amount (₹ million)**	**Percentage of Revenue from Operations**
Top 3 Customers	5,571.40	86.90%	8,879.04	80.55%	11,112.97	88.65%	3,516.05	90.82%	4,754.82	99.22%
- Customer 1	3,606.09	56.24%	6,130.71	55.62%	8,371.25	66.78%	1,746.13	45.10%	4,521.94	94.36%
- Customer 2	1,172.91	18.29%	1,422.39	12.90%	1,954.47	15.59%	1,046.62	27.03%	191.25	3.99%
- Customer 3	792.40	12.36%	1,325.94	12.03%	787.24	6.28%	723.30	18.68%	41.63	0.87%
Top 10 Customers	6,349.61	99.03%	10,990.63	99.71%	12,528.01	99.93%	3,870.59	99.98%	4,791.72	99.99%

Since, we are dependent on certain select customers for the majority of our revenue, the reduction in the amount of business we obtain from such customers whether due to circumstances specific to such customers, such as pricing pressures, an inability on our part to manufacture the products in a timely manner, slowdown in requirement of our products on account of change in delivery schedule from the end customers of our customers, changes in government policies, not matching the quality and quantity standards expected from us by such customers or adverse market conditions affecting our supply chain or the economic environment generally could have an adverse effect on our business, results of operations, financial condition and cash flows. While we continue to maintain long-term relationships with our OEM customers, we do not enter into any long-term purchase arrangements with such customers other than our arrangement with a foreign OEM located in Israel and instead undertake work on a purchase order basis. In addition, any adverse development with such customers, including because of any dispute with, or disqualification by, such major customers, may result in us experiencing significant reduction in our cash flows and liquidity. If our customers are able to fulfil their requirements through any of our existing or new competitors, who may provide them with products of better quality and/or cheaper cost, we may lose significant portion of our business. Additionally, consolidation of any of our customers may also adversely affect our existing relationships and arrangements with such customers, and any of our customers that are acquired may cease to continue the businesses that require products manufactured by us. Further, in the event of loss of one or more sets of customers on whom we are dependent for our business, we cannot assure you that we may be able to offset such loss of business by entering into contracts with new customers or our existing customers.

The deterioration of the financial condition or business prospects of these customers could also reduce their requirement for our products and result in a significant decrease in the revenues we derive from these customers.

2. ***Our revenue from operations depends significantly on offset defence contracts. Any changes in the defence offset policy or a decline or reprioritisation of funding in the Indian defence budget, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow.***

A significant portion of our revenue from operations are generated from the offset defence contracts. In Fiscal 2021, 2022, 2023 and in the six months ended September 30, 2022 and September 30, 2023, our revenue from the offset defence contracts was ₹6,014.89 million, ₹9,565.13 million, ₹10,128.42 million, ₹2,716.12 million and ₹3,190.66 million, respectively representing 94.23%, 87.00%, 80.79%, 70.16% and 66.58% of our total revenue from sale of products and services, respectively in such periods. Any changes in the government policy in connection with offset defence contracts could have an adverse impact on our sales, earnings and cash flows. For example, under the Defence Acquisition Procedure 2020 ("**DAP 2020**"), provisions on offsets would be applicable to 'Buy (Global)' categories of procurement, where the estimated acceptance on necessity cost is ₹20,000 million or more. Indian vendors, participating in the 'Buy (Global)' categories of procurement, who achieve 30% indigenous content in 'Buy (Global)' category do not have to discharge their offset obligations. The DAP 2020 further exempts defence procurement through inter-governmental agreements, foreign military sales and *ab initio* single vendor cases from the offset obligation which is a deviation from the previous defence acquisition procedure. Additionally, the Defence Acquisition Council may also consider a partial or full waiver of the offset obligations.

Further, even in cases where offset is triggered, the avenues for discharging them have been reduced. The 'investment in kind' avenue in terms of provision of equipment through the non-equity route, which was introduced in the DPP-2013, no longer remains a valid avenue. Accordingly, our business and growth are dependent on government policy regarding offset defence contracts.

3. Our current order book may not necessarily translate into future income in its entirety. Some of our current orders which we have received may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations.

As many of the contracts that we enter into are executed over a period of several years, at any given time we have an order book. As of September 30, 2023, our order book was ₹12,577.03 million with orders from several customers for projects to be executed between Fiscal 2024 and Fiscal 2025. The growth of our order book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Further, we cannot guarantee that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. In addition, our order book depends on the continued growth of the aerospace and defence sector globally and in India and our ability to remain competitive. Our existing order book and our growth rate may not be indicative of the number of orders we will receive or our growth in the future. Our order book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination because of a breach by us of our contractual obligations, non-payment by our customers, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations which affect our customers. As any of the above occurrences may adversely impact and reduce the order book position, we cannot guarantee that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. Also see, "*Our Business – Order Book*" on page 186.

4. Significant shortages of, or delay or disruption in the supply of raw materials could affect our estimated costs, expenditures and timelines which may have a material adverse effect on our business quarterly revenues and/or profitability, financial condition, results of operations, cash flows and reputation.

Our operations are dependent on the availability of raw materials that we require for the manufacture of our products. Our primary raw materials are electronic assemblies and sub-systems such as printed circuit board assemblies, power supplies, cables and wires, connectors, integrated circuits and mechanical enclosures. We typically source our raw materials from suppliers approved by our customers.

We have from time-to-time experienced cost fluctuations of our raw materials, particularly in the aforementioned components due to volatility in the commodity markets. Since the selling prices of our products are affected by the prices of our raw materials, strong and rapid fluctuations in the prices of these raw materials and the inability to pass on the cost increase to our customers could negatively affect our operating results. 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.

The table below sets forth details of our supplier concentration in the periods indicated:

Supplier concentration (%)	**Fiscal**			**Six months ended September 30,**		**Average Relationship Period (Years)**
	2021	**2022**	**2023**	**2022**	**2023**	
	(Standalone)	**(Consolidated)**		**(Consolidated)**		
Top 1	46.77%	33.70%	56.40%	31.43%	30.88%	5
Top 5	93.11%	85.78%	93.08%	92.03%	93.12%	7
Top 10	98.12%	95.54%	98.24%	96.66%	96.30%	7
Top 15	99.05%	98.52%	98.73%	97.92%	97.50%	7

Further, in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our cost of materials consumed was ₹6,604.35 million, ₹9,293.43 million, ₹12,630.45 million, ₹3,411.36 million and ₹2,963.01 million. For further information in relation to our supplier concentration, see "*Our Business – Raw Materials*" on page 187.

The supply of these raw materials is also affected by, among others, general economic conditions, competition, production costs and levels, transportation costs, indirect taxes and import duties, tariffs and currency exchange rate. Further, our supply chain may be interrupted by circumstances beyond our control. Poor quality roads and other transportation-related infrastructure problems, inclement weather and road accidents may disrupt the transportation of raw materials. Due to the nature of defence and aerospace business vertical, a certificate of conformance for all the components used in our products is required. We also maintain records with information on batch name and other information to allow defect investigation and rectification. Further, we rely on the constant supply of semiconductors which relies on a global supply chain to manufacture our products. Due to shortage of labour and local restrictions impacting the transport has contributed to a bottleneck in supply for the semiconductor industry which is expected to continue in near future. In addition, the ongoing conflicts globally may impact the supply chain for certain of the raw materials including electronic components that are used in our products. There can be no assurance that any disruption that affect supply of our raw materials and consequently our ability to deliver products in an timely manner, will not occur in the future. If such disruptions occur, it may have an adverse impact on our financial position.

Further, in the recent past, we have experienced certain instances of shortages in availability of raw material, resulting in delay in fulfilment of orders and delivery of our products and a consequent adverse impact on our business, operations, profits, financial condition, and cash flows. We may also in the future experience, such instances of shortages of raw materials or delay in receipt of raw materials on account of various reasons, as set forth above. During such periods of shortages or delay in receipt of raw materials, we may not be able to manufacture our products according to our pre-determined time frames, at our previously estimated product costs, or at all, which may adversely affect our business, results of operations, revenues, profitability, cash flows and reputation and may render our quarterly results of operations incomparable or declining.

5. ***Our earnings and margins may vary based on the mix of our contracts and programs, our performance, and our ability to control costs.***

Our earnings and margins may vary materially depending on the types of contracts undertaken, the nature of the products produced or services performed under those contracts, the costs incurred in performing the work, the stage of performance at which the right to receive fees is finally determined and our ability to manufacture products according to our pre – determined time frame or at our previously estimated product costs. Changes in procurement policy favouring new, accelerated or different award fee criteria may affect the predictability of our revenues, profit rates.

The failure to perform according to our customer's expectations and contract or purchase order requirements may result in reduced revenue / fees, profitability and affect our financial performance in that period. Under each type of contract, if we are unable to control costs, our operating results could be adversely affected, particularly if we are unable to justify an increase in the contract value to our customers. Cost overruns or the failure to perform on existing programmes in a timely manner or at all may adversely affect our ability to retain existing programmes and win future contract awards. Our earnings for a financial quarter may also vary or be adversely impacted on account of instances of shortages of raw materials or delay in receipt of raw materials on account of various factors, which, in turn, affect our ability to manufacture our products according to our pre-determined time frames or at our previously estimated product costs. This in turn may adversely affect our business, results of operations, revenues, profitability, cash flows and reputation and may render our quarterly results of operations incomparable or declining.

6. ***We are dependent on the performance of the electronic subsystems market. Any adverse changes in the conditions affecting the electronic subsystems market can adversely impact our business, financial condition, results of operations, cash flows and prospects.***

We derive a significant portion of our revenue from operations from our system integration business which involves the manufacture and supply of electronic sub-systems involved in the defence and aerospace sector. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022, and September 30, 2023, revenue from operations from our system integration vertical (including Merchandise Exports from India Scheme incentives received) was ₹6,160.67 million, ₹9,398.65 million, ₹11,544.53 million, ₹3,732.39 million and ₹4,713.19 million and accounted for 96.09%, 85.27%, 92.09%, 96.41% and 98.35%, respectively of our total revenue from operation in such periods. As a result, our business and financial condition are heavily dependent on the performance of the electronic sub-systems market for the defence and aerospace sector globally and in India and we are exposed to fluctuations in the performance of these markets. In the event of a decrease in demand for electronic sub-systems in India or abroad, we will experience pronounced effects on our business, results of operations, financial condition, cash flows and prospects.

The electronic sub-systems market may be affected by, among others, changes in government policies, government initiatives, economic conditions, income levels and interest rates, which may negatively affect the demand for and the valuation of our products. These and other factors may materially adversely affect our business, financial condition, results of operations and cash flows.

7. ***We rely on the continued operations of our manufacturing facilities and any slowdown, shutdown or disruption in our manufacturing facility may be caused by natural and other disasters causing unforeseen damages which may lead to disruptions in our business and operations could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We operate a single facility in Hi-Tech Defence and Aerospace Park, SEZ, Bengaluru, Karnataka which is situated over an area of 30,000 square feet. Our wholly owned subsidiary, RASPL, has also set up a manufacturing facility for electronic manufacturing services ("**EMS**") at our Company's premises, which has facilities for design, development, manufacturing, qualification and life cycle support of electronic and electro-mechanical systems used in Aerospace and Defence, Medical Electronics and Industrial Electronics application. Our business is dependent upon our ability to manage our manufacturing facility since all of our revenues are generated from this facility, which is subject to various operating risks, including political instability, the productivity of our workforce, compliance with regulatory requirements, difficulties with production costs and yields, product quality, as well as risks due to events beyond our control, such as the breakdown and failure of equipment or industrial accidents, disruption in electrical power or water resources, severe weather conditions, natural disasters and an outbreak of infectious disease such as COVID-19. Any significant social, political or economic disruption or natural calamities or civil disruptions or changes in the policies of the state government could require us to incur significant capital expenditure, change our business strategy and may materially affect our business, results of operations, financial condition and cash flows. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to delays in the entire production cycle and an inability to comply with our customers' requirements and lead to loss of revenue to us and our customers.

8. ***We may not be able to obtain furnished equipment required for testing and qualifying the products from the customers which may have a material adverse effect on our business, results of operations and financial condition.***

We are dependent on our customers to supply the furnished equipment required for testing and qualifying our manufactured products on the existing system integration projects. As of September 30, 2023, we held ₹1,726.12 million worth of equipment provided to us by our customers, and such furnished equipment can be used for other future projects and any other project with a third party in which such customer is a common partner with their prior written approval. In the event, our customers call back the testing equipment, we may be unable to adequately finance our equipment testing and machinery requirements on account of various factors, including extraneous factors such as delay in disbursements under our financing arrangements, increased interest rates, insurance or other costs, or borrowing and lending restrictions or finance our working capital requirements on commercially acceptable terms or at all, unavailability of such equipment, of all which may have a material adverse effect on our business, financial condition, prospects and results of operations.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, technological changes and additional market developments. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

9. ***As of the date of this Preliminary Placement Document, we have not identified any partners for setting up joint ventures.***

Our Company intends to utilise at least ₹2,000 million out of the Net Proceeds towards investment in joint ventures and / or subsidiaries. For details, see "*Use of Proceeds*" on page 88. However, we have not currently identified partners with whom we will collaborate for setting up the joint ventures. The identification of joint venture partners and determination of the activities to be undertaken by the joint ventures established with such partners will depend on our business plans, market conditions, our Company's growth strategies, our Board's analysis of economic trends and business requirements, competitive landscape, regulatory conditions as well as general factors affecting our results of operations, financial condition and access to capital.

10. ***We do not own the brand name 'DCX'. We use the brand name 'DCX' pursuant to a no objection letter received from DCX-Chol Enterprises, Inc. In the event that we have to discontinue the use of the brand name 'DCX' or the logo, it may adversely affect our business and financial condition.***

We do not own the brand name 'DCX'. Pursuant to a no objection letter dated November 14, 2011, DCX-Chol Enterprises, Inc. ("**DCX Chol**"), which is the owner of the trademark. It has allowed us to use the brand name to incorporate our Company. We do not pay any royalty or other fees to DCX Chol for the use of the 'DCX' trademark. We have no written contract with DCX Chol for the right to use of the brand name 'DCX' for our business and there can be no assurance that DCX Chol will not withdraw such no-objection or direct us to cease using the brand name, with or without any prior notice, which could require us to change our name and logo. Such change in name and logo will result in us having to incur expenses and to establish our new name and logo with our customers, which could take time and management attention for significant periods, which could adversely affect our business and financial condition. Also see "– *Negative publicity against us, any of our related parties, or our customers or any of our or their affiliates could cause us reputational harm and could have a material adverse effect on our business, financial condition, results of operations and prospects*." on page 60.

11. ***We are exposed to foreign currency fluctuation risks, particularly in relation to our borrowings, import of raw materials and export of products, which may adversely affect our results of operations, financial condition and cash flows.***

We face foreign exchange rate risk to the extent that our revenue, expenses, assets or liabilities are denominated in a currency other than the Indian Rupee. Our financial statements are presented in Indian Rupees. However, a significant portion of our raw material purchases, are priced by reference to benchmarks quoted in US dollars, and hence our expenditures are largely influenced by the value of the US dollar. Our revenue is influenced by the currencies of countries to which we export our products, largely being the US dollar. In Fiscal 2021, 2022 and 2023, and in the six months ended September 30, 2022 and September 30, 2023, our expenditure on the consumption of imported raw material was ₹1,086.60 million, ₹1,770.47 million, ₹1,377.84 million, ₹655.73 million and ₹344.25 million, respectively, and accounted for 16.95%, 16.06%, 10.99%, 16.94% and 7.18% of our revenue from operations, in such periods. The following table sets forth revenue from sales attributable to our international and domestic customers and their percentage of revenue from operations for the periods indicated:

Customer	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Export	3,801.16	59.59	6,116.94	55.73	8,847.25	70.57	1,985.30	51.28	4,715.41	98.40
Domestic	2,577.56	40.41	4,859.72	44.27	3,689.09	29.43	1,886.10	48.72	76.84	1.60
Total	**6,378.72**	**100.00**	**10,976.66**	**100.00**	**12,536.34**	**100.00**	**3,871.40**	**100.00**	**4,792.25**	**100.00**

Depreciation of the Indian Rupee against the U.S. Dollar, the Euro and other foreign currencies may adversely affect our results of operations by increasing the cost of the raw materials we import or any proposed capital expenditure in foreign currencies. Although we generally seek to pass exchange rate fluctuations through to our customers through increases in our prices, there can be no assurance that we will be able to do so immediately or fully, which could adversely affect our business, financial condition, results of operations and cash flows.

As of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023, we have ₹6,195.64 million, ₹5,422.60 million, ₹907.41 million, ₹5,737.64 million and ₹347.98 million of unhedged foreign currency exposure (net outflow). In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, we suffered a foreign currency loss of nil, ₹168.82 million, ₹290.89 million, ₹202.44 and nil, respectively.

Since our business activities inter-alia include import of materials, and export of finished goods which are linked to international prices and major international currencies, as a result, we are exposed to exchange rate fluctuations on imports of materials and exports of finished goods. We also avail foreign currency funding in the form of packing credit loan in foreign currency ("**PCFC**"). In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, such PCFC availed by us and outstanding were ₹1,352.11 million, ₹4,671.80 million, nil, ₹4,857.07 million and nil, respectively. These import and export activities are covered under the natural hedging. However, the advance mobilization received from the overseas customer against the bank guarantee issued on behalf of our Company by banks are in the form of USD denomination and inward advance remittance is converted to Indian Rupee fixed deposit and the bank guarantee issued is secured by the fixed deposit, resulting in impact of these fluctuations on our Company's profitability and finances which could adversely affect our business, financial condition, results of operations and cash flows.

12. Our inability to handle risks associated with our export sales could negatively affect our sales to customers in foreign countries.

A significant portion of our revenue is generated from the export of our products to Israel, and partly to America and Korea. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our revenue from operations from exports were ₹3,801.16 million, ₹6,116.94 million, ₹8,847.25 million, ₹1,985.30 million and ₹4,715.41 million, respectively, and accounted for 59.59%, 55.73%, 70.57%, 51.28% and 98.40%, respectively, of our revenue from operations. In Fiscal 2023, we exported about US$ 107 million worth of equipment accounting for about 5.5% of the overall defence exports from India (*Source: Company Commissioned F&S Report*).For further information, see "*Our Business - Exports*" on page 190.

Our exports are subject to, among other risks and uncertainties, the following:

- demand for our products by our customers located outside India;
- social, economic, political, geopolitical conditions and adverse weather conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action would affect our business and operations. For example, such a disruption may prevent us from production or delivery of our products to our customers;
- compliance with local laws, including legal constraints on ownership and corporate structure, environmental, health, safety, labour and accounting laws, may impose onerous. If we are unable to comply with such laws, our business, results of operations and financial condition could be adversely affected;
- changes in foreign laws, regulations and policies, including restrictions on trade, import and export license requirements, and tariffs and taxes, intellectual property enforcement issues and changes in foreign trade and investment policies, may affect our ability to both operate and the way in which we manage our business in the countries in which we operate; and
- fluctuations in foreign currency exchange rates against the Indian Rupee, may affect our results of operations, the value of our foreign assets, such as export receivables and various investments, the relative prices at which we and our competitors sell products in the same markets and the cost of certain inventory and non-inventory items required for our operations. For instance, fluctuation of the Euro and US Dollar would have an impact on the export revenues and profits of our operations.

Any of these risks could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

13. We have had negative cash flows from operating activities in the past and may, in the future, experience similar negative cash flows.

We have experienced negative cash flows from operating activities in the past and may, in the future, experience negative cash flows.

The following table sets forth certain information relating to our cash flows for the periods indicated below:

Particulars	Fiscal			Six months ended September 30,	
	2021	2022	2023	2022	2023
	(₹ million)				
	(Standalone)	(Consolidated)		(Consolidated)	
Net cash flow from/(used in) operating activities	1,139.81	(1,340.25)	(5,901.58)	(1,268.66)	1,534.89

For further information, see "*Selected Financial Information – Statement of Cash Flows*" on page S-003.

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

14. ***We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. We have not been, and may continue to not be, in compliance with certain financial covenants under certain of our financing agreements.***

We have entered into agreements with certain banks for working capital loan. All of our loan facilities are repayable on demand. As of January 11, 2024, we had total borrowings (inclusive of fund based and non-fund based) of ₹6,176.53 million, certain of which contain restrictive covenants, including requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure, amending our constitutional documents, further issuance of any shares, effecting any scheme of amalgamation or reconstruction, changing the management and dilution of Promoters' shareholding, and creation of security in favour of parties other than our existing lenders. Moreover, our manufacturing facility and some of our plant and machinery at such facility have been offered as a collateral for some of our loans and our Promoters have also provided personal and corporate guarantees in relation to our borrowings. Our Company has also provided corporate guarantees to certain loans granted to one of our subsidiaries, Raneal Advanced Systems Private Limited. We may also be required to furnish additional security if required by our lenders. Additionally, we are required to, among others, maintain the prescribed debt coverage ratio, net total debt, and fixed asset coverage ratio. There can be no assurance that we will be able to comply with these financial or other covenants at all times or that we will be able to obtain the consent necessary to take the actions that we believe are required to operate and grow our business. In the past, we were in breach of certain covenants of the financing arrangements, requiring prior approval of the lenders for any change in composition of the board of directors of the Company. There was a temporary freeze imposed on the facilities procured and bank accounts maintained with such lenders, consequent to breach of such covenants under financing arrangements. Such breaches may constitute events of default under the relevant facility agreements, which may permit the lenders under each of the relevant facility agreements to declare the amounts outstanding under the relevant facility agreements to be due and payable immediately. As of the date of this Preliminary Placement Document, there are no pending defaults under the relevant facility agreements. However, there is no assurance that we will be in compliance with such covenants in the future. Although, in the past, we have been able to cure such breaches, there can be no assurance that if any such breach were to occur in future, we will succeed in obtaining consents or waivers from its lenders or our lenders will not impose additional operating and financial restrictions on it, or otherwise seek to modify the terms of the existing financing arrangements in ways that are materially adverse to us.

Further, we are susceptible to changes in interest rates and the risks arising therefrom. A majority of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under all of our working capital financing agreements, the lenders are entitled to charge the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating, the applicable rate of interest may be changed by our lenders which may adversely affect our business and financial condition.

Under these financing agreements, consents from the respective lenders are required for and in connection with the Issue. As on the date of this Preliminary Placement Document, our Company has received all required consents from the relevant lenders in relation to the Issue, other than the consent required from State Bank of India ("**SBI**"). While we have requested for SBI for the consent and have received a favourable response for the same subject to final approval from the relevant authority, we have not yet received the executed consent from SBI as on the date of this Preliminary Placement Document. In the event that we do not receive such consent, it could result in SBI triggering the event of default clause under the relevant loan documentation, which would have an adverse effect on our financial position and profitability. As on the date of this Preliminary Placement

Document, we have not drawn down the facility sanctioned to us by SBI.

Any failure to comply with the conditions and covenants in our financing agreements or the creation of additional encumbrances that is not waived by our lenders or guarantors or otherwise cured or occurrence of a material adverse event could lead to an event of default and consequent termination of our credit facilities could adversely affect our business, results of operations, financial condition, and cash flows.

If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations or our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, our financial condition at such time and the terms of our other outstanding debt instruments. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness or credit rating, which could harm our ability to incur additional indebtedness on acceptable terms.

15. ***We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialize, may adversely affect our financial condition.***

As of September 30, 2023, our contingent liabilities that have not been accounted for in our financial statements were as follows:

Particulars	**Amount (₹ million)**
	(Consolidated)
Bank guarantees	3,610.76
Corporate guarantee provided to wholly owned subsidiary	450.00
Total	**4,060.76**

Our ascertainable contingent liabilities constitute 68.65% of our net worth as of September 30, 2023. If these contingent liabilities materialize, fully or partly, our financial condition may be adversely affected. For further information, see "*Financial Statements*" on page 256.

16. ***Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition.***

The cost and availability of our capital depends on our credit ratings. Credit ratings reflects the opinion of the rating agency on our management, track record, diversified clientele, increase in scale and operations and margins, medium term revenue visibility and operating cycle. In last three Fiscals, long term bank facilities and short-term bank facilities of our Company were assigned ratings for Fiscals 2023 and 2022, while no such ratings were assigned for Fiscal 2021. Our long-term bank facilities were assigned IVR A-/Stable (IVR Single A Minus with stable outlook) which was revised from IVR BBB / credit watch with positive implication (IVR Triple B under credit watch positive implication) and our short bank facilities were assigned IVR A2+ (IVR A Two Plus) for a period of one year ending on December 19, 2023 by Infomerics Valuation and Rating Private Limited ("**Infomerics**") pursuant to its letter dated December 20, 2022. The aforementioned credit rating for our long-term and short-term bank facilities are in the process of being revised. Further, our Company had previously been provided rating by Acuité Ratings & Research Limited which, however, was not accepted by our Company.

Any downgrade in our credit ratings could increase borrowing costs, result in an event of default under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations and financial condition.

17. If we are unable to sustain or manage our growth or implement our strategies, our business, results of operations and financial condition may be materially adversely affected.

Our operations have grown over the last three Fiscals and in the six months ended September 30, 2023. Our revenue from operations has increased at a CAGR of 39.83% from ₹6,411.63 million in Fiscal 2021 to ₹12,536.34 million in Fiscal 2023, and was ₹3,871.40 million and ₹4,792.25, respectively in the six months ended September 30, 2022 and six months ended September 30, 2023, and our Adjusted EBITDA has increased at a CAGR of 109.23% from ₹324.76 million in Fiscal 2021 to ₹1,421.69 million in Fiscal 2023 and was ₹484.71 million and ₹460.91 million in the six months ended September 30, 2022 and September 30, 2023, respectively. We may not be able to sustain our rates of growth, due to a variety of reasons including a decline in the demand for wires and cables or other electronic subsystems products, increased price competition, the lack of availability of raw materials, lack of management availability or a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our business, results of operations and financial condition.

We are embarking on a growth strategy that involves expansion of our operations through addition of new business verticals, expanding our customer base and international presence, and improving our operational efficiencies through backward integration, supply chain rationalisation and effective resource planning. Our growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. For example, focus on adjacent industry verticals leading to expansion of customer base and pursue inorganic growth through selective acquisitions. For further information, see "*Our Business – Strategies*" beginning on page 173.

As our project pipeline grow, we may require additional personnel on our project management, in-house quality assurance and engineering teams to work with our partners on quality assurance, regulatory affairs and product development. As a result, our operating expenses and capital requirements may increase significantly. Our ability to manage our growth effectively requires us to forecast accurately our sales, growth and manufacturing capacity and to spend funds to improve our operational, financial and management controls, reporting systems and procedures. We may also be exposed to certain other risks, including difficulties arising from operating a larger and more complex organisation; the failure to (i) efficiently and optimally allocate management, technology and other resources across our organisation, (ii) compete effectively with competitors and (iii) increase our production capacity; the inability to control our costs; and unforeseen legal, regulatory, property, labour or other issues.

We may also face difficulties in effectively implementing new technologies required in designing, developing and manufacturing new products and solutions and may not be able to recover our investments. An inability to implement our future business plan, manage our growth effectively or failure to secure the required funding on favourable terms or at all could have a material and adverse effect on our business, future financial performance and results of operations.

Further, as we scale-up and diversify into new business verticals, we may not be able to execute our operations efficiently, which may result in delays, increased costs and lower quality products. We cannot provide assurances that our future performance or growth strategy will be successful. Our failure to manage our growth effectively may have a material adverse effect on our business, results of operations and financial condition.

18. We face significant competitive pressures in our industry. Our inability to compete effectively would be detrimental to our business and prospects for future growth.

We face competition in our business from other manufacturers and suppliers of integrated electronic sub-systems and cable and wire harness products. For further information, see "*Industry Overview*" on page 132. The industry and markets for our products are characterized by factors such as rapid technological change, the development of new end products and their rapid obsolescence, evolving industry standards and significant price erosion over the life of a product. We primarily compete based on the following:

- product functionality, quality and reliability; technical, and production capabilities;
- ability to meet customers' order requirements and delivery schedules;
- distributor, dealer and customer relationships and services; and
- product price.

There can be no assurance that we will maintain our competitiveness in any of these areas with respect to any of our products. While we work consistently to offset pricing pressures, produce new products, advance our technological capability, improve our services or enhance our production efficiency to reduce costs, such efforts may not be successful. For instance, in Fiscal 2021, we had an instance of obsolescence of a component wherein the design of the product had to undergo suitable changes and be replaced with a new component and qualification. Any similar instances could have an adverse impact on our business, results of operations and financial condition. Further, many of our existing and potential competitors may seek to equal or exceed us in terms of their financial, production, sales, marketing and other resources. If we fail to compete effectively in the future, our business and prospects could be materially and adversely affected.

19. ***We have a high debt equity ratio and may face certain funding risks. Our debt-to-equity ratio as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and 2023 was 2.91, 4.27, 0.90, 3.99 and 0.73, respectively. If we are unable to borrow at favourable market conditions, it could have a material impact on our operations.***

Our ability to borrow from banks or raise funds from the capital markets to meet our future financial requirements and fund our working capital is dependent, inter alia, on favourable market conditions and may be affected by our rating. In the absence of favourable market conditions, to meet our financial needs we will rely on available free cash flow. Our cash flows from operating activities in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, were ₹1,139.81 million, ₹(1,340.25) million, ₹(5,901.58) million, ₹(1,268.66) million and ₹1,534.89 million, respectively. Our debt-to-equity ratio as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023 was 2.91, 4.27, 0.90, 3.99 and 0.73, respectively.

If sufficient sources of debt financing are not available in the future for these or other reasons, we may be unable to meet our financing/refinancing requirements, which could materially and adversely affect our operations, results of operations and financial condition and impact on our ability to fund our working capital and to refinance existing indebtedness at maturity. Our approach towards funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources, however, these measures may not be sufficient to fully protect us from such risk. In addition, we may be subject to the restrictive covenants and interest rate risk arising on our existing and future financial indebtedness, which may vary depending on whether such indebtedness is secured or unsecured or at a fixed or at a floating rate.

20. ***We are required to maintain a high level of working capital and our working capital may be adversely affected by changes in terms of credit and payment.***

We are required to maintain a high level of working capital because our business activities are characterised by inventory holding periods and production cycles. We usually finance our working capital requirements mainly through arrangements with banks. The scope and quantity of our transactions with the overseas OEM customers has, from time to time, increased working capital requirements because of increases in projects and programmes. Delays in payment under on-going contracts or in disbursements under our financing arrangements and/or in particular, reduction of advance payments due to lower order intake could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital to be funded through external debt financings.

Further, extraordinary fluctuations in working capital needs linked to delays and/or a reduction in customer payments or advance payments, inventory and work in progress increases and/or accelerated payments to suppliers may lead to extraordinary cash absorptions which may affect our ability to meet our financial obligations when due in future.

21. ***One of our related parties, DCX Chol, was proposed to be debarred for product quality deficiency and defaults in delivery of products.***

One of our related parties, DCX Chol, has in the past received a notice dated June 17, 2021 of Notice of Proposed Debarment ("**NPD**") from Defense Logistics Agency, USA ("**DLA**") which had raised concerns in relation to product quality deficiency reports and DCX Chol's rates for on-time delivery leading to terminations for defaults. The proposal for debarment under the NPD included entities and persons affiliated with DCX Chol including our Company. However, subsequently the proposal for debarment on DCX Chol and its affiliates was terminated pursuant to an administrative agreement dated September 29, 2021, subject to compliance with certain terms and conditions by DCX Chol. In the event that DCX Chol does not comply with these terms and conditions or is debarred in future, we may be unable to offer our products and services to customers in the United States. Further, since our logo and brand name is associated with DCX Chol, any negative publicity involving it will adversely impact our business and financial prospects.

22. Our Joint Venture partners may not perform their respective obligations satisfactorily and their interests may differ from ours, which could have an adverse effect on our business and results of operations.

Our subsidiary NIART Systems Ltd has been established as a joint venture with Elta Systems Limited. Further, we may also enter into joint venture agreements with other key participants in the Indian and global defence market. For details see "*Use of Proceeds*" and "*Our Business – Strategies*" on pages 88 and 173, respectively. The success of our joint ventures and business collaboration depends significantly on the satisfactory performance by our joint venture partners of their contractual and other obligations. As we do not control our partners, we face the risk that they may not perform their obligations. If they fail to perform their obligations satisfactorily, we may be unable to successfully carry out our operations. In such a circumstance, we may be required to make additional investments or become liable for our partners' obligations, which could result in reduced profits or, in some cases, significant losses. Our joint ventures may face difficulties in their operations due to a variety of circumstances, which could have an adverse effect on our business, results of operations and financial condition. If the interests of our joint venture partners conflict with our interests, they may act in a manner that is contrary to our interests, or otherwise be unwilling to fulfil their obligations under our arrangements with them. Any of the foregoing could have an adverse effect on our business, results of operations, financial condition, and reputation.

23. Negative publicity against us, any of our related parties or our customers or any of our or their affiliates could cause us reputational harm and could have a material adverse effect on our business, financial condition, results of operations and prospects.

From time to time, we, our related parties or our customers or any of our or their affiliates may be subject to negative publicity in relation to our or their business or staff, including publicity covering issues such as anti-corruption, safety and environmental protection. Such negative publicity, however, even if later proven to be false or misleading, and even where the entities or individuals implicated are members or employees of our customers or their affiliates and not of us, could lead to a temporary or prolonged negative perception against us by virtue of our affiliation with such customers or their affiliates.

Our reputation in the marketplace is important to our ability to generate and retain business. In particular, damage to our reputation could be difficult and time-consuming to repair, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

24. If we fail to manage acquisitions, divestitures, and other transactions successfully, our financial results, business, and future prospects could be harmed.

We often compete with others for the same opportunities. Joint ventures, investment transactions and divestiture often require substantial management resources and have the potential to divert our attention from our existing business. Unidentified pre-closing liabilities could affect our future financial results. Inability to manage the completion and closing of such transactions can lead to operating synergies not being realised and thereby affect our financial performance.

Joint ventures or equity investments operate under shared control with other parties. Our operating results may be affected by the performance of businesses over which we do not exercise control. Management closely monitors the results of operations and cash flows generated by these investees. If we fail to manage acquisitions, divestitures, and other transactions successfully, our financial results, business, and future prospects could be harmed.

25. The loss of certain independent certification and accreditation of our products and the manufacturing practices that we have adopted could harm our business.

We rely on independent certification of our products and must comply with the requirements of independent organizations or certification authorities including AS-9100:2016 for quality management systems for aviation, space and defense products manufacturing and ISO 9001:2015 for quality management systems and ANSI ESD S20.20-2014 for Electrostatic Discharge Control Program. We have a Certified IPC Trainer for IPC/WHMA-A-

620 and a Certified IPC Specialist for IPC/WHMA-A-620 for manufacturing cable and wire harnesses, IPC-A-610 CIS for acceptability of electronic assemblies and are also IPC J-STD-001 CIS for requirements for soldered electrical and electronic assemblies. Our customers expect us to undertake extensive product approvals and/or certification process and some of our customers also perform their own quality checks to ensure that our products meet their demands and comply with the requirements. Also see "*Our Business - Quality Assurance and Certifications*" on page 191.

We could lose the certifications and accreditations for certain of our products if we are not able to adhere to the quality standards and specifications required under such certifications and accreditations. The loss of any independent certification and manufacturing practices may restrict our ability to export our products outside India, which could have a material adverse effect on our reputation, business, financial condition and results of operations.

26. ***We may require additional equity or debt in the future in order to continue to grow our business, which may not be available on favourable terms or at all.***

Our strategy to grow our business organically or inorganically may require us to raise additional funds or refinance our existing debt for our short term loans. There can be no assurance that such funds will be available on favourable terms or at all. Additional debt financing may increase our financing costs. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness and those which require us to seek prior consent before obtaining additional funding. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows. Any issuance of equity to raise additional funds, on the other hand, would result in a dilution of the shareholding of existing shareholders. If we are unable to raise additional funds on favourable terms or at all as and when required, our business, financial condition, results of operations and prospects could be adversely affected.

We may also be required to finance our growth, whether organic or inorganic, through future equity offerings, which may lead to the dilution of investors' shareholdings in us. Please see *"Risk Factors – Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.*" on page 82. We may also be restrained from raising funds from foreign investors as a result of regulatory policies and frameworks, including Consolidated FDI Policy.

27. ***Our profit and Adjusted EBITDA Margins may be impacted by a variety of factors, including but not limited to, variations in raw materials, pricing and competition.***

Our profit for the year/period for Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022, and September 30, 2023 was ₹295.58 million, ₹656.08 million, ₹716.81 million, ₹134.46 million and ₹294.44 million, respectively while our profit for the year/period margin was 4.33%, 5.84%, 5.59%, 3.36% and 5.85%. In the same periods, we recorded Adjusted EBITDA of ₹324.76 million, ₹1,058.97 million, ₹1,421.69 million, ₹484.71 million and ₹460.91 million, respectively, while our Adjusted EBITDA Margin was 4.75%, 9.42%, 11.08%, 12.10% and 9.16% of total income, respectively, in such periods. Our profit as a percentage of total income may fluctuate and may decrease as a result of the competitive and other factors described herein. Our profit is impacted by a number of factors, including product pricing, raw materials, labour costs, power and fuel costs, finance costs, interest on fixed deposit and other operating expenses. Should the competitive dynamic change in our industry (which could impact our margins through forces including but not limited to requiring us to alter our pricing strategy), increase in raw materials prices, we may not be able to continue to operate at our current margins. Additionally, should unforeseen events require our Company to make significant and unplanned investments in additional infrastructure, our profit and Adjusted EBITDA Margin could be materially reduced.

28. ***Our business may be adversely affected by work stoppages, increased wage demands by our employees, or an increase in minimum wages across various states, and if we are unable to engage new employees at commercially attractive terms.***

As on September 30, 2023, we had 105 full time employees. For further information, see "*Our Business – Human Resources*" on page 192. The success of our operations depends on the availability of and maintaining good relationships with our workforce. Shortage of skilled personnel or disruptions caused by disagreements with employees could have an adverse effect on our business and the results of operations. While we have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

Our success also depends on our ability to attract, hire, train and retain skilled manufacturing personnel. An inability to recruit, train and retain suitably qualified and skilled personnel could adversely impact our reputation, business prospects and results of operations. As we expand our business network, we will need experienced manpower that has knowledge of the local market, or technical knowledge to operate machinery such that our operations can be perpetuated. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, the attrition rate of our employees was 2.50%, 2.24%, 1.24%, 0.96% and 2.97%, respectively. However, we cannot assure you that attrition rates for our employees, particularly our manufacturing personnel, will not increase.

A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our machinery in our existing manufacturing facility or new facility that we are proposing to be commissioned for our new business vertical to be set up through our wholly owned subsidiary. In the event that we are unable to hire people with the necessary knowledge or expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal, and legislation that imposes certain financial obligations on employers upon retrenchment. Our employees are not unionised. However, in the event that employees seek to unionise, it may become difficult for us to maintain flexible labour policies, which may increase our costs and adversely affect our business. While we consider our current labour relations to be good, and we have measures in place aimed at maintaining balanced employee relations, there can be no assurance that we will not experience future disruptions in our operations due to disputes, strikes, work stoppages, work slow-downs or lockouts at our manufacturing facility. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations.

During periods of shortages in labour, we may not be able to manufacture our products according to our previously determined time frames, at our previously estimated product costs, or at all, which may adversely affect our business, results of operations, cash flows and reputation. We are subject to stringent labour laws, and any violation of these laws may lead regulators or other authorities to order a suspension of certain or all of our operations. Any of the foregoing may adversely affect our business and the results of operations.

We may also be subject to increasing manpower costs in India, which would directly impact our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

29. ***We are subject to strict quality requirements and any product defect issues or failure by us or our raw material suppliers to comply with quality standards may lead to the cancellation of existing and future orders, recalls or warranty and exposure to potential product liability claims.***

We and our component suppliers may not be able to meet regulatory quality standards in India or abroad, or the quality standards imposed by our customers and applicable to our manufacturing processes, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If any of our products do not meet regulatory standards or are defective, we may be, *inter alia*, (i) responsible for damages relating to any defective products, (ii) required to replace, recall or rectify such products or (iii) incur significant costs to defend any such claims.

We usually provide a warranty against manufacturing defects on our products. For example, we provide 12 months warranty to our customers for the system integration and cable and wire harness business. Any defect in our finished products may result in customers making a warrant claim. While there have not been any warranty claims made against our products or any cancellation of existing or future orders resulting in a material adverse impact on our business, financial condition, results of operations and cash flows, there can be no assurance that this will continue in the future. There can be no assurance that we or our component suppliers comply or can continue to comply with all regulatory requirements or the quality requirement standards of our customers. The longer useful life of some our products makes it possible that latent defects might not appear for several years. There is no guarantee that any future non-compliance with quality standards will not result in a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

The failure by us or any of our suppliers to achieve or maintain compliance with regulatory requirements or quality standards may disrupt our ability to supply products until compliance is achieved or, with a component supplier, until a new supplier has been identified and evaluated. The quality of raw materials and the goods we trade in will have an impact on the quality of the finished products and in turn affect our brand image, business and revenue. There is no assurance that our products will always meet the satisfaction of our customers' quality standards. Our or our component supplier's failure to comply with applicable regulations could cause adverse consequences to be imposed on us, including warning letters, fines, injunctions, civil penalties, the refusal of regulatory authorities to grant approvals, delays, suspensions or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, all of which could harm our business. There can be no assurance that if we need to engage new suppliers to satisfy our business requirement, we will be able locate new suppliers in compliance with regulatory requirements in a timely manner, or at all. Failure to do so could lead to the cancellation of existing and future orders and have a material adverse effect on our business and revenue.

30. ***Our Promoters will continue to collectively hold substantial shareholding in our Company and will continue to exercise significant influence over us after completion of the Issue.***

As on the date of this Preliminary Placement Document, our Promoters held 71.73% of the share capital of our Company. For further information on their shareholding pre and post Issue, see "*Capital Structure*" on page 93. After the completion of the Issue, our Promoters will continue to collectively hold substantial shareholding in our Company, and will continue to exercise significant influence over our business policies and affairs and all matters requiring Shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters. Further, our Promoters have had disputes with the previous shareholders of our Company in the past with respect to the management of our Company. VNG, Dinesh P Shah, Jyotivadan Sheth (collectively, "**Sellers**"), NCBG Holdings Inc., Dr. H.S. Raghavendra Rao, and our Company had entered into a settlement agreement dated February 24, 2021, ("**Settlement Agreement"),** to resolve certain disputes and differences between NCBG and the Sellers in relation to the management of the affairs of the Company. Pursuant to the Settlement Agreement, Sellers agreed to transfer their entire shareholding in our Company to NCBG and/or its nominees, and to settle outstanding disputes including any legal proceedings in accordance with the terms and conditions of the Settlement Agreement.

Post Issue, our Promoters will continue to exercise significant influence over us through their shareholding. In accordance with applicable laws and regulations, our Promoters will have the ability to exercise, directly or indirectly, a significant influence over our business. The trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in the hands of our Promoters.

31. ***Disruption in transportation of our finished products could affect our business adversely and materially.***

We transport our finished products by road, sea and air. We rely on freight forwarders to deliver our products. We are therefore significantly dependent on transportation and logistics companies that we engage with. We generally do not enter into long-term arrangements with transportation and logistical companies and engage on them on a need basis.

The disruption of transportation services due to natural factors such as weather conditions particularly during monsoon or flood seasons, or man-made factors such as strikes, accidents, or other inadequacies in the transportation infrastructure, or any other factor that could impair the ability of our suppliers to deliver raw materials to us and our ability to deliver our products to customers, which may adversely affect our revenue from operations. Such raw materials and our products may be lost, damaged or deteriorated and contaminated due to improper handling, negligence, transport strike or accidents or any other *force majeure* events which may not be within our control. Additionally, if we lose one or more of our third-party transportation providers, there can be no assurance that we will be able to find new or alternative third-party transportation providers at all, or at terms as favourable as those which we have in force with our current partners.

Further, our third-party transportation providers may not carry adequate insurance coverage and therefore, any losses that may arise during the transportation process may have to be claimed under our marine insurance policy. There can be no assurance that we will receive compensation for any such claims in full amount in a timely manner or at all, and consequently, any such loss may adversely affect our business, financial condition and results of operations.

32. Some of our related parties are involved or authorised to undertake one or more ventures, which are in the same line of activity or business as that of our Company.

One of our related parties, RNSE-Tronics Private Limited has common pursuits as per the object clause of its memorandum of association and is authorised to carry out the trading of electronic and electromechanical components required for the defence and aerospace industry. Further, other related parties such as Vinyas Innovative Technologies Private Limited and DCX CHOL Enterprises Inc. are engaged in business activity similar to that of our Company and Subsidiaries. As a result, our relationship with our related parties may cause certain conflicts of interest and we may compete with them while undertaking our business and operations. As on date of this Preliminary Placement Document, our related parties have not undertaken any business in conflict with our Company. However, we cannot assure you that such a conflict will not arise in the future, or that we will be able to suitably resolve any such conflict without an adverse effect on our business or operations.

33. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. These transactions principally include remuneration paid to KMPs, purchases of PCBAs, sale of cable and wire harness and export of cable and wire harness, equipment purchase and import of varieties of connectors, wires, sleeves, back shells required for cable and wire harness. While all such transactions have been conducted on an arm’s length basis, in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, in the interest of the Company and its minority Shareholders and in compliance with the SEBI Listing Regulations. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest.

The details of related party transactions of our Company for the Fiscal 2021, 2022 and 2023 and the six months ended September 30, 2022 and September 30, 2023, as per Ind AS 24 – Related Party Disclosures, read with the SEBI ICDR Regulations, as derived from the Audited Financial Information, are set forth in the table below:

(in ₹ million)

S. No.	Related parties	Nature of transactions	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
			(consolidated)		(consolidated)		(standalone)
Purchase							

S. No.	Related parties	Nature of transactions	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
			(consolidated)		(consolidated)		(standalone)
1	M/S DCX Chol Enterprises Inc	Import of varieties of connectors, wires, sleeves, back shells required cable and wire harness	0.00	3.82	3.82	35.58	4.75
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Electronic components	970.09	1207.73	7,450.56	2,783.82	3,293.45
3	M/S Vinyas Innovative Technologies Pvt Ltd	Purchases of Printed circuit board assemblies	0.00	0.00	0.00	0.00	967.72
4	Raneal Advanced Systems Private Limited	Purchase of raw materials	1.95	0.50	0.00	0.00	0.00
Sales							
5	M/S DCX Chol Enterprises Inc	Export of Cable and wire harness assemblies	0.41	0.49	24.38	0.01	11.94
6	M/S Vinyas Innovative Technologies Pvt Ltd	Sale of cable and wire harness	0.00	0.00	0.00	0.00	0.91
Expenditure							
7	Mr. H.S. Raghavendra Rao	Salary	11.45	11.45	22.89	29.20	8.88
8	Mr. Anand S	Salary	1.62	1.30	2.59	1.73	0.00
9	Mr.R.Sankarakrishnan	Professional Fee	0.00	0.00	0.00	1.25	0.00
10	Mr.R.Sankarakrishnan	Salary	0.00	1.68	2.47	0.53	0.00
11	Ravi Kumar E	Salary	0.00	0.00	0.00	0.0	3.60
12	K R Premkumar	Salary	0.00	0.00	0.00	0.00	3.81
13	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	0.00	0.00	0.13	1.70	1.71
14	Ranga K S	Salary	2.88	2.30	4.61	1.26	0.00
15	ShivaKumara R	Salary	2.52	2.03	4.45	1.88	0.00
16	Prasanna Kumar T S	Salary	1.72	1.49	3.03	2.70	0.00
17	Nagaraj R Dhavaskar	Salary	0.61	0.61	1.21	0.35	0.00

S. N o.	Related parties	Nature of transactions	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
			(consolidated)		(consolidated)		(standalone)
18	Pramod. B	Salary	1.61	1.30	2.59	1.30	0.00
19	G S Manjunath	Salary	0.92	0.79	1.64	1.38	0.00
20	Kiran Kumar K S	Salary	0.00	0.89	1.48	1.40	0.00
21	Atul D Mutthe	Salary	0.79	0.65	1.33	0.43	0.00
22	Rajanikanth K N	Salary	0.82	0.70	1.46	1.30	0.00
23	Harsha H M	Professional Fee	0.00	0.00	0.78	0.00	0.00
24	Harsha H M	Professional Fee (Arrears)	1.18	0.00	0.65	0.00	0.00
TOTAL			**998.57**	**1,237.73**	**7,530.07**	**2,865.82**	**4,296.77**

The table below provides details of our aggregate related party transactions and the percentage of such related party transactions to our revenue from operations in the relevant periods:

Particulars	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
	(Consolidated)				(Standalone)
	(₹ million, except percentages)				
Aggregate amount of related party transactions	998.57	1237.73	7530.07	2865.82	4296.77
Revenue from Operations	4792.25	3871.40	12536.34	11022.73	6411.63
Related party transactions as a percentage of revenue from operations (%)	20.84	31.97	60.07	26.00	67.02

For further information on our related party transactions, see "*Financial Statements* " on page 256.

34. ***There have been delays in relation to reporting requirements in respect of issuance of securities by our Company.***

Our Promoter, NCBG Holdings Inc. has acquired 150 equity shares of face value of ₹10 each, from Jyotivadan Occhavlal Sheth on June 29, 2021. For further information, see "*Capital Structure*" on page 93. There has been delays in the filing of the (i) Form FC-TRS in respect of aforesaid transfer of equity shares with RBI by Jyotivadan Occhavlal Sheth, (ii) Form FCGPR in relation to the allotment of Equity Shares to NCBG Holdings Inc. pursuant to the bonus issue of Equity Shares on January 27, 2022. The form FC-TRS was filed with the RBI on April 2, 2022, by Jyotivadan Ochhavlal Sheth, acting through his authorised signatory and the form was approved upon payment of late submission fees of ₹100, which was duly paid to RBI vide demand draft dated April 18, 2022. Consequently, the Company has filed form FC-GPR, in relation to the Bonus Issue with the RBI on May 4, 2022.

While no penalties were levied by regulatory authorities for delay in filing of aforesaid forms, we were subject to late submission fees of (i) ₹100 for form FCTRS, and (ii) ₹32,414 for form FCGPR, for delay in making such filings with the RBI in the prescribed timelines. Late submission fees for the aforesaid forms have been duly deposited with the RBI.

While no legal proceedings or regulatory action has been initiated against our Company or our Promoters in relation to the unavailability of such filings and records, or delays in making filings, as of the date of this Preliminary Placement Document, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company or Promoters in the future in relation to such incidents and incidents of a similar nature. The actual amount of the penalty which may be imposed or loss which may be suffered by our Company or Promoters cannot be ascertained at this stage and depends on the circumstances of any potential action which may be brought against our Company or Promoters. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation.

35. ***We have not been able to obtain certain records of the educational qualifications of our Independent Director, and certain Key Managerial Personnel and Senior Management Personnel, and have relied on the statement of marks and provisional certificate submitted by such personnel for details of their profiles included in this Preliminary Placement Document.***

Our Independent Director, Panchangam Nagashayana, Whole Time Director and Chief Financial Officer, Ranga KS, Company Secretary, Legal and Compliance Officer, Nagaraj R Dhavaskar, Manager - Logistics, Rajanikanth K.N., and Manager - Quality of our Company, Atul Dhondiram Mutthe have been unable to trace copies of the degrees pertaining to their educational qualifications. Accordingly, to the extent of disclosures relating to the foregoing, reliance has been placed on the provisional certificates and statement of marks submitted by aforesaid Director, Key Managerial Personnel and Senior Management Personnel for verifying the authenticity of the details of their educational qualifications. We cannot assure you that the information relating to the Independent Director, Key Managerial Personnel and Senior Management Personnel included in "*Board of Directors and Senior Management*" are true, accurate and not misleading.

36. ***Our manufacturing facility and our Registered and Corporate Office is located on land not owned by us and we have only leasehold rights. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected.***

Our registered and corporate office and manufacturing facility is leased to us by KIADB on a 99-year leasehold basis by way of a lease deed dated January 30, 2018 read with possession certificate issued by KIADB dated October 7, 2017, and is located at Plot #29, 30 & 107, Hi-Tech Defence and Aerospace Park, Kavadadasanahalli, Bengaluru Rural – 562 110, Karnataka, India.

We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations and financial condition. If we are unable to renew these leases or relocate on commercially suitable terms, it may have a material adverse effect on our business, results of operation and financial condition.

37. ***Our ability to complete our projects in a timely manner and maintain quality standards is subject to performance of our suppliers.***

We use our suppliers as EMS manufacturers, to manufacture PCB assemble which is then used in terms of defence offset policy guidelines. Although our suppliers are qualified, we do not have control over their day-to-day performance. We cannot ensure that there will be no delay in performance of duties by our suppliers, which may cause a delay in completion of our projects. We may also be exposed to risks relating to the quality of their services, equipment and supplies. In the event that our cost and work estimates are not in line with our budgets or there is an increase in the price of materials, the fixed price contract may adversely affect our profit margins. Further, there is a risk that we may have disputes with our suppliers arising from, amongst other things, quality and timely execution of work performed by our suppliers, payments to be made to the suppliers under our arrangement with them or our failure to extend existing work order to or issue a new work order to a sub-contractor under our arrangement with such suppliers. We cannot assure you that these disputes will be amicably resolved or will not culminate into arbitration, litigation or other dispute resolution proceedings.

38. ***We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations.***

Due to the nature of, and the inherent risks in, the agreements and arrangements with our customers, we are subject to counterparty credit risk and a significant delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. As a result of such industry conditions, we have and may continue to have high levels of outstanding receivables. We generally have credit terms of 30 days with our customers. For Fiscal 2021, 2022, 2023 and in the six months ended September 30, 2022 and September 30, 2023, our trade receivables were ₹123.14million, ₹694.94million, ₹3,195.32 million, ₹962.31 million and ₹2,138.25 million, respectively. There is no assurance that we will accurately assess the creditworthiness of our customers. Further, macroeconomic conditions which are beyond our control, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows, see "*Financial Statements*" on page 256.

39. ***The consolidated financial information for the six months ended September 30, 2023 and September 30, 2022, and for Fiscal 2023 and Fiscal 2022 is not directly comparable with the standalone financial information for Fiscals 2021 given that we did not have any subsidiary in such prior period.***

Until Fiscal 2021, our Company did not have any subsidiary and no consolidated financial statements were prepared. We incorporated our subsidiaries, Raneal Advanced Systems Private Limited, in Fiscal 2022, and NIART Systems Ltd in Fiscal 2024. Accordingly, the consolidated financial information for the six months ended September 30, 2023 and September 30, 2022, and for Fiscal 2023 and Fiscal 2022 are not directly comparable with the standalone financial information for Fiscal 2021.

40. ***Under-utilization of our manufacturing capacity and an inability to effectively utilize our expanded manufacturing capacity could have an adverse effect on our business, future prospects and future financial performance.***

The success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our capacity utilization is also affected by the product requirements of, and procurement practice followed by, our customers. Our expected return on capital invested is subject to, among other factors, our ability to absorb additional infrastructure costs and utilize the expanded capacities as anticipated. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently. Under-utilization of our manufacturing capacity over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our proposed capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

Further, the installed and utilized capacity of our current facility cannot be specified as it is dependent on the nature of the product, its design and specifications, raw material, and other relevant details. Since we are engaged in developing, manufacturing and testing of a range of products for the defence and aerospace industry that are customised to order placed by our customers, an estimate with respect to installed or utilised capacity cannot be specified. The capacity of the manufacturing operations varies significantly depending on products manufactured and hence an estimate of the installed / utilized capacity cannot be provided accurately.

41. We are subject to various laws, regulations, approvals and licenses required in the ordinary course of business, including environmental, health and safety laws and other regulations. Any failure to obtain or retain them in a timely manner may materially adversely affect our operations.

Our business and operations are subject to a number of approvals, statutory and regulatory licenses, registrations and permissions for construction of our manufacturing facility, in addition to extensive government regulations for the protection of the environment and occupational health and safety. We may also need to apply for additional approvals including the renewal of approvals which may expire from time to time, in the ordinary course of business. Certain material approvals obtained by the Company in relation to its business and operations are valid for specified time-period and our Company is required to renew such approvals upon its expiration. If we fail to retain, renew or receive any of such approvals, licenses, registrations, permissions or renewals, in a timely manner or at all, our business, financial condition, results of operations and prospects may be adversely affected.

Further, our government approvals and licenses are subject to certain conditions, some of which are onerous and require us to make substantial compliance-related expenditure. If we fail to comply or a regulator claims that we have not complied with such conditions, our business, prospects, financial condition and results of operations may be adversely affected. For further information, see "*Legal Proceedings"* page 250.

42. We currently avail benefits under certain Government incentive schemes. Any failure in meeting the obligations under such schemes may result in adversely affect our business operations and our financial condition.

The regulatory and policy environment in which we operate is evolving and is subject to change. Our manufacturing facility is located in a SEZ. Special economic zone development results in several fiscal incentives and other benefits for special economic zone developers and their customers, including exemptions from income tax and duties. For example, exemption from any duty of customs under the Customs Act, 1962, exemption from any duty of excise under the Central Excise Act, 1944, exemption from service tax, etc. Further, section 10AA of the Income Tax Act, 1961 provides that an assessee carrying on the export of goods manufactured, or services provided from Special Economic Zone, is eligible to claim a deduction in computing its total income. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, we received a MEIS incentive of ₹28.31 million, ₹28.61million, nil, nil and nil, respectively, representing 0.44%, 0.26%, nil, nil and nil, respectively, of our revenue from operations. The GoI, may implement new laws or other regulations and policies that could affect the aerospace and defence industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements for availing such benefits. Our industry sector may also be removed from entitlement of such benefits due to change in policy or regulations and new compliance requirementscould increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations.

43. Product liability and other customer claims could adversely affect our business, results of operation and financial condition.

We are subject to product liability and other claims from customers, in connection with (i) the non-compliance of these products or services with the customer's specifications, due to faults in production, or (ii) the delay or failed supply of the products or the services indicated in the contract. These liabilities might arise from causes that are directly attributable to us or causes that are attributable to third parties which act as our suppliers or sub-contractors.

Although we typically make provisions for customer warrant claims, insurance for product liability is typically not available due to the nature of the sector in which we operate. While we have not incurred any warrant claims in the last three Fiscals and in the six months ended September 30, 2023, there can be no assurance we will not incur any warrant claims in the future. There are events that could significantly impact our operations or expose us to third-party liabilities such as accidents and natural disasters, which could adversely affect our business, results of operation and financial condition. Furthermore, material breaches by us in the performance of our obligations may lead to contract termination or cause payment obligations to arise under applicable indemnity bonds. In addition, any accident, failure, incident or liability could negatively affect our reputation among our customers and the public, thereby making it more difficult for us to compete effectively and could significantly impact the cost.

44. Our failure to keep technical knowledge confidential could erode our competitive advantage

We work closely with our customers to incorporate their technology into our systems for cable and wire harness assemblies and as part of system integration projects. The technology and the expertise is transferred to our Company through knowledge transfer, exchange of technical documents and on-job training of our employees. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. While we may enter into non-disclosure agreements with our employees, there can be no assurance that such agreements will be successful in protecting our technical knowledge. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. If the confidential technical information in respect of our products or business becomes available to third parties or to the public, any competitive advantage we may have over our competitors could be harmed. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have a material adverse effect on our business, results of operations, financial condition and/or prospects.

45. Our business could be negatively affected by cyber or other security threats or other disruptions.

As an IOP involved in executing various projects, we face cyber threats, threats to the physical security of our facility and employees, and terrorist acts, as well as the potential for business disruptions associated with information technology failures, natural disasters, or public health crises. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at our offices are also secured with firewalls and intrusion preventions systems to prevent hacking. In the past we have not faced any cyber security disruptions in the past, however, we cannot assure you that we will not face any such threats in the future.

The threats we face vary from attacks common to most industries to more advance and persistent, highly organised adversaries who target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

Although we work cooperatively with our customer and suppliers to seek to minimise the impact of cyber threats, other security threats or business disruptions, we must rely on the safeguards put in place by these entities, which may affect the security of our information. These entities have varying levels of cyber security expertise and safeguards and their relationships with government contractors may increase the likelihood that they are targeted by the same cyber threats we face. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

46. There are outstanding tax proceedings and statutory matter involving our Company. Any adverse decision in such proceedings may expose us to liabilities or penalties and may adversely affect our business, financial condition, results of operations and cash flows.

As on the date of this Preliminary Placement Document, we are involved in certain tax (direct tax) proceedings, which are pending before the authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decision in proceeding adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceeding, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward. A summary of pending proceedings involving our Company and Subsidiaries is provided below:

Nature of case	Number of cases	Amount involved (in ₹ million)*
Company		
Direct Tax	2	119.46
Indirect Tax	NIL	NIL
Total (A)	**2**	**119.46**
Subsidiaries		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Total (B)	**NIL**	**NIL**
Total (A + B)	**2**	**119.46**

* *To the extent quantifiable.*

The amounts claimed in the proceeding have been disclosed to the extent ascertainable. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities.

47. ***We are dependent on a number of key personnel, including our Promoter and senior management, and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations and financial condition.***

Our ability to compete in the highly competitive electronic sub-systems and wire harnesses industry depends upon our ability to attract, motivate, and retain qualified personnel. We are dependent on the continued contributions of our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, our Non-Independent and Non-executive Director, Neal Castleman, and Ranga K S our Whole-time Director and Chief Financial Officer, who are involved in the business operations of our Company. We believe that the inputs and experience of our key personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these executives or find adequate replacements in a timely manner, or at all. For further information, see "*Board of Directors and Senior Management*" on page 197. The continued operations and growth of our business is dependent upon our ability to attract and retain our key personnel. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations, cash flows and financial condition.

48. ***In order to be successful, we must attract and retain key employees. To the extent that we are unable to attract, develop, retain, and protect leadership talent successfully, we could experience business disruptions and impair our ability to achieve business objectives. We also lose technology/know-how to competitors if they manage to attract our employees.***

Our business has a continuing need to attract large numbers of skilled personnel to support the growth of our business. Currently, the supply in respect of individuals exceeds our demands. However, there can be no assurance that these executives will stay on beyond the period as per their employment contracts. To the extent that the demand for experienced personnel exceeds supply, we could experience higher labour, recruiting, or training costs in order to attract and retain such employees, or could experience difficulties in performing our obligations under our contracts, if our needs are not met. To the extent we lose our experienced employees, in-particular engineers through attrition, we will need to find ways to successfully manage the transfer of critical knowledge from individuals leaving us to their replacements. In Fiscal 2021, 2022, 2023 and in the six months ended September 30, 2022 and September 30, 2023, our attrition rate was 2.50%, 2.24%, 1.24%, 0.96% and 2.97%, respectively.

However, there can be no assurance that we may be able to find immediate replacements or suitable replacements if at all, which could have an impact on our ongoing programs. To the extent that we are unable to attract, develop, retain, and protect leadership talent successfully, we could experience business disruptions and this could impair our ability to achieve business objectives.

49. ***Our business involves significant risks and uncertainties, and our insurance coverage may not be adequate, or we may incur uninsured losses or losses in excess of our insurance coverage.***

Our business relates to manufacturing advanced defence systems and products. New technologies may be untested or unproven. Failure of some of these products and services could result in extensive loss of life or property damage in some circumstances. While we may be entitled to certain legal protections or indemnifications from our customers, either through contractual provisions, qualification of our products and services or otherwise, we may rely on our insurance to cover all claims and liabilities, which may not be adequate. Further, it is not possible to obtain insurance to protect against all operational risks and liabilities. Further, in case our claims under any insurance maintained by us is rejected, it may have an adverse effect on our financial condition.

Further, our operations are subject to risks inherent to the manufacturing industry, such as work accidents, storm, fire, tempest, earthquake, flood, inundation, explosions including hazards that may cause severe damage, including the physical destruction of property, breakdown of machinery and other force majeure events. We are subject to losses resulting from defects or damages arising during transit of our products. We maintain insurance coverage, in amounts which we believe are commercially appropriate, including insurance in relation to standard fire and special perils, burglary, group health, physical destruction of property, storm, fire, tempest and all industrial risks.

As of March 31, 2021, 2022 and 2023, and as of September 30, 2022 and September 30, 2023, the aggregate coverage of the insurance policies obtained by us on insurable fixed assets was ₹215.00 million, ₹286.96 million, ₹220.64 million, ₹164.64 million, and ₹485.64 million, respectively. Further, our insurance cover as a percentage of total insurable fixed assets was 185.15%, 265.85%, 203.54%, 165.22% and 125.43%, respectively, as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023. Further as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023, the aggregate coverage of the insurance policies obtained by us on inventory was ₹500.00 million, ₹1,440.00 million, ₹1,440.00 million, ₹1,440.00 million and ₹2,440.00 million, respectively which as a percentage of total inventory was 24.79%, 528.42%, 62.84%, 204.75% and 236.49%, respectively. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. While there have not been any instances where claims have exceeded our insurance coverage, there can be no assurance that there will not be any claims in future that exceed our insurance coverage.

While we believe that we have obtained insurance against losses that are most likely to occur in our line of business, there may be certain losses that may not be covered by insurance, which we have not ascertained as of the date. Substantial claims resulting from an accident, failure of our product or service, or other incident, or liability arising from our products in excess of any indemnity and our insurance coverage (for which indemnity or insurance is not available or not obtained) could harm our financial condition, cash flows, or operating results. Any accident, even if fully indemnified or insured, could negatively affect our reputation among our customers and the public, and make it more difficult for us to compete effectively. It also could affect the cost and availability of adequate insurance in the future. Therefore, we cannot assure you that we will continue to accurately ascertain and maintain adequate insurance policies for losses that may be incurred in the future. For further information on the insurance policies availed by us, see "*Our Business – Insurance*" on page 193.

50. Our Statutory Auditors have included certain emphasis of matters in their audit reports.

Our Statutory Auditors have included certain emphasis of matters in their audit reports:

Audit report dated February 15, 2022 on the special purpose Ind AS standalone financial statements of our Company for Fiscal 2020

"*The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing, and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments required in the financial statements.*"

Audit report dated February 15, 2022 on the special purpose IND AS standalone financial statements of our Company for Fiscal 2021

"*The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation,* *supply chain, travel bans, quarantines, social distancing, and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments required in the financial statements."*

Audit report dated July 22, 2022 on the consolidated financial statements of our Company for Fiscal 2022

"*The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, social distancing and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments are required in the financial statements.*

Our opinion is not modified in respect of the above matter."

There can be no assurance that any similar emphasis of matters will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

51. Our operating and financial performance may be harmed as a consequence of breaches of our contractual commitments.

The timely and satisfactory execution of our contractual commitments depends upon numerous factors, including quality of our products, our services rendered and committed delivery schedules. The failure by us to deliver, in a timely manner or at all, the products and services we are obliged to deliver, or any fault in contract execution (including as a result of delays or breaches by our suppliers), may lead to higher costs or penalties or the calling of performance bonds. This may negatively affect our results of operation and financial condition.

52. Security breaches in classified government systems could adversely affect our business.

Many of the programmes that we manufacture and maintain involve managing and protecting information involved in intelligence, national security and other classified government functions. We have entered into standard non-disclosure agreements in order to maintain confidentiality of information as a breach of such information could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on critical classified systems for the Indian Defence Services. Damage to our reputation or limitations on our eligibility for additional work resulting from a security breach in one of the systems we develop, install and maintain could materially reduce our revenue.

53. We have power and fuel requirements and any disruption to power sources could increase our production costs and adversely affect our results of operations.

We require power and fuel at our manufacturing facility. For Fiscal 2021, 2022 and 2023, and in the six months ended September 30, 2022 and September 30, 2023, our power and fuel expenses were ₹2.31 million, ₹2.61 million, ₹2.97 million, ₹1.50 million and ₹2.39 million, constituting 0.03%, 0.02%, 0.02%, 0.04% and 0.05%, respectively, of our revenue from operations. If energy costs were to rise, or if electricity supplies or supply arrangements were disrupted, our profitability could decline.

We source most of our electricity requirements for our manufacturing facility from the state electricity board. The cost of electricity from state electricity board could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, natural disasters or adverse conditions may occur in the geographical areas in which we operate including severe weather, tropical storms, floods, excessive rainfalls as well as other events beyond our control. If for any reason such electricity is not available, we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

54. We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.

In addition to our full time employees we frequently hire workers on a contractual basis primarily in connection with our manufacturing activities and as of September 30, 2023, we had 5 contract labourers. In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performing certain of our ancillary operations, including, assisting in civil, mechanical and electrical related works and housekeeping activities. The numbers of contract labourers vary from time to time based on the nature and extent of work contracted to independent contractors. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the state government from time to time. Any upward revision of wages that may be required by the state government to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect the business and future results of our operations.

55. ***If we are unable to maintain and enhance our brand, the sales of our products will suffer, which would have a material adverse effect on our results of operations.***

We believe that our brand plays a significant role in the success of our business and in sustaining customer loyalty. The ability to differentiate our brand and products from that of our competitors is an important factor in attracting customers. There can be no assurance that our brand name will not be adversely affected in the future by actions that are beyond our control including customer complaints or adverse publicity from any other source in India and abroad. Any damage to our brand name, if not immediately and sufficiently remedied, could have an adverse effect on our reputation, competitive position in India and abroad, business, financial condition, results of operations and cash flows.

Maintaining and enhancing our brand image may also require us to undertake significant expenditures towards employee development and training. If our initiatives in any of these areas are not effectively implemented or our products fail to find acceptance with our existing and potential customers resulting in loss of customer confidence in our brand for any reason, our ability to attract and retain customers could be adversely affected.

56. ***Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by Frost & Sullivan (India) Private Limited exclusively commissioned and paid for by us for such purpose.***

We have availed the services of an independent third-party research agency, Frost & Sullivan (India) Private Limited appointed by our Company on November 28, 2023, to prepare an industry report titled "*The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment"* dated December 18, 2023, for purposes of inclusion of such information in this Preliminary Placement Document to understand the industry in which we operate, and exclusively commissioned and paid for by our Company for purposes of inclusion of such information in the Issue documents at an agreed fees to be paid by our Company. Given the scope and extent of the Company Commissioned F&S Report, disclosures are limited to certain excerpts and the Company Commissioned F&S Report has not been reproduced in its entirety in this Preliminary Placement Document. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner.

57. ***Our Promoters, certain of our Directors and Key Managerial Personnel may have interests other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters, certain of our Directors and Key Managerial Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses and such interests are to the extent of their, their relatives and their company's shareholding in our Company, payment of dividend or distributions thereon. For the payments that are made by our Company to related parties including remuneration to our Directors and our Key Managerial Personnel, see "*Financial Statements*" on page 256. Further, one of our Promoters, VNG Technology Private Limited, has provided guarantees to financial institutions in relation to the working capital facility sanctioned to the Company. One of our Promoters, VNG Technology Private Limited may be considered to be interested, to the extent of guarantees provided, as aforesaid. We cannot assure you that our Promoters, Directors and Key Managerial Personnel will exercise their rights to the benefit and best interest of our Company. As Shareholders of our Company, our Promoters, Directors or Key Managerial Personnel, may take or block actions with respect to our business which may conflict with the interests of the minority shareholders of our Company. For further information on the interest of our Promoters, Directors and Key Managerial Personnel see, "*Board of Directors and Senior Management*" on page 197.

58. ***Restrictions on the export of our products and other regulations could adversely affect our business, results of operations and financial condition.***

We manufacture defence products considered to be of national strategic interest. The export of such products outside the Indian domestic market is subject to licensing, export controls, various regulations which are all subject to the clearance of the GoI. To the extent exports include technologies obtained from other countries, we may also be adversely affected by export control regulations from those countries. Limitation or withdrawal, if any (in the case, for example, of embargoes or geopolitical conflicts), of the authorisation to export the products might have a significant negative impact on our operations and financial situation.

Failure to comply with these regulations and requirements could result in contract modifications or termination and the imposition of penalties, fines and withdrawal of authorisations, which could negatively affect our business, results of operations and financial condition. Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors. Reduced access to military export markets could have a material adverse effect on our business, results of operations and financial condition.

59. ***If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Effective information and reporting systems are critical to our operations. Among other things, we rely on timely access to reliable information in order to provide services to our customers and prudently manage our assets and liabilities, liquidity and overall financial condition. In addition, our ability to manage our operational risk depends on access to such information. While we believe that we have adequate controls, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. In addition, we cannot assure you of the adequacy of our reporting systems, that our new information technology system will not become quickly out-dated or that our employees will be adequately trained in how to operate or comply with such systems.

Further upgrades of our information and reporting systems take time and may entail significant technical and implementation risks. We cannot assure you that our systems will be adequate to address our information and reporting inadequacies, or that we will be able to respond to technological advances and changing industry standards and practices on a cost effective and timely basis. If our systems are inadequate or quickly become out-dated or our employees are not adequately trained in how to operate and comply with such systems, our financial condition, liquidity and results of operations could be materially and adversely affected. Further, if internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weaknesses. These factors may have an adverse effect on our reputation, business, results of operations, cash flows and financial condition.

60. ***Our Company does not have any registered intellectual property registrations and we may be subject to intellectual property rights claims by third parties, which could require us to pay significant damages and could limit our ability to use certain technologies.***

As of the date of this Preliminary Placement Document, our Company does not have any registered intellectual property. Our success and ability to compete depends, in part, on our ability to protect our trade secrets, confidential information, proprietary methods and technologies, so that we can prevent others from using our proprietary information and property. We generally rely on common law trade secret and trademark laws, and confidentiality or license agreements with our employees, suppliers, distributors, customers and other third parties, and generally limit access to and distribution of our proprietary information, in order to protect our rights and maintain our competitive position. However, we cannot guarantee that the steps we take to protect our rights will be effective. In the absence of patent, trademark and copyright registrations, we may not be able to initiate an infringement action against any third party who may be infringing our trademarks.

Further, while we take care to ensure that we comply with the intellectual property rights of third parties, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. There may be third-party intellectual property rights, that cover or claim to cover significant aspects of our business methods. While we have not been involved in any intellectual property disputes in the past, we cannot assure you that we will not be involved in such disputes in the future, including disputes relating to our pending trademark applications.

Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed patents or other intellectual property rights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. Such risks will increase as we continue to expand our operations and product offerings. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our offerings and may be unable to compete effectively. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

61. ***Unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services.***

Environmental laws and regulations in India impose increasingly stringent environmental protection standards on us regarding, among other things, the use and handling of hazardous waste or materials and waste disposal practices. These standards expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. Our industrial activities are subject to obtaining permits, licences and/or authorisations, or subject to prior notification. Our facility must comply with these permits, licences or authorisations and are subject to regular administrative inspections. The outcome of environmental, health and safety matters cannot be predicted with certainty and there can be no assurance that we will not incur any environmental, health and safety liabilities in the future. In addition, the discovery of new facts or conditions or future changes in environmental laws, regulations or case law may result in increased liabilities that could have a material effect on our business, financial condition and results of operations.

62. ***Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.***

Our Company has not paid any dividend in the last three years, in the six months ended September 30, 2023 and from October 1, 2023 until the date of filing of this Preliminary Placement Document. Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future is determined by the Dividend Policy adopted by our Company and will depend upon factors including but not limited to the profitable growth of our Company, the cash flow position of our Company, accumulated reserves, business cycles, economic environment, changes in the government policies, industry specific rulings and regulatory provisions and other factors considered relevant by our Board. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future consistent with our past practices, or at all. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. For further information pertaining to dividends declared by our Company, see "*Dividends*" on page 97 of this Preliminary Placement Document.

63. ***We have in this Preliminary Placement Document included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the Indian electronic system and cable harness industry, and therefore may not be comparable with financial or industry-related statistical information of similar nomenclature computed and presented by other companies.***

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Indian electronic system and cable harness industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Preliminary Placement Document.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 105.

64. Our operations may involve certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. We may enter into transactions with suppliers or logistics providers who may be doing business with countries to which certain OFAC-administered and other sanctions apply. There can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. If it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

External Risk Factors

Risks relating to India

65. Changing regulations in India could lead to new compliance requirements that are uncertain.

The regulatory and policy environment in which we operate are evolving and are subject to change. The GoI may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, financial condition and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future. Further, any judicial decisions in future or any changes in interpretation of laws may have an impact on our results of operations.

66. Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and the COVID-19. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

India has from time-to-time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. In April 2019, skirmishes along India's border with Pakistan and the downing of an Indian military jet fighter plane significantly escalated tensions between the two countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. These attacks resulted in loss of life, property and business. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies.

67. A downgrade in ratings of India and other jurisdictions we operate in may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any further adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

68. We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an AAEC on competition in India and all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

69. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in the United States, Asia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India.

Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

If we are unable to successfully anticipate and respond to changing economic and market conditions, our business, results of operations and financial condition and prospects may be adversely affected.

70. We are subject to changes in Indian taxation laws or their interpretation.

Any change in Indian tax laws could adversely affect our operations. The government of India announced the union budget for Fiscal 2024 and the finance bill in the Lok Sabha on February 1, 2023. The finance bill has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act, 2023. The Finance Act, 2023 proposes various amendments to taxation laws in India. Any such and future amendments may affect certain benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Similarly, the Finance Act, 2020, had notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax ("**DDT**"), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020.

We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

71. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

72. ***Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the BRLMs or any of their directors and executive officers in India respectively, except by way of a lawsuit in India.***

Our Company is a company incorporated under the laws of India and all of our Directors, except Neal Jeremy Castleman are located in India. Nearly all of our assets, our Key Managerial Personnel, Senior Management Personnel and officers are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("**CPC**"). India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such an amount may also be subject to income tax in accordance with applicable law.

Risks relating to the Equity Shares and this Issue

73. ***The trading price of the Equity Shares may be subject to volatility.***

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, problems such as temporary closure, broker default and settlement delays experienced by the Indian Stock Exchanges, strategic actions by us or our competitors, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. Consequently, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.

There has been significant volatility in the trading price of our Equity Shares in the past, and our Equity Share price could be subject to such fluctuation in the future. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

74. ***Investors will be subject to market risks until the Equity Shares credited to their demat accounts are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

75. ***Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of our Equity Shares in those currencies, independent of our operating results.***

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for such sale, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as, the U.S. dollar, the Euro, the Pound Sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results. In addition, our Company's valuation could be harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our Company's financial condition and results of operation.

76. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.***

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the Stock Exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without the Company's knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

77. ***Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

Further, the Finance Act, 2020 ("**Finance Act 2020**"), passed by the Parliament of India, stipulates the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty.

The Finance Act 2020 has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified under the Finance Act 2020 at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020. Under the Finance Act 2020, any dividends paid by an Indian company will be subject to tax in the hands of the shareholders at applicable rates. Such taxes will be withheld by the Indian company paying dividends.

Additionally, the Finance Act 2020 does not require DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

Further, the Government of India proposed additional tax measures in Finance Act, 2022 and Union Budget for Fiscal 2023 which, among others, requires the taxpayers to explain sources of cash credits, extended the anti-tax avoidance provision to bonus stripping of securities and repeals the 15% concessional rate on foreign dividends. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

The Government of India has announced the union budget for the Fiscal 2024, pursuant to which the Finance Bill has introduced various amendments. The Finance Bill has received assent from the President of India on March 31, 2023, and has been enacted as the Finance Act. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

78. ***Investors will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of one year from the date of allotment of such Equity Shares.***

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in the Issue, investors subscribing the Equity Shares in the Issue may only sell such Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of such Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares subscribed by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares subscribed by investors.

79. ***Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. Any disposal of Equity Shares by our major shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future. Any future issuances could also dilute the value of your investment in the Equity Shares.In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

80. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements under applicable law. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country which share a land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all. Further, in terms of the Consolidated FDI Policy, the sectoral cap applicable to our Company for foreign investment is 49.00%.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 237.

81. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

Our financial statements for Fiscal 2021, 2022 and 2023 and the six months ended September 30, 2022 and September 30, 2023, have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

82. Applicants are not permitted to withdraw or lower their Bids after closure of the Bid/ Issue Closing Date.

Pursuant to the SEBI ICDR Regulations, applicants are not permitted to withdraw or lower their Bids at any stage after the Bid / Issue Closing Date.

The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of

Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

83. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing.

If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

84. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE and NSE since November 11, 2022. As on the date of this Preliminary Placement Document, 96,723,671 Equity Shares have been issued, subscribed and paid up.

As of January 12, 2024, the closing price of the Equity Shares on BSE and NSE was ₹373.15 and ₹373.00 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the 12 months period commencing from November 11, 2022 and ending on November 10, 2023.

BSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2023	319.75	November 11, 2022	2,119,133	635,972,963.00	138.90	March 28, 2023	38,231	5,511,272.00	203.94
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA
2021	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA- Not applicable. The Equity Shares of our Company were listed on November 11, 2022.
(Source: www.bseindia.com)
Notes:
1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE									
Fiscal	**High (₹)**	**Date of high**	**Number of Equity Shares traded on the date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on the date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the year (₹)**
2023	319.90	November 11, 2022	36,271,420	10,905,295,050.05	138.00	March 28, 2023	291,683	41,863,868.65	203.87
2022	NA	NA	NA	NA	NA	NA	NA	NA	NA
2021	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA- Not applicable. The Equity Shares of our Company were listed on November 11, 2022.
(Source: www.nseindia.com)
Notes:
1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(ii) The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹)**
December, 2023	385.70	December 15, 2023	2,41,190	9,06,39,047	328.00	December 21, 2023	66,353	2,25,21,840	355.81	16,11,120	57,90,27,560

BSE											
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹)**
November 2023	382.00	November 24, 2023	54,721	20,419,633	273.00	November 3, 2023	76,753	21,524,498	316.63	2,061,507	669,722,627
October 2023	312.30	October 5, 2023	39,536	12,100,181	252.05	October 26, 2023	21,297	5,602,533	290.65	724,543	213,037,788
September 2023	351.30	September 5, 2023	94,137	32,400,113	289.00	September 29, 2023	23,473	6,873,655	316.04	1,227,087	394,061,280
August 2023	348.00	August 31, 2023	146,055	49,107,129	244.25	August 8, 2023	56,554	14,379,067	284.49	2,106,350	615,225,444
July 2023	304.95	July 18, 2023	266,359	79,084,837	250.25	July 4, 2023	42,635	11,208,877	274.25	1,679,398	472,131,116

(Source: www.bseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Month, year	**High (₹)**	**Date of high**	**Number of Equity Shares traded on date of high**	**Total volume of Equity Shares traded on date of high (₹)**	**Low (₹)**	**Date of low**	**Number of Equity Shares traded on date of low**	**Total volume of Equity Shares traded on date of low (₹)**	**Average price for the month (₹)**	**Equity Shares traded in the month**	
										Volume	**Turnover (₹)**
December 2023	385.70	December 15, 2023	26,26,086	98,12,37,839.45	326.95	December 21, 2023	7,71,006	26,15,34,148.20	356.03	1,52,42,923	5,50,32,73,324.50
November 2023	382.00	November 24, 2023	1,783,225	666,598,062.85	272.80	November 3, 2023	1,030,990	288,189,179.25	316.74	34,473,542	11,433,941,629.55
October 2023	312.40	October 5, 2023	725,695	222,032,160.30	252.00	October 26, 2023	518,440	136,621,769.00	290.55	10,724,696	3,154,656,334.60
September 2023	351.00	September 5, 2023	1,536,174	528,348,172.60	288.60	September 29, 2023	395,427	116,252,462.85	316.05	13,653,441	4,407,699,002.35
August 2023	348.75	August 31, 2023	2,164,709	729,947,995.6	244.20	August 8, 2023	1,042,320	264,730,198.45	284.48	26,317,490	7,838,056,807.00
July 2023	304.90	July 18, 2023	2,631,728	781,804,551.70	252.00	July 3, 2023	404,814	103,266,201.70	274.16	17,415,121	4,892,942,870.40

(Source: www.nseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

(iii) The following tables set forth the market price on the Stock Exchanges on November 17, 2023, the first working day following the approval of the Board for the Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (₹)**
324.95	344.95	318.60	330.70	224,357	75,045,873

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (₹)**
318.00	344.90	318.00	330.80	5,230,973	1,751,020,207.15

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The gross proceeds of the Issue will be aggregating to ₹[•] million* (“**Gross Proceeds**”). After deducting the Issue expenses (including fees and commissions) of approximately ₹[•] million, the net proceeds of the Issue will approximately be ₹[•] million (“**Net Proceeds**”).
**Subject to allotment of Equity Shares pursuant to this Issue.*

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following:

1. Investment in our Subsidiary, NIART Systems Ltd;
2. Investment in joint ventures and / or subsidiaries; and
3. General corporate purposes (collectively, the “**Objects**”).

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enables us to undertake the Objects contemplated by us in this Issue.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Investment in our Subsidiary, NIART Systems Ltd	2,090
Investment in joint ventures and/or subsidiaries	2,000
General corporate purpose*	[•]
Total Net Proceeds**	[•]

** The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds*
*** To be determined upon finalisation of the Issue Price*

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified in proportion to the change in the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

(₹ in million)

Particulars	Amount to be funded from the Net Proceeds (in ₹ million)	Estimated Deployment		
		Fiscal 2024	Fiscal 2025	Fiscal 2026
Investment in our Subsidiary, NIART Systems Ltd	2,090	835.00	1,255.00	-
Investment in joint ventures and/or acquisition of technology to create necessary infrastructure	2,000	-	1,000.00	1,000.00
General corporate purpose*	[•]	[•]	[•]	[•]
Total	[•]	[•]	[•]	[•]

** The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds*

The funding requirement, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our current business plan, internal management estimates, current circumstances of our business, prevailing market conditions and other commercial considerations. However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, interest rates fluctuation, access to capital, competitive landscape and other external factors such as changes in the business environment or regulatory climate, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws.

Further, in the event, the Net Proceeds are not utilized (in full or in part) for the Object of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from internal accruals, additional equity and/or debt arrangements.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. Our Company's management, in accordance with the policies of the Board and as per applicable laws, shall have flexibility in utilising surplus amounts, if any.

Details of the Objects

1. Investment in our Subsidiary, NIART Systems Ltd ("NIART")

Our Company has executed a joint venture agreement dated August 30, 2023 with ELTA Systems Limited, Israel ("**ELTA**", and such joint venture agreement, the "**JVA**") for the purpose of development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry ("**JV Business**"). Pursuant to the JVA, our Company has incorporated NIART as a wholly owned subsidiary in Israel. Through NIART, we aim to access the obstacle detection solutions market, which has a market potential of over \$3 billion dollars in India alone, and over \$4 billion dollars globally (*Source*: *Company Commissioned F&S Report*)

As per the terms of the JVA, our Company is required to invest an amount of approximately \$25.05 million (being ₹2,090.00 million (at an exchange rate of ₹83.50 to \$1) in NIART, which will be used by NIART for the purpose of the JV Business. Accordingly, our Company proposes to deploy ₹2,090 million out of the Net Proceeds towards its obligation to invest in NIART as per the terms of the JVA. The form of infusion of such investment will be by way of equity, debt or through any other manner, which shall be determined by our Board after considering certain commercial and financial factors at the time of investment. Further, any additional amount, if required to be invested by our Company on account of foreign exchange fluctuations or otherwise, may be fulfilled by our Company from internal accruals, additional equity and / or debt arrangements, as may be deemed fit by our Board.

2. Investment in joint ventures and/or subsidiaries

We intend to collaborate with OEMs in countries such as Israel and United States that possess high-end technologies in areas such as radars, electronic warfare, missile systems, sensors and communication systems. Additionally, by focusing on products identified in the Positive Indigenization List by the Ministry of Defence, Government of India or similar products, we seek opportunities to further the expansion of our business activities and obtain transfer of technology. We are exploring growth opportunities for our business activities in various areas, such as telecom, medical, power, industrial and automotive, amongst others. These sectors result in high volume business along with high EBITDA and profit after tax margins *(Source: Company Commissioned F&S Report).* Set out below are some of our growth strategies:

- *Strengthen our systems integration operations, further expand our cable and wire harness assembly business and inculcate backward integration through the manufacture of printed circuit board assemblies.*
- *Focus on adjacent industry verticals, including MRO, leading to expansion of customer base.*
- *Penetrate into new geographies through an increase in exports.*

For details, see "*Our Business – Strategies*" on page 173.

We intend to pursue such growth strategies through our Company or through incorporation of new joint ventures and subsidiaries. For example, our Company has established NIART as a joint venture with Elta Systems Limited for development of obstacle detection solutions based on radar and optics.

Rationale for investment:

Our key objectives while considering investment into subsidiaries or joint ventures include: access to high – end technologies in areas such as command, control & communication systems, radars and surveillance systems, electronic warfare systems; augmenting our growth in defence and non – defence related industries; and strengthening our manufacturing capabilities.

Accordingly, our Company proposes to deploy ₹2,000 million out of the Net Proceeds towards the funding of new joint ventures and / or subsidiaries towards fulfilment of our growth strategies. The form of infusion of such investment will be by way of equity shares, warrants, debt or through any other manner, which shall be determined by our Board after considering certain commercial and financial factors at the time of investment.

3. General corporate purpose

Our Company proposes to deploy ₹[•] million out of the Net Proceeds towards general corporate purposes, subject to the amount allocated towards general corporate purpose not exceeding 25% of the Gross Proceeds, in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE.

We will have flexibility in utilizing the Net Proceeds for general corporate purposes, including but not restricted to, strategic initiatives, further investment in existing or future joint ventures or subsidiaries, investments, repayment and pre-payment penalty on loans, as applicable, meeting exigencies and expenses incurred by our Company, as may be applicable, funding any shortfall in any of the objects set forth above, or such other purposes as may be determined by the Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. The quantum of utilisation of funds or the deployment towards each of the above purposes will be determined by our Board or a committee thereof, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Other Confirmations

Neither our Promoter, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Objects. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, Key Managerial Personnel or Senior Management Personnel are not eligible to subscribe in the Issue.

Since the Net Proceeds are proposed to be utilised towards the purposes set forth above, and not being used towards implementation of any project, the following disclosure requirements are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company undertakes to deposit the Net Proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or the Fundraising Committee.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring Agency

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full or the Objects for which the Net Proceeds were raised have been achieved. Such report, along with the comments (if any) of the

Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company at https://dcxindia.com/investors/monitoring-agency-report/, or such other time as may be prescribed under the SEBI Listing Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at September 30, 2023 which has been derived from the Unaudited Interim Limited Reviewed Consolidated Financial Results and as adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 98 and the Financial Statements included in "*Financial Statements*" on page 256.

(₹ in million)

S. No.	Particulars	Pre-Issue	Post-Issue
		As at September 30, 2023 (unaudited consolidated) (Refer Note-1 below)	Amount after considering the Issue (Refer Note-2 & 3 below)
I	**Borrowings:**		
	Current borrowings	4,135.58	[●]
	Non-current borrowings (including current maturity)	204.02	[●]
	Total borrowings	4,339.60	**[●]**
II	**Total equity**		
	Equity Share capital	193.45	[●]
	Other equity (excluding securities premium account)	2,022.95	[●]
	Securities premium account	3,698.40	[●]
	Total equity	**5,914.80**	**[●]**
III	**Total capitalization (I+II)**	**10,254.40**	**[●]**
IV	**Total borrowings / Total equity**	**0.73**	**[●]**

Notes:

1. *Amounts derived from the Unaudited Interim Limited Reviewed Consolidated Financial Results.*
2. *The figures to be included under post-Issue column relating to the shareholder's fund shall be derived after considering the impact due to the issue of the Equity Shares only through the qualified institutions placement assuming that the Issue will be fully subscribed and does not include any other transactions or movements / issue related expenses.*
3. *Will be finalized upon the determination of Issue Price.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Preliminary Placement Document is set forth below:

(Except share data and unless otherwise provided, in ₹)

		Aggregate value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	125,000,000 Equity Shares	250,000,000
B	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	96,723,671 Equity Shares	193,447,342
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT (1)**	
	Up to [●] Equity Shares aggregating up to [●] million*(1)	[●]
D	**ISSUED SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares (2)	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on date of this Preliminary Placement Document)	3,698,398,495.81
	After the Issue (2)	[●]

** Subject to allotment of Equity Shares pursuant to the Issue.*

(1) *The Issue has been approved by the Board of Directors on November 16, 2023. Subsequently, our Shareholders, through a special resolution passed at their EGM held on December 14, 2023, approved the Issue.*

(2) *To be determined upon finalization of the Issue Price. The securities premium account after the Issue is calculated on the basis of gross proceeds of the Issue, not adjusted for the Issue related expenses, which shall be updated in the Placement Document.*

Equity share capital history of our Company

The history of the equity share capital of our Company is set forth below:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
December 16, 2011	10,000	10	10	Cash	Subscription to the Memorandum of Association	Dinesh Poonamchand Shah was allotted 9,000 equity shares and Jyotivadan Occhavlal Sheth was allotted 1,000 equity shares	10,000	100,000
March 14, 2012	5,000	10	10	Cash	Further issue	NCBG Holdings Inc. was allotted 3,900 equity shares and Dinesh Poonamchand Shah was allotted 1,100 equity shares	15,000	150,000
June 7, 2012	2,485,000	10	10	Cash	Further issue	NCBG Holdings Inc. was allotted 646,100 equity shares, Dinesh Poonamchand Shah was allotted 563,900 equity shares and VNG Technology Private Limited was allotted 1,275,000 equity	2,500,000	25,000,000

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Name of Allottees	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
						shares		
December 10, 2012	1,000,000	10	10	Cash	Further issue	NCBG Holdings Inc. was allotted 260,000 equity shares, Dinesh Poonamchand Shah was allotted 230,000 equity shares and VNG Technology Private Limited was allotted 510,000 equity shares	3,500,000	35,000,000
January 20, 2022	100,000	10	141	Cash	Private placement	Dr. H.S. Raghavendra Rao was allotted 100,000 equity shares	3,600,000	36,000,000
January 24, 2022	270,000	10	141	Cash	Rights issue of 270,000 equity shares to Dr. H.S. Raghavendra Rao (1).	Dr. H.S. Raghavendra Rao was allotted 270,000 equity shares.	3,870,000	38,700,000
Pursuant to the Shareholders' resolution dated January 25, 2022, each full paid-up equity share of our Company of face value of ₹10 was sub-divided into five Equity Shares of our Company of face value of ₹2 each. Therefore, 3,870,000 equity shares of our Company of face value of ₹10 each were sub-divided into 19,350,000 Equity Shares of our Company of face value of ₹2 each.								
January 27, 2022	58,050,000	2	N.A.	N.A.	Bonus issue in the ratio of 3:1 (i.e. three Equity Shares for every one Equity Share held)(2)	NCBG Holdings Inc was allotted 25,725,000 Equity Shares, VNG Technology Private Limited was allotted 26,775,000 Equity Shares and Dr. H.S. Raghavendra Rao was allotted 5,550,000 Equity Shares	77,400,000	154,800,000
November 9, 2022	19,323,671	2	207	Cash	Initial public offering	Subscribers to the initial public offering of the Company	96,723,671	193,447,342
Total							**96,723,671**	**193,447,342**

(1) VNG Technology Private Limited and NCBG Holdings Inc., vide their letters dated January 24, 2022, renounced their rights to subscribe to the Equity Shares offered to them, in favour of Dr. H.S. Raghavendra Rao.

(2) The bonus issue was approved by the resolution passed by the Board on January 27, 2022, and the resolution passed by the Shareholders on January 27, 2022.

Preference shares

As on the date of this Preliminary Placement Document, our Company has no outstanding preference shares. Further, our Company has not issued preference shares since incorporation.

Employee stock option plan

As on the date of this Preliminary Placement Document, our Company does not have any active employee stock option plan.

Pre-Issue and post-Issue shareholding pattern of the Company

The pre-Issue and post-Issue shareholding pattern of our Company, as on January 5, 2024, is set forth below:

S. No.	Category	Pre-Issue (as of January 5, 2024)		Post-Issue(1)(2)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters' holding (3)					
1.	Indian				
	- Individuals	5,612,558	5.80	[●]	[●]
	- Body Corporates	31,884,542	32.96	[●]	[●]
	Sub-total	**37,497,100**	**38.77**	[●]	[●]
2.	Foreign Promoters			[●]	[●]
	- Others (Body Corporates)	31,884,542	32.96		
	Sub-total	**31,884,542**	**32.96**		
	Sub-total (A)	**69,381,642**	**71.73**	**[●]**	**[●]**
B. Non-Promoter Holding					
1.	Institutional Investors (Domestic)				
	- Mutual Funds	3,573,743	3.69	[●]	[●]
	- Alternate Investment Funds	3,168,805	3.28	[●]	[●]
	- Insurance Companies	80,000	0.08		
	Sub-total	**6,822,548**	**7.05**	[●]	[●]
2.	Institutional Investors (Foreign)	274,503	0.28	[●]	[●]
3.	Non-Institutional Investors				
	- Corporate Bodies	1,446,315	1.50	[●]	[●]
	- Directors and relatives (excluding independent Directors)	75,000	0.08	[●]	[●]
	- Key Managerial Personnel(4)	415,000	0.43	[●]	[●]
	- Indian public	16,614,757	17.18	[●]	[●]
	- Others including Non-resident Indians (NRIs)	1,693,906	1.75	[●]	[●]
	Sub-total	**20,244,978**	**20.94**	[●]	[●]
4.	Non Promoter Non-Public	-	-		
	Sub-total (B)	**27,342,029**	**28.27**	**[●]**	**[●]**
	Grand Total (A+B)	**96,723,671**	**100.00**	**[●]**	**[●]**

(1) *The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of January 5, 2024.*

(2) *The post-Issue shareholding pattern has intentionally been left blank and will be filled-in before filing of the Placement Document with the Stock Exchanges.*

(3) *Includes the shareholding of the members forming part of Promoter Group.*

(4) *Includes Equity Shares held by Key Managerial Personnel and Senior Management Personnel*

Other confirmations

There are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

No change in control in our Company will occur consequent to the Issue.

Except as disclosed in *"– Equity share capital history of our Company"* on page 93, our Company has not made any allotment of Equity Shares in the year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the notice to the Shareholders dated November 20, 2023, for the approval of this Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Proposed Allottees in the Issue

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, and the percentage of post-Issue share capital that may be held by them is set forth in "*Proposed Allottees in the Issue*" on page 257.

DIVIDENDS

The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. In addition, declaration and payment of dividends would be subject to our Company's dividend policy, adopted by our Board on March 21, 2022 ("**Dividend Policy**"). The dividend, if any, will depend on a number of factors, including but not limited to the growth of our Company, the cash flow position of our Company, accumulated reserves, business cycles, economic environment, changes in the government policies, industry specific rulings and regulatory provisions and other factors considered relevant by our Board. We may retain all our future earnings, if any, for use in the operations and expansion of our business. For details in relation to risks involved in this regard, see "*Risk Factors – Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements*" on page 76.

We have not declared any dividends in the three Fiscals immediately preceding the filing of this Preliminary Placement Document. Further, our Company has not declared any dividend from April 1, 2023 until the date of filing of this Preliminary Placement Document.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 242.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, please see "*Taxation*" on page 246.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our Financial Statements on page 256. Unless otherwise indicated or the context otherwise requires, the financial statements as at and for Fiscal 2021, 2022 and 2023 and six months ended September 30, 2023 and September 30, 2022 included herein is derived from the Financial Statements, included in this Preliminary Placement Document, which have been derived from our audited financial statements and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see "Financial Statements" on page 256.

The consolidated financial statements for the six months ended September 30, 2023 and September 30, 2022, Fiscal 2023 and Fiscal 2022 are not directly comparable with the standalone financial statements for Fiscal 2021 given that we did not have any subsidiary in such prior periods. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscal 2021 is on a standalone basis, while all such information for the six months ended September 30, 2023 and September 30, 2022, Fiscal 2023 and Fiscal 2022 is on a consolidated basis. For further information, see "Financial Statements" on page 256.

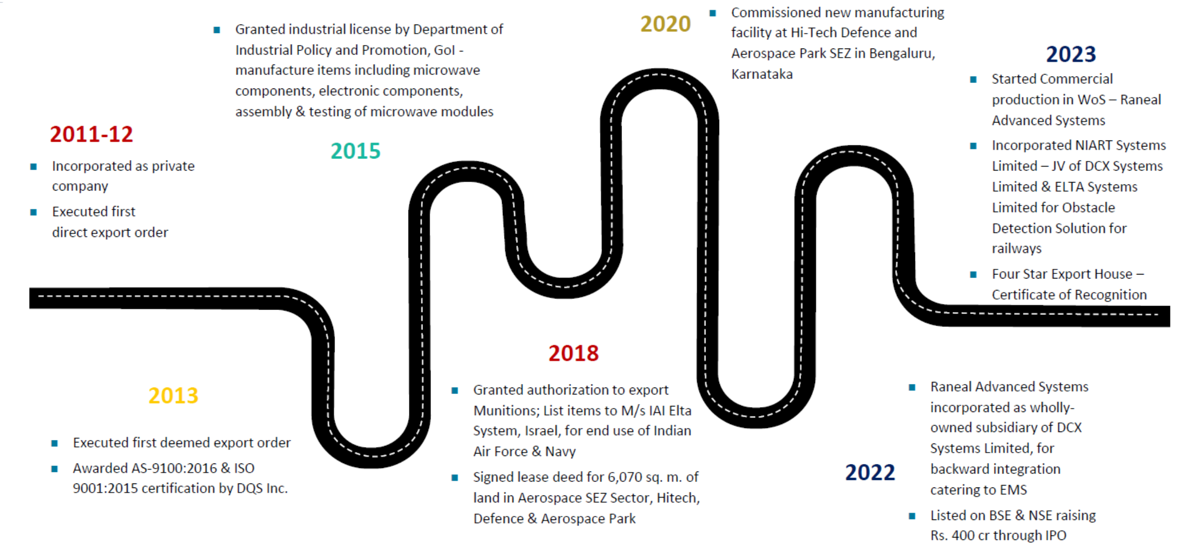
*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment" dated December 18, 2023 ("**Company Commissioned F&S Report**") prepared and issued by Frost & Sullivan (India) Private Limited, appointed by us on November 28, 2023, and exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, exclusively in connection with the Issue. A copy of the Company Commissioned F&S Report is available on the website of our Company at https://dcxindia.com/investors. The data included herein includes excerpts from the Company Commissioned F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Company Commissioned F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by Frost & Sullivan (India) Private Limited exclusively commissioned and paid for by us for such purpose." on page 74. Also see, "Industry and Market Data" on page 19.*

OVERVIEW

We are among the leading Indian manufacturing players for the manufacture of electronic sub-systems and cable harnesses in terms of manufacturing capability and revenue in Fiscal 2023(*Source: Company Commissioned F&S Report*). We are primarily engaged in system integration and manufacturing a comprehensive array of cables and wire harness assemblies and are also involved in kitting. We commenced operations in 2011 and have evolved into a highly regarded Indian Offset Partner ("**IOP**") for foreign original equipment manufacturers ("**OEMs**"), particularly in the aerospace and defence manufacturing sector (*Source: Company Commissioned F&S Report*). We are a rapidly growing company in the Indian defence space (*Source: Company Commissioned F&S Report*) and our revenue from operations have grown at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. We are also one of the largest Indian Offset Partner ("**IOP**") for ELTA Systems Limited and Israel Aerospace Industries Limited, System Missiles and Space Division (together, the "**IAI Group**"), Israel, for the Indian defence market for manufacture of electronic sub-systems and cable and wire harness assemblies. We have carved a niche in the MSME landscape as a preferred Indian offset partner for the defence and aerospace industry across geographies in the last 12 years.

We have two wholly owned subsidiaries, Raneal Advanced Systems Private Limited ("**RASPL**") and NIART Systems Ltd ("**NIART**"). Through RASPL, which is incorporated in India, we also manufacture printed circuit board assemblies. RASPL plays a role in fulfilling a key portion of the integrated manufacturing to provide total solutions to OEMs for supply of complete products in the aerospace and defence sector for both captive business as well as directly to the global OEMs by our Company by serving as backward integration. NIART, which has been incorporated in Israel, has been established as a joint venture with Elta Systems Limited. Through NIART, we aim to participate in the development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry.

Over the years, we have expanded our manufacturing capabilities and grown our order book, as set out below.



The growing Indian landscape for defence and aerospace serves as a key opportunity for our Company. The Indian aerospace and defence sector is poised to attain a value of USD 70 billion by 2030. Recent initiatives like the permission granted for 100% foreign direct investment ("**FDI**") in the Indian defence sector is anticipated to be a key driver and growth opportunity for the market. The Defence Research and Development Organization has announced the indigenous development of roughly 108 systems and sub-systems which is expected to generate demand for cables and connectors across the Indian defence environment. The Department of Defence Production also reserved 4,666 items for indigenization via the indigenization lists.. This initiative is poised to boost indigenous manufacturing within India. The instating of defence industry corridors across Uttar Pradesh and Tamil Nadu is also poised to boost the market growth dynamics by broadening the opportunities offered to the private sector. *(Source: Company Commissioned F&S Report)* All of these in turn, serve as an opportunity for us to capitalize on the expected growth in this space. Further, we focus on non-offset order book to mitigate risk from concentration of offset orders.

We believe, our competitive advantages include our efficiency in operations resulting in timely delivery to our customers, maintaining quality control and product security. This has enabled us to develop long-term and entrenched relationships with our OEM customers that has resulted in growth in our operations and sizeable order book. We expect that our quality management systems will enable our system driven efficiency and continue to attract higher revenues going forward. Given the nature of our operations and industry that we operate in, projects have long lead times (*Source: Company Commissioned F&S Report*) and, as such, visibility and predictability of our revenues is high. Our Company's order book as of September 30, 2023, was ₹12,577.03 million to be executed in the Fiscal 2024 to Fiscal 2025.

Our unique business model allows us to provide end-to-end solutions of cable & wire harnesses, electronic sub-systems, high-end system integration and PCB assembly for the defence and aerospace industry.

We classify our operations under the following business verticals:

System Integration: We have been a preferred IOP for foreign OEMs for classified products. *(Source: Company Commissioned F&S Report)* We undertake system integration in areas of radar systems, sensors, electronic warfare, missiles, and communication systems. We provide product assembly and system integration services of various complexities to address customers' requirements. System integration services are part of a comprehensive array of electronics and electro-mechanical assembly and enclosure assembly. We also provide product repair support for the parts that we manufacture.

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 armored vehicles, and other electronic warfare systems for the aerospace and defence industries as per our customers' requirements.

Kitting: We supply assembly ready kits of electronic and electro-mechanical parts and undertake all aspects of procurement including sourcing components from suppliers approved by our 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 when they are needed for production.

Printed circuit board assembly: We undertake manufacturing of printed circuit board assemblies for microwave, high – speed digital and mixed signal applications in the defence and aerospace segment.

In addition, we also undertake certain job work services that includes assembly and testing of materials that have been supplied directly by our customers.

The table below shows our revenue from operations for the periods indicated as per our business verticals:

Verticals	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
System Integration*	6,160.67	96.09%	9,398.65	85.27%	11,544.53	92.09%	3,732.39	96.41%	4,713.19	98.35%
Cable and Wire Harness Assemblies**	195.84	3.05%	298.14	2.70%	292.53	2.33%	130.60	3.37%	78.71	1.64%
Kitting	55.12	0.86%	1,325.94	12.03%	699.28	5.58%	8.41	0.22%	0.35	0.01%
Total	**6,411.63**	**100%**	**11,022.73**	**100%**	**12,536.34**	**100%**	**3,871.40**	**100%**	**4,792.25**	**100%**

* *Includes Merchandise Exports from India Scheme ("**MEIS**") incentive of ₹28.28 million, ₹28.61 million, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively*

** *Includes MEIS incentive of ₹0.03 million, nil, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.*

We also provide maintenance, repair and overhaul ("**MRO**") services including testing and maintenance projects. Our MRO services do not involve additional capital expenditure as the in-house testing machinery is being provided by the OEM customers thereby enabling us to provide MRO services at ease and creating an additional revenue stream in our business.

We operate through our manufacturing facility located at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. Our facility is spread over an area of 30,000 square feet and is set up for complete in-house environmental and electrical testing and wire processing. The location of our facility is in the same city as certain of our key domestic customers, which, we believe, ensures shorter delivery time. Further, our wholly-owned subsidiary, RASPL, has set up an additional manufacturing facility spread over an area of 40,000 square feet for electronic manufacturing services ("**EMS**") at our Company's premises.

As of September 30, 2023, we had 27 customers in Israel, United States, Korea and India, including clients in the defence industry, multinational corporations and start-ups. We partner with OEMs located in Israel and US to supply wide range of products for aerospace and defence sectors for offset and non-offset programs. Our customers include domestic and international OEMs, and private companies and public sector undertakings in India across different sectors, ranging from defence and aerospace to space ventures and railways. We have a mix of domestic and international customers and certain of our key customers are prominent names in the defence industry.

We are led by experienced Promoters and a qualified senior management team with significant experience in the aerospace and defence manufacturing industry. Dr. H.S. Raghavendra Rao, our Individual Promoter, Chairman and Managing Director, has over two decades of experience in electronics manufacturing and in the defence and aerospace sectors. Neal Jeremy Castleman, our Non-Independent and Non-executive Director, has a vast experience of more than two decades in the field of electronic manufacturing sectors. Our senior management team have demonstrated ability to anticipate and capitalize on changing market trends, manage and grow our operations and leverage and deepen customer relationships.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF 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 have impacted our results of operations and, in some cases, will continue to impact our results. We believe that the following factors, amongst others, have, or could have, an impact on these 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 we believe that our continued relationships with our customers plays a significant role in determining our continued success and results of operations. We are also the largest IOP for M/s. IAI Group, Israel, for the Indian defence market in the manufacture of electronic sub-systems (*Source: Company Commissioned F&S Report*). 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, and 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 our 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.

Our Order Book position

Our order book is computed based on the total order value from a customer less executed amount as on the relevant date. The following table sets forth details of our order book as per our business verticals for the periods indicated.

Verticals	**Fiscal**						**Six months ended September 30,**			
	2021		**2022**		**2023**		**2022**		**2023**	
	(Standalone)		**(Consolidated)**				**(Consolidated)**			
	Amount (₹ million)	**Percentage of Total Order Book (%)**	**Amount (₹ million)**	**Percentage of Total Order Book (%)**	**Amount (₹ million)**	**Percentage of Total Order Book (%)**	**Amount (₹ million)**	**Percentage of Total Order Book (%)**	**Amount (₹ million)**	**Percentage of Total Order Book (%)**
System Integration	25,592.23	89.64	22,302.76	94.14	16,244.82	95.60	22,986.89	94.08	11,723.62	93.21
Cable and Wire Harness Assemblies	471.77	1.65	218.30	0.92	152.25	0.90	284.41	1.16	226.53	1.80
Kitting	2,486.18	8.71	1,168.98	4.94	594.72	3.50	1,160.75	4.76	626.88	4.99
Total	**28,550.18**	**100.00**	**23,690.04**	**100.00**	**16,991.79**	**100.00**	**24,432.05**	**100.00**	**12,577.03**	**100.00**

As of September 30, 2023, our order book comprised 63 orders aggregating ₹12,577.03 million which comprised orders amounting to ₹11,723.62 million towards our system integration vertical, order amounting to ₹626.88 million towards our kitting activities and ₹226.53 million towards cable and wire harness assemblies.

Our order book position with our customers also requires 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.

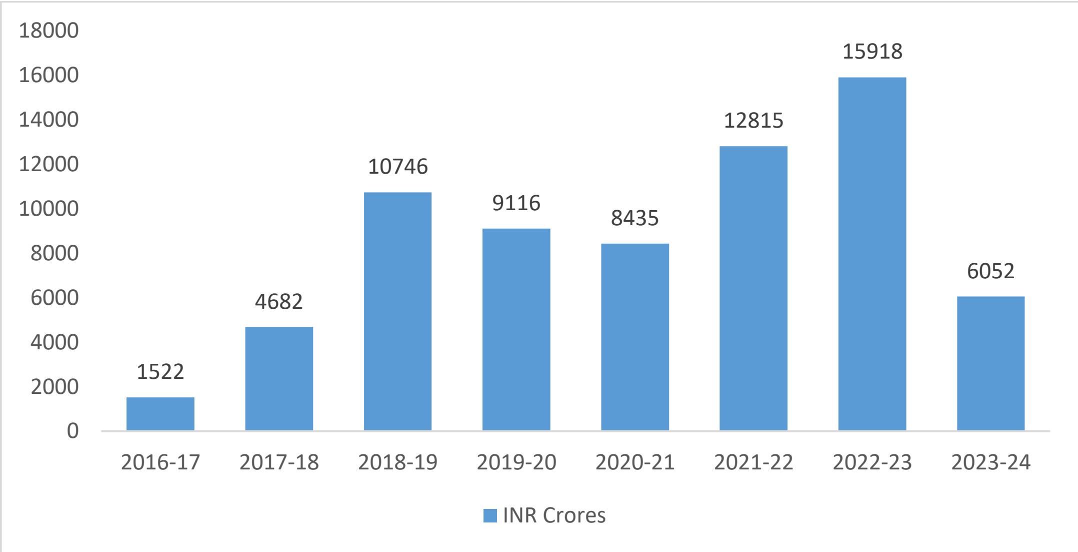
Indian defence budget brief and forecast

India's defence budget outlay for Fiscal 2023 is ₹5,250,000 million, the annual budget representing a 10% increase over the budget of ₹4,780,000 million in Fiscal 2022. The Indian defence budget has experienced a CAGR of 14.3% between the period Fiscals 2017 to 2023. (*Source: Company Commissioned F&S Report*)

Defence exports of India

Due to the relaxation of export limitations and policy changes, Indian defence exports are expected to rise rapidly. This is supported by the expanding capabilities of Indian defence suppliers. In comparison to defence public sector entities, the private sector now dominates Indian defence exports, which is expected to drive income prospects. Organizations such as our Company are well positioned to capture the growth in exports. The Government of India has set a target for US$ 25 billion for defence production by 2025. It includes US$ 5 billion in exports. In the next five years, India aims to export military hardware products worth US$ 5 billion. Additionally, the value of India's defence exports in Fiscal 2022 was US$ 1,538 million and this increased to US$ 1,920 million in Fiscal 2023. India's cumulative weapon import value fell by 33% between 2011-2015 and 2016-2020. This is a strong indication that efforts to boost capabilities and sourcing from the local defence industry have paid off. (*Source: Company Commissioned F&S Report*)

The defence exports of India from Fiscal 2017 to Fiscal 2024, are shown below:



Note: The CAGR for Exports is noted to be 47.88% between FY 2016-2017-FY 2022-23. Data for 2023-24 until October 2023.

(*Source: Company Commissioned F&S Report*)

While we believe that our programmes are well aligned with India's national defence and aerospace policies, shifts in market spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed projects. Although we cater to our overseas customers directly, we may seek to expand this customer base by tying up with or entering into partnership with partners located around the world. Our future growth also depends on penetrating new international markets as well as remaining a key supplier to strategic sectors, adapting existing products to new applications, and introducing new products that achieve market acceptance.

Changes in applicable regulations have had and may have an impact on our business and results of operations. Our results of operations have been favourably impacted by the Government's initiatives. The Ministry of Defence has announced the Defence Acquisition Procedure which has come into effect from October 1, 2020. This procedural framework is strategically designed to significantly bolster indigenous production, positioning India as a global manufacturing hub of weapons and military platforms. This procedural framework has been aligned with the vision of the Government's Atmanirbhar Bharat initiative and is a testament to the commitment to empower the Indian domestic defense industry through the facilitation of 'Make in India' projects. (*Source: Company Commissioned F&S Report*).We believe that this policy will provide a significant boost to indigenous manufacturing companies with design and manufacturing capabilities and we are positioned through vertical integration of the business model to take full benefit of the same. We believe this represents a significant opportunity for growth as we expand our products and solutions portfolio to designing, developing and/or manufacturing new products and solutions, which in turn will enable us to establish new customer bases and penetrate new geographies.

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. The following table sets out certain information about our raw materials expenditure in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.

Raw Material	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)
Printed Circuit Board Assemblies	3,055.30	41.13%	3,866.41	46.80%	4,246.84	32.15%	1,871.77	48.72%	1,781.55	56.71%
Integrated Circuits	3,446.80	46.39%	2,879.25	34.85%	7,478.29	56.61%	1,228.22	31.97%	1,160.20	36.93%
Power Supplies	464.10	6.25%	1,096.84	13.28%	643.02	4.87%	588.84	15.33%	5.17	0.16%
Cables and Wires	35.80	0.48%	68.40	0.83%	83.64	0.63%	67.02	1.74%	26.39	0.84%
Connectors	26.70	0.36%	120.40	1.46%	46.26	0.35%	20.01	0.52%	54.45	1.73%
Mechanical enclosures	32.90	0.44%	66.47	0.80%	40.10	0.30%	31.38	0.82%	8.05	0.26%
Others*	367.74	4.95%	163.84	1.98%	672.95	5.09%	34.87	0.91%	105.80	3.37%
Total	**7,429.34**	**100.00%**	**8,261.61**	**100.00%**	**13,211.10**	**100.00%**	**3,842.12**	**100.00%**	**3,141.61**	**100.00%**

Notes:
** Others includes filters, bare PCB, motors, relays, sleeves, and adhesives, active and passive electronic components.*

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 we 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 or a delay in receipt of raw materials from our suppliers 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. Delay in receipt of raw materials may also impact our ability to manufacture our products according to our pre-determined time frames. This in turn may adversely affect our business, results of operations, revenues, profitability, cash flows and reputation and may render our quarterly results of operations incomparable or declining.

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.

Design and development of new products

Our business model going forward will be dependent on our ability to successfully conduct design and development with respect to new products. However, this process is both time consuming and costly, and involves a high degree of business risk. To develop new products, we are required to commit substantial time, funds and other resources. Our investments in design and development for new products could result in higher costs without a proportionate increase in our revenues.

In addition, we must adapt to rapid changes in our industry due to technological advances. The cost of implementing new technologies, upgrading our manufacturing facilities and recruiting design staff could be significant and could adversely affect our profitability if commensurate revenue is not generated from the new design efforts.

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.

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 such 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.

Imposition of liquidated damages and invocation of advance bank guarantees

Most of our contracts with our customers require us to pay liquidated damages in the event of delay in delivery of products. The value of the liquidated damages typically ranges from 0.5% per week of delay to a maximum of 5% - 10% of the value of the undelivered portion of the contract. Additionally, we are required to secure performance guarantees by our Company for 5% of one-third value of the purchase orders towards performance of the equipment supplied until completion of 12 months warranty period indicated in such contracts.

We cannot assure you that in future such contracts will have the same margin or profitability. Any time and / or cost overruns on our contract for reasons beyond control, could have a material adverse effect on our business, financial condition and results of operations. While we have not faced any instances of imposition of liquidated damages or invocation of our performance corporate guarantees in the past three years, there can be no assurance that delays at our end would not result in imposition of such penalties. The incurring of such liabilities pursuant to the imposition of liquidated damages as well as invocation of such performance corporate guarantees in relation to our contracts could have an adverse effect on our business, operations, revenues and earnings.

Cost and availability of skilled manpower

We require the application of skilled manpower at key stages of engineering and manufacturing processes. We have therefore, been focused on the recruitment, training and retention of a skilled employee base. As of September 30, 2023, we employed 105 full-time employees and five part time and contract labourers. Our expenses towards salaries, wages and other employee benefit costs was ₹54.79 million, ₹86.65 million, ₹105.10 million, ₹50.74 million and ₹67.56 million for Fiscal 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023 and accounted for 0.85%, 0.83%, 0.88%, 1.32% and 1.44% of our total expenses respectively. In addition to our full -time employees, we hire workers on a contractual basis, for semi-skilled, unskilled and routine job works. We believe that our Company's growth and work environment combined with our employee satisfaction rate has allowed us to attract talent. In addition, the presence of varied profiles available in our organisation coupled with high growth potential facilitates higher retention of employees. If there are any labour shortages, it could increase our production cost and hinder our productivity and ability to meet customers' delivery schedules, any or all of which may have an adverse impact on our results of operations.

PRESENTATION OF FINANCIAL INFORMATION

Our Financial Statements have been compiled from our audited consolidated financial statements as at and for the financial years ended March 31, 2023, and March 31, 2022 and for the six months ended September 30, 2023, and September 30, 2022 and our audited standalone financial statements as at and for the financial year ended March 31, 2021, 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 consolidated financial statements for the six months ended September 30, 2023 and September 30, 2022 and Fiscals 2023 and 2022 are not directly comparable with the standalone financial statements for Fiscal 2021 given that we did not have any subsidiary in such prior periods. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscal 2021 is on a standalone basis, while all such information for the six months ended September 30, 2023 and September 30, 2022 and Fiscals 2023 and 2022 is on a consolidated basis.

NON-GAAP MEASURES

Earnings before Interest, Taxes, Depreciation and Amortization Expenses ("EBITDA")/ EBITDA Margin

EBITDA presented in this Preliminary Placement Document is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, EBITDA is not a standardised term; hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. Although EBITDA is not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Reconciliation of EBITDA and EBITDA Margin to Profit for the Period / Year

The table below reconciles profit for the period / year to EBITDA. EBITDA is calculated as profit before exceptional items and tax, plus finance costs, depreciation and amortization expenses plus net loss on foreign currency translation less other income, while EBITDA Margin is the percentage of EBITDA divided by total income.

Particulars	**Fiscal**			**Six months ended September 30, 2022**	**Six months ended September 30, 2023**
	2021	**2022**	**2023**		
	(Standalone)	**(Consolidated)**		**(Consolidated)**	
	(₹ million)				
Profit before exceptional items and tax	398.06	755.55	857.72	155.45	353.51
Adjustments:					
Add: Finance Costs	99.22	113.22	256.28	117.55	133.17
Add: Depreciation and Amortization expense	24.31	21.75	18.21	9.37	10.64
Less: Other Income#	420.79	220.61	295.48	134.28	212.72
Add: Net loss on foreign currency translation	-	168.82	290.89	202.44	(24.19)

Particulars	Fiscal			Six months ended September 30, 2022	Six months ended September 30, 2023
	2021	2022	2023		
	(Standalone)	(Consolidated)		(Consolidated)	
	(₹ million)				
Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) (A)	**100.80**	**838.73**	**1,127.62**	**350.53**	**260.41**
Revenue from Operations (B)	**6,411.63**	**11,022.73**	**12,536.34**	**3,871.40**	**4,792.25**
EBITDA Margin (EBITDA as a percentage of Revenue from Operations) (A/B)	**1.57%**	**7.61%**	**8.99%**	**9.05%**	**5.43%**

 # Other income includes (i) interest income on fixed deposits; (ii) profit on sale of used asset; (iii) income from foreign exchange fluctuation; (iv) income arising from fair valuation of asset through profit and loss; and (v) collection of liquidated damages earlier recovered by the customers.

Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to Profit for the Period / Year

The table below reconciles profit for the period / year to Adjusted EBITDA. Adjusted EBITDA is calculated as EBITDA plus interest on fixed deposits. While Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by total income.

Particulars	Fiscal			Six months ended September 30, 2022	Six months ended September 30, 2023
	2021	2022	2023		
	(Standalone)	(Consolidated)		(Consolidated)	
	(₹ million)				
EBITDA	**100.80**	**838.73**	**1,127.62**	**350.53**	**260.41**
Adjustments:					
Add: Interest on fixed deposits	223.96	220.24	294.07	134.18	200.50
Adjusted Earnings before interest, taxes, depreciation and amortization expenses (Adjusted. EBITDA) (A)	**324.76**	**1,058.97**	**1,421.69**	**484.71**	**460.91**
Total Income (B)	**6,832.42**	**11,243.34**	**12,831.82**	**4,005.68**	**5,029.16**
Adjusted EBITDA Margin (Adjusted EBITDA as a percentage of total income) (A/B)	**4.75%**	**9.42%**	**11.08%**	**12.10%**	**9.16%**

SIGNIFICANT ACCOUNTING POLICIES

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 derecognised 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 recognised 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 derecognised. The cost of the day-to-day servicing the property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognised 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.

Depreciation

Depreciation on property, plant and 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 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 ₹5,000 or less are depreciated in full, in the year of purchase.

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.

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.

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 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 is 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 financials 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 financials 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 amortised 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 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.

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.

Subsequent measurement:

The subsequent measurement of financial liabilities depends upon the classification as described below:

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.

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.

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.

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.

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.

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.

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 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.

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.

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.

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
- 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.

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 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 r 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 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.

Employee Benefits

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.

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 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.

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).

Trade Payables

These amounts represent 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.

Inventories

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. 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.

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. Cost of Stock in Trade procured for specific projects is assigned by specific identification of individual costs of each item.

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.

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.

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.

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 statement of profit and loss.

Government Grants and Subsidies

Grants and 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.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Our total income comprise (i) revenue from operations; and (ii) other income.

Revenue from Operations

Revenue from operations comprise (i) sale of products (ii) sale of services; and (iii) MEIS incentive received.

Other Income

Other income includes (i) interest income on fixed deposits; (ii) profit on sale of used asset; (iii) income from foreign exchange fluctuation; and (iv) other income.

Expenses

Our expenses comprise (i) cost of materials consumed; (ii) changes in inventories of finished goods and work-in-progress; (iii) employee benefits expense; (iv) finance costs; (v) depreciation and amortization expense; and (vi) other expenses.

Costs of Materials Consumed

Cost of material consumed consists of (i) opening stock; (ii) import purchases; (ii) local purchases; and (iv) closing stock

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress consists of (i) opening inventories (finished goods, work-in-process goods); and (ii) closing inventories (raw materials, finished goods, work-in-process goods).

Employee Benefits Expense

Employee benefits expense primarily comprises (i) salaries and wages including bonus, incentives; (ii) staff welfare expenses; (iii) gratuity; (iv) employee insurance; and (vi) encashment of earned leave. As of September 30, 2023, we had 105 full-time employees.

Finance Costs

Finance costs include (i) interest on borrowings; (ii) bank charges; (iii) interest on working capital term loan; and (iv) other borrowing costs.

Depreciation and Amortization Expense

Depreciation and amortization expenses comprise (i) depreciation on property, plant and equipment; (ii) amortization of right-of-use assets; and (iii) amortization of intangible assets.

Other Expenses

Other expenses comprises: (i) power and fuel expenses; (ii) repairs and maintenance expenses towards building and machinery; (iii) wages and labour charges; (iv) freight expenses; (v) water charges; (vi) director sitting fees; (vii) insurance; (viii) internal audit fees; (ix) printing and stationery expenses; (x) rent; (xi) rates and taxes; (xii) net loss on foreign currency translation; (xiii) business promotion expenses; (xiv) travelling and conveyance expenses; (xv) professional and consultancy fees; (xvi) communication expenses; (xvii) printing and stationery; (xviii) other expenses; (xix) income/ loss arising from fair valuation of assets through profit & loss (xx) remuneration to auditors towards statutory audit; (xxi)remuneration to auditors towards tax audit.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations for Fiscal 2021, 2022 and 2023 and for the six months ended September 30, 2022 and September 30, 2023:

Particulars	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
Revenue										
Revenue from operations	6,411.63	93.84%	11,022.73	98.04%	12,536.34	97.70%	3,871.40	96.65%	4,792.25	95.29%
Other income	420.79	6.16%	220.61	1.96%	295.48	2.30%	134.28	3.35%	236.91	4.71%
Total Income	**6,832.42**	**100.00%**	**11,243.34**	**100.00%**	**12,831.82**	**100.00%**	**4,005.68**	**100.00%**	**5,029.16**	**100.00%**
Expenses										
Cost of materials consumed	6,604.35	96.66%	9,293.43	82.66%	12,630.45	98.43%	3,411.36	85.16%	2,963.01	58.92%
Changes in inventories of finished goods and work-in-progress	(419.66)	(6.14)%	712.43	6.34%	(1,438.46)	(11.21)%	-	-	1,438.46	28.60%
Employee benefits expenses	54.79	0.80%	86.65	0.77%	105.10	0.82%	50.74	1.27%	67.56	1.34%
Finance costs	99.22	1.45%	113.22	1.01%	256.28	2.00%	117.55	2.93%	133.17	2.65%
Depreciation and amortization expenses	24.31	0.36%	21.75	0.19%	18.21	0.14%	9.37	0.23%	10.64	0.21%
Other expenses	71.35	1.04%	260.31	2.32%	402.52	3.13%	261.21	6.52%	62.81	1.25%
Total expenses	**6,434.36**	**94.17%**	**10,487.79**	**93.28%**	**11,974.10**	**93.92%**	**3,850.23**	**71.15%**	**4,675.65**	**92.97%**
Profit before exceptional items and tax	398.06	5.83%	755.55	6.72%	857.72	6.68%	155.45	3.88%	353.51	7.03%
Exceptional items	-	-	-	-	-	-	-	-	-	-
Profit before tax	398.06	5.83%	755.55	6.72%	857.72	6.68%	155.45	3.88%	353.51	7.03%
Tax expense										
Current tax	104.65	1.53%	132.02	1.17%	150.44	1.17%	27.49	0.69%	63.20	1.26%
Deferred tax	(2.17)	(0.03)%	(2.59)	(0.02)%	0.57	0.00%	(0.26)	(0.00)%	0.11	0.00%
MAT Credit	-	-	(29.96)	(0.27)%	(10.10)	(0.07)%	(6.24)	(0.16)%	(4.24)	(0.08)%
Total tax expenses	102.48	1.50%	99.47	0.88%	140.91	1.10%	20.99	0.52%	59.07	1.17%
Profit for the period (A)	**295.58**	**4.33%**	**656.08**	**5.84%**	**716.81**	**5.59%**	**134.46**	**3.36%**	**294.44**	**5.85%**
Other comprehensive (loss) / income										
Items that will not be reclassified to profit and loss in subsequent periods										
Remeasurements of defined benefit liability / (asset)	0.82	0.01%	(0.32)	0.00%	0.81	00.00%	0.44	0.01%	-	-
Income tax relating to remeasurements of defined benefit liability / (asset)	(0.24)	0.00%	0.11	0.00%	(0.14)	00.00%	(0.08)	0.00%	-	-
Items that will be reclassified to profit or loss in the subsequent periods										

Particulars	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
The effective portion of gains and loss on hedging instruments in a cash flow hedge	-	-	-	-	21.20	0.17%	-	-	(33.41)	(0.66)%
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	(3.70)	(0.03)%	-	-	5.84	0.12%
Total other comprehensive income (B)	**0.58**	**0.01%**	**(0.21)**	**(0.00)%**	**18.17**	**0.14%**	**0.36**	**0.01%**	**(27.57)**	**(0.55)%**
Total comprehensive income for the period (A+ B)	**296.16**	**4.33%**	**655.87**	**5.83%**	**734.98**	**5.73%**	**134.82**	**3.37%**	**266.87**	**5.31%**

SIX MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2022

Income

Total income increased by 25.55% from ₹4,005.68 million in the six months ended September 30, 2022 to ₹5,029.16 million in the six months ended September 30, 2023, primarily attributable to the following:

Revenue from Operations

Revenue from operations increased by 23.79% from ₹3,871.40 million in the six months ended September 30, 2022 to ₹4,792.25 million in the six months ended September 30, 2023 on account of the following:

- Sale of products and services increased by 23.79% from ₹3,871.40 million in the six months ended September 30, 2022 to ₹4,792.25 million in the six months ended September 30, 2023.
- The value of the Indian Rupee depreciated by 1.85% from ₹81.55 to USD 1 on September 30, 2022 to ₹83.06 to USD 1 on September 30, 2023.

Other Income

Other income increased by 76.42% from ₹134.28 million in the six months ended September 30, 2022 to ₹236.91 million in the six months ended September 30, 2023. This was primarily due to an increase in average realization of interest earned on fixed deposits and increase in fixed deposits.

Expenses

Total expenses increased by 21.44% from ₹3,850.23 million in the six months ended September 30, 2022 to ₹4,675.65 million in the six months ended September 30, 2023. This was primarily due to an increase in expenses towards our manufacturing activities on account of increase in the sale of products by 27.78% from ₹3,802.92 million in the six months ended September 30, 2022 to ₹4,859.53 million in the six months ended September 30, 2023

Cost of Materials Consumed

Cost of materials consumed decreased by 13.14% from ₹3,411.36 million in the six months ended September 30, 2022 to ₹2,963.01 million in the six months ended September 30, 2023. Such decrease was primarily due to an opening stock of finished goods of ₹1,438.46 million, which was sold during the six months period ended September 30, 2023.

Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress increased from nil in the six months ended September 30, 2022 to ₹1,438.46 in the six months ended September 30, 2023. This change in our inventories was primarily on account of an increase in the sale of our products from ₹3,802.92 million during the six months period ended September 30, 2022 to ₹4,859.53 million during the six months period ended September 30, 2023.

Employee Benefits Expenses

Employee benefit expenses increased by 33.14% from ₹50.74 million in the six months ended September 30, 2022 to ₹67.56 million in the six months ended September 30, 2023. This was primarily due to the increase in head count and increments to the employees.

Finance Cost

Finance costs increased by 13.29% from ₹117.55 million in the six months ended September 30, 2022 to ₹133.17 million in the six months ended September 30, 2023. This increase is primarily attributable to increase in utilization of working capital and interest on working capital.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 13.55% from ₹9.37 million in the six months ended September 30, 2022 to ₹10.64 million in the six months ended September 30, 2023, primarily due to an increase in depreciation of property, plant and equipment by 16.04% ₹9.10 million in the six months ended September 30, 2022 to ₹10.56 million in the six months ended September 30, 2023.

Other Expenses

Other expenses decreased by 75.95% from ₹261.21 million in the six months ended September 30, 2022 to ₹62.81 million in the six months ended September 30, 2023. This was primarily due to the forex gain of ₹24.19 million for the six months period ended September 30, 2023 as compared to the forex loss of ₹202.44 million for the six months period ended September 30, 2022.

Profit before Exceptional Items and Tax

For the reasons discussed above, profit before exceptional items and tax was ₹353.51 million in the six months ended September 30, 2023, as compared to ₹155.45 million in the six months ended September 30, 2022.

Tax Expenses

Deferred tax charge stood at ₹0.11 million in the six months ended September 30, 2023, as compared to ₹(0.26) million in the six months ended September 30, 2022; current tax charge was ₹63.20 million in the six months ended September 30, 2023, as compared to ₹27.49 million in the six months ended September 30, 2022; and MAT was ₹(4.24) million in the six months ended September 30, 2023, as compared to ₹(6.24) million in the six months ended September 30, 2022. Total tax expense amounted to ₹59.07 million in the six months ended September 30, 2023, as compared to ₹20.99 million in the six months ended September 30, 2022.

Profit for the Period

For the various reasons discussed above, we recorded a profit after tax for the period of ₹294.44 million in the six months ended September 30, 2023, as compared to ₹134.46 million in the six months ended September 30, 2022.

Total Comprehensive Income for the Period, Net of Tax

Due to the various reasons discussed above, our total comprehensive income for the period was ₹266.87 million in the six months ended September 30, 2023, as compared to ₹134.82 million in the six months ended September 30, 2022.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA was ₹460.91 million in the six months ended September 30, 2023, compared to ₹484.71 million in the six months ended September 30, 2022, while Adjusted EBITDA Margin was 9.16% in the six months ended September 30, 2023, compared to 12.10% in the six months ended September 30, 2022.

FISCAL 2023 COMPARED TO FISCAL 2022

Income

Total income increased by 14.13% from ₹11,243.34 million in Fiscal 2022 to ₹12,831.82 million in Fiscal 2023, primarily attributable to the following:

Revenue from Operations

Revenue from operations increased by 13.73% from ₹11,022.73 million in Fiscal 2022 to ₹12,536.34 million in Fiscal 2023 attributable as follows:

- Sale of products increased by 13.58% from ₹10,976.66 million in Fiscal 2022 to ₹12,467.62 million in Fiscal 2023.
- Income from sale of services increased by 293.59% from ₹17.46 million in Fiscal 2022 to ₹68.72 million in Fiscal 2023.
- Rupee value depreciated by more than 8.45% against the USD. The value of the Indian Rupee depreciated from ₹75.81 to USD 1 in Fiscal 2022 to ₹82.22 to USD 1 in Fiscal 2023.

Other Income

Other income increased by 33.94% from ₹220.61 million in Fiscal 2022 to ₹295.48 million in Fiscal 2023. This was primarily due to an increase in income from interest on fixed deposits by 33.52% from ₹220.24 million in Fiscal 2022 to ₹294.07 million in Fiscal 2023.

Expenses

Total expenses increased by 14.17% from ₹10,487.79 million in Fiscal 2022 to ₹11,974.10 million in Fiscal 2023. This was primarily due to the increase in cost of materials consumed, employee benefit expenses, finance cost and other expenses. This was partially offset by decrease in changes in inventories of finished goods and work-n-progress.

Cost of Materials Consumed

Cost of materials consumed increased by 35.91% from ₹9,293.43 million in Fiscal 2022 to ₹12,630.45 million in Fiscal 2023 and the increase is primarily attributable to an increase in sale of products by 13.58% from ₹10,976.66 million from Fiscal 2022 to ₹12,467.62 million in Fiscal 2023

Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress changed from ₹712.43 million in Fiscal 2022 to ₹(1,438.46) million in Fiscal 2023. This was primarily attributable to an increase in manufacturing of products by our Company.

Employee Benefits Expenses

Employee benefit expenses increased by 21.29% from ₹86.65 million in Fiscal 2022 to ₹105.10 million in Fiscal 2023. This was primarily due to an increase in the number of employees and increment paid to employees.

Finance Cost

Finance costs increased by 126.36% from ₹113.22 million in Fiscal 2022 to ₹256.28 million in Fiscal 2023. This increase is primarily attributable to an increase in interest on borrowing, which was due to increase in the utilization of working capital limits and cost of borrowings.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 16.27% from ₹21.75 million in in Fiscal 2022 to ₹18.21 million in Fiscal 2023, primarily due to a decrease in depreciation of property, plant and equipment by 10.71% from ₹20.17 million in Fiscal 2022 to ₹18.01 million in Fiscal 2023 and decrease in amortisation on intangible assets by 87.34% from ₹1.58 million in Fiscal 2022 to ₹0.20 million in Fiscal 2023.

Other Expenses

Other expenses increased by 54.63% from ₹260.31 million in Fiscal 2022 to ₹402.52 million in Fiscal 2023. This was primarily due to an increase in:

- Net loss on foreign currency translation from ₹168.82 million in Fiscal 2022 to ₹290.89 million in Fiscal 2023.
- Professional and consultancy fees, by 27.15% from ₹36.09 million in Fiscal 2022 to ₹45.89 million in Fiscal 2023.
- Rates and taxes, by 88.37% from ₹5.33 million in Fiscal 2022 to ₹10.04 million in Fiscal 2023.
- Insurance, by 61.81% from ₹3.43 million in Fiscal 2022 to ₹5.55 million in Fiscal 2023.
- Other expenses, by 23.49% from ₹17.84 million in Fiscal 2022 to ₹22.03 million in Fiscal 2023.

Profit before Exceptional Items and Tax

For the reasons discussed above, profit before exceptional items and tax was ₹857.72 million in Fiscal 2023, as compared to ₹755.55 million in Fiscal 2022.

Tax Expenses

Deferred tax charge was ₹0.57 million in Fiscal 2023, as compared to ₹(2.59) million in Fiscal 2022; current tax charge was ₹150.44 million in Fiscal 2023, as compared to ₹132.02 million in Fiscal 2022; MAT credit was ₹(10.10) million in Fiscal 2023, as compared to ₹(29.96) million in Fiscal 2022. Total tax expense amounted to ₹140.91 million in Fiscal 2023, as compared to ₹99.47 million in Fiscal 2022.

Profit for the Year

For the various reasons discussed above, we recorded a profit after tax for the year of ₹716.81 million in Fiscal 2023, as compared to ₹656.08 million in Fiscal 2022.

Total Comprehensive Income for the Period, Net of Tax

Total comprehensive income for the period was ₹734.98 million in Fiscal 2023, as compared to ₹655.87 million in Fiscal 2022.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA was ₹1,421.69 million in Fiscal 2023, compared to ₹1,058.97 million in Fiscal 2022, while Adjusted EBITDA margin was 11.08% in Fiscal 2023, compared to 9.42% in Fiscal 2022.

FISCAL 2022 COMPARED TO FISCAL 2021

Until Fiscal 2021, our Company did not have any subsidiary and no consolidated financial statements were prepared. In Fiscal 2022, we incorporated a wholly owned subsidiary, Raneal Advanced Systems Private Limited. Accordingly, the consolidated financial statements for the six months ended September 30, 2023 and September 30, 2022 and Fiscals 2023 and 2022 is not directly comparable with the standalone financial statements for Fiscal 2021. The comparison set forth below has been undertaken on the basis of audited standalone statement of profit and loss for Fiscal 2022 and Fiscal 2021.

Income

Total income increased by 64.56% from ₹6,832.42 million in Fiscal 2021 to ₹11,243.34 million in Fiscal 2022, primarily attributable to the following:

Revenue from Operations

Revenue from operations increased by 71.92% from ₹6,411.63 million in Fiscal 2021 to ₹11,022.73 million in Fiscal 2022 attributable as follows:

- Sale of products increased by 72.08% from ₹6,378.72 million in Fiscal 2021 to ₹10,976.66 million in Fiscal 2022. This was driven by an increase of 52.56% in our system integration business from ₹6,160.67 million in Fiscal 2021 to ₹9,398.65 million in Fiscal 2022.
- Income from sale of services increased by 279.56% from ₹4.60 million in Fiscal 2021 to ₹17.46 million in Fiscal 2022 on account of increase in sale of services for customers in our system integration and cable and wire harness assembly verticals.
- Other operating revenue increased by 1.06% from ₹28.31 million in Fiscal 2021 to ₹28.61 million in Fiscal 2022 on account of increase in export incentive.

Other Income

Other income decreased by 47.57% from ₹420.79 million in Fiscal 2021 to ₹220.61 million in Fiscal 2022. This was primarily due to a decrease in income from interest on fixed deposits by 1.66% from ₹223.96 million in Fiscal 2021 to ₹220.24 million in Fiscal 2022 and foreign exchange fluctuation from ₹196.05 million in Fiscal 2021 to nil in Fiscal 2022.

Expenses

Total expenses increased by 63.00% from ₹6,434.36 million in Fiscal 2021 to ₹10,487.79 million in Fiscal 2022. This was primarily due to the increase in cost of materials consumed, employee benefit expenses, finance cost and other expenses.

Cost of Materials Consumed

Cost of materials consumed increased by 40.72% from ₹6,604.35 million in Fiscal 2021 to ₹9,293.43 million in Fiscal 2022 and the increase is primarily due to an increase in sale of products from ₹6,378.72 million in Fiscal 2021 to ₹10,976.66 million in Fiscal 2022.

Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Changes in inventories of finished goods, stock-in-trade and work-in-progress increased from ₹(419.66) million in Fiscal 2021 to ₹712.43 million in Fiscal 2022. This was primarily attributable to an increase in manufacturing of products by our Company and on account of decrease in the closing inventory of work-in process from ₹692.46 million in Fiscal 2021 to nil in Fiscal 2022.

Employee Benefits Expenses

Employee benefit expenses increased by 58.15% from ₹54.79 million in Fiscal 2021 to ₹86.65 million in Fiscal 2022. This was primarily due to an increase in salaries and wages (including bonus and incentives) by 50.94% from ₹50.92 million in Fiscal 2021 to ₹76.86 million in Fiscal 2022, on account of growth in business operations and accordingly, a corresponding increase in number of full-time and contractual employees from 114 employees in Fiscal 2021 to 121 employees in Fiscal 2022.

Finance Cost

Finance costs increased by 14.10% from ₹99.22 million in Fiscal 2021 to ₹113.22 million in Fiscal 2022. This increase is primarily attributable to an increase in interest on borrowing, by 52.78% from ₹47.39 million in Fiscal 2021 to ₹72.40 million in Fiscal 2022, on account of interest on packing credit. The increase was partially offset by a decrease in bank charges by 18.30% from ₹9.86 million in Fiscal 2021 to ₹8.06 million in Fiscal 2022 and a decrease in other borrowing costs by 23.65% from ₹41.97 million in Fiscal 2021 to ₹32.05 million in Fiscal 2022.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 10.53% from ₹24.31 million in in Fiscal 2021 to ₹21.75 million in Fiscal 2022, primarily due to a decrease in depreciation of property, plant and equipment by 15.32% from ₹23.82 million in Fiscal 2021 to ₹20.17 million in Fiscal 2022. This was partially offset by an increase in amortisation on intangible assets by 224.91% from ₹0.49 million in Fiscal 2021 to ₹1.58 million in Fiscal 2022.

Other Expenses

Other expenses increased by 264.85% from ₹71.35 million in Fiscal 2021 to ₹260.31 million in Fiscal 2022. This was primarily due to an increase in:

- Net loss on foreign currency translation from nil in Fiscal 2021 to ₹168.82 million in Fiscal 2022, on account of on account of foreign exchange fluctuations.
- Professional and consultancy fees, by 42.54% from ₹25.32 million in Fiscal 2021 to ₹36.09 million in Fiscal 2022.
- Rates and taxes, by 35.56% from ₹3.93 million in Fiscal 2021 to ₹5.33 million in Fiscal 2022.
- Insurance, by 164.12% from ₹1.30 million in Fiscal 2021 to ₹3.43 million in Fiscal 2022, on account of providing adequate insurance coverage coupled with an increase in marine insurance charges on account of increase in sales and purchases.

Profit before Exceptional Items and Tax

For the reasons discussed above, profit before exceptional items and tax was ₹755.55 million in Fiscal 2022, as compared to ₹398.06 million in Fiscal 2021.

Tax Expenses

Deferred tax charge was ₹(2.59) million in Fiscal 2022, as compared to ₹(2.17) million in Fiscal 2021; current tax charge was ₹132.02 million in Fiscal 2022, as compared to ₹104.65 million in Fiscal 2021. Total tax expense amounted to ₹99.47 million in Fiscal 2022, as compared to ₹102.48 million in Fiscal 2021.

Profit for the Year

For the various reasons discussed above, we recorded a profit after tax for the year of ₹656.08 million in Fiscal 2022, as compared to ₹295.58 million in Fiscal 2021.

Total Comprehensive Income for the Period, Net of Tax

Total comprehensive income for the period was ₹655.87 million in Fiscal 2022, as compared to ₹296.16 million in Fiscal 2021.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA was ₹1,058.97 million in Fiscal 2022, compared to ₹324.76 million in Fiscal 2021, while Adjusted EBITDA margin was 9.42% in Fiscal 2022, compared to 4.75% in Fiscal 2021.

FINANCIAL CONDITION

Assets

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.

Cash and cash equivalent increased from ₹858.83 million as of March 31, 2021 to ₹1,884.79 million as of March 31, 2022 primarily due to an increase in current balance maintained with the banks from ₹858.82 million as of March 31, 2021 to ₹1,884.79 million as of March 31, 2022. Cash and cash equivalent decreased from ₹1,884.79

million as of March 31, 2022 to ₹136.71 million as of March 31, 2023, primarily due to decrease in the balance maintained with the banks from ₹1,884.79 million as of March 31, 2022 to ₹136.71 million as of March 31, 2023 which was utilized to meet the increase in working capital requirements. Further, cash and cash equivalent decreased from ₹621.40 million as of September 30, 2022 to ₹175.63 million as of September 30, 2023 primarily due to decrease in current balance maintained with the banks.

Lien marked on bank deposits towards bank guarantees issued by lenders to our customers increased from ₹4,106.81 million as of March 31, 2021 to ₹5,000.89 million as of March 31, 2022 and to ₹1,790.06 million as of March 31, 2023, due to increase in bank guarantees from ₹4,104.73 million as of March 31, 2021 to ₹4,807.93 million as of March 31, 2022 on account of an increase in orders from our customers where bank guarantees were required to be issued and decreased to ₹3,353.73 million as of March 31, 2023 due to completion of contracts with customers. Further the lien marked on bank deposits in Fiscal 2023 reduced when compared to previous Fiscal 2022 due to reduction in margin money from 100% in Fiscal 2022 to 30% in Fiscal 2023. In the six months ended September 30, 2023, the lien marked on fixed deposits against bank guarantees issued decreased to ₹1,664.58 million from ₹4,072.50 in the six months ended September 30, 2022 due to reduction in margin money from 100% to 30%.

Other cash collateral increased from ₹530.00 million as of March 31, 2021 to ₹1,120.00 million as of March 31, 2022, due to increase collateral provided to our lenders on account of an increase in sanctioned limits from ₹8,352.23 million as of March 31, 2021 and to ₹13,470.40 million as of March 31, 2022. Other cash collateral and decreased to ₹50.00 million as of March 31, 2023, primarily due to negotiations with the lenders. Further, other cash collateral decreased from ₹1,170.00 million as of September 30, 2022 to nil as of September 30, 2023 primarily due to negotiation with the lenders.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through debt financing and funds generated from our operations. From time to time, we have obtained loan facilities to finance our short term working capital requirements.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Fiscal			Six months ended September 30,	
	2021	2022	2023	2022	2023
	(₹ million)				
	(Standalone)	(Consolidated)		(Consolidated)	
Net cash flow from/(used in) operating activities	1,139.81	(1,340.25)	(5,901.58)	(1,268.66)	1,534.89
Net cash flows (used in)/from investing activities	210.65	207.98	218.95	133.31	(35.88)
Net cash flows (used in)/from financing activities	(23.37)	3,642.17	3,637.87	83.47	(886.44)
Cash and cash equivalents at the end of the period / year	5,493.33	8,003.23	5,958.47	6,951.35	6,571.04

Operating Activities

Six months ended September 30, 2023

In the six months ended September 30, 2023, net cash flows from operating activities was ₹1,534.89 million. Net profit before tax was ₹353.51 million in the six months ended September 30, 2023. Primary adjustments consisted of interest income on fixed deposits of ₹200.50 million. This was partially offset by interest on borrowings of ₹111.94 million; and depreciation and amortization expense of ₹10.64 million.

Operating profit before working capital changes was ₹275.52 million in the six months ended September 30, 2023. The main working capital adjustments in the six months ended September 30, 2022, included decrease in trade receivables of ₹1,057.08 million; decrease in inventories of ₹1,259.86 million; increase in other current financial liabilities of ₹24.42 million and increase in other current liabilities of ₹345.26 million. This was partially offset by decrease in trade payables of ₹890.48 million; increase in other current assets of ₹486.31 million; and increase in other non-current financial assets of ₹3.01 million.

Fiscal 2023

In Fiscal 2023, net cash flows used in operating activities was ₹5,901.58 million. Net profit before tax was ₹857.72 million in Fiscal 2023. Primary adjustments consisted of interest income on fixed deposits of ₹294.07 million. This was partially offset by interest on borrowings of ₹187.08 million; and depreciation and amortization expense of ₹18.21 million.

Operating profit before working capital changes was ₹767.63 million in Fiscal 2023. The main working capital adjustments in Fiscal 2023, included increase in receivables of ₹2,500.39 million; increase in other current assets of ₹216.05 million; increase in other non current financial assets of ₹27.51; increase in inventories of ₹2,019.11 million; and decrease in other current liabilities of ₹2,108.98 million. This was partially offset by decrease in other current financial assets of ₹50.58 million; and increase in trade payables of ₹397.41 million.

Fiscal 2022

In Fiscal 2022, net cash flows used in operating activities was ₹1,340.25 million. Net profit before tax was ₹755.55 million in Fiscal 2022. Primary adjustments consisted of interest income on fixed deposits of ₹220.24 million. This was partially offset by interest on borrowings of ₹72.40 million; and depreciation of ₹21.75 million.

Operating profit before working capital changes was ₹629.46 million in Fiscal 2022. The main working capital adjustments in Fiscal 2022, included increase in receivables of ₹571.80 million; increase in other current assets of ₹113.51 million; increase in other current financial assets of ₹20.14 million; decrease in trade payables of ₹332.86 million; decrease in other current financial liabilities of ₹158.17 million and decrease in other current liabilities of ₹2,393.27 million. This was partially offset by decrease in inventories of ₹1,744.25 million.

Fiscal 2021

In the Fiscal 2021, net cash flows from operating activities was ₹1,139.81 million. Net profit before tax was ₹398.06 million in Fiscal 2021. Primary adjustments consisted of interest on fixed deposits of ₹223.96 million. This was partially offset by interest on borrowings of ₹47.39 million; and depreciation of ₹24.31 million.

Operating profit before working capital changes was ₹245.99 million in Fiscal 2021. The main working capital adjustments in Fiscal 2021 included decrease in trade receivables of ₹756.57 million; decrease in other current assets of ₹859.43 million; increase in other current financial liabilities of ₹159.13 million and increase in other current liabilities of ₹600.35 million. This was partially offset by increase in inventories of ₹1,244.65 million; and decrease in trade payables of ₹209.00 million.

Investing Activities

Six months ended September 30, 2023

Net cash flow used in investing activities was ₹35.88 million in the six months ended September 30, 2023, primarily on account of purchase of property, plant and equipment of ₹289.51 million; and which was partially offset by interest received of ₹200.50 million and capital work in progress and capital advance of ₹52.90 million.

Fiscal 2023

Net cash flow from investing activities was ₹218.95 million in Fiscal 2023, primarily on account of interest received of ₹294.07 million and proceeds from disposal of property, plant and equipment of ₹7.00 million. This was partially offset by purchase of property, plant and equipment of ₹29.22 million; and capital work in progress and capital advance of ₹52.90 million.

Fiscal 2022

Net cash flow from investing activities was ₹207.98 million in Fiscal 2022, primarily on account of interest received of ₹220.24 million and proceeds from disposal of property, plant and equipment of ₹3.90 million. This was partially offset by purchase of property, plant and equipment of ₹16.16 million.

Fiscal 2021

Net cash flow from investing activities was ₹210.65 million in Fiscal 2021, primarily on account of proceeds from disposal of property, plant and equipment of ₹1.53 million; investments of mutual funds of ₹1.00 million; and interest received of ₹223.96 million. This was partially offset by purchase of property, plant and equipment of ₹15.84 million.

Financing Activities

Six months ended September 30, 2023

Net cash flows used in financing activities was ₹886.44 million in the six months ended September 30, 2023, primarily on account of decrease in borrowings of ₹755.22 million, public issue expenditure of ₹19.28 million and interest paid of ₹111.94 million.

Fiscal 2023

Net cash flows from financing activities was ₹3,637.87 million in Fiscal 2023, primarily on account of an increase in borrowings of ₹68.62 million; and infusion of equity share capital of ₹3,756.33 million. This was partially offset by interest paid of ₹187.08 million.

Fiscal 2022

Net cash flows from financing activities was ₹3,642.17 million in Fiscal 2022, primarily on account of an increase in borrowings of ₹3,662.40 million; infusion of equity share capital of ₹52.17 million. This was partially offset by interest paid of ₹72.40 million.

Fiscal 2021

Net cash flows used in financing activities was ₹23.37 million in Fiscal 2021, primarily on account of interest paid of ₹47.39 million. This was partially offset from the proceeds from working capital facilities of ₹24.02 million.

INDEBTEDNESS

We have historically financed the expansion of our business and operations primarily through debt financing, equity funding and funds generated from our operations. From time to time, we may obtain loan facilities to finance our short term working capital requirements.

As of September 30, 2023, we had total borrowings (consisting of non-current borrowings and current borrowings) of ₹4,339.60 million. Our total debt/ equity ratio was 0.73 as of September 30, 2023.

The following table sets forth certain information relating to our outstanding indebtedness as of September 30, 2023, and our repayment obligations in the periods indicated:

Particulars	As of September 30, 2023 Payment due by period (₹ million)				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Current Borrowings					

Particulars	As of September 30, 2023 Payment due by period (₹ million)				
	Total	Not later than 1 year	1-3 years	3 -5 years	More than 5 years
Packing credit facility	4,135.58	4,135.58	-	-	-
Total Current Borrowings	4,135.58	4,135.58	-	-	-
Non-Current Borrowings					
Term loan	204.02	188.35	15.67	-	-
Total Non-Current Borrowings	204.02	188.35	15.67	-	-
Total Borrowings	**4,339.60**	**4,323.93**	**15.67**	-	-

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2023, our contingent liabilities that have not been accounted for in our financial statements were as follows:

Particulars	Amount (₹ million) (Consolidated)
Bank guarantees	3,610.76
Corporate Guarantee provided to wholly owned Subsidiary	450.00
Total	**4,060.76**

Except as disclosed in the Financial Statements or elsewhere in this Preliminary Placement Document, 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.

CAPITAL EXPENDITURES

In Fiscal 2021, 2022 and 2023, and in the six months ended September 30, 2022 and September 30, 2023, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹15.84 million, ₹16.16 million, ₹24.32 million ₹0.80 million and ₹289.51 million, respectively. The following table sets forth our fixed assets for the periods indicated:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	Six months ended September 30, 2022	Six months ended September 30, 2023
	(Standalone)	(Consolidated)		(Standalone)	(Consolidated)
	(₹ million)				
Plant and Equipment	116.12	107.94	108.40	99.65	387.19
Capital Work in Progress	-	-	52.90	0.07	-
Rights of use	38.10	38.10	43.00	38.10	43.00
Other intangible assets	1.78	0.48	0.43	0.20	0.34
Total	**156.00**	**146.52**	**204.73**	**138.02**	**430.53**

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration paid to KMPs, purchases of raw materials and PCBAs, sale of cable and wire harness and export of finished goods, cable and wire harness, and import of varieties of connectors, wires, sleeves, back shelf required for cable and wire harness.

In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023 the aggregate amount of such related party transactions was ₹4,296.77 million, ₹2,865.82 million, ₹7,530.07 million, ₹1,243.73 million and ₹998.57 million, respectively. For further information relating to our related party transactions, see "*Financial Statements*" on page 256.

INTEREST COVERAGE RATIO

The following table sets out the interest coverage ratio for Fiscals 2021, 2022 and 2023 and six months period ended September 30, 2022 and September 30, 2023:

Particulars	Fiscal			Six months ended September 30	
	2021	2022	2023	2022	2023
	(Standalone)	(Consolidated)		(Consolidated)	
(A) Profit after Tax	295.58	656.08	716.81	134.46	294.44
(B) Depreciation and Amortization	24.31	21.75	18.21	9.37	10.64
(C) Finance costs	99.22	113.22	256.28	117.55	133.17
(D)Adjusted profit(D)=(A)+(B)+(C)	**419.11**	**791.05**	**991.30**	**261.38**	**438.25**
(E) Finance Cost	99.22	113.22	256.28	117.55	133.17
(F) Interest Coverage Ratio (D/E)	4.22	6.99	3.87	2.22	3.29

AUDITOR'S OBSERVATIONS / EMPHASIS OF MATTERS

Except as set out below, our Statutory Auditors have not included any qualifications, reservations or emphasis of matters in their audit reports in the last five Fiscals:

Audit report dated February 15, 2022 on the special purpose IND AS standalone financial statements of our Company for Fiscal 2020

"The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, social distancing and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments required in the financial statements."

Audit report dated February 15, 2022 on the special purpose IND AS standalone financial statements of our Company for Fiscal 2021

"*The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, quarantines, social distancing, and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments required in financial statements."*

Audit report dated July 22, 2022 on the consolidated financial statements of our Company for Fiscal 2022

"*The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, social distancing and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments are required in the financial statements.*

Our opinion is not modified in respect of the above matter."

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 financials 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.

For further information, please see "*Financial Statements*" on page 256.

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.

For further information, please see "*Financial Statements*" on page 256.

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.

For further information, please see "*Financial Statements*" on page 256.

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.

For further information, please see "*Financial Statements*" on page 256.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Preliminary Placement Document, 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 – Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 100 and 49, respectively.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 100 and 49, respectively. To our knowledge, except as discussed in this Preliminary Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 49, 165 and 98, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as set out in this Preliminary Placement Document, we have not announced and do not expect to announce in the near future any new business segments.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 165, 132 and 49, respectively, for further information on competitive conditions that we face across our various business verticals.

EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES

Changes in revenue in the six months ended September 30, 2023 and September 30, 2022 and the last three Fiscals are as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Six months ended September 30, 2023 compared to six months ended September 30, 2022*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2023 compared to Fiscal 2022*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2022 compared to Fiscal 2021*" above on pages 118, 120 and 121, respectively.

SEGMENT REPORTING

Our 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.

For further information, see "*Financial Statements*" on page 256.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2023 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed above and elsewhere in this Preliminary Placement Document, to our knowledge no circumstances have arisen since September 30, 2023, that could materially and/or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled "The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment" December 18, 2023 ("**Company Commissioned F&S Report**"), prepared and issued by Frost & Sullivan (India) Private Limited ("**F&S**") appointed on November 28, 2023, exclusively commissioned and paid for by our Company in connection with the Offer. The data included herein includes excerpts from the Company Commissioned F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. A copy of the Company Commissioned F&S Report is available on the website of our Company at https://dcxindia.com/investors. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the Company Commissioned F&S Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

While preparing its report, F&S has also sourced information from publicly available sources, including our Company's financial statements available publicly. However, financial information relating to our Company presented in other sections of this Preliminary Placement Document has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Prospectus.

SNAPSHOT OF MACROECONOMIC SCENARIO

Indian Macro-economic Overview – Steps taken by the Government of India

The government initiated an extensive and distinctive economic package amounting to Rs 20 lakh crore (equivalent to 10% of India's GDP) under the Atmanirbhar Bharat initiative to counter the impact of the pandemic. In the fiscal year 2022-23, efforts to incentivize local manufacturing persisted through additional schemes and policies. These included schemes to promote the domestic production of pharmaceutical drugs, including bulk drugs and medical devices, a modified program for semiconductors and display manufacturing, the FAME-India Scheme for electric vehicles, the Integrated Textile Region and Apparel initiative, the National Logistics Policy, and Production Linked Incentive (PLI) schemes for 14 key sectors.

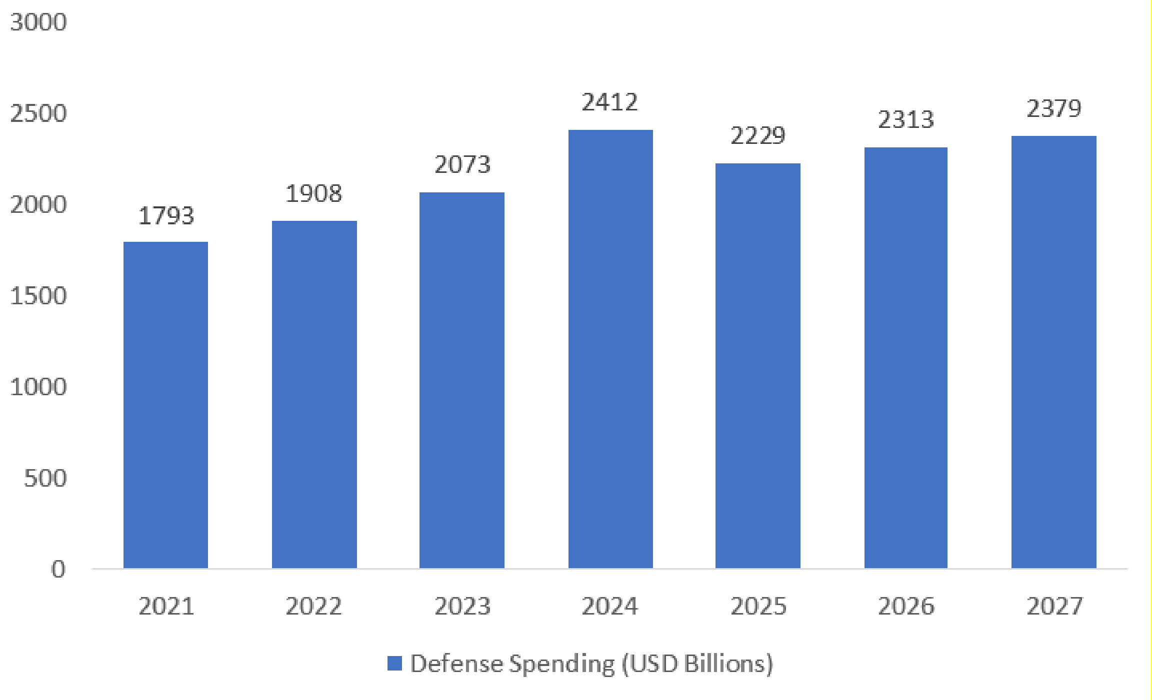
The past two budgets incorporated a capital expenditure (Capex) thrust as part of a strategic package aimed at attracting private investment into an economic landscape expanded by the disinvestment of non-strategic public sector enterprises (PSEs) and the utilization of idle public sector assets. Leading industry CEOs, as indicated by surveys, expressed their plans and commitment to increasing Capex. Credit growth to the MSME sector experienced a significant increase, averaging over 30.5% from January to November 2022, supported by the extended Emergency Credit Line Guarantee Scheme (ECLGS) of the central government.

Additionally, a substantial payment of Rs 1.46 lakh crore was allocated to boost the manufacturing of ten Champion Sectors through production-linked incentives. Noteworthy measures also included the launch of Emergency Credit Line Guarantee Scheme (ECLGS) 2.0 and the provision of a 50-year interest-free loan to states. Public sector banks witnessed a significant financial turnaround, with regular profits and accelerated resolution/liquidation of Non-Performing Assets (NPAs) facilitated by the Insolvency and Bankruptcy Board of India (IBBI). Adequate budgetary support was provided to these banks.

GLOBAL & INDIAN DEFENCE INDUSTRY

Global defence spending

Global Defence Spending Forecast: CY 2021-2027 (In $ Billion)



Source: Forecast International. Figures from 2023-2027 are estimated.

The Global Defence spending is expected to grow at a CAGR of around 4.5% between CY 2021 - 2027. The expected increase is based on a review of global GDP forecasts, as well as the expectation of ongoing conflicts for the next two years. Due to the ongoing conflicts in Russia/Ukraine and Israel/Palestine, and a period of intense defence investment and procurement from 2023 through 2025 – and possibly out to 2030 – is expected. Countries ranging from Canada to the Netherlands to Poland are looking to recapitalize and improve their capabilities, while Sweden, Finland and the Baltics are revisiting, refining, and improving their whole-of-government security approaches.

GLOBAL DEFENCE INDUSTRY AND ITS TRENDS

Great Power Competition

The most significant shift in US defence strategy in the last two decades is captured in the 2018 National Defence Strategy. NDS is released every 4 years and is expected to be released in early 2022. The 2018 NDS reflects a change away from the counterterrorism emphasis of the "Global War on Terror" and shift toward "Great Power Competition."

The resurgence of power struggle has shifted the focus of US military force deployments around the world, putting a greater emphasis on deployments to counter Russian as well as Chinese military capabilities and less emphasis on deployments that serve other reasons. The emergence of great power competition with Russia, as evidenced by Russia's seizure and announced annexation of Crimea in March 2014, as well as Russia's current actions in Ukraine, has prompted a renewed focus in US defence planning on strengthening military capabilities to counter potential Russian aggression in Europe. Russia’s invasion has reemphasized this transition from terrorism focus to a Colder War type orientation.

In the Indo-Pacific area, the Department of Defence is engaged in activities aimed at competing strategically with China in the South and East China Seas. They also include a variety of activities aimed at strengthening the military capabilities of US allies in the region, particularly Australia, the Philippines, South Korea, Japan, and New Zealand. The activities also improve the ability of these countries' forces to work effectively with US forces and activities aimed at improving the military capabilities of emerging economies and security partners like Vietnam.

Modernization of Armed Forces

The increase in defence budget has accelerated the modernization programs across countries. These are in terms of new equipment and upgradation of older equipment. The Global programs are focussed on increase of air missile defence systems and unmanned platforms in countries where their assets are relatively in the mid-life stage. In countries like India the prioritization is on modernization of air assets which includes fighters and rotary platforms. The Indian defence market has been primarily an import dependent market; however, the increased focus on self-reliance in defence is expected to create more opportunities for the domestic industry in the future.

Technology Trends

In future battles, technological superiority will become increasingly important. With the impact of new and developing technologies during the last two decades, particularly in the sectors of electronics, miniaturization, materials, and computation, warfare has already undergone rapid changes. This has had a significant impact on the creation of more adaptable systems in a variety of applications, from communications to sensors and guided weaponry. Computing technology has also made its way into systems across every warfare capacity, giving modern warfighting a new dimension.

IMPACT OF COVID 19 ON DEFENCE INDUSTRY

The Defence industry is a critical sector that can withstand economic downturns. The geopolitical circumstances, political position, and national strategic plans have a larger effect on defence spending rather than the economy. The impact of COVID on the defence sector was minimal from a defence budgetary perspective, however the defence manufacturing companies did feel the pressure due to supply chain related issues.

Negligible Effect of COVID 19 on Defence Spending

Defence spending trends demonstrate that it is influenced by a variety of factors, including GDP growth, regional security climate, geopolitical challenges, technology obsolescence, and new policy changes. This is evidenced by a 2.6 percent increase in global Defence spending to USD 1.98 trillion in CY 2020. India's defence budget has also increased in the last two years despite the COVID economic impact due increase in global and national geopolitical uncertainty because of Chinese aggression.

DEFENCE EXPORTS OF INDIA

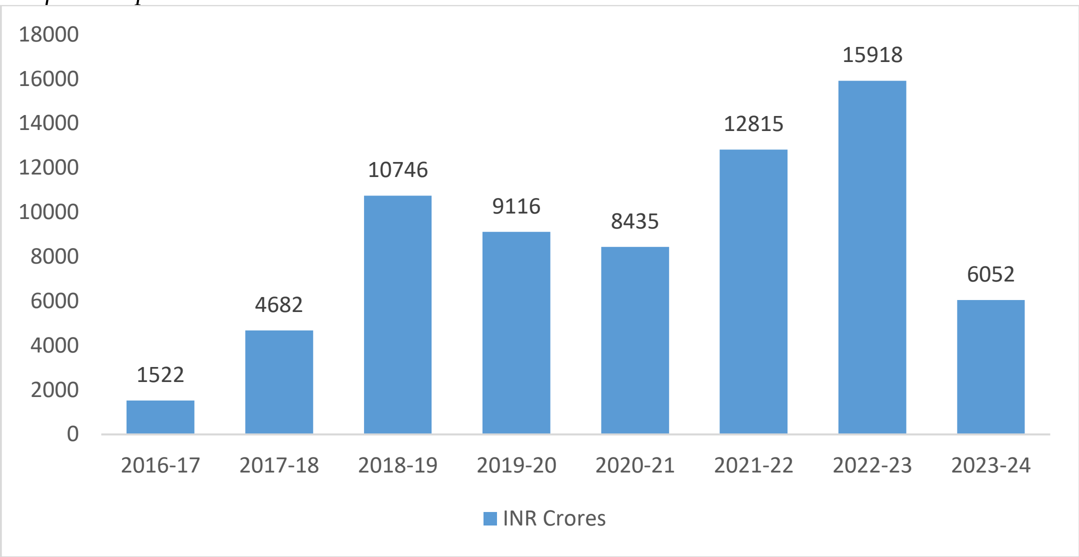
Due to the relaxation of export limitations and policy changes, Indian defence exports are expected to rise rapidly. This is supported by the expanding capabilities of Indian defence suppliers. In comparison to defence public sector entities, the private sector now dominates Indian defence exports, which is expected to drive income prospects. Private sector players play an important role in meeting the offset obligations and helping the goals set by the Government of India with reference to be a US$ 5 Billion export country by 2025.Organizations such as DCX are well positioned to capture the growth in exports.

In a report published by (India Brand Equity Foundation) IBEF in November 2021, the GOI has set a target for US$ 25.00 Billion for defence production by 2025. It includes US$ 5 billion in exports. In the next five years, India aims to export military hardware products worth US$ 5 Billion. The value of India's defence exports in FY21-22 was USD 1538 million and this increased to USD 1920 Million in FY22-23.

As per SIPRI, India's cumulative weapon import value fell by 33% between 2011-2015 and 2016-2020. This is a strong indication that efforts to boost capabilities and sourcing from the local defence industry have paid off.

The defence exports from FY 2016-17 to FY 2023-24 are shown below:

Indian Defence Exports



Note: The CAGR for Exports is noted to be 47.88% between FY 2016-2017 – FY 2022-23. Data for 2023-24 until October 2023

INDIGENOUS INDUSTRY DRIVERS

The Indian Aerospace and Defence segment is expected to account to around USD 70 Billion by the year 2030. The overall growth of this market is steered by the increased investment in modern infrastructure and government's efforts to drive indigenous development of aerospace and defence products. Between 2016-2020, the defence manufacturing sector grew at a CAGR of 3.9%.

The Indian Defence private sector has also witnessed a substantial growth owing to the instating of government reforms. In FY 2020-2021 and FY 2021-2022, it was noted that the private players in the Indian defence sector accounted for 86% and 70% of the exports generated. The private sector's exports stood at INR 72.71 billion in FY2020-21 and INR 89.70 Billion in FY 2021-22.

Make in India and Atmanirbhar Bharat initiative in Defence

- The primary objective of Atmanirbhar Bharat Initiative In Defence is to address the needs of the Armed Forces by domestically manufacturing essential equipment and platforms, simultaneously meeting the security requirements of friendly nations through exports.

- The comprehensive import bans involve five lists, progressively imposing restrictions on 516 types of weapons and platforms, including lightweight tanks, naval utility helicopters, artillery guns, missiles, destroyers, ship-borne cruise missiles, light combat aircraft, light transport aircraft, long-range land-attack cruise missiles, basic trainer aircraft, airborne early warning and control systems, and multi-barrel rocket launchers.

- India has implemented various measures over the past 4-5 years to bolster self-reliance in defense, including phased import bans, the allocation of a separate budget for locally-made military hardware, and an increase in foreign direct investment from 49% to 74%.

- The current defense budget allocates around ₹1 trillion for domestic procurement, a significant increase compared to the preceding three years.

- In addition to reducing dependence on imports, India is actively positioning itself as a significant exporter of military hardware, achieving record-breaking exports worth ₹15,920 crore in 2022-23, a tenfold increase since 2016-17.

- Launched in 2020, the Defence Production and Export Promotion Policy (DPEPP) aims to boost defense production and exports, targeting a turnover of $25 billion in defense manufacturing by 2025, with a $5 billion export goal. The policy promotes indigenous design and development, increases foreign direct investment, and facilitates exports.

The Positive Indigenization Lists

The positive indigenization concept involves the exclusive sourcing of listed items by the Indian Armed Forces, which encompass the Army, Navy, and Air Force, from domestic manufacturers. These manufacturers can be from the private sector or Defense Public Sector Undertakings (DPSUs). To achieve indigenization, DPSUs will utilize various routes under the 'Make' category, focusing on in-house development or through the capabilities of Micro, Small, and Medium Enterprises (MSMEs) and the private Indian industry. This approach aims to boost the economy and encourage investment in the defense sector.
Furthermore, this initiative intends to stimulate the growth of design capabilities within the domestic defense industry by actively involving academia and research institutions. The Government of India has progressively increased the number of platforms, systems, subsystems, and components reserved for indigenization through periodic positive indigenization lists.

The First Positive Indigenization List, released in 2020, includes 101 embargoed items, ranging from simple parts to high-technology weapon systems. Examples include artillery guns, assault rifles, corvettes, sonar systems, transport aircraft, light combat helicopters (LCHs), and radars. The list also covers wheeled armored fighting vehicles (AFVs) and submarines with indicative import embargo dates.

The Second Positive Indigenization List, announced in 2021, consists of 108 items to be procured from indigenous sources, incorporating complex systems, sensors, simulators, weapons, and ammunition. Implementation is planned progressively from December 2021 to December 2025.

The Third Positive Indigenization List, unveiled in 2022, includes 101 highly complex items such as light-weight tanks, mounted artillery gun systems, guided extended-range rockets, naval utility helicopters, next-generation offshore patrol vessels, radar systems, anti-ship missiles, autonomous underwater vehicles, and unmanned aerial vehicles.

The Fourth Positive Indigenization List of 101 items, released in May 2023, comprises strategically important Line Replacement Units (LRUs), sub-systems, spares, and components. The DPSUs will undertake indigenization through various routes, providing impetus to economic growth and reducing import dependence.

The Fifth Positive Indigenization List, introduced in October 2023, features 98 items, including futuristic infantry combat vehicles, articulated all-terrain vehicles, remotely piloted airborne vehicles, shipborne unmanned aerial systems, tactical drones, electric light vehicles, precision kill systems, radar systems, chemical agent detection systems, countermeasure systems, camouflage systems, AI-based satellite image analysis, test equipment, quantum key distribution systems, and various aviation ground equipment.

Few Recent Developments of 'Make in India' Programs:

- DRDO performs maiden launch of domestically designed and developed new generation Surface to surface missile like "Pralay". It follows the desired quasi ballistic trajectory and it reaches the said target with a high degree of accuracy guidance, validating the control as well as mission algorithms.

- The Indian Air Force (IAF) and the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA), Defence PSUs-Bharat Earth Movers Limited (BEML), Naini Aerospace Ltd and Hindustan Aeronautics Limited (HAL) during the Aero Indian2021 for indigenization programme.

- The Government of India has sought out the replacement of aircraft fleet for the defence forces including Cheetah and Chetak helicopters with Naval Utility Helicopter, indigenous Light Utility Helicopter (LUH) developed by HAL under the "Buy (Indian-IDDM)" project. HAL has also manufactured the Russian built Ka-226T as "Buy & Make (Indian)".

- DAC accepted the proposal of Indian Air Force (IAF) for Ground Hubs and GSAT-7C Satellite for real-time connectivity of Software Defined Radios (SDRs) accounting for INR 2,236 Cr. The project envisions the complete development, launch and design of satellites in India. It is expected to enhance the ability of our Armed Forces to communicate beyond Line of Sight (LoS) among one another in all circumstances in a secure mode.

Defence Acquisition Procedure (DAP)

The Defence Acquisition Procedure (DAP) aims to ensure timely acquisition of military equipment platforms, and system that meet the requirements of the Armed Forces in terms of capabilities, quality standards and performance, while making the best use of budgetary resources available. DAP would ensure the highest level of public accountability, probity, fair competition, transparency, and a level playing field while permitting the same. In addition, the DAP will persistently pursue self-reliance in defence equipment manufacture and procurement, with the goal of developing India as a worldwide defence manufacturing hub.

The Defence Acquisition Procedure has also introduced several new provisions in addition to existing ones, which aim to boost the indigenous industry, such as:

Capital Acquisition schemes are broadly classified as, 'Design and Development (D & D)' 'Buy and Make', 'Buy', 'Leasing', 'Make', and Strategic Partnership Model (SPM).

Table – Capital Acquisition Schemes

Buy (Indian – IDDM)	Buy (Indian-IDDM)' category refers to the acquisition of products from an Indian vendor that have been indigenously designed, developed and manufactured with a minimum of 50% Indigenous Content (IC) on cost basis of the base contract price i.e. total contract price less taxes and duties	
Buy (Indian)	'Buy (Indian)' category refers to the acquisition of products from an Indian vendor which may not have been designed and developed indigenously, having 60% IC on cost basis of the base contract price. Vendors eligible in 'Buy (Indian-IDDM)' category will also be permitted to participate in this category with indigenous design and a minimum of 50% IC on cost basis of the base contract price.	Advantage for Indian vendors who may use a foreign design, if they meet the IC requirements on cost.
Buy and Make (Indian)	'Buy & Make (Indian)' category refers to an initial acquisition of equipment in Fully Formed (FF) state in quantities as considered necessary, from Indian vendor(s) engaged in a tie-up with a foreign Original Equipment Manufacturer (OEM), followed by indigenous production in a phased manner involving Transfer of Technology (ToT) of critical technologies as per specified range, depth and scope from the foreign OEM. Under this category of acquisition, a minimum of 50% IC is required on cost basis of the Make portion of the contract less taxes and duties. Acquisition under this category can also be carried out without any initial procurement of equipment in FF state	Indian vendor remains in lead; incentive for foreign OEMs to have a joint venture with Indian companies while facilitating Transfer of Technology
Buy (Global – Manufacture in India)	Buy (Global - Manufacture in India) category refers to an outright purchase of equipment from foreign vendors, in quantities as considered necessary, followed by indigenous manufacture of the entire/part of the equipment and spares/assemblies/sub-assemblies/Maintenance along with Repair and Overhaul (MRO) facility (only in cases these are part of the main contract) for the equipment, through its subsidiary in India/through a Joint Venture/through an Indian Production Agency (PA) (with ToT of critical technologies as per specified range, depth and scope to the Indian PA), meeting a minimum of 50% IC on cost basis of the Base Contract Price. Indian vendors will be permitted to participate in Buy (Global - Manufacture in India). Acquisition under this category can also be carried out without any initial procurement of equipment in FF state	Indian vendors like DCX will have great opportunities to collaborate with foreign OEM's for leveraging technology for mutual benefit.
Buy (Global)	'Buy (Global)' category refers to outright purchase of equipment from foreign or Indian vendors. In case of procurement through foreign vendors, Government to Government (G2G) route/Inter Government Agreement (IGA) may also be adopted, for equipment meeting strategic/long term requirements. An Indian Vendor participating in this category would be required to meet minimum 30% IC, failing which such vendor would be required to discharge offsets as applicable in the case.	
Leasing	Leasing has been introduced as another category for acquisition in addition to the existing 'Buy' and 'Make' acquisition categories as it provides for an innovative technique for	Leasing is useful way to substitute huge initial capital outlays with

	financing of equipment/platforms. Leasing provides means to possess and operate the asset without owning the asset and is useful to substitute huge initial capital outlays with periodical rental payments. Leasing would be permitted in two sub categories i.e. Lease (Indian), where Lessor is an Indian entity and is the owner of the asset, and Lease (Global).	periodical rental payments
Make and Innovation	Acquisitions covered under the Make and Innovation including Innovation in Defence Excellence (iDEX) and Technology Development Fund (TDF) categories refer to equipment/system/sub-system/assembly/sub-assembly, major components, or upgrades thereof, to be designed, developed and manufactured by an Indian vendor/processed by the Services through their internal organisations, such as Base Workshop/Dockyards/ Base Repair Depots etc. with or without participation of Private industry	It provides a focused, structured and significant thrust to development of defence design and production capabilities in the country
Make I	Projects falling within the 'Make-I' sub-category will receive 90% government funding, disbursed in stages and contingent upon the scheme's progression, in accordance with mutually agreed terms between the Ministry of Defence (MoD) and the vendor.	This will be complex, and highly sensitive projects that will be financed by the government.
Make II	Make II projects primarily rely on industry funding, where Indian vendors contribute to the design, development, and innovative solutions for the creation of prototypes.	Moving forward a higher number of projects are expected to be released in Make II and Make III categories. Several projects released so far in these categories are electronic intensive and companies such as DCX will stand to benefit as suppliers to Indian defence primes competing in these projects. As per a Press Information Bureau release in November 2022 – " 22 out of 43 Make II projects are now in prototype development stage, which is 66 % of projects by cost (Rs 18,000 Crores out of 27,000 Crores)."
Make III	The Make-III category, introduced in October 2020 under Chapter III of DAP-2020, encompasses projects falling under Make II and Make III. These projects involve the design, development, and innovation of equipment, systems, platforms, upgrades, subsystems, sub-assemblies, assemblies, components, materials, ammunition, and software, with a primary focus on import substitution. While these projects may not be designed or developed indigenously, they have the potential to be manufactured in India as a substitute for imported products, specifically to support the weapon systems and equipment held in the inventory of the Services. Indian firms are encouraged to engage in manufacturing through collaboration or technology transfer (ToT) arrangements with foreign Original Equipment Manufacturers (OEMs). Under this category, Indian vendors have the option to form joint ventures with OEMs. Projects falling under the Make III category will be procured under the 'Buy Indian' category, with a stipulated minimum Indigenous Content (IC) requirement of 60%.	
Design and Development (D & D)	Design and Development (D&D) cases progressed by DRDO/DPSUs/OFB for acquisitions of equipment/system/subsystem/assembly/sub-assembly, major components, or upgrades thereof, to be designed, developed and manufactured by an Indian vendor	This process will help in translating the existing indigenous technological capability into systems, and also in implementing 'Make in India' with indigenous technology through Indian industry.
Strategic Partnership Model (SPM)	Acquisitions under the Strategic Partnership model refer to participation of private Indian firms along with foreign OEM in 'Make in India' in defence and play the role of a System Integrator by building an extensive eco-system comprising development partners, specialised vendors and suppliers, in particular, those from the MSME sector. Strategic Partnerships will seek to enhance indigenous defence manufacturing capabilities through the private sector over and above the existing production base.	Development of Indian defence manufacturing eco-system.

Defence Offsets

Though India has pursued defence offsets aggressively since enacting an official policy in 2005, previous policies

did not focus on technology and R&D capability transfer from foreign to Indian defence businesses. The Defence Acquisition Policy 2020 seeks to address these shortcomings by moving the focus away from "components" and toward "technology investments" as well as "platform export." The DAP 2020 has extended avenues for extending offsets, providing foreign businesses direct credit for transferring vital technologies to the Indian economy. Though certain essential technologies, like electromagnetic rail guns, and hypersonic flight-related technology were formerly only available to DPSUs and DRDO, the large number of innovations utilised in defence equipment are now available to private entities.
Another significant improvement in India's offset policy is the abolition of "offset banking," which allowed foreign corporations to claim credits for undertaking regular business activities in the country. The government has attempted to strike a compromise between the interests of foreign investors in the country by allowing them to permit their vendors to discharge offsets on their behalf. To give the Indian industry greater chances, the baseline indigenous component mandates for Buy (Indian) and Buy (IDDM) categories have been enhanced by 10%. Overall, the new adjustments are aimed at encouraging indigenous firms' technological advancements while also reserving a larger opportunity share for them in military contracts, hence driving the expansion of India's defence industry.

The main objective of the Defence Offset Policy is to leverage capital acquisitions to develop Indian defence industry by augmenting capacity for R&D related to defence products and services, encouraging development of synergistic sectors like internal security and civil aerospace and fostering development of internationally competitive enterprises.

India signed as many as 21 defence offset contracts worth USD 5.67 Billion between 2016-2019. As of December 2021, the defence ministry has imposed a fine of roughly 1 Million Euros on the Missile maker MBDA for their delay in fulfilling the offset obligation under the Rafale aircraft deal. The offset obligations were a part of India’s contract in 2016 to procure 36 Rafale jets at a cost of INR 59,000 Cr. Roughly 50% of this contract value was to be invested in India between September 2019 and 2022.

Details of OEMs with Offset contracts have been shown in the Table below.

Table - OEMs with offset contracts

Sl No.	OEM Name	Offset Contracts Description
1	Airbus Defence and Space S.A.	Procurement of 56 Transport Aircraft with Associated Equipment
2	BAE Systems GCS International Limited	145 X 155 mm 39 calibre Ultra-Light Howitzers (M777A2)
3	Dassault Aviation	36 AIRCRAFT PACKAGE SUPPLY PROTOCOL OFFSET CONTRACT (RAFALE EH/DH)
4	Elbit System Ltd	Thermal Imaging Fire Control Systems (TIFCS) for T-72 Tanks
5	Elbit System Ltd	Radio Sets (RS) Tadiran
6	Elbit System Ltd	12.7MM STABILISED REMOTE CONTROL GUNS (SRCG) AND AMMUNITION WITH TOT
7	Elbit System Ltd	Upgrade Medium Lift Helicopters
8	Elbit System SAR and Data Links-Elisra Ltd	Search and Rescue Equipment (SAR)
9	Elbit Systems Electro Optics ELOP Ltd	TISK
10	ELTA Systems Ltd	Air Route Surveillance Radar (ARSR)
11	ELTA Systems Ltd	12 x Recce pods(Su-30)
12	ELTA Systems Ltd	06 SETS of RADAR AMDR-2D
13	ELTA Systems Ltd	Medium Power Radar (MPR)
14	Fincantieri - Cantieri Navalli Italiani S P A	Fleet Tanker (Option)
15	Fincantieri - Cantieri Navalli Italiani S P A	FLEET TANKER (MAIN)
16	Israel Aerospace Industries (IAI)	Two Troops Heron UAV (Indian Army)
17	Israel Aerospace Industries (IAI)	UAV HERON
18	Israel Aerospace Industries MBT Missiles Division	Air Defence Fire Control Radars
19	Israel Aerospace Industries MBT Missiles Division	Augmentation of Barak System Repair Facility

20	Israel Aerospace Industries MBT Missiles Division	HAROP
21	James Fisher Defence Ltd	Deep Submergence and Rescue Vessel (DSRV)
22	Lockheed Martin Corporation	C-130J Aircraft (Option)
23	Lockheed Martin Corporation	Indian Navy 24 MRH
24	Lockheed Martin Corporation	C-130J-30 Aircraft (Main)
25	MBDA	MICA for M2000
26	MBDA	36 RAFALE FIGHTER WEAPONS PACKAGE SUPPLY PROTOCOL (RAFALE EH/DH)
27	MBDA UK LIMITED	New Generation Close Combat Missile
28	Nexter Munitions	20 MM Ammunition and associated equipment for ALH (WSI)
29	Nexter Munitions	20 MM Gun Ammunition (Indian Air Force)
30	Pilatus Aircraft Ltd	Basic Trainer Aircraft Pilatus
31	Qinetiq Target Systems Ltd	MEAT
32	Rafael Advanced Defence Systems Ltd	SPICE-2000 NGPGM Weapon Systems (OPTION)
33	Rafael Advanced Defence Systems Ltd	BARAK 1 SAM
34	Rafael Advanced Defence Systems Ltd	Medium Altitude EO/IR Recee System for Jaguar
35	Rafael Advanced Defence Systems Ltd	Spice 2000 Weapon Systems
36	Rafael Advanced Defence Systems Ltd	Medium Altitude EO/IR Recce System for Jaguar Option Clause
37	Rafael Advanced Defence Systems Ltd	Barak 1 (Option)
38	Rafael Advanced Defence Systems Ltd	164 LDPs
39	Rafael Advanced Defence Systems Ltd	SDR GLOBAL LINK NETCOR
40	RosoboronExport	KAMOV 28 MID LIFE UPGRADE
41	RosoboronExport	80 Helicopters Mi-17V-5
42	Russian Aircraft Corporation "MIG" Russian Federation	Extension of service Life and Upgrade of MiG-29
43	TEXTRON SYSTEMS CORPORATION	SENSOR FUZED WEAPONS (SFW)
44	Thales Air Systems SA	Low Level Transportable Radar (LLTR)
45	Thales Belgium S.A	Procurement of 70 MM Rockets and Associated Equipment for ALH(WSI) for Indian Army
46	Thales Belgium S.A	Procurement of 70 MM Rockets and Associated Equipment for ALH(WSI)
47	Thales Systemes Aeroportes	UPGRADE OF MIRAGE 2000 AIRCRAFT
48	The Boeing Company	CH-47F(I) Chinook Heavy Lift Helicopters
49	The Boeing Company	P-8I Main
50	The Boeing Company	C-17 Globemaster III Aircraft
51	The Boeing Company	P-8I Training Solutions
52	The Boeing Company	AH-64E APACHE ATTACK HELICOPTERS (OPTION CLAUSE)
53	The Boeing Company	Four(04) P-8I LRMRASW Aircraft
54	The Boeing Company	HARPOON MISSILES
55	The Boeing Company	AH-64E Apache Attack Helicopters
56	Ultra Electronics Maritime Systems	New Torpedo Defence System

Quantum and Scope of Offsets

- These provisions are to be applied to all Capital Acquisitions such as 'Buy (Global)', 'Buy and Make with Technology Transfer'. The estimated cost of the acquisitions proposal is poised to be over INR 300 Cr. As a part of the "Buy (Global)" procurements, the provisions are to apply to joint ventures and Indian enterprises.

- The said value of the offset obligations is expected to account for 30% of the acquisition cost in ‘Buy (Global)’ capital acquisition category. Roughly 30% of the foreign exchange component under the 'Buy and Make using ToT' capital acquisitions category. Offset requirements are to be fulfilled by referring to services and eligible items.

- In special circumstances, the DAC (Defence Acquisition Council) may mandate variable offset obligations that exceed up to 30% or pave way by waiving the requirement for offset responsibilities. Factors like acquisition type, the ability of the Indian defence industry to absorb the offset, strategic importance or priority of the acquisition, are some of the relevant attributes.

Positioning of DCX in Indian Defence Offsets

DCX has been a preferred Indian Offset Partner for foreign OEM's for executing many prestigious projects including:

- MRSAM/LRSAM – (Secured orders of about 67% of the offset value of US$ 635Million)
- ASR (Surveillance Radar)
- ADFCR (Air Defence Fire Control Radar)
- HPR (High Power Radars)
- Iron Dome – Part of Multi-Tiered Missile Defence System
- Barak-1 and Barak-8 Missile Systems
- TISK (Thermal Imager Stand alone Kit)
- TIFCS (Thermal Imager Fire Control System)
- LORROS (Long Range Reconnaissance & Observation System)
- COAPS (Commander Open Architecture Panoramic Sight) and other classified products

DCX is the largest Indian Offset Player for M/s. IAI Group, Israel, for the Indian defence market in the manufacture of electronic sub-systems. DCX undertakes - build-to-print products for both domestic and international OEMs as part of larger defence manufacturing contracts. DCX has submitted its letter of agreement/ acceptance to act as the IOP for upcoming projects for several automatic missile detection radars, HERON unmanned aerial vehicle systems, Barak systems, medium range maritime reconnaissance system and short-range surface to air missile.

Make in India Defence Projects

Foreign partnership provided by Indian Defence Offset is already having an impact, delivering technological improvements, fostering new innovations, and raising awareness of the importance of strengthening people's technical skillsets. As a result, increased participation of local subcontractors (SMEs) may be secured with more foreign investment and a strong push for Make in India. This would help strengthen the technical skillsets of local R&D and production facilities that cater to Make in India Defence Projects, as well as increase employment prospects.

Small and Medium Enterprises (SMEs) are benefiting greatly from India's Defence Offset policy. The offset policy has made possible for SMEs to develop, design, produce, and provide diverse electronics components and subsystems to TIER-1 and TIER-2 defence players, both private and government. Small and medium-sized enterprises (SMEs) in India have a significant skill pool, which plays a huge role in defence offset. These SMEs have formed an important part of the Indian defence supply chain in recent years.

Small and medium-sized enterprises (SMEs) are the most prominent actors in the Indian manufacturing industry. An ample number of opportunities are provided to SMEs owing to the establishment of the Indian Defence Offset and Make in India Programs in recent years. The key challenges for SMEs are large capital requirements, limited facilities, and unequal competition. The government can solve the difficulties to some extent by decreasing the burden of generating large amounts of capital and regulating unexpected technological obsolescence.

DCX's Role in Domestic Indian Technology Integration

DCX is involved in manufacturing / integration of systems and sub – systems in the areas of radar systems, sensors, electronic warfare, missiles and communications systems, manufacturing a comprehensive array of cables and wire harnesses assemblies for a variety of uses including Communication systems, Sensors, Surveillance systems, Missile systems, Military Armoured Vehicles, Air Defence Systems, Reconnaissance & Observation System, Multifunction Displays and other Electronic Warfare Systems. DCX has made long term investments in the Israel market which processes high-end advanced and modern technology in the last several years. Further, the company has forged a deeply penetrating OEM customer relationship based on which their track record of growth in financial parameters have marched leaps and bounds. DCX has invested strategically in processes- and physical infrastructure - to develop its manufacturing facility and has become a leading player its business domain in aerospace and defence sectors -. Around 59% of the revenues for the year FY 2021 were from Israeli based customers and about 40% are from the domestic market. Further, DCX through its WoS RASPL, has setup state-of-the-art facility for manufacturing Printed Circuit Board Assemblies for RF microwave, high–speed digital and mixed signal applications in the defence and aerospace segment. Private players like DCX plays an important role in meeting the offset obligations and helping the goals set by the Government of India with reference to be a US$ 5 Billion export country by 2025.

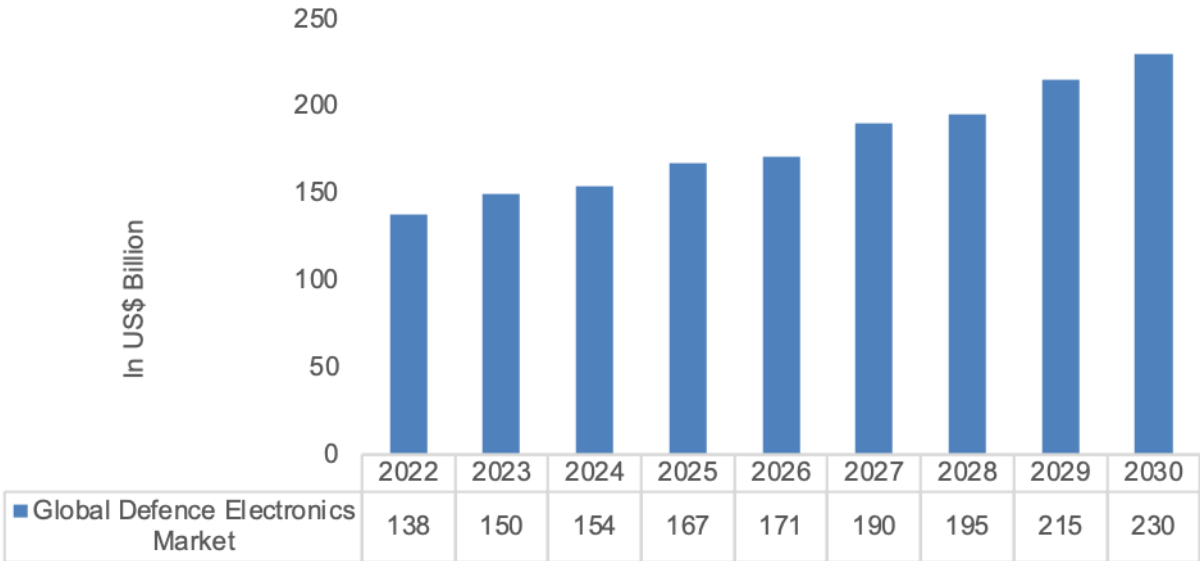
GLOBAL DEFENCE ELECTRONICS MARKET

Market Brief

The Defence Electronics market comprises of electrical components which are integrated onto defence technologies. Some of the key focus areas for the global defence electronics market include avionics, military communication systems, UAVs, airborne systems, electronic warfare systems, land system electronics, naval system electronics, C4ISR and weapon as well as missile system electronics.

Estimated Market Size and Market Projection

Global Defence Electronics Market, CY 2022-2030, USD Billion



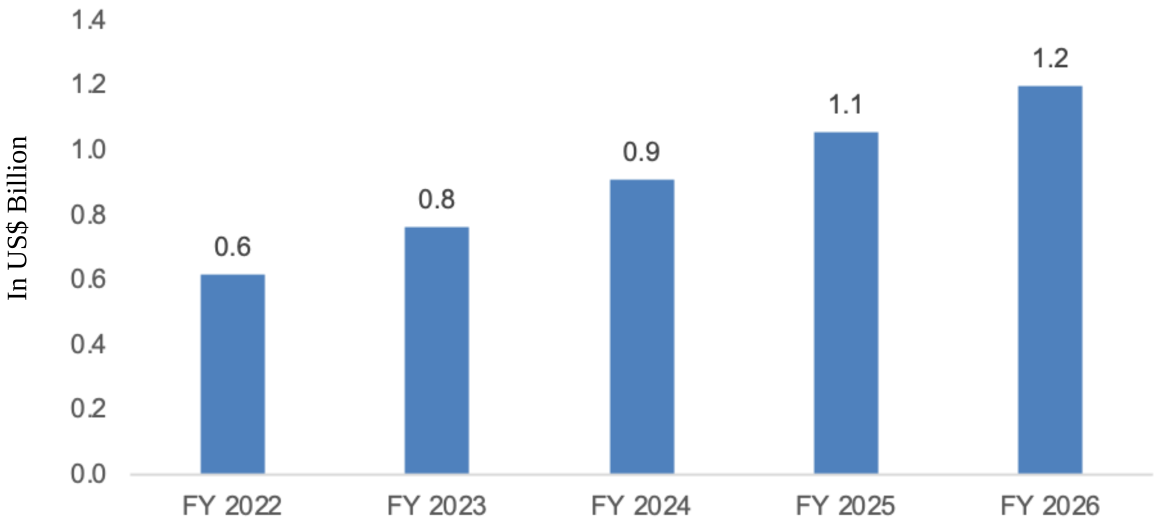
Note: The Estimated Market Size and the Projected Values for the Global Defence Electronics Sector have been showcased in this figure. A top down and a bottom up approach was used to calculate the estimated market size. The values are mentioned in USD Billion and are in calendar year.

The estimated market size for the Global Defence Electronics Market is expected to be US$ 138 Billion for the year 2022. Driven by the proliferation of multi-domain operations, proliferation of network-centric command and control, and improved forms of surveillance (for example, shift from passive to active radars), the market is poised to reach a forecasted value of US$ 230 Billion by the year 2030, with a CAGR of roughly 6.6%. The increasing number of policies related to the nation’s security and mounting demand for digitalized solutions is forecast to fuel the market growth.

INDIA ELECTRONICS MARKET

Indian PCBA Market

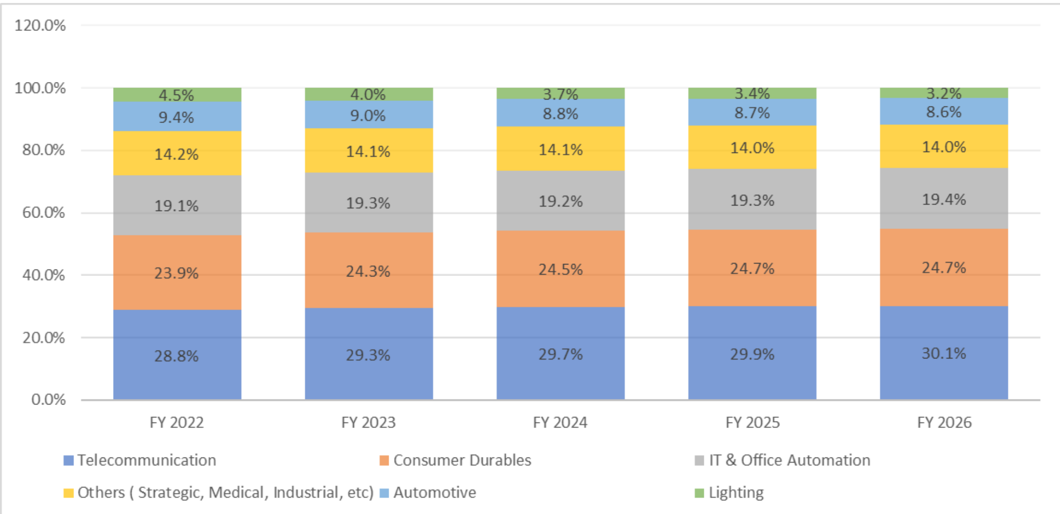
Indian PCBA Market, FY 2022-FY 2026



Source: Frost & Sullivan Analysis. Figures are estimated.

The Indian PCBA market is estimated to reach US$ 0.618 Billion in FY 2022 and is estimated to reach around US$ 1.2 Billion in FY 2026 at a CAGR of 18%. The growth will be driven by increased adoption of active surveillance solutions, unmanned systems, digital communication systems, and network-based command and control systems in defence. The end use applications of PCBA in India are given below.

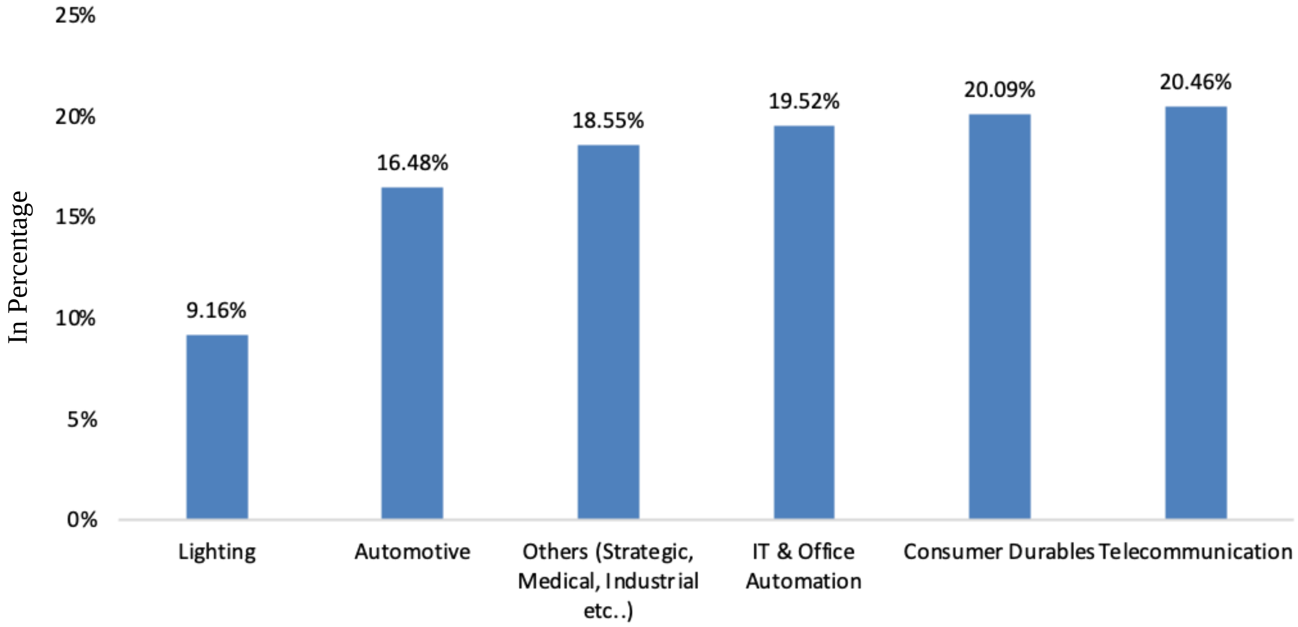
Indian PCBA Market, By End Industry, FY 2022-FY 2026



Source: Frost & Sullivan Analysis

The other segment of PCB which includes defence application is expected to grow at a CAGR of around 19% between the period FY 2022 to FY 2026. The leading segments are Consumer Durables and Telecommunication which are expected to grow at a CAGR of more than 20% during the forecast period.

Indian PCBA Market, CAGR By End Industry, FY 2022-FY 2026



The PCBA market for (Non- Consumer Durable) Lighting, Automotive, Strategic, Medical, Industrial, IT & Office Automation and Telecommunication is expected to grow from US$ 470 Million in FY 2022 to US$ 935 Million in FY 2026 a CAGR of around 19%.

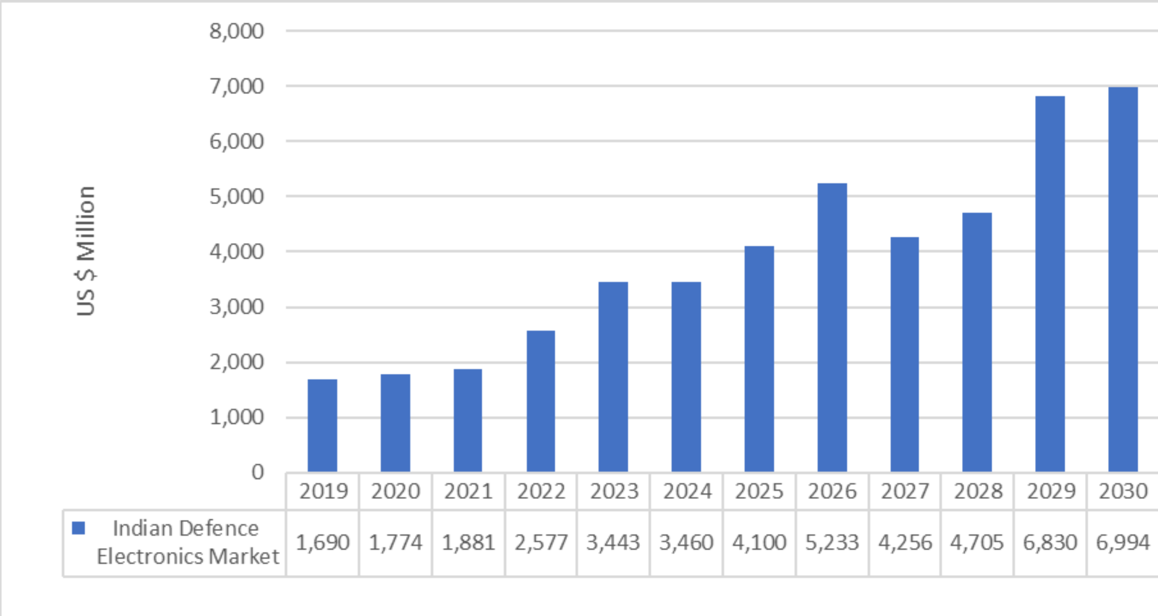
INDIAN DEFENCE ELECTRONICS MARKET

Market brief

The Indian Market is presently focused on the indigenous development of Defence electronics amongst other segments. The country plans on increasing the value add for each step in the integration and manufacturing process for defence equipment. India has a strong IT and software industry. As of 2021, the number of people who are directly employed in the IT-BPM sector was about 4.5 Million. The indirect job creation for this market is estimated to be about 12 Million. The use of this manpower to increase local development of defence electronics is poised to create additional job opportunities as per the multiplier effect.

Estimated market size and market projections

Estimated Market Size and Market Projections for Indian Defence Electronics Market, US$ Million



Note: Frost & Sullivan Analysis, all forecast period is in calendar year. 2019-2021 are actuals are 2022-2030 are forecast. The CAGR is 13.29% between 2022-2030. All years are in CY.

The estimated market size for the Indian Defence Electronics Segment is noted to be US$ 2577 Million for the year 2022. The market is expected to reach US$ 6994 Million by the year 2030. The overall growth in market size is due to the increased investment in indigenous programs. India's reliance on external markets is poised to reduce during the forecast period owing to the country's burgeoning defence capability. The market is poised to grow with a CAGR of 13.29% between 2022-2030.

It was noted that the Indian Defence Electronics Market was growing at a CAGR of 4.5% between 2016 and 2020. The Market was evaluated at USD 1.88 Billion for the year 2021. The use of Indian components across Global supply chains, for instance, in the Israeli UAS and European Combat Aircraft Market is noted to be a key driver for the Indian Defence Electronics Segment. At present, roughly 60% of electronic components are supplied by Foreign OEMs. Additionally, Electronics account for 25%-35% of cost of platforms used by the Indian Armed Forces. The future market valuation is to be bolstered by new combat aircraft acquisition, submarine building and T-72 replacement.

There is a strong focus and initiatives by the Government of India in the aerospace and defence sectors especially for Private players including Micro, Small and Medium Enterprises. With defence public sector undertakings focussing on specialisation and integration and sub-component manufacture being outsourced to the private sector, there are significant opportunities for the private sector.

Aatma Nirbhar Bharat programme

Measure	Description
Positive Indigenisation list	To incentivise domestic production and limit imports, the Defence Ministry has notified four Positive Indigenisation Lists consisting of a total of 509 items, and an additional 98 items in the fifth list, which was released in 2023. Imports of these items are banned, and services can only source the listed equipment from Indian vendors, according to procedures given in DAP 2020. Equipment covered includes segments such as electronic warfare, sensors, radars, Unmanned Aerial Systems, Sub-systems, spares amongst others. Depending on the complexity, some of the suitable items are brought under the preview of Defence Technology Fund or iDEX (Innovation for Defence Excellence), which have been primarily benefiting MSMEs, start-ups, and individual innovators.
Budget Allocations	75% of capital procurement budget has been earmarked for domestic defence procurement for in FY 2023-24, up from 68% in FY 2022-23.
Corporatisation of Ordnance Factory Board ("OFBs")	The government aims to corporatize OFBs in a bid to improve production efficiency and transparency. There are 41 ordnance factories in India, which source components from Tier 2 and Tier 3 suppliers.
Foreign Development Investment ("FDI")	The FDI limit under the automatic route has been increased from the current 49% to 74%. The increase will encourage foreign manufacturers to invest in India with confidence as they will

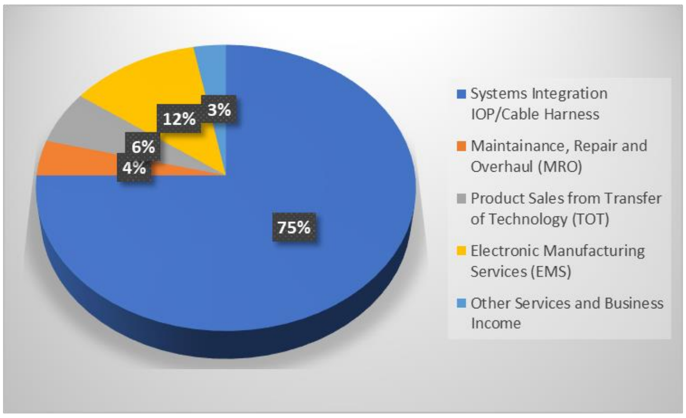
Measure	Description
	have a controlling stake in a joint venture.
Indian Offset – Self Reliant	This measure encompasses design, development, and manufacture as part of its mandate, and encourage OEMs and design firms to form long term partnerships with India's defence sector.

DCX has established a leadership position in the Indian aerospace and defence industry amongst other companies, in the segment of - System Integration Business - as a result of long operating history and the experience of its management team.

The company's in-depth knowledge base and understanding of the aerospace and defence industry, particularly in India positions DCX to take advantage of the growth in these sections.

DCX Business Strategy Growth Focus FY 2022 – 2026

Business Strategy Growth Focus FY 2022-2026

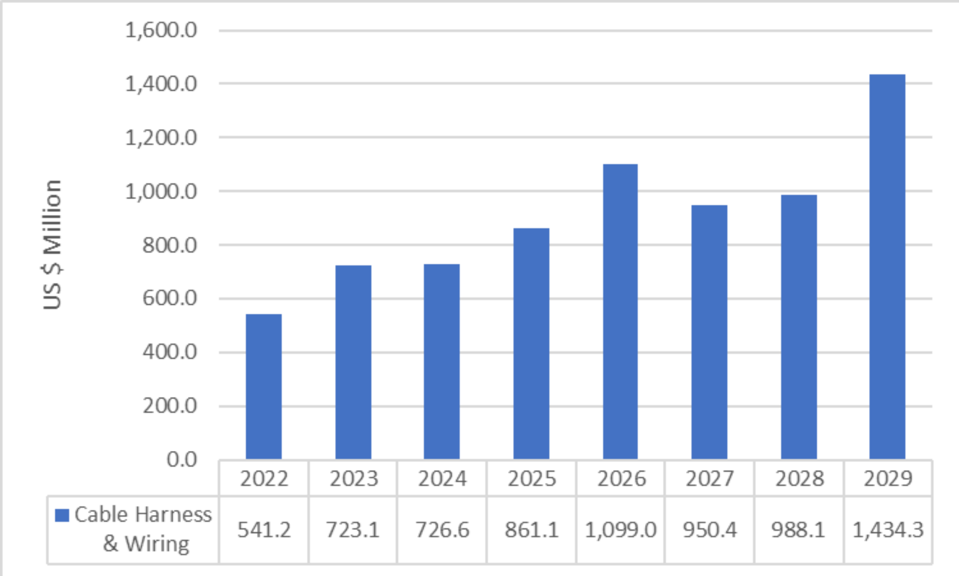


DCX has planned its cumulative revenue stream for the years FY 2022 to FY 2026 based on the above segments. System Integration & Cable Harness is expected to account to 75% of their total cumulative revenue in the next 4-5 years. This is expected to be followed by Defence Electronics Manufacturing Services (EMS), which is expected to account to 12% of their future revenue. MRO is expected to account for around 4%. The market forecast for all these segments have been discussed in detailed. However, business segments like ToT cannot be quantified on a yearly basis.

Cable Harness and Wiring

The cable harness and wiring segment is expected to increase due to increased indigenisation of defence production. Cable Harness and Wiring are basic requirement across land, naval and air platforms.

Potential Market Size for DCX in Indian Cable Harness And Wiring, US$ Million



Source: Frost & Sullivan. Figures are estimated.

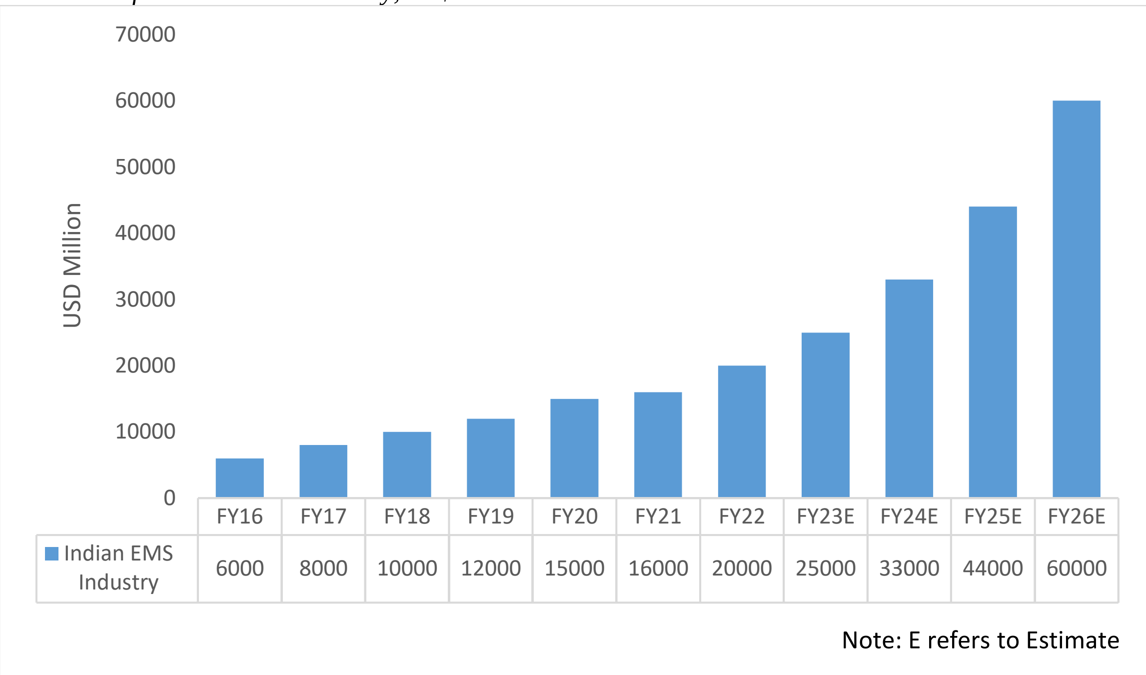
Most growth opportunities and programmes in defence translates to an increased market potential for cable and wire harnessing. This area is part of DCX's key expertise, as the company manufactures a diverse portfolio of cables and related components including RF, Coaxial, Mixed Signal, Power, Data, Submergible, Shielded and Conduit Assemblies which includes connectors of types Coaxial, Triaxial, Quadriaxial, RF, Circular MIL, MIL D-Sub & micro-D-sub, Filter and Arinc connectors. These are used in submarines, tanks, fighting vehicles, helicopters, UAVS, targeting pods, etc., as these components deliver performance in extreme conditions. Conclusively, an increased investment in the electronics segment will drive the demand for electronic subsegments like cables and connectors within the Indian market – an opportunity that DCX is well positioned to seize.

Electronic Manufacturing Services

Globally, the revenues of the top 50 EMS companies were about US$ 344 Billion in 2019, which accounts for 16% of the Global Electronics market by value. There are large market opportunities for EMS in non – defence related industries such as railways, industrial electronics, medical, strategic electronics etc. Most of the major manufacturers are considering the policy of "China+1", where India is the most favoured destination. It is also important to note that most of the manufacturers have their manufacturing presence in South East Asia or China. The Indian Government is trying to attract these companies towards India to strengthen the export capabilities in Electronic Manufacturing. In India, TATA is considering setting up a semiconductor manufacturing facility with an investment of around US$ 300 Million.

Defence Electronics is noted to be one of the substantially upscaling markets within India. Increased domestic production has been encouraged by governing bodies in this sector to reduce the market's reliance on imports. Brewing geo-political tensions between India and China serves as a key driver for this cause.

Market Size for Indian EMS Industry, US$ Million



Source: ELCINA, Frost & Sullivan Analysis | FY2016 to FY 2022 are actuals, rest of the years are estimated.

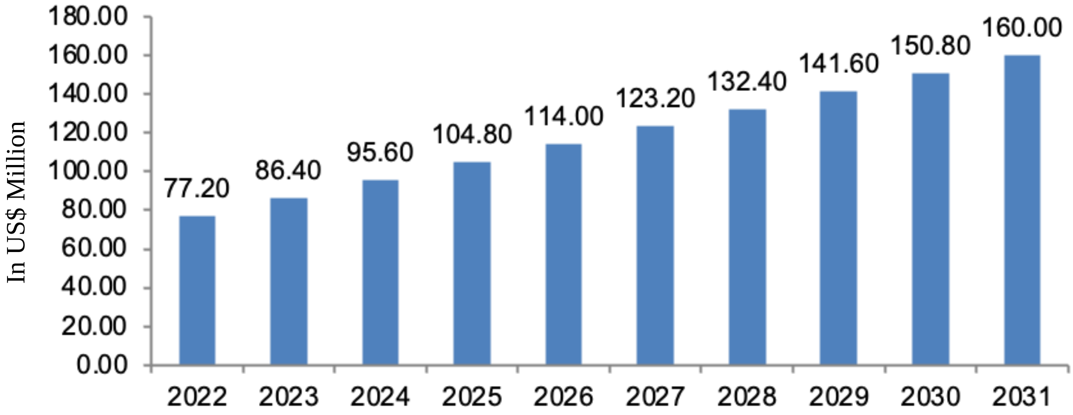
The Indian EMS Industry is expected to grow from US$ 20 Billion in FY 2022 to US$ 60 Billion in FY 2026 at a CAGR of around 32.3%.

India made an investment worth US$ 9.67 Billion to attract roughly 100 semiconductor chip manufacturing companies in the coming 4 years. The current semiconductor demand in India is noted to be US$ 49 Billion, by the year 2025 the semiconductors market is expected to attain a value of US$ 100 Billion. A study on the Indian Semiconductor market suggests that the country consumes roughly 5% of global semiconductor production. India presently produces semiconductors via in-house foundries of the Indian Space Research Organisation (ISRO) and the Defence Research and Development Organisation (DRDO). However, India accounts for roughly 45% of research and design carried out within the semiconductor industry via a pool of 20,000 engineers. The domestic value addition for the Indian semiconductors sector is noted to be roughly 15-20%.

MRO

The Maintenance, Repair and Overhaul is a term referred to the overall maintenance of the aircraft, both commercial and defence aircraft. This is a common term used for both the rotary platforms and fixed wing platforms. In the Indian context, the defence MRO is typically done in-house. The commercial MRO is further classified into A, B, C and D check, this is based on the age of the aircraft and the flying hours. This is also referred to as line, component, engine and airframe. The airlines in India have a strong capability in line and component checks, however airlines are usually flown outside the country for C and D checks.

Potential Market Size for DCX in MRO (Cable Harness), US$ Million



Source: Frost & Sullivan Analysis. Figures from 2023 onwards are estimates.

The Indian MRO market attained a value of US$ 1.7 Billion in 2021.The Indian Commercial MRO Market is poised to grow with a CAGR of roughly 8.9% between 2022 to 2030. The global MRO market is estimated to expand with a CAGR of 7.7% between 2022-2030, as the market expands from $ 64.7 Billion in 2022, to $ 117 Billion in 2030. Currently most of the major MRO is happening outside India, mainly due to the lack of manpower and facilities to undergo maintenance in India. The Electronic cables and connectors segment are expected to account for 4% of the total Indian MRO market. It is estimated that the potential market for DCX is around US$ 160 Million in 2031.

SAFETY SYSTEMS UPGRADE MARKET IN RAILWAYS

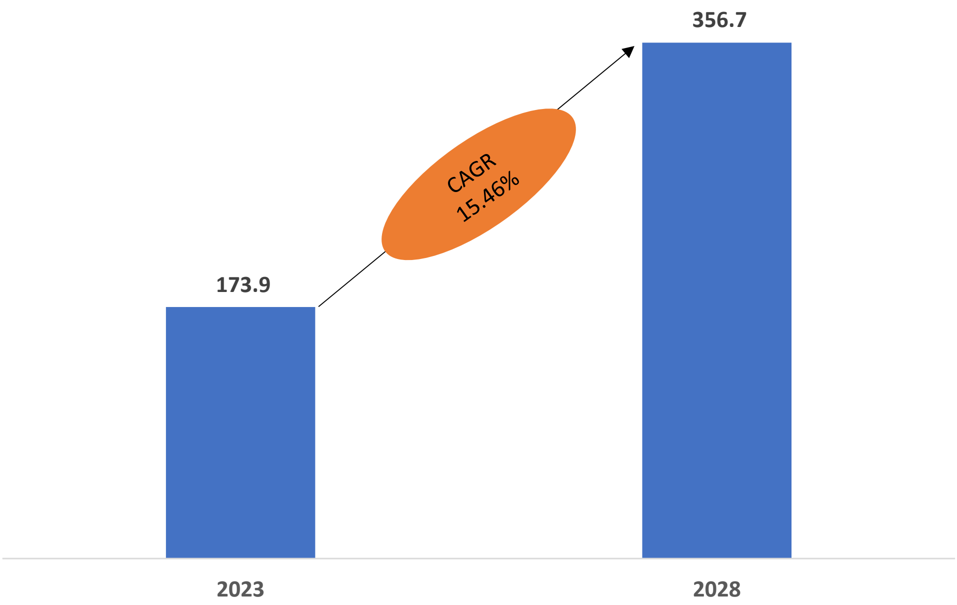
Summary

The key trends propelling the Smart Mobility in Railways markets include urbanization, the imperative to reduce transportation emissions, and the trend towards digitalization. The growing urban population demands daily mobility that is simpler, faster, more flexible, reliable, and affordable. Simultaneously, there is a global challenge to cut down CO_2 and noise emissions, as well as to reduce space requirements and transportation costs. This creates an ongoing pressure on mobility providers to meet these diverse needs.

The quest for improved availability, connectivity, and sustainability of rail infrastructures is driving the demand for digital solutions, offering growth opportunities for providers in this sector. Internet of Things (IoT) systems and innovative software solutions like Mobility as a Service (MaaS) are expected to play pivotal roles in the growth of the rail industry. Despite a significant drop in ridership due to COVID-19, the persistent trends of urbanization and decarbonization have prompted many countries to allocate substantial funds to rail and public transport operators to address these challenges.

In the financial year 2021-22, India experienced 35 consequential train accidents, an increase from 22 accidents in the previous year. The accidents included collisions, derailments, accidents at level crossings, and fires in trains, with human and equipment failures, sabotage, and incidental events identified as potential causes. Indian Railways took various actions to enhance safety, including the establishment of the Rashtriya Rail Sanraksha Kosh (RRSK) in 2017-18 with a fund of USD 15.61 billion, allocated for safety-related projects. The RRSK has seen an expenditure of USD 8.9 billion by the end of 2021-22, with an extension approved for an additional five years.

Safety Systems for Smart Mobility in Indian Railways Market (in USD Million)



Source: Secondary Research and Frost & Sullivan' Analysis

The safety systems for smart mobility in Indian railways market is expected to grow from USD 173.9 million in 2023 to USD 356.7 million in 2028, at a compound annual growth rate (CAGR) of 15.46% during the forecast period. To address human errors, safety-focused strategies were implemented, emphasizing advanced technologies, mechanization of maintenance processes, and skill enhancement. Periodical safety audits, training facilities, and measures to avoid collisions were also introduced. To prevent derailments, initiatives like track renewal, track upgrading, welded rails, track inspection, and eliminating level crossings were implemented. Measures to strengthen the safety and reliability of railway coaches, including fire detection and suppression systems, Linke Hoffmann Busch (LHB) coaches, and automatic door closure mechanisms, were undertaken.

The Kavach system, India's own Automatic Train Protection (ATP) System, was developed to enhance train operation safety. Collaboratively created by Research Designs and Standards Organization (RDSO) and three Indian vendors —Medha Servo Drives, HBL Power Systems, and Kernex Microsystems, Kavach trials were successful, and it has been implemented on 1,465 route km (Rkm) on South Central Railway. Global firms Siemens and Kyosan have received approval to deploy Kavach on the national railway network, aiming to cover 5,000 km annually by 2025-26. The system's features include preventing signal passing at danger (SPAD), continuous movement authority updating, preventing overspeed, collision avoidance, automatic braking, centralized monitoring, and support for the SOS feature in case of mishaps.

Key Government Initiatives

In the 2023-24 Union Budget, the government earmarked USD 29 billion for the Ministry of Railways, part of an ambitious target to allocate USD 1.4 trillion between 2019 and 2023. This includes USD 750 billion for railway infrastructure by 2030. The National Rail Plan, Vision 2024, aims to expedite critical projects like multitrack congested routes, achieve 100% electrification, upgrade speeds to 160 kmph on Delhi-Howrah and Delhi-Mumbai routes, attain 130 kmph on other golden quadrilateral-golden diagonal (GQ/GD) routes, and eliminate all level crossings on the GQ/GD route by 2024.

Moving Towards Green Energy and Sustainable Infrastructure

Indian Railways aims for carbon neutrality by 2030, planning 1000 MW solar and 200 MW wind plants by 2023. Over 204.82 MW, including 101.42 MW solar and 103.4 MW wind, is already operational, with 1000 stations solarized for its green mission

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Improved Safety and Modernization

- A Rashtriya Rail Sanraksha Kosh, established in 2017-18 with a USD 15.61 billion corpus for five years, focuses on ensuring passenger safety.

- The FY 2022-23 Union budget allocated funds for the rapid implementation of Kavach, an indigenous safety and capacity augmentation technology, covering 2,000 km of track. Additionally, its implementation along the 34,000 km Golden Quadrilateral rail route has been sanctioned, with a target for completion by 2027-28. Kavach has already been deployed on 1,465 Rkm and 121 locomotives, enhancing passenger safety in multiple states.

Electrification of Tracks

Indian Railways is set to achieve the world's largest green railway network through Mission100Percent Electrification. In 2022-23, 6,542 Rkm were electrified, marking 83% electrification of the total Broad-Gauge network by November 2022. The goal is 100% electrification by the end of 2023, transitioning Indian railways to run entirely on electricity by 2024.

Expansion of Network

In 2022-23, 5,243 km of new rail lines (new lines, doubling, gauge conversion) were achieved, averaging a daily track laying rate of 14.4 km.

- The government announced a plan for a 5,000 km Metro rail network in 100 cities by 2047.

- Indian Railways initiated a 2,843-km-long mega-infrastructure project, featuring the Eastern Dedicated Freight Corridor (EDFC) from Ludhiana in Punjab to Sonnagar in West Bengal (1,337 km) and the Western Dedicated Freight Corridor (WDFC) from Dadri in Uttar Pradesh to Jawaharlal Nehru Port Terminal in Maharashtra (1,506 km). As of January 31, 2023, 1,724 km (861 km EDFC and 863 km WDFC) have been commissioned.

- The Bairabi-Sairang project aims to add 51.38 km of railway track in northeast India.

- In June 2021, the Central Government approved a USD 2.20 billion, 235-km semi high-speed rail corridor between Pune and Nashik in Maharashtra.

- Additionally, 100 PM Gati Shakti Cargo terminals for multimodal logistics are set to be developed in the next three years.

Rolling out New Trains

- The government plans to manufacture 400 new generations of Vande Bharat Trains over the next three years.

- The Mumbai-Ahmedabad bullet train project aims to acquire 24 sets from Japanese companies through a tendering process, with an estimated project value of USD 14.52 billion.

    - On November 26, 2020, the NHSRCL signed an agreement with L&T to design and construct 47% of the alignment works for the Mumbai-Ahmedabad bullet train project.

Government Focus on Infrastructure Redevelopment

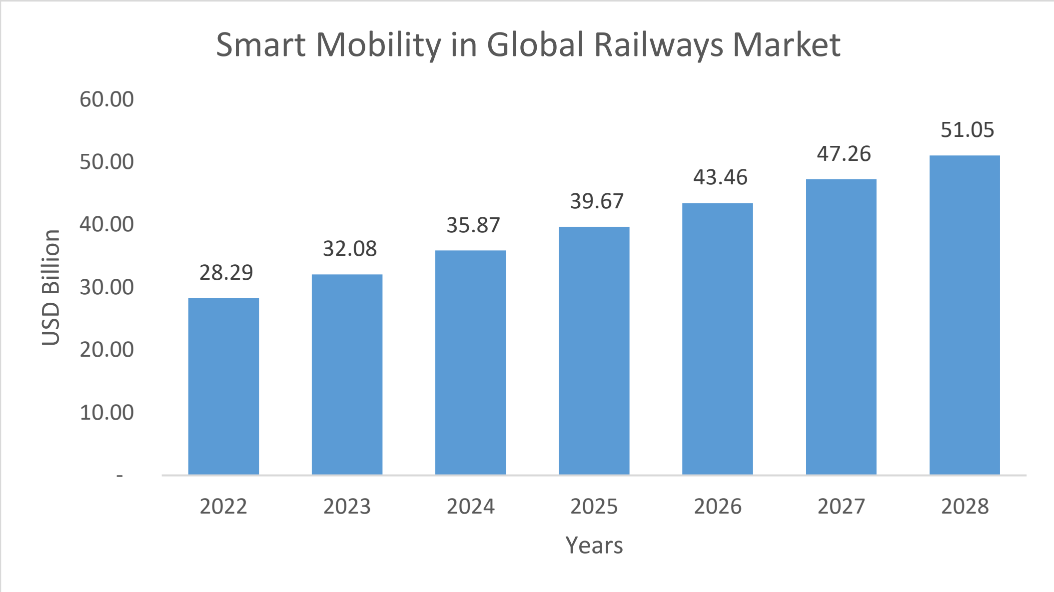
Government announced the redevelopment of 508 railway stations across the country at a cost of more than USD 2.95 billion.

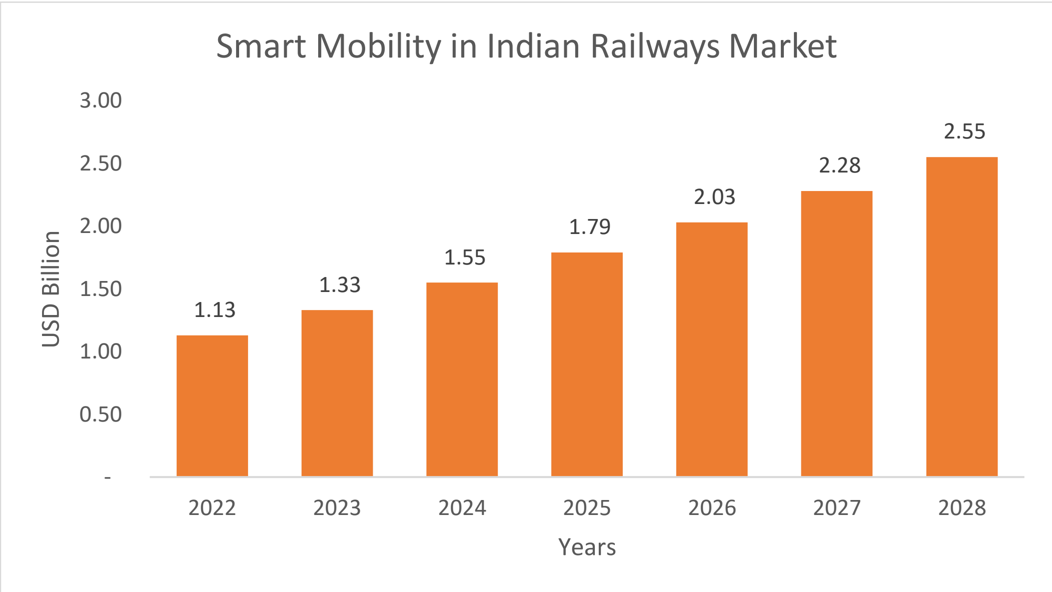
SMART MOBILITY IN INDIAN RAILWAYS MARKET

Introduction

With a keen government emphasis on digitization, Indian Railways targets digital transformation in eight key areas: passenger-friendly applications, freight customer convenience, cashless transactions, mobile applications, data analytics, dashboards and alerts, application integration for a unified Indian Railways platform, and collaboration with technology and logistics partners. The Centre for Railway Information Systems (CRIS), established by the Ministry of Railways in 1986, serves as an autonomous body dedicated to developing, implementing, operating, and maintaining Indian Railway’s information technology (IT) systems.

Smart Mobility in Global & Indian Railways Market (in USD Billion)

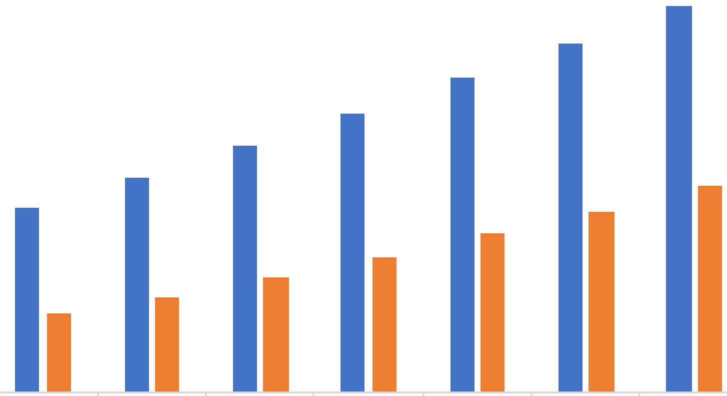




Source: Secondary Research and Frost & Sullivan' Analysis. Figures from 2023 onwards are estimate

The overall smart mobility in Indian Railway market is poised for significant expansion, reaching USD 2.55 billion by 2028. The notable CAGR of 13.94% reflects the dynamic nature of the sector, driven by technological advancements and a focus on enhancing railway infrastructure. The global smart mobility market in railways is expected to grow at a CAGR of 9.74%, to reach USD 51.05 billion in 2028 from USD 32.08 billion in 2023.

Smart Mobility in Indian Railways Market, by Offerings (in USD Billion)



	2022	2023	2024	2025	2026	2027	2028
Solutions	0.79	0.92	1.06	1.20	1.35	1.50	1.66
Services	0.34	0.41	0.49	0.58	0.68	0.78	0.89

Source: Secondary Research and Frost & Sullivan' Analysis . Figures from 2023 onwards are estimate

The smart mobility solutions market size is larger than that of the smart mobility services market, holding almost 70% of the share in the smart mobility in the Indian Railways market. The solutions market is expected to grow at a CAGR of 12.54% between 2023 and 2028.

On the other hand, the smart mobility services market is expected to grow at a faster rate than the solutions market, increasing at a CAGR of 16.87% during the forecast period. Smart mobility services in Indian Railways include professional services such as consulting, system integration and deployment, and training, support and maintenance, and managed services.

Smart Mobility Solutions in Indian Railways Market, by Offerings (in USD Million)

Offerings	2022	2023	2024	2026	2028	CAGR (2023-2028)
Passenger Information Systems	137.3	157.4	179.8	223.4	267.4	11.18%
Railway Traffic Management System	145.7	173.9	206.4	276.7	356.7	15.46%
Advanced Security Management Systems	125.7	146.3	169.4	216.7	267.1	12.80%
Rail Communication & Networking Systems	91.5	108.3	127.6	168.6	214.4	14.64%
Smart Ticketing Systems	155.7	179.3	205.7	257.7	311.3	11.66%
Rail Analytics System	61.9	70.8	80.6	99.6	118.5	10.85%
Others	74.2	83.2	92.7	109.4	123.7	8.25%
Total	**792.0**	**919.2**	**1,062.3**	**1,352.2**	**1,659.1**	**12.54%**

Source: Secondary Research and Frost & Sullivan' Analysis
Note: Other Solutions include Rail Asset Management and Maintenance Solutions and Freight Management Systems.

Smart ticketing systems are the largest segment of smart mobility in the Indian Railways market, holding around 20% of the market shares in 2023, reflecting the shift towards digitized ticketing solutions. In 2023, the smart ticketing system market is estimated to stand at USD 179.3 million and is forecasted to grow to USD 311.3 million by 2028.

Railway traffic management is the fastest-growing as well as the second-largest segment of smart mobility in the Indian Railways market. The market is expected to grow from USD 173.9 million in 2023 to USD 356.7 million in 2028, at a CAGR of 15.46% during the forecast period. The escalating need for efficient traffic management and optimized rail operations contributes to the substantial growth of the segment.

Rail communication and networking systems are the second-fastest-growing segment of the market, driven by the increasing need for seamless communication and networking within railway systems. The projected CAGR of 14.64% highlights the rapid advancements in rail communication technologies.

Smart mobility solutions

Passenger Information Systems

Passenger information systems (PIS) enhance the overall travel experience by providing real-time and accurate updates to passengers throughout their journey on the extensive Indian Railways network. Key components of PIS include:

Real-time Train Information**:** Updates on train schedules, including departure and arrival times, are available through electronic display boards, mobile apps, or other channels.

Platform Information**:** PIS displays designated platforms for boarding and alighting, facilitating efficient navigation through railway stations.

Delay Notifications: In case of delays or disruptions, PIS communicates relevant information, keeping passengers informed about their train's status and any schedule changes.

Train Composition Details**:** Information about the train's composition, including coach arrangement and onboard facilities, is accessible to passengers.

Announcements: Automated or manual announcements at railway stations convey crucial information, such as upcoming train arrivals, departures, safety instructions, and other relevant updates.

Digital Signage: Electronic display boards and digital signage present information visually and comprehensibly. Additionally, the complaint management system, now called 'RailMadad,' serves as the exclusive Indian Railways portal for addressing customer grievances.

Railway Traffic Management System

The railway traffic management system (RTMS) employs technologies and operational protocols to optimize traffic flow, enhance safety, and improve efficiency. Key elements include:

Train Scheduling: Developing and managing schedules to optimize railway infrastructure and resources.

Signaling Systems: Implementing advanced systems to control train movements and maintain safe distances.

Real-Time Monitoring: Using technology for continuous monitoring of train positions, speeds, and critical parameters.

Centralized Control: Operating from a centralized system to monitor and control railway traffic efficiently.

Automated Systems: Introducing automation for specific tasks to minimize human error and enhance efficiency. As of June 2023, automatic block signaling (ABS) covers 3,946 Rkm. In 2019, Indian Railways eliminated about 4,000 unmanned level crossings in a year. By May 2023, 6,427 stations (98.8% of total stations) have electrical/electronic signaling interlocking systems. Additionally, 1,913 stations have electronic interlocking for leveraging digital technologies in train operations and enhancing safety. The installation of 5,661 Axle Counters for Automatic clearance of Block Section (BPAC) ensures complete train arrival without manual intervention. Interlocking with signals at 11,622 level crossing gates enhances safety at these crossings.

Advanced Security Management Systems

The advanced security management system (ASMS) integrates technologies and protocols to enhance security in critical infrastructure like railways, incorporating:

Surveillance Systems**:** High-resolution cameras for monitoring railway stations, tracks, and critical areas. According to estimates, the Surveillance & Access Control market worldwide will grow from around USD 43 billion in 2021 to about USD 66-67 billion in 2026, with a CAGR of 8.9%. The overall Indian surveillance industry for FY 2021-22 stood at Rs 11,500 crore, 40% of which was contributed by the video cameras segment. Market potential in India alone for these products is over $3 billion and over $4 billion for other global market.

Access Control**:** Measures to restrict unauthorized entry, allowing access only to authorized personnel.

Biometric Identification**:** Integration of biometric technologies (e.g., fingerprint or retina scans) for secure identification.

Intrusion Detection Systems: Deploying systems to detect and alert authorities to unauthorized intrusions or suspicious activities.

Cybersecurity Measures: Safeguarding railway systems against cyber threats and ensuring digital infrastructure security.

Emergency Response Planning: Developing comprehensive plans and protocols for responding to security incidents or emergencies.

Indian Railways conducted a pilot project between Sanchar Bhawan and Rail Bhawan, using quantum key encryption for "non-hackable" information exchange.

Rail Communication & Networking Systems

Rail communication and networking systems encompass technologies facilitating communication and data exchange within the railway network. Key components include:

Train Control and Signaling Systems: Utilizing communication networks for safe and efficient transmission of signals and control commands between the central station and trains.

Telecommunication Networks: Dedicated networks supporting voice and data communication among railway personnel, control centers, and stakeholders.

Wi-Fi Services: Providing Wi-Fi to passengers at stations for internet access during journeys.

Operations Control Centers: Centralized centers using communication systems to monitor and manage rail operations, including scheduling and emergency response.

Indian Railways modernizes signaling with the Modern Train Control system featuring LTE-based Mobile Train Radio Communication. A USD 3.43 billion plan, approved in June 2021, deploys 4G technology for communication network modernization, enhancing safety. Wi-Fi has been commissioned at 6,000 railway stations as of May 5, 2021.

Smart Ticketing Systems

Smart ticketing systems (STS) integrate digital technologies to enhance ticketing processes for passengers. Key features include:

Online Booking: Convenient ticket booking through official websites or mobile apps for efficient planning.

Mobile Apps: Indian Railways' mobile apps offer users train schedules, ticket booking, and real-time journey updates.

Digital Payments: Integration of digital payment methods, enhancing secure online transactions.

QR Codes: Implementation of QR codes on e-tickets or apps for quick verification, reducing reliance on physical tickets.

RFID Technology: Efficient tracking of tickets and passengers using radio-frequency identification (RFID) technology, enhancing security.

Automated Fare Collection: Systems automating fare collection, reducing queues, and improving efficiency.

SMS Alerts: Passengers receive timely SMS alerts on ticket status, platform details, and schedule changes.

Indian Railways' initiatives include accepting soft copies in DigiLocker, introducing an Indian Railway Catering and Tourism Corporation (IRCTC) mobile app, launching the One Touch Automatic Ticket Vending Machine (ATVM) for fast ticketing, and deploying the UTS app at 5,778 locations. The Central Railway zone introduced the 'CheckIn Master' app for contactless ticket checking, while point of sale (PoS) machines on trains and digital payment modes at static units contribute to a seamless experience.

Rail Analytics System

Rail analytics systems utilize data analytics to enhance rail operations. Key functions include:

Data Collection: Gathering data from diverse railway sources, including operations, passenger information, and maintenance records.

Data Integration: Creating a unified dataset by integrating data from various sources for comprehensive analysis.

Predictive Analytics: Forecasting trends, potential issues, and operational challenges using advanced analytics techniques.

Operational Efficiency: Identifying opportunities to improve efficiency, optimize train schedules, enhance maintenance practices, and allocate resources effectively.

Passenger Experience Enhancement: Analyzing passenger behavior, preferences, and feedback to optimize ticketing systems, provide real-time information, and improve onboard services.

Safety Monitoring: Using analytics to monitor safety-related data, identify hazards, and implement proactive safety measures.

Resource Management: Analyzing resource usage data to optimize fuel consumption, energy usage, and personnel deployment, reducing operational costs.

Revenue Optimization: Analyzing ticketing and revenue data to optimize pricing strategies, identify revenue leakage, and enhance overall revenue generation.

Infrastructure Planning: Using analytics for long-term infrastructure planning by identifying areas for expansion, assessing capacity needs, and optimizing existing infrastructure.

Real-time Monitoring: Implementing real-time analytics for agile decision-making in response to changing conditions.

Indian Railways leverages data analytics for integrated transportation. In March 2023, CRIS partnered with the Indian Space Research Organization (ISRO) for live tracking, enhancing operational efficiency. The real-time train information system (RTIS) project, utilizing ISRO's NavIC and Bhuvan, facilitates passenger train tracking and computerized chart preparation. RTIS has been implemented on 2,700 electric locomotives and 3,800 diesel locomotives, automating charting for 6,500 locomotives, with plans to equip 6,000 more electric locomotives within a year.

Indian Railways employs data analytics to enhance the passenger experience, optimize seat availability, and increase confirmed ticket allocations. In 2018, 392 festival trains were operated during Durga Puja, Dussehra, Diwali, and Chhatt Puja, addressing high demand from Kolkata, Lucknow, Patna, and Varanasi. To maximize revenue, these special trains featured dynamic pricing with a 10-30% surcharge on ticket prices.

Others

Rail Asset Management and Maintenance Solutions

Rail asset management and maintenance solutions oversee and sustain railway assets, including tracks, signaling equipment, and rolling stock. Key functionalities include:

Asset Inventory and Tracking: Maintain a comprehensive inventory, implementing tracking systems for real-time monitoring of location, condition, and usage.

Condition Monitoring: Use sensors and monitoring systems for real-time assessment, identifying potential issues before requiring extensive maintenance.

Predictive Maintenance: Apply data analytics and machine learning to predict maintenance needs based on historical performance and asset condition.

Work Order Management: Streamline generating, assigning, and tracking work orders for routine maintenance, inspections, and repairs.

Maintenance Planning: Develop optimized schedules considering factors like asset usage, environmental conditions, and safety requirements.

Mobile Maintenance Solutions: Provide field personnel with mobile apps to access information, report issues, and carry out tasks on-site.

Asset Performance Analysis: Analyze data to assess performance, identify trends, and make informed decisions for reliability and longevity improvement.

Integration with Enterprise Systems: Integrate with broader ERP systems for seamless data flow and coordination across departments.

Regulatory Compliance: Ensure maintenance activities adhere to standards, with documentation and reporting functionalities for compliance.

Asset Life Cycle Management: Manage assets from acquisition to decommissioning, optimizing resource allocation and investment planning.

To ensure the effective management of Indian Railways' assets, encompassing rolling stock (coaches, wagons, trainsets, locomotives, etc.) and fixed infrastructure (tracks, bridges, structures, tunnels, railway stations, etc.), the Ministry of Railways has integrated Reliability, Availability, Maintainability, and Safety (RAMS) and condition-based maintenance (CBM) systems, adhering to EN 50126 specifications and ISO 55000 standards. These systems provide crucial information about asset requirements, predict unsafe conditions, and estimate the life cycle of an asset through data analytics, risk analysis, and block diagrams. These asset management systems play a vital role in minimizing hazards and failures in railway operations, enhancing the long-term availability of assets. Additionally, they assess the life cycle cost of assets, aiding in forecasting future procurement needs.

Indian Railways has implemented RFID tags in all wagons for effective tracking, covering approximately 23,000 wagons under the RFID project. The train signal register (TSR) has been computerized at 650 stations, with full implementation at 508 stations by November 2019, achieving end-to-end digitization of procurement processes. All processes, including request processing, on-demand generation, tender publication, finalization, preparation, letter of approval issuance, agreements, changes, material assessment by Rail India Technical and Economic Service (RITES), proposal evaluation, supplies accountability, online receipt, dealer account processing, and material issuance to consignees, have been digitized.

e-Reverse Auction (e-RA) is now the default mode for tenders exceeding Rs. 5 crores (USD 6 thousand), resulting in the creation of over 72,000 digital files in just six months across 58 Indian Railways establishments, replacing manual files. The NIC e-office implemented by RailTel has been instrumental in saving significant amounts of paper daily, with over 50,000 users created in Phase I.

The Railways has embraced Industry 4.0 in the Modern Coach Factory, Raebareli, for increased productivity. In 2019, drone-mounted cameras and 3D scanning were deployed for bridge examinations, and there are plans to utilize drones for future rail maintenance. For predictive maintenance, an automated system for detecting defective wheels and bearings has been installed. The organization has announced the installation of 25 Online Monitoring of Rolling Stock (OMRS) way-side inspection systems at 20 locations across the entire network to enable real-time defect reporting and alert communication for prompt corrective action.

Freight Management Systems

Freight management systems optimize the railway transportation of goods by enhancing efficiency, visibility, and overall operations. Key components include:

Online Booking: Providing digital platforms for convenient freight booking.

Real-Time Tracking: Offering live updates on freight location, status, and estimated arrival times.

Freight Scheduling: Optimizing train schedules for timely and efficient transportation.

Digital Documentation: Shifting to electronic processes for freight paperwork, reducing administrative overhead.

Integrated Information Platforms: Connecting stakeholders in the freight supply chain for seamless communication.

Cargo Handling Systems: Implementing efficient loading, unloading, and handling at railway terminals.

Freight Rate Management: Updating rates based on factors like distance, cargo type, and demand for transparency.

Capacity Planning: Analyzing data to manage freight service capacity for business transportation needs.

Security and Tracking: Implementing measures and technologies for monitoring high-value or sensitive freight, ensuring safety throughout the journey.

SAFETY SYSTEMS FOR SMART MOBILITY IN INDIAN RAILWAYS MARKET

Key Trends

Technology Trends

The Indian Railways has gradually integrated technology into its operations to enhance smart mobility, with several trends emerging to modernize and improve railway efficiency:

Automated Signalling and Safety Systems

- There is a move towards automated signaling solutions, such as the Train Collision Avoidance System (TCAS) and Train Protection and Warning System (TPWS), to ensure safer journeys.
- By 2025, 50% of the railway tracks in India are set to feature an long-term evolution (LTE)-powered high-speed communications network that can offer TCAS, ATP voice, and telemetry services based on IoT.
- An artificial intelligence (AI)-based safety-monitoring system can be used to detect obstacles on rail tracks and send real-time notification alerts.

Light Detection and Ranging (LiDAR)

- Indian Railways is adopting LiDAR technology to detect track fractures and faults, document track irregularities, and evaluate the condition of the rail track.
- In January 2021, India’s National High-Speed Rail Corporation Limited (NHSRCL) carried out a LiDAR-based aerial ground survey for the Delhi-Varanasi High-Speed Rail Corridor (DVHSR) to acquire accurate 3D data of the area.

<u>Intelligent Transportation System (ITS)</u>

- AI algorithms are utilized in ITS to enhance traffic flow, handle congestion, and analyze live data collected from sensors, cameras, and global positioning system (GPS) devices.

- Indian Railways is focusing on analyzing train operations-related data with the help of AI and using it in the Passenger Reservation System (PRS).

Consumer Trends

The growth of smart mobility in railways is fueled by rising consumer demand for dependable, faster, and efficient transportation options.

<u>High-Speed Rail</u>

- There is a high inclination for faster commute options to achieve significantly higher speeds by employing an integrated system that involves specialized rolling stock and exclusive tracks.

- In February 2022, the NHSRCL in India made a deal with Larsen & Toubro (L&T) to construct a viaduct for the Mumbai-Ahmedabad High-Speed Rail Corridor (MAHSR C-5 Package) within Gujarat state.

Urban Transportation

- The increasing need for more robust transportation systems in urban areas due to a growing population presents vast opportunities and potential for the advancement of autonomous train technology.

- Various initiatives related to public transportation projects and substantial investment in transport infrastructure in India will contribute significantly to expanding driverless train operations.

Policy shifts

The government has indicated plans to invest in technologies like high-speed rail and semi-high-speed rail projects, aiming to bring advanced rail technologies to the country. The Indian government has been focusing on several policies aimed at incorporating intelligent or smart technologies into the railway sector:

Major Digitization Policies Outlined by Indian Railways

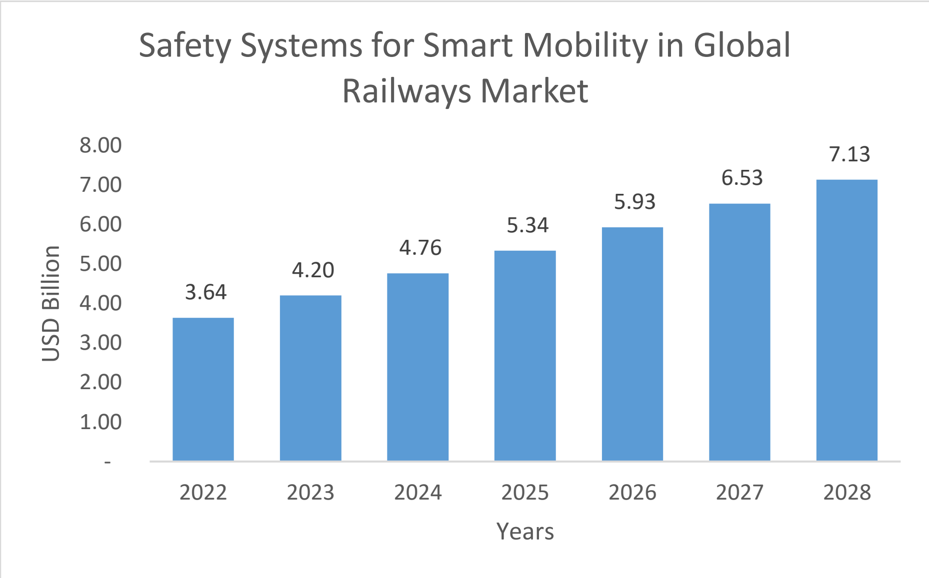
Policies	Description
Mission Raftaar	It aims to increase the speed of trains through technological advancements and improvements in railway operations to enhance efficiency and overall services.
Mission Electrification	Indian Railways had set a target to electrify its entire broad-gauge network to reduce reliance on diesel-powered trains. This mission aimed to electrify the majority of railway lines for better efficiency and reduced environmental impact.
Digital India Initiative	Under this policy, the government has included railway projects aimed at boosting current line capacity, streamlining train operations, minimizing congestion, and enhancing convenience in travel and transportation.
Modernisation Strategy	Modernize core assets - key revenue-generating assets including track and bridges, signaling, rolling stock, and stations & terminals.

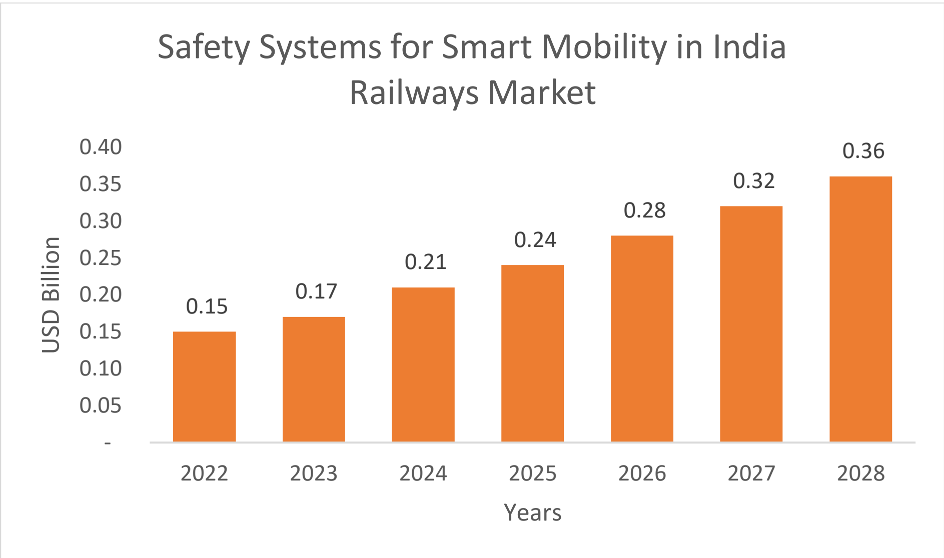
Source: *Secondary Research*

Indian market sizing

In India, there were 35 consequential train accidents in the financial year 202-22 as compared to 22 accidents in the year 2020-21. The major train accidents can be categorized as: collisions, derailments, accidents at level crossings, and fire in trains. The potential cause of these accidents are human failures including failure of railway staff and failure of persons other than railway staff, equipment failures including traction/rolling stock; track; electrical; and signal & telecommunication, sabotage, and incidental.

Safety Systems for Smart Mobility in Global & Indian Railways Market (in USD Billion)





Source: Secondary Research and Frost & Sullivan' Analysis. Figures from 2023 onwards are estimate

The global safety systems for smart mobility in railways market is projected to increase from USD 4.20 billion in 2023 to USD 7.13 billion in 2028, registering a CAGR of 11.19% between 2023 and 2028. In contrast, the safety systems for smart mobility in Indian railways market is anticipated to witness a CAGR of 15.46%, reaching USD 0.36 billion in 2028 from USD 0.17 billion in 2023.

Kavach System

Overview

In 2017-18, Indian Railways had introduced a separate fund, known as Rashtriya Rail Sanraksha Kosh (RRSK), earmarked for replacement/renewal/upgradation of critical safety assets, with a total budgetary outlay of Rs 1 lakh crore for five years. From 2017-18 till 2021-22, a Gross expenditure of Rs. 1.08 lakh crore was incurred on RRSK works. An investment of Rs 11,800 Cr under RRSK was made during FY22-23 for various safety works, and further Rs 1,000 Cr has been allocated for FY23-24.

Indian Railways has created its own automatic train protection (ATP) system, known as Kavach, to enhance the safety of train operations. Developed collaboratively by RDSO in partnership with three Indian vendors—Medha Servo Drives, HBL Power Systems, and Kernex Microsystems—Kavach has been adopted as India's National ATP System. These vendors have received approval for developmental orders, specifically for absolute block sections with speeds up to 160 kmph. TCAS, a SIL-4 certified system, is capable of interfacing with existing interlocking systems. The Indian railways is planning a Rs 34,000 Cr budget for executing the Kavach system.

Recent Developments

The railway automation market's growing needs for high-end technology solutions has led ELTA to establish NIART, a spinoff venture, to offer commercial solutions to this market. NIART is leveraging the technological backbone and the know-how of the multidisciplinary systems design to develop a cutting-edge Radar-Empowered Long Range Perception systems for Railway. Through NIART, DCX aims to access the ODS market, which has market potential of $3 billion in India alone, and over $4 billion globally. Further, the recent budgeted amount of ₹34,000 crore by the Government of India for safety upgrades in the railways provides major boost and confidence in this business.

In April 2022, ALSTOM, Elta Systems and Niart have successfully tested an Obstacle Detection System (ODS) installed on a Lineas freight locomotive. The tests were carried out in Oosterhout, near Breda, Netherlands, in cooperation with Dutch infrastructure manager ProRail. The ODS was able to detect large and small obstacles up to 1000 m from the locomotive in a variety of weather and visibility conditions including in both daylight and at night. The system can be operated as a driver-assistance system as well as a fully automated system in conjunction with Alstom’s AutoPilot.

In August 2023, ELTA entered into a joint venture with DCX Systems Limited, for the purposes of developing, producing, and distributing, globally, obstacle detection solutions based on radar and optics technology for railway industry.

COMPETITIVE PROFILE

The Indian Defence sector is entering a self-sustaining and highly indigenous market with DPSUs and companies shifting towards becoming component suppliers, integrators, as well as defence prime. The key competitors for DCX in the Indian market are discussed in this section.

The steps taken by the Government to indigenous Defence production capability within India has helped the SMEs in this sector to generate more business. The Indian companies that have gained significant experience in the Indian market are also offset fulfilment partners to foreign players. The next objective of the Indian players I to move towards full system manufacturers, for example a company specializing in the development of RF components would further build complete radar systems. This section covers in detailed the key competitors of DCX.

Capability Comparison of DCX and competition

SL No	Peer Entity/Capability Matrix	System Integration	Cable & Wire Harness Assembly	MRO	EMS	Electro-Mechanical Assembly
1	ASTRA MICROWAVE PRODUCTS LIMITED	✓	✗	✓	✓	✓
2	ALPHA DESIGN TECHNOLOGIES PVT LTD	✓	✗	✓	✗	✓
3	BHARAT ELECTRONICS LIMITED - BANGALORE	✓	✗	✓	✗	✓
4	CENTUM ELECTRONICS	✗	✗	✗	✓	✓
5	CYIENT DLM PVT LTD	✓	✓	✗	✓	✓
6	SASMOS HET TECHNOLOGIES	✗	✓	✗	✗	✗
7	ALMPHENOL INTERCONNECT INDIA PVT LTD	✗	✓	✗	✗	✗
8	DATA PATTERNS PVT LTD	✓	✗	✗	✓	✓
9	HELA SYSTEMS PVT LTD	✓	✗	✓	✗	✓
10	KAYNES TECHNOLOGY INDIA PVT LTD	✗	✗	✗	✓	✗
11	ROSSEL TECHSYS	✓	✓	✗	✓	✓
12	APOLLO MICRO SYSTEMS	✗	✗	✗	✓	✓
13	PARAS DEFENCE	✓	✗	✗	✓	✓
14	DCX SYSTEMS LIMITED	✓	✓	✓	✓	✓

DCX is uniquely positioned to partner with major government and Private Indian/ global defence entities, and to independently seize future defence manufacturing and integration related opportunities because of its strong capabilities across the five inter-related segments – System Integration, Cable & Wire Harness Assembly and Electro Mechanical Assembly. The company also plans to expand into MRO and EMS segments in the short term. This broad-based capability mix is highly sought after, especially by foreign OEMs looking for strong offset partners in India for major defence contracts, and is one of the reasons why global defence primes continue to seek out DCX as a key partner to tap the Indian defence market.

Earnings before interest, depreciation, taxes and amortization (EBIDTA) indicates the company's performance and is calculated using the following formula:

EBITDA = Profit / (loss) before share of profit/(loss) of associates, JV, exceptional items and tax + Finance Costs + Depreciation & Amortization Expenses – Other Income

EBITDA for DCX: 'Profit / (loss) before share of profit/(loss) of associates, JV, exceptional items and tax' + Finance Costs + Depreciation & Amortization Expenses – Other Income + Forex Loss

Operating EBIT: EBITDA (as computed above) + Depreciation & Amortization Expenses

Return on Capital Employed (RoCE) is a measure of how effectively a company has used its capital. The formula used to calculate RoCE is Operating EBIT/Capital Employed (Closing value of Total Equity (Including Minority Interest) + Closing Long-term Borrowings + Closing Short-term Borrowings).

Return on Equity (RoE) measures the return stockholders of a company get on their shareholding. The formula used for calculation is Profit After Tax (Excluding Other Comprehensive Income)/ Closing Value of Total Equity (Including Minority Interest).

Financial Data for Companies, FY21

FY21							
Company	**Revenues (INR Cr)**	**Net Profit (INR Cr)**	**Net Profit/Revenue (%)**	**EBITDA**	**EBITDA Margin (%)**	**RoCE (%)**	**RoE (%)**
Amphenol Interconnect	1044.3	191.7	18.4%	281.7	27.0%	27.1%	20.9 %
TE Connectivity India	1022.0	14.2	1.4%	133.9	13.1%	11.4%	2.9%
Sasmos HET Technologies	584.7	17.0	2.9%	30.7	5.3%	17.5%	22.4 %
Data Patterns	224.0	55.6	24.8%	92.0	41.1%	35.8%	26.7 %

Astra Microwave Products	640.9	28.9	4.5%	79.0	12.3%	8.1%	5.2%
Apollo Micro Systems	203.1	10.3	5.0%	38.5	19.0%	7.1%	3.4%
Alpha Design Technologies	450.0	9.8	2.2%	69.7	15.5%	3.6%	1.4%
Centum Electronics	817.4	12.0	1.5%	89.5	11.0%	7.9%	5.0%
Paras Defence & Space Technologies	143.3	15.8	11.0%	43.4	30.3%	10.8%	7.6%
Bharat Electronics Limited	14108.7	2099.8	14.9%	3,210.5	22.8%	25.5%	19.9 %
DCX	641.1	29.55	4.6%	10.08	1.6%	4.2%	63.2 %

Financial Data For Companies, FY22

FY22							
Company	**Revenues (INR Cr)**	**Net Profit (INR Cr)**	**Net Profit/Revenue (%)**	**EBITDA**	**EBITDA Margin (%)**	**RoCE (%)**	**RoE (%)**
Amphenol Interconnect	1287.4	252.2	19.6%	372.0	28.9%	28.1%	21.5%
TE Connectivity India	1597.0	90.8	5.7%	226.4	14.2%	20.7%	15.9%
Sasmos HET Technologies	341.7	15.9	4.7%	21.0	6.1%	7.8%	16.7%
Data Patterns	310.9	94.0	30.2%	141.0	45.4%	23.1%	16.4%
Astra Microwave Products	750.5	37.9	5.0%	89.2	11.9%	10.2%	6.5%
Apollo Micro Systems	243.2	14.6	6.0%	45.7	18.8%	8.4%	4.6%
Alpha Design Technologies	703.4	35.3	5.0%	99.5	14.1%	6.8%	4.9%
Centum Electronics	779.9	-53.4	-6.8%	74.2	9.5%	6.6%	-26.9%
Paras Defence	182.6	27.1	14.8%	51.9	28.4%	10.1%	7.2%
BEL	15,368.2	2400.2	15.6%	3,340.9	21.7%	23.9%	19.5%
DCX	1102.2	65.6	6.0%	83.88	7.61%	13.15%	55.8%

Financial Data For Companies, FY23

FY23							
Company	**Revenues (INR Cr)**	**Net Profit (INR Cr)**	**Net Profit/Revenue (%)**	**EBITDA**	**EBITDA Margin (%)**	**RoCE (%)**	**RoE (%)**
Amphenol Interconnect	NA	NA	NA	NA	NA	NA	NA
TE Connectivity India	NA	NA	NA	NA	NA	NA	NA
Sasmos HET Technologies	NA	NA	NA	NA	NA	NA	NA
Data Patterns	453.5	124	27.3%	171.8	37.9%	14.0%	10.6%
Astra Microwave Products	815.5	69.8	8.6%	147.6	18.1%	15.0%	10.9%
Apollo Micro Systems	297.5	18.7	6.3%	64.1	21.5%	10.2%	4.9%
Alpha Design Technologies	NA	NA	NA	NA	NA	NA	NA
Centum Electronics	922.9	6.69	0.7%	76.2	8.3%	15.9%	3.3%
Paras Defence	222.4	35.9	16.2%	56.7	25.5%	10.6%	8.7%
BEL	17,734.4	2986.2	16.8%	4,085.9	23.0%	26.3%	21.5%

DCX	1,253.63	71.68	5.71	112.76	8.99%	10.3%	12.65%

- In Fiscals 2021, 2022 and 2023, a DCX's revenue from operations were ₹6,411.63 million, ₹11,022.73 million and ₹12,536.34 million, respectively.

- DCX has witnessed consistent and extraordinary improvement in their balance sheet position in the last three Fiscals.

- The value of DCX's total owned assets have grown from ₹7,931.78 million, as of March 31, 2021 to ₹9,426.15 million as of March 31, 2022 and was ₹12,192.84 million as of March 31, 2023.

- Among the companies assessed DCX has a revenue CAGR of 39.83% between FY 2021 and FY 2023, indicating that the firm is a rapidly growing company in the Indian defence space.

STRENGTHS OF DCX

In the Fiscal year 2023, the company's revenue from contracts with customers located outside India was ₹8,847 million, accounting for 70.57% of the revenue from operations.

DCX exported about US$ 107 million worth of equipment accounting for 5.5% of the overall Defence Exports from India.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 21 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 49 and 100, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless the context requires otherwise, the financial information corresponding to (i) Fiscal 2023 and Fiscal 2022 has been derived from the audited consolidated financial statements of our Company as at and for Fiscals 2023 and 2022, respectively, (ii) Fiscal 2021 has been derived from the audited special purpose IND AS standalone financial statements of our Company as at and for Fiscal 2021 and (ii) the six months ended September 30, 2023 and September 30, 2022 has been derived from the Unaudited Interim Limited Reviewed Consolidated Financial Statements.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March 31 of that year. Financial information for the six months ended September 30, 2023 and 2022 is not annualised and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "The Evolving Defence Technology Industry Base and Opportunities in the Defence Electronics Segment" dated December 18, 2023 (the "**Company Commissioned F&S Report**") prepared and issued by Frost & Sullivan (India) Private Limited, appointed by us on November 28, 2023, and exclusively commissioned and paid for by us for the purposes of confirming our understanding of the industry, exclusively in connection with the Issue. The data included herein includes excerpts from the Company Commissioned F&S Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Company Commissioned F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Industry information included in this Preliminary Placement Document has been derived from an industry report prepared by Frost & Sullivan (India) Private Limited exclusively commissioned and paid for by us for such purpose." on page 74.*

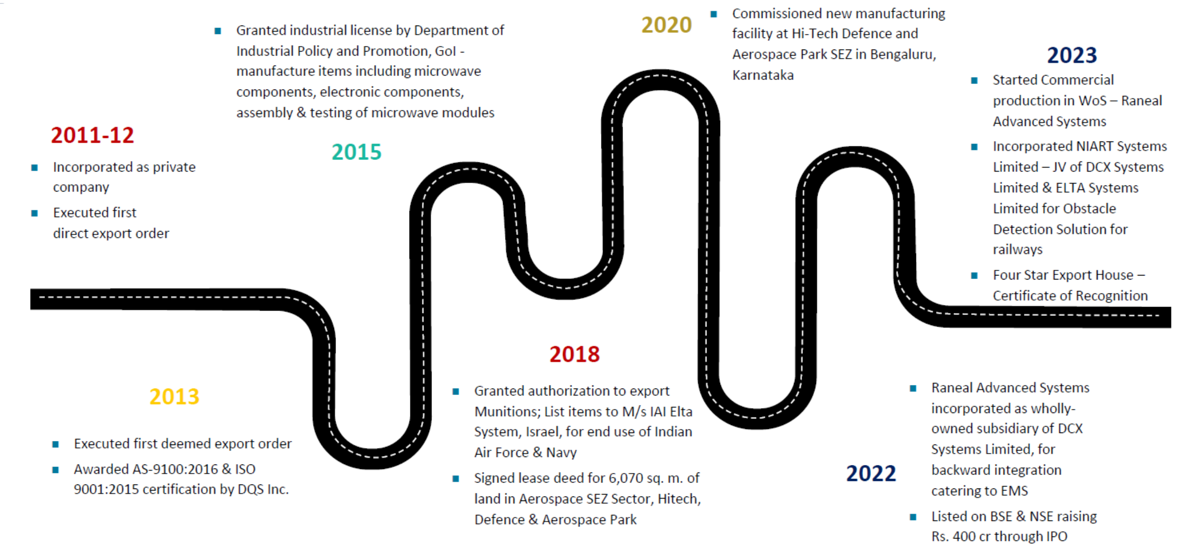
Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 49, 132, 98 and 256, respectively, as well as the financial and other information contained in this Preliminary Placement Document. Additionally, see "Definitions and Abbreviations" on page 26 for certain terms used in the following section.

OVERVIEW

We are among the leading Indian manufacturing players for the manufacture of electronic sub-systems and cable harnesses in terms of manufacturing capability and revenue in Fiscal 2023(*Source: Company Commissioned F&S Report*). We are primarily engaged in system integration and manufacturing a comprehensive array of cables and wire harness assemblies and are also involved in kitting. We commenced operations in 2011 and have evolved into a highly regarded Indian Offset Partner ("**IOP**") for foreign original equipment manufacturers ("**OEMs**"), particularly in the aerospace and defence manufacturing sector (*Source: Company Commissioned F&S Report*). We are a rapidly growing company in the Indian defence space (*Source: Company Commissioned F&S Report*) and our revenue from operations have grown at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. We are also one of the largest Indian Offset Partner ("**IOP**") for ELTA Systems Limited and Israel Aerospace Industries Limited, System Missiles and Space Division (together, the "**IAI Group**"), Israel, for the Indian defence market for manufacture of electronic sub-systems and cable and wire harness assemblies. We have carved a niche in the MSME landscape as a preferred Indian offset partner for the defence and aerospace industry across geographies in the last 12 years.

We have two wholly owned subsidiaries, Raneal Advanced Systems Private Limited ("**RASPL**") and NIART Systems Ltd ("**NIART**"). Through RASPL, which is incorporated in India, we also manufacture printed circuit board assemblies. RASPL plays a role in fulfilling a key portion of the integrated manufacturing to provide total solutions to OEMs for supply of complete products in the aerospace and defence sector for both captive business as well as directly to the global OEMs by our Company by serving as backward integration. NIART, which has been incorporated in Israel, has been established as a joint venture with Elta Systems Limited. Through NIART, we aim to participate in the development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry.

Over the years, we have expanded our manufacturing capabilities and grown our order book, as set out below.



The growing Indian landscape for defence and aerospace serves as a key opportunity for our Company. The Indian aerospace and defence sector is poised to attain a value of USD 70 billion by 2030. Recent initiatives like the permission granted for 100% foreign direct investment ("**FDI**") in the Indian defence sector is anticipated to be a key driver and growth opportunity for the market. The Defence Research and Development Organization has announced the indigenous development of roughly 108 systems and sub-systems which is expected to generate demand for cables and connectors across the Indian defence environment. The Department of Defence Production also reserved 4,666 items for indigenization via the indigenization lists.. This initiative is poised to boost indigenous manufacturing within India. The instating of defence industry corridors across Uttar Pradesh and Tamil Nadu is also poised to boost the market growth dynamics by broadening the opportunities offered to the private sector. *(Source: Company Commissioned F&S Report)* All of these in turn, serve as an opportunity for us to capitalize on the expected growth in this space. Further, we focus on non-offset order book to mitigate risk from concentration of offset orders.

We believe, our competitive advantages include our efficiency in operations resulting in timely delivery to our customers, maintaining quality control and product security. This has enabled us to develop long-term and entrenched relationships with our OEM customers that has resulted in growth in our operations and sizeable order book. We expect that our quality management systems will enable our system driven efficiency and continue to attract higher revenues going forward. Given the nature of our operations and industry that we operate in, projects have long lead times (*Source: Company Commissioned F&S Report*) and, as such, visibility and predictability of our revenues is high. Our Company's order book as of September 30, 2023, was ₹12,577.03 million to be executed in the Fiscal 2024 to Fiscal 2025.

Our unique business model allows us to provide end-to-end solutions of cable & wire harnesses, electronic sub-systems, high-end system integration and PCB assembly for the defence and aerospace industry.

We classify our operations under the following business verticals:

System Integration: We have been a preferred IOP for foreign OEMs for classified products. *(Source: Company Commissioned F&S Report)* We undertake system integration in areas of radar systems, sensors, electronic warfare, missiles, and communication systems. We provide product assembly and system integration services of various complexities to address customers' requirements. System integration services are part of a comprehensive array of electronics and electro-mechanical assembly and enclosure assembly. We also provide product repair support for the parts that we manufacture.

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 armored vehicles, and other electronic warfare systems for the aerospace and defence industries as per our customers' requirements.

Kitting: We supply assembly ready kits of electronic and electro-mechanical parts and undertake all aspects of procurement including sourcing components from suppliers approved by our 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 when they are needed for production.

Printed circuit board assembly: We undertake manufacturing of printed circuit board assemblies for microwave, high – speed digital and mixed signal applications in the defence and aerospace segment.

In addition, we also undertake certain job work services that includes assembly and testing of materials that have been supplied directly by our customers.

The table below shows our revenue from operations for the periods indicated as per our business verticals:

Verticals	**Fiscal**						**Six months ended September 30,**			
	2021		**2022**		**2023**		**2022**		**2023**	
	(Standalone)		**(Consolidated)**				**(Consolidated)**			
	Amount (₹ million)	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**	**Amount (₹ million)**	**Percentage of Revenue from Operations (%)**
System Integration*	6,160.67	96.09%	9,398.65	85.27%	11,544.53	92.09%	3,732.39	96.41%	4,713.19	98.35%
Cable and Wire Harness Assemblies**	195.84	3.05%	298.14	2.70%	292.53	2.33%	130.60	3.37%	78.71	1.64%
Kitting	55.12	0.86%	1,325.94	12.03%	699.28	5.58%	8.41	0.22%	0.35	0.01%
Total	**6,411.63**	**100%**	**11,022.73**	**100%**	**12,536.34**	**100%**	**3,871.40**	**100%**	**4,792.25**	**100%**

* *Includes Merchandise Exports from India Scheme ("**MEIS**") incentive of ₹28.28 million, ₹28.61 million, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively*

** *Includes MEIS incentive of ₹0.03 million, nil, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.*

We also provide maintenance, repair and overhaul ("**MRO**") services including testing and maintenance projects. Our MRO services do not involve additional capital expenditure as the in-house testing machinery is being provided by the OEM customers thereby enabling us to provide MRO services at ease and creating an additional revenue stream in our business.

We operate through our manufacturing facility located at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. Our facility is spread over an area of 30,000 square feet and is set up for complete in-house environmental and electrical testing and wire processing. The location of our facility is in the same city as certain of our key domestic customers, which, we believe, ensures shorter delivery time. Further, our wholly-owned subsidiary, RASPL, has set up an additional manufacturing facility spread over an area of 40,000 square feet for electronic manufacturing services ("**EMS**") at our Company's premises.

As of September 30, 2023, we had 27 customers in Israel, United States, Korea and India, including clients in the defence industry, multinational corporations and start-ups. We partner with OEMs located in Israel and US to supply wide range of products for aerospace and defence sectors for offset and non-offset programs. Our customers include domestic and international OEMs, and private companies and public sector undertakings in India across different sectors, ranging from defence and aerospace to space ventures and railways. We have a mix of domestic and international customers and certain of our key customers are prominent names in the defence industry.

We are led by experienced Promoters and a qualified senior management team with significant experience in the aerospace and defence manufacturing industry. Dr. H.S. Raghavendra Rao, our Individual Promoter, Chairman and Managing Director, has over two decades of experience in electronics manufacturing and in the defence and aerospace sectors. Neal Jeremy Castleman, our Non-Independent and Non-executive Director, has a vast experience of more than two decades in the field of electronic manufacturing sectors. Our senior management team have demonstrated ability to anticipate and capitalize on changing market trends, manage and grow our operations and leverage and deepen customer relationships.

STRENGTHS

Among the preferred Indian Offset Partners for the defence and aerospace industry with global accreditations

We have been a preferred IOP for foreign OEMs for executing many prestigious defence manufacturing projects (*Source: Company Commissioned F&S Report*). We undertake "build-to-print" system integration and manufacture cable and wire harness assemblies for both domestic and international OEMs. We are also one of the largest IOP for the IAI Group, Israel, for the Indian defence market for manufacture of electronic sub-systems and cable and wire harness assemblies, and have been associated with them for more than a decade. We hold a number of key certifications that include AS-9100:2016 certification for quality management systems for aviation, space and defense products manufacturing and our Defence Industrial License from the Ministry of Commerce and Industry, Government of India for the manufacture of defence subsystems that includes microwave components, modules for radar and electronic warfare subsystems, microwave sub-modules, for command and guidance units for missile subsystems only. We also adhere to global standards and have obtained various global certifications. These certifications ensure that our processes comply with customer specific, industry specific, statutory health and safety, as well as environmental and social and governance requirements. Certain of these standards also require us to undergo audits. Our global certifications help us serve our customers' stringent quality specifications and assists in new customer acquisition.

As part of our system integration services, our strength includes the manufacturing of complex microwave modules and sub-systems such as transmit receiver modules, receiver subsystems, and antennas used in military applications, space technology and aerospace. We are also engaged in manufacturing a comprehensive array of cables and wire harnesses assemblies such as radio frequency co-axial, mixed signal, power, data and communication cables for a variety of uses including communication systems, sensors, surveillance systems, missile systems, military armored vehicle, and other electronic warfare systems. To increase the number of non-offset projects, we focus on penetrating new geographies, adhering to international quality standards, enhance our execution capabilities, cost competitiveness backed by an ethical foundation.

The table below sets forth certain information regarding the various projects that we have been involved in, as of September 30, 2023:

Product / Description	**Vertical**	**Offset Value (₹ million)**
MRSAM / LRSAM - Transmit receiver group module	System Integration	21,056.76
PIDS – Dual Transmit Receiver module	System Integration	4,020.16
High Power Radars - Dual transmitter receiver module	System Integration	518.40
Air Defence Fire Control Radar - Antenna unit / radar processing unit / transmitter receiving unit	System Integration	1,451.76
Thermal Imager Fire Control System	Cable and wire harness	203.08
Long Range Reconnaissance and Observation System	Cable and wire harness	90.78
Thermal Imager Standalone Kit	Cable and wire harness	75.58
Barak-1 and Barak-8 Missile Systems	Cable and wire harness	51.01
Commander Open Architecture Panoramic Sight	Cable and wire harness	35.40

We have submitted our acceptance to act as the IOP for upcoming projects for several electronic assemblies, automatic missile detection radars, HERON unmanned aerial vehicle systems, Barak systems, medium range maritime reconnaissance aircraft and short range surface to air missile. We believe, we have, over the years, established and refined our agile assembly, configuration, and testing processes to maintain our focus on quality products and timing of delivery to our customers. We have a team of skilled professionals with experience in the field of engineering, supply chain management, human resources and administration, finance and legal compliance to address the requirements of our customers. We aid our customers by performing activities, including sourcing, purchasing and logistics and development of vendor eco-system both domestically and globally. We have also developed a set of vendors domestically in areas of mechanical components, test fixtures, high-end packaging, special coatings and chemical conversions. To streamline operations, we have in place, a diversified procurement network and robust supply chain management, supported by captive sources for enhanced efficiency. Further, our status as a preferred IOP makes us a suitable partner for dominant manufacturers in the US defence market to meet their pending offset obligations.

We are focussed on providing our customers with quality products that are manufactured to meet their specifications. We have established long-term relationships with our key customers and the average period of business relationship with our top three customers is over five years. We believe that our long-standing relationship with our customers has enabled us to be among their preferred suppliers.

Technology enabled and scalable end-to-end capabilities

Our system integration services are a part of an array of electronic, electro-mechanical and wired assemblies, and full-system integration services, which can be configured as per our customers requirements. As part of our system integration services, we also do in-house testing to ensure the quality of our final products, and reliability of our products' functioning under varying environmental conditions. We also specialise in manufacturing assemblies that are used in applications for land, underwater and airborne use. We possess the skillset and technology to manufacture cable and wire harnesses according to customer requirements for various types including radio frequency, coaxial, mixed signal, power, data, submergible, twinnax cables, shielded cable harness, flexible cables and open and closed type harnesses used in aerospace and defence and other allied segments of the industry. We also manufacture test cables, large mechanical jigs and fixtures, and testing programs to meet desired requirements of customer in testing and qualifying the product. In addition, our products are also subjected to various quality assurance tests.

Our manufacturing process allows us to manufacture our products according to the specific requirements and quality expectations of our customers maintaining the required quality standards. Most of the products are manufactured by our skilled workforce and checked by the test equipment to handle manufacturing of proprietary and classified products, the designs of which are provided to us by our OEM customers. We provide 12 months warranty to our customers for our system integration and cable and wire harness services. We have supplied over 15,000 units in the last three Fiscals and in the six months ended September 30, 2023 and have to date not incurred any warranty claims. Our operations are certified with IPC-A-610 for electronic assemblies, IPC / WHMA – A – 620 for cable and wire harness assemblies and J-STD-001 for soldered electrical and electronic assemblies to meet the quality manufacturing standards of the aerospace and defence industry. Our customers conduct training for our employees at our facility. We also conduct training programs for our employees with a view of skill enhancement.

We believe that our investment in infrastructure, maintaining quality standards, enabling timely and adequate working capital limits and continuously upgrading skills and resources has enabled us to scale our operations over the years. Our scalability is demonstrated by revenues. Our revenue from operations have increased at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. Further, in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹15.84 million, ₹16.16 million, ₹24.32 million, ₹0.80 million and ₹289.51 million, respectively. We believe we possess the flexibility to scale in terms of capacity expansion without incurring significant capital expenditure.

We have developed our supply chain for sourcing raw materials used to manufacture our products. Essential raw materials required to manufacture our cable and wire harnesses and system integration are majorly in the form of electronic assemblies and sub-systems such as printed circuit board assemblies, cables and wires, sensors, cable ties, circular connectors and mechanical enclosures. We typically source our raw materials from suppliers approved by our customers. We believe we have maintained strong relationships with our suppliers by working closely with them to meet customer schedules, inventory management to minimize dead inventories and discussions to improve the quality of raw materials supplied. The average period of our relationship with our top five suppliers is six years. For further information, see " – *Raw Materials*" on page 187.

Business model with visibility of cash flows and ability to mitigate operational and technology risk

Our product portfolio backed by our system integration and manufacturing capabilities has enabled us to successfully meet the requirements of our customers. As of September 30, 2023, our order book comprised 63 orders and was ₹12,557.03 million with orders from several customers for projects to be executed in Fiscal 2024 to Fiscal 2025. We believe our competitive advantages include efficiency in operations resulting in timely delivery to customers, maintaining quality control and product security. This has enabled our Company to develop long-term and entrenched relationships with OEM customers that has resulted in growth in our operations and sizeable order book.

Our manufacturing activity is obsolescence-proof as the technology coupled with intellectual property rights, both vest with our OEM customers. Further, our in-house team monitors the obsolescence factor and provides feedback to our OEM customers for suitable action including drop-in replacements. Our OEM customers also provide training at their facilities to our employees. In our system integration projects that are high value, intellectual property-sensitive and classified, we perform risk mitigation including handling of our finished goods under special standard operating procedure provided by customers which includes a dedicated vehicle with freight forwarders to escort the consignment from our premises to dedicated area in airport. This enables security of classified products till they reach the end-customer in various locations. For certain products which do not meet the required specification after subjecting them for the defined testing processes, we are able to rectify the failure based on available technical data and our expertise. The equipment used for testing is provided by our customers, thereby enables our business to be "asset – light" despite our capital intensive product portfolio. For products where the failure cannot be identified with available technical data and those that require core design data for further analysis, our OEM customers permit us to ship the product in an as-is condition which improves our inventory position and ensures cash flows. Our capital expenditure requirement on such projects significantly reduces as our customers provide us with equipment required for testing and qualifying the customised products. Our customers typically reimburse us for costs incurred to maintain all buyer furnished equipment to use in manufacturing and qualifying the products in serviceable condition. As of September 30, 2023, we held ₹1,726.12 million worth of equipment provided to us by our customers, and such equipment can be used for similar projects, subject to approval from such customers. Suppliers of our raw materials for a particular project are approved and determined by our customers prior to commencement of the project. Our Company and our customer jointly monitor and ensure the quality of items. Our customers also provide technical training to our employees to ensure efficient project execution.

Strategically located in aerospace Special Economic Zone with an advanced and modern manufacturing facility

In 2020, we commissioned our new manufacturing facility at the Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka. Our facility is spread over an area of 30,000 square feet and is located in the same city as our key domestic customers which ensures shorter delivery times. The facility is secured by digital security cameras coupled with alarm systems with restricted access control for individual manufacturing divisions. Our facility is situated within a SEZ that offers us duty free imports, exemption from GST and supplies that are zero rated under extant regulations. Being situated in an SEZ ensures that we are also not subject to levies imposed by the state government and our operations are eligible for single-window clearance by the relevant authority. Further, being a MSME, we are eligible for an interest subvention of 3% on the working capital for export orders. Additionally, by virtue of being located in a SEZ, we are eligible to avail 100 percent tax benefit until assessment year 2024-2025, 50 percent tax benefit from assessment year 2025-2026 till assessment year 2029-2030 and further tax benefit of 50 percent of our export profits or the amount credited to the SEZ reinvestment allowance reserve, whichever is lower from assessment year 2030-2031 until assessment year 2034-2035. We have invested ₹86.00 million in our wholly owned subsidiary, RASPL as on September 30, 2023. RASPL has also set up a manufacturing facility for EMS at our Company's premises, which has facilities for design, development, manufacturing, qualification and life cycle support of electronic and electro-mechanical systems used in aerospace and defence, medical electronics and industrial electronics application.

Our facility is equipped with advanced machinery and equipment including laser wire maker, automatic wire cutting and stripping machine, coaxial stripping machine, crimp tools, controlled torque tools, vacuum pump and desiccator, tunnel welding machine and temperature controlled soldering station. Our facility is set up for complete in-house environmental and electrical testing and contains the latest inspection and testing equipment. Our manufacturing line and equipment meets the standards prescribed by the Institute for Printed Circuit ("**IPC**"). We manage our operations through an enterprise resource planning system.

A majority of our finished goods are handled under special standard operating procedure mandated by our customers which includes transporting the consignment from our premises to the airport with a dedicated vehicle with freight forwarders. This enables security of classified products till it reaches the customers in various locations.

Well-positioned to capitalize on industry tailwinds

There is a strong focus and various initiatives by the Government of India in the aerospace and defence sectors and in particular for private sector players including micro, small and medium enterprises. India's defence budget outlay for Fiscal 2023 is ₹5,250,000 million, the annual budget representing a 10% increase over the budget of ₹4,780,000 million in Fiscal 2022.The Indian Defence private sector has also witnessed a substantial growth owing to the implementation of government reforms. In Fiscal 2022 and Fiscal 2021, private sector players in the Indian defence sector accounted for 86% and 70% respectively, of the exports generated. Private sector players play an important role in meeting the offset obligations and helping the goals set by the Government of India with reference to be a US$ 5 billion export country by 2025. (*Source: Company Commissioned F&S Report*) In Fiscal 2023, we exported about US$ 107 million worth of equipment accounting for about 5.5% of the overall Defence Exports from India. (*Source: Company Commissioned F&S Report*) The Defence Acquisition Policy 2020 ("**DAP 2020**") has extended avenues for extending offsets, providing foreign businesses direct credit for transferring vital technologies to the Indian economy. The DAP 2020 ensures that large number of innovations utilised in defence equipment are now available to private entities. With defence public sector undertakings focussing on specialisation and integration and sub-component manufacture being outsourced to the private sector, there are significant opportunities for the private sector. (*Source: Company Commissioned F&S Report*)

We have established a leadership position in the Indian aerospace and defence industry amongst other companies, in the segment of system integration business as a result of our long operating history and the experience of our management team (*Source: Company Commissioned F&S Report*).We believe that our in-depth knowledge base and understanding of the aerospace and defence industry, particularly in India positions us to take advantage of the growth in these sections. Our relationships with OEMs serves as a strategic advantage in catering to government contracts. As a Defence Industrial Licence holder for microwave modules for radar and electronic warfare sub-systems, microwave modules for command and guidance units for missile sub-systems, we are well-positioned to take advantage and potential of various initiatives by the Government of India set out below.

Measure	Description
Positive Indigenisation List	To incentivise domestic production and limit imports, the Defence Ministry has notified four positive indigenization lists consisting of a total of 509 items, and an additional 98 items in the fifth list, which was released in 2023. Imports of these items are banned, And services can only source the listed equipment from Indian vendors, according to the procedures given in DAP 2020. Equipment covered includes segments such as electronic warfare, sensors, radars, unmanned aerial systems, spares amongst others. Depending on the complexity, some of the suitable items are brought under the preview of Defence Technology Fund or iDEX (Innovation for Defence Excellence), which have been primarily benefiting MSMEs, start-ups, and individual innovators. (*Source: Company Commissioned F&S Report*).
Budget Allocations	75% of capital procurement budget has been earmarked for domestic defence procurement for Fiscal 2024, up from 68% in Fiscal 2023. (*Source: Company Commissioned F&S Report*).
Corporatisation of Ordnance Factory Board ("**OFBs**")	The government aims to corporatize OFBs in a bid to improve production efficiency and transparency. There are 41 ordnance factories in India, which source components from Tier 2 and Tier 3 suppliers. (*Source: Company Commissioned F&S Report*).
FDI	The FDI limit under the automatic route has been increased from the current 49% to 74%. The increase will encourage foreign manufacturers to invest in India with confidence as they will have a controlling stake in a joint venture (*Source: Company Commissioned F&S Report*).
Indian Offset – Self Reliant	This measure encompasses design, development, and manufacture as part of its mandate, and encourage OEMs and design firms to form long term partnerships with India's defence sector (*Source: Company Commissioned F&S Report*).

Track record of consistent financial performance

We have been delivering consistent financial performance. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our revenue from operations were ₹6,411.63 million, ₹11,022.73 million, ₹12,536.34 million, ₹3,871.40 million and ₹4,792.25 million, respectively. Our revenue from operations grew at a CAGR of 39.83% between Fiscal 2021 and Fiscal 2023. We have witnessed consistent improvement in our balance sheet position in the last three Fiscals and in the six months ended September 30, 2022 and September 30, 2023. Our total assets have grown from ₹7,931.78 million, as of March 31, 2021 to ₹12,192.84 million, as of March 31, 2023, respectively and was ₹9,122.92 million, as of September 30, 2022 and ₹11,178.96 million, as of September 30, 2023.

The following table sets forth certain key financial performance indicators as of and for the periods indicated:

Particulars	As of and for the years ended March 31,			CAGR (Fiscal 2021 to Fiscal 2023)	For the six months ended September 30,	
	2021	2022	2023		2022	2023
	(Standalone)	(Consolidated)			(Consolidated)	
	(₹ million, except percentages)					
Total Income	6,832.42	11,243.34	12,831.82	37.04%	4,005.68	5,029.16
Revenue from Operations	6,411.63	11,022.73	12,536.34	39.83%	3,871.40	4,792.25
EBITDA(1)	100.80	838.73	1,127.62	234.47%	350.53	260.41
EBITDA Margin(2)	1.57%	7.61%	8.99%	139.29%	9.05%	5.43%
Adjusted EBITDA(3)	324.76	1,058.97	1,421.69	109.23%	484.71	460.91
Adjusted EBITDA Margin(4)	4.75%	9.42%	11.08%	52.73%	12.10%	9.16%
Profit for the year/period	295.58	656.08	716.81	55.73%	134.46	294.44
Profit for the year/period Margin(5)	4.33%	5.84%	5.59%	13.62%	3.36%	5.85%
ROE(6)	63.18%	55.79%	12.65%	-55.25%	10.26%	4.98%
ROCE(7)	4.16%	13.15%	10.30%	57.35%	5.21%	2.43%
Adjusted ROCE(8)	16.33%	16.70%	13.03%	-10.67%	7.26%	4.39%
Debt / Equity	2.91	4.27	0.90	-44.39%	3.99	0.73

Notes:

1. *EBITDA is calculated as profit before exceptional items and tax plus finance costs, depreciation and amortization expenses less other income and plus foreign exchange loss. Other income includes (i) interest income on fixed deposits; (ii) unwinding of interest on security deposit; (iii) income from foreign exchange fluctuation; (iv) gain on termination of lease; (v) income from mutual funds; (vi) income arising from fair valuation of asset through profit and loss; and (vii) other income on account of incentives received pursuant to the Pradhan Mantri Rojgar Protsahan Yojana.*
2. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
3. *Adjusted EBITDA is calculated as EBITDA plus interest on fixed deposits.*
4. *Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total income.*
5. *Profit for the year/period Margin is calculated as profit after tax divided by total income.*
6. *ROE is calculated as profit after tax divided by Net Worth. Net Worth is total equity.*
7. *ROCE is calculated as EBIT / Capital Employed. EBIT is calculated as EBITDA less depreciation and amortization expenses. Capital Employed is total assets less the sum of current liabilities and current investments.*
8. *Adjusted ROCE is calculated as Adjusted EBIT / Capital Employed. Adjusted EBIT is calculated as Adjusted EBITDA less depreciation and amortization expenses. Capital Employed is total assets less the sum of current liabilities and current investments.*

The following table sets forth certain operational metrics as of and for the periods indicated:

Particulars	As of and for the years ended March 31,			CAGR (Fiscal 2021 to Fiscal 2023)	For the six months ended September 30,	
	2021	2022	2023		2022	2023
	(Standalone)	(Consolidated)			(Consolidated)	
	(₹ million, except percentages)					
Cost of Material Consumed(1)	6,184.69	10,005.86	11,191.99	34.52%	3,411.36	4,401.47
Other Operating Expenses (Including Foreign Exchange Gain / (Loss))(2)	53.62	481.93	782.11	281.92%	438.87	249.99
Total Expenditure (Including Foreign Exchange Gain / (Loss))(3)	6,238.31	10,487.79	11,974.10	38.54%	3,850.23	4,651.46
EBIT(4)	497.28	868.77	1,114.00	49.67%	273.00	486.68
EBIT Margin(5)	7.28%	7.73%	8.68%	9.19%	6.82%	9.68%

Notes:

1. *Cost of materials consumed includes changes in inventory;*
2. *Other operating expenses includes foreign exchange gain / loss, employee cost, finance cost, depreciation and other expenses;*
3. *Total expenditure includes foreign exchange gain / loss, cost of materials consumed, other operating expenses, finance cost and depreciation.*
4. *EBIT is the aggregate of profit before tax and finance cost;*

5. *EBIT margin is calculated on total income by dividing EBIT by total income.*

Experienced and qualified Promoters and senior management team supported by a committed employee base

We possess a qualified senior management team with considerable industry experience. Our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, is an industry veteran with over two decades of experience in electronic manufacturing and in the defence and aerospace sectors. Our Non-Independent and Non-executive Director, Neal Jeremy Castleman, has been involved in the electronics industry since 1997 and possesses extensive electronics manufacturing experience.

Our Key Managerial Personnel and Senior Management Personnel team includes a combination of management executives who bring in significant business expertise including in the areas of finance and accounts, supply chain management, logistics, production quality, human resources, legal compliance and corporate sectorial services which positions us well to capitalize on the current and future growth opportunities. Shiva Kumara R., Vice President, Operations of our Company, has over 15 years of experience in the supply chain management while our Deputy General Manger of Supply Chain Management, Anand S has about 15 years of experience in supply chain management. Nagaraj R Dhavaskar, Company Secretary, Legal and Compliance Officer of our Company, has more than six years of experience in legal compliance and corporate sectorial services and was previously associated with B. Rudra Gouda, Intertrustviteos Corporate and Fund Services Private Limited, Infinite Techworld Limited, Infinite Tech Ventures Limited, Infinite Computer Solutions (India) Limited and BPL Limited. . The heads of functional groups, such as operations, finance, logistics, production and quality, enhance the quality of our management with their specific and extensive industry experience. Pramod B, Deputy General Manager of our Company, possesses over 15 years of experience in supply chain management. Our Whole - time Director and Chief Financial Officer, Ranga K. S., was previously associated with Micro Plastics Private Limited and Alpha Design Technologies Private Limited.

STRATEGIES

Strengthen our system integration operations, further expand our cable and wire harness assembly business and inculcate backward integration through the manufacture of printed circuit board assemblies

To expand within our existing verticals we intend to collaborate with OEMs in Israel and United States that possess high-end technologies in areas such as radars, electronic warfare, missile systems, surveillance systems, sensors and communication systems. Another driver of defence electronics and associated integration opportunities in India is the future proliferation of more advanced intelligence, surveillance and reconnaissance solutions and in particular, radar systems. Several Indian combat aircraft continue to use passive radar solutions. Moving forward, passive radars will be replaced with indigenous active electronically scanned array radar systems. The shift from passive to active radar solutions will thus provide opportunities for the manufacture, assembly, and integration of electronic radar modules, as well as related cabling. (*Source: Company Commissioned F&S Report*) This is another opportunity that we intend to capitalize on based on our existing capabilities.

We also intend to expand our existing cable and wire harness assembly operations, which is a high-margin business and printed circuit board assembly business for their global customers and also make new geographical penetrations by integrating a new assembly line of fibre optic cable assemblies. *(Source: Company Commissioned F&S Report)*. The domain experience of our senior management team and our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, extends beyond EMS in the aerospace and defence sectors and we intend to leverage such experience to further expand our operations. The major focus of our proposed expansion would be on sectors such as telecom, medical, power, industrial and automotive, amongst others as they result in high volume business along with high EBITDA and profit after tax margins *(Source: Company Commissioned F&S Report)*. Our wholly owned subsidiary, RASPL, has also established a manufacturing facility for printed circuit board assemblies to meet the requirements of the defence and aerospace sector. The backward integration offered by this manufacturing facility will also enable our Company to expand its business and product offerings to our domestic and global customers.

Focus on adjacent industry verticals leading to expansion of customer base

Our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao and our senior management team have significant experience in the EMS sector particularly in the aerospace and defence sectors. We intend to focus on adjacent industry verticals like EMS and MRO services. Globally, revenues of the top 50 EMS companies were about US$ 344 billion in 2019, which accounted for 16% of the global electronics market by value. Most of the major manufacturers are considering the a “China+1” policy, where India is the most favoured destination. Defence electronics is noted to be one of the substantially upscaling markets within India. The Indian EMS Industry is expected to grow from US$ 20 billion in Fiscal 2022 to US$ 60 billion in Fiscal 2026 at a CAGR of around 32.3%. The Indian MRO market attained a value of US$ 1.7 billion in 2021. The Indian commercial MRO market is poised to grow at a CAGR of approximately 8.9% between 2022 to 2030. The electronic cables and connectors segments are expected to account for 4% of the total Indian MRO market. The potential market for our Company will be around US$ 160 million by 2031. The global MRO market is estimated to expand at a CAGR of 7.7% between 2022 and 2030, as the market expands from US$ 64.7 billion in 2022, to US$ 117 billion in 2030. (*Source: Company Commissioned F&S Report*) Given our capabilities, we believe we are well positioned to capitalize on the potential growth opportunities in these segments.

We intend to focus on the products identified in the Positive Indigenization List by the Ministry of Defence, Government of India or similar products, which we believe will provide opportunities to further the expansion of our business activities and obtain transfer of technology. Transfer of technology is poised to be one of the key factors which is anticipated to drive the market for the hardware components vertical. Connectors and cables are used across various turnkey and subsystems assembly; hence an increased number of technology transfer contracts on both national as well as global basis are poised to boost the demand for cables and connectors. Technology transfer agreements have a major advantage in terms of defence offsets. Locally manufacturing companies in India would gain potential opportunities to explore international markets through this. (*Source: Company Commissioned F&S Report*) We are in the process of evaluating options for the transfer of technology, and in particular, from key markets that we serve, such as Israel and the United States.

Strengthen relationships with our existing customers and expand customer base

We have established long-term relationships with our customers and have recurring business engagements with such customers. We have a comprehensive business model with strict adherence to quality standards and timeline based deliveries which in our experience enables us to offer end-to-end solutions to OEMs. We plan to continue to focus on strengthening our existing relationships with our customers with a view of entering into more sophisticated, higher value projects with them. We are in the process of evaluating options for the transfer of technology especially from key markets that we serve. Our focus area is the positive indigenisation lists (containing 351, 107, and 780 items to be indigenised in the first, second and third lists respectively) of the Ministry of Defence, Government of India as provided in the website of Department of Defence Production at https://srijandefence.gov.in/ and advanced technology for civilian applications. We intend to focus on certain items within this list for the transfer of technology including long-range glide bombs and small UAVs for surveillance. For further information, see “ – *Pursue inorganic growth through selective acquisitions*” on page 175.

We believe that our quality product offerings, and our leadership in key product segments will enable to us to increase our share of business amongst our existing customers as well as increase our customer base. We intend to acquire customers that can provide higher value contracts, increase the wallet share with our existing customers through a combined means of marketing strategies and improvement of our manufacturing facility.

We intend to increase cross-selling of our product to increase customer base in various product verticals and expand into new or adjacent product verticals with our existing customers. We will continue to leverage our existing customer relationships to expand into new product categories. We are in the process of achieving horizontal integration of our business model through RASPL, our Subsidiary, which has set up additional manufacturing facility for EMS at our Company’s premises, which has facilities for design, development, manufacturing, qualification and life cycle support of electronic and electro-mechanical systems used in aerospace and defence, medical electronics and industrial electronics application. We currently serve as an IOP for OEMs and our raw material for PCB assembly or Printed Circuit Card is manufactured by external vendors. Through vertical integration in this segment, we believe we will have greater control on manufacturing, costs, optimized utilisation of working capital, better adherence to delivery timelines, improvement in supply chain management, increased volume, higher profitability and margins. We also expect to generate additional business opportunities from other IOPs and domestic and foreign OEMs based on our track record of serving as an IOP for defence manufacturing projects.

Penetrate into new geographies through an increase in exports

Owing to relaxation of export limitations and policy changes, Indian defence exports are expected to rise rapidly. This is supported by the expanding capabilities of Indian defence suppliers. In comparison to defence public sector entities, the private sector now dominates Indian defence exports, which is expected to drive income prospects

(*Source: Company Commissioned F&S Report*). We believe that we are well positioned to capture this expected growth in exports. Our export revenues were ₹3,801.16 million, ₹6,116.94 million, ₹8,847.25 million, ₹1,985.30 million and ₹4,715.41 million, respectively, and accounted for 59.59%, 55.73%, 70.57%, 51.28% and 98.40%, respectively, of our revenue from sale of products, in Fiscals 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023. Our export revenues grew at a CAGR of 52.56% between Fiscal 2021 to Fiscal 2023. We are a four star export house, thereby enabling us to move and obtain clearances for our products from the customs authorities easily.

Over the years, we have supplied electronic sub-systems, cable and wire harness assemblies primarily to Israel, the United States and Korea. We intend to expand our international operations to enhance our global presence in the aerospace and defence sectors. We intend to enter new markets such as Europe where we believe we can provide cost and operational advantages to our customers, and where we will be able to distinguish ourselves from other companies with similar offerings. In Europe, a higher number of NATO members met the Alliance's guideline aim of spending at least 2% of GDP on their military in 2020, compared to just nine countries in 2019. Further, spending on defence is expected to increase in the middle east with the ongoing conflict between Israel and Palestine. Further, in 2022, global military expenditure has surpassed $2 trillion per year, and looks set to rise further as European countries reinforcing their armed forces in response to Russia's invasion of Ukraine. Despite a brief period of declining military spending between 2011 and 2014, expenditures have increased for seven consecutive years. In the wake of the full-scale invasion of Ukraine, several European governments have pledged a spending overhaul to boost their armed forces' capabilities. (*Source: Company Commissioned F&S Report*)

We are focused on expanding the verticals that we will cater to and also implement forward and backward integration strategies. For further information, see " – *Continue to improve operational efficiencies through economies of scale, supply chain rationalization and effective resource planning*" on page 175. Given our design and manufacturing capabilities, we believe that there is significant potential for us to move into newer geographies and markets. We intend to identify opportunities in such overseas jurisdictions and tie up with local partners to utilise our existing product portfolio and further develop products suitable for meeting the respective country's native requirements. We expect that such initiatives will provide us opportunities to not only expand our customer base but penetrate into newer geographies.

Continue to improve operational efficiencies through economies of scale, supply chain rationalization and effective resource planning

Our operational efficiencies have been established and refined over the years through an emphasis on economies of scale, incorporating the learnings we have acquired as part of our business operations, and supply chain developed for sourcing raw materials. We intend to continue to maintain and improve our operational efficiencies, with a focus on our supply chain. In order to improve our operational efficiency, we have undertaken implementation of comprehensive vertical integration measures such as undertaking EMS in-house, and MRO activities. In addition, we also intend to focus on cycle time reduction by adopting advanced technologies that will also result in process optimization, increasing our Company's capacity to undertake more projects and thereby increase our revenues and margins. We intend to continue to maintain flexibility in our manufacturing lines for our different business verticals. We believe that will ensure higher utilization levels while aiding us in attaining a cost advantage. Further, we intend to leverage technology to effectively utilise our machinery through digital solutions, enabling effective monitoring of machines, allowing us to study shop floor patterns to address potential bottlenecks, thereby improving our output efficiency.

We believe these vertical integration measures will allow us to reduce our dependence on third parties, better manage our material inventory, and also contribute to higher margins. With vertical integration, we expect to achieve greater control over our manufacturing process, quality standards and also benefit from cost efficiencies. As a result, we will be able to fulfil our customers' diverse needs in a timely manner, increase our sales per customer and improve our working capital requirements and supply chain processes.

Pursue growth and strategies through selective acquisitions and incorporation of new joint ventures and subsidiaries

In the past, we have incorporated new joint ventures and subsidiaries as a part of our growth strategy. We have incorporated RASPL, a wholly owned subsidiary for manufacturing printed circuit board assemblies to meet the requirements of the defence and aerospace sector. RASPL plays a role in fulfilling a key portion of the integrated manufacturing by providing total solutions to OEMs for supply of complete products in the aerospace & defence sector for both captive business as well as supply of total products directly to the global OEM's by our Company by serving as backward integration. Further, as there are large market opportunities for EMS in non – defence related industries such as railways, industrial electronics, medical, strategic electronics etc., (*Source: Company Commissioned F&S Report*), we intend to use the EMS manufacturing capabilities of RASPL to cater to the aforementioned non – defence industries, and grow our business.

We have established a foreign subsidiary, NIART. Through NIART, we aim to participate in the development, production and global distribution of obstacle detection solutions based on radar and optics for civilian industries, particularly the railway industry. The market potential for the obstacle detection solutions based on radar and options for civilian industries in India alone is over $3 billion and over $4 billion for other global market. Further, the recent budgeted amount of ₹34,000 crore by the Government of India for safety upgrades in the railways provides major boost and confidence in this business. (*Source: Company Commissioned F&S Report*) Through NIART, we aim to directly supply the Indian and global railway market with obstacle detection solutions based on radar and optics technology to improve the safety and efficiency of railways operations. This partnership will allow us to expand our business in new markets and add value in the form of additional business to our present business verticals.

We may consider and explore selective strategic acquisitions or joint ventures in the aerospace and defence segment as and when identified to pursue our growth strategies and complement the scale of our operations and growth in recent periods. We are currently engaged in discussions with leading technology players globally for joint ventures and/or acquisition of technology and product to be made in India under Aatmanirbhar Bharat and Make-in-India initiatives. We believe that pursuing selective acquisitions will expand our customer base by addressing additional business verticals and augment our service coverage by providing end-to-end customer solutions. We believe that such acquisitions would also allow us to commercialize the technology and products of the target company faster and acquire new clients and improve our cross-selling opportunities. Our extensive industry experience and insights enable us to identify suitable target companies for collaboration and effectively evaluate and execute potential opportunities. We intend to have a dedicated team that evaluates inorganic opportunities and assists us in evaluating each potential opportunity in determining how their business model or solution will integrate with our existing product portfolio, and how the companies can mutually benefit from such potential investments or collaboration. As on the date of this Preliminary Placement Document, we have not entered into any definitive agreements for acquisition.

We also intend to pursue growth opportunities by entering into joint ventures for collaborating with other participants in the Indian and global defence markets. Through such collaborations, we aim to obtain transfer of technology and gain access to the intellectual property and technical knowhow required to pursue expansion of business activities in sectors such as manufacturing for defence and civil applications. We are currently in the process of identifying potential partners for such collaborations and joint ventures.

BUSINESS OPERATIONS

Products and Services

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

The following table shows our revenue split according to our various business verticals, as of Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023:

Verticals	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
System Integration*	6,160.67	96.09%	9,398.65	85.27%	11,544.53	92.09%	3,732.39	96.41%	4,713.19	98.35%
Cable and Wire Harness Assemblies**	195.84	3.05%	298.14	2.70%	292.53	2.33%	130.60	3.37%	78.71	1.64%

Kitting	55.12	0.86%	1,325.94	12.03%	699.28	5.58%	8.41	0.22%	0.35	0.01%
Total	**6,411.63**	**100%**	**11,022.73**	**100%**	**12,536.34**	**100%**	**3,871.40**	**100%**	**4,792.25**	**100%**

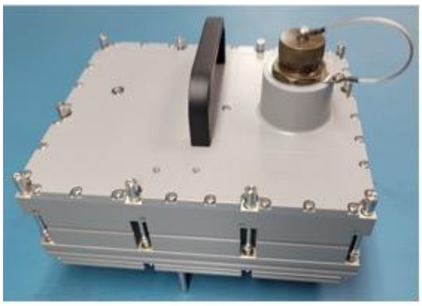
** Includes Merchandise Exports from India Scheme ("**MEIS**") incentive of ₹28.28 million, ₹28.61 million, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.*

*** Includes MEIS incentive of ₹0.03 million, nil, nil, nil and nil in Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, respectively.*

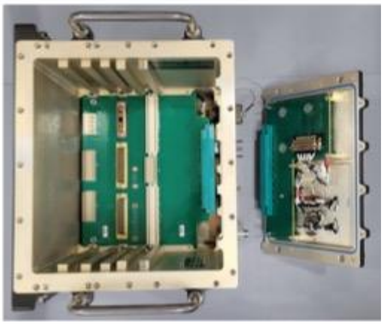
System Integration

We undertake system integration in areas of 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 both 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 reliability of our products' functioning under varying environmental conditions.





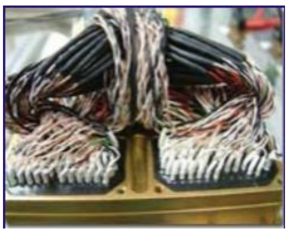



We possess capabilities to manufacture complex, high-end and high-power microwave modules which that have applications in radars, antennas, electronic warfare systems, receiver subsytems and missile systems. Our capabilities include inspection and test equipment of cable tester, cirrus testers, network analyzer, crimp pull tester, 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

Fine Wire Cable Assemblies

Fine cable assemblies are manufactured by using extreme limpness and flexible multi strand wires insulated by silicon rubber insulated compound which are inherently soft and pliable to provide smooth and flexible high bend radius of harness to obtain flexibility and long life in dynamic, flexible application. These cables are light weight, high temperature resistant, radiations resistance, low smoke and halogen free and strong. Fine wire cable assemblies are extensively used in robotic, aerospace, marine, space and medical applications to obtain high performance.



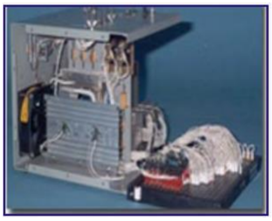
Flex Flat Cable Assemblies

Designed for board-to-board interconnections, standard flat flexible cables are made up of flat conductors insulated with polyester or polyimide tapes (from 0.30 mm to 1.25 mm pitch). The termination of flat flexible cables is made either with zero insertion force or low insertion force connectors. The cables are equipped with reinforcement tape to strengthen the ends by soldering. Flexible flat cable is a type of cable that is flat in shape and flexible enough to manoeuvre within tight spaces. Flex cable applications are usually used in small and tight spaces. The construction of a flat cable really helps manage cables because of the uniform, flat shape. Usually, a flexible plastic is used in the base where several different conductors are able to be bonded with the surface. The flat cable provides three main advantages over a round cable with space-saving design, improved resistance to electromagnetic interference ("**EMI**") or radio frequency interference, and helping to avoid any issues related to wire coupling.

Electromagnetic Interference Shielded Cable Harness

EMI shielded cables, harnesses and assemblies are designed to meet electromagnet pulses, electromagnetic compatibility, nuclear, biological and chemical and telecommunications electronics material protected from emanating spurious transmissions or TEMPEST solutions, and our shielded solutions have been used in certain commercial airliner landing gear systems, secure communication systems and others.

Wired Enclosure



We produce high reliability backplane assemblies, and wired enclosures for the defence and aerospace and industrial market. We specialize in complete turnkey custom electronic wired enclosures, sub-racks, system cabinets, and subsystem chassis. Our capabilities enable us to support portable size units to large consoles with up to 100,000 terminations, and allow our customers the flexibility to customize their designs to meet the needs of the application.

Conduit Assemblies

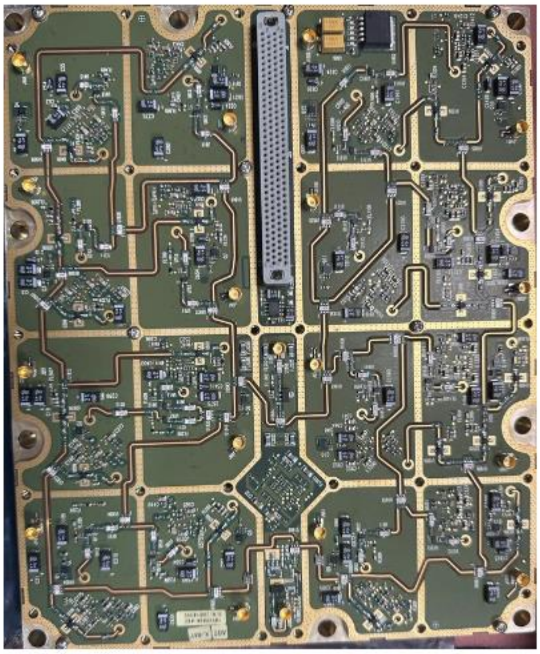
Electrical conduits surround electrical wiring to protect from impact, moisture and chemical vapors. A conduit simplifies a wiring installation by providing an unobstructed path for the wiring to run through. Conduit systems can be waterproof and protect sensitive circuits from electromagnetic interference. Special types of conduits can be made to protect wiring from flammable gases and vapors to protect from fire and explosion. Other types of conduit are made to be directly encased in concrete, allowing for specialized installation of outlets and networking/phone ports and ease of running the wires through the floor.

Kitting

Kitting includes sourcing of components from various global manufactures 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 thereby reducing the actual cost of procurement, storage and kitting. Kitting also reduces inventory levels, space requirements, indirect cost and overhead efficiencies, and real cost of acquisition.

Printed Circuit Board Assembly

We undertake manufacturing of printed circuit board assemblies as per the design requirements of our customers. Printed circuit board assemblies or PCBAs are some of the most important components for any electronic system. The manufacturing activity involves process of soldering electronic components which are both active and passive in nature like integrated circuits, resistors, capacitors, inductors, connectors, transistors, diodes etc., onto a blank printed circuit board to form a functional electronic assembly, which is then used in a higher level electronic system to make a fully functional product. The complexity of the assemblies varies from application to application, and we have the capability to manufacture various kinds of PCBAs, including RF boards, digital boards, and mixed signal boards, which are used in the electronic applications such as radar systems, electronic warfare systems, command, control and communication systems, missile systems etc. PCBAs can be utilised for defence as well as non – defence applications.



Our Manufacturing Facility and Capabilities

We operate from a single facility at Plot #29, 30 and 107, Hi-Tech Defence and Aerospace Park SEZ, Kavadadasanahalli 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. Further, our Subsidiary, RASPL has set up an additional manufacturing facility spread over an area of 40,000 square feet for EMS at our Company's facility, which facilitates design, development, manufacturing, qualification and life cycle support of electronic and electro – mechanical systems used in Aerospace and Defence, Medical Electronics and Industrial Electronics application.

Our manufacturing facility is situated in a special economic zone dedicated for aerospace and defence industry and 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 situated 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, majority of our classified finished goods are handled under special standard operating procedure provided by customers which includes a dedicated vehicle with armed guards to escort the consignment from our premises to the airport. This enables 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 place emphasis on quality manufacturing, internal controls, skilled manpower, timely execution capabilities and organizational 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 for system integration and cable & wire harness assembly is as below:

Production Machine & Equipment	Inspection & Testing Equipment
> Laser Wire Marker	> Cable Tester - Multipoint Series 5000
> Automatic Wire Cutting & Stripping Machine	> Cable Tester - CIRRIS
> Coaxial Stripping Machine	> Network Analyzer
> Thermal & Ideal Stripper	> Crimp Pull Tester
> Crimp Tools (All Standard Tools)	> Microscope
> Controlled Torque Tools	> Leak Test Equipment
> Tinnel Welding Machine	> High Voltage Tester
> Label Printer	> Micro - Ohm Meter
> Dessicator	> ATE for PCBA & Module Testing
> Hot Melt Potting Machine	> Electrodynamic Vibration Shaker System
> Adhesive/Glue Dispenser	> Shore A & Shore D Hardness Tester
> Baking / Curing Oven	> Megger / Digital Insulation Tester
> Temp Controlled Soldering Stations	> Contact Retention Tester
> Temp Controlled Hot Air Gun	> Vernier Height Gauge
> Ultra Low Dry Cabinet	> Digital Crimp Height Micrometre
> Mechanical & Pneumatic Toggle Press	
> Vacuum Packing System	

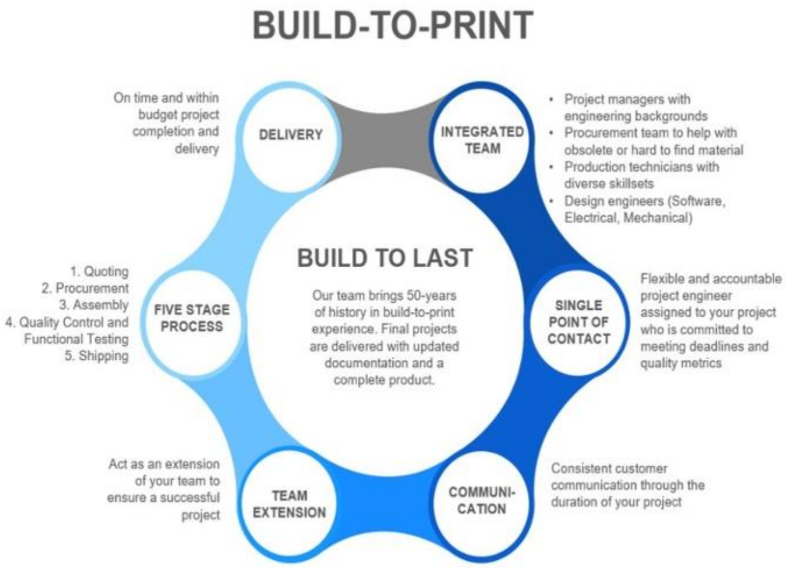
An indicative list of equipment RASPL, possesses for printed circuit board assembly is as below:

Production Machine & Equipment	Inspection & Testing Equipment
> Pick-N-Place Machine	> Solder Paste Inspection System
> Screen Printer	> Automated Optical Inspection System
> Reflow oven	> X-Ray Inspection System
> PCB Vacuum cleaner	> Environmental Test Chamber
> Loader, Unloader and Conveyor System	> Ionic contamination tester
> PCBA Cleaning System	> Visual Inspection System
> Selective Soldering System	> Multi Meters
> Dessicator	
> BGA Rework System	
> Stencil Cleaning System	
> Baking / Curing Oven	
> Temp Controlled Soldering Stations	
> Press-Fit System	
> Conformal Coating System	

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. (*Source: Company Commissioned F&S Report*)

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



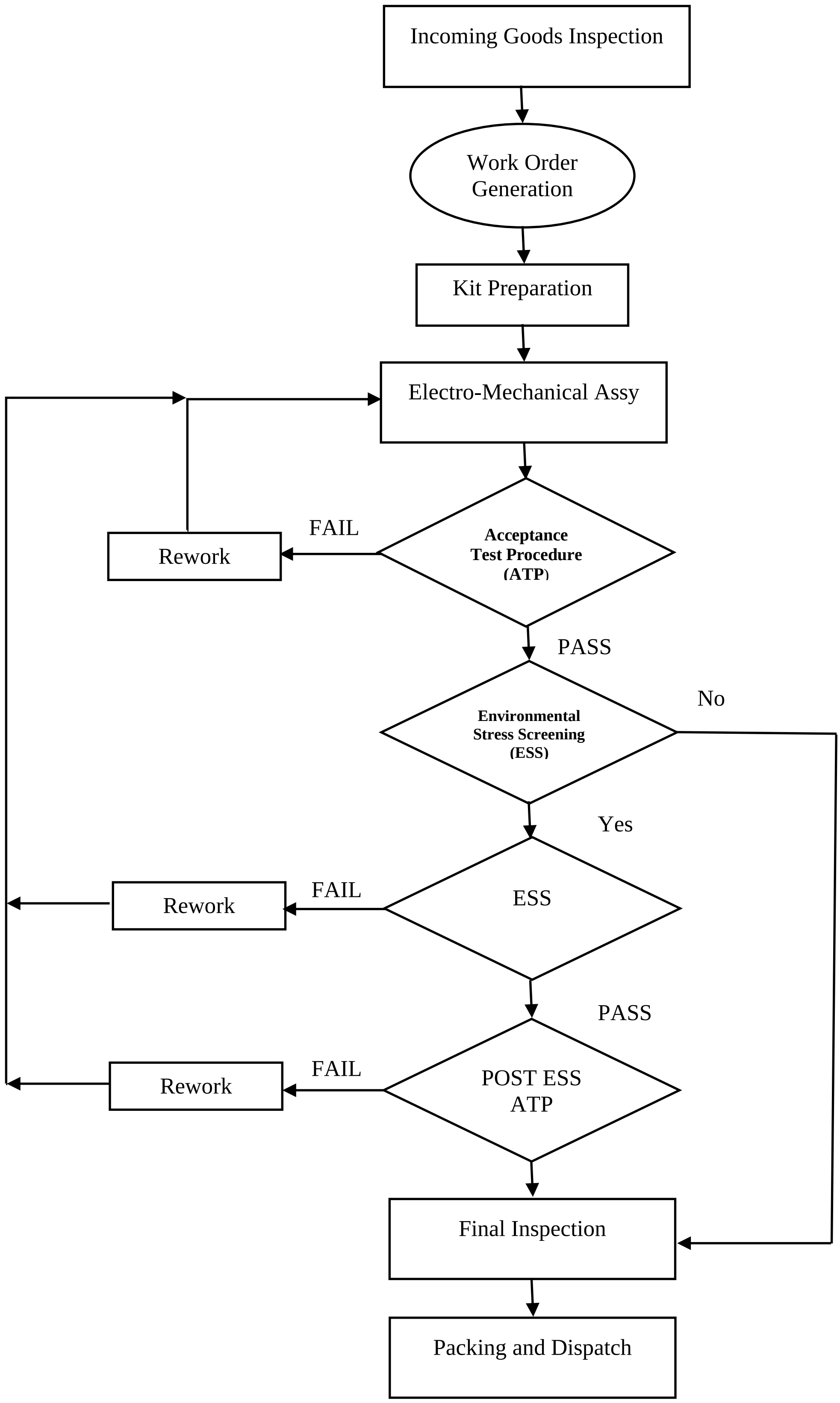
Cable and Harness Prototype Manufacturing and Testing

We also undertake manufacturing of proto-types 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 come for bulk production.

Manufacturing Process

System Integration

The flowchart below sets out briefly the process of system integration:



The production process starts once the order is confirmed. The production order will be released by the authorized person against the order and the process type will be defined as either first article inspection ("**FAI**"). The FAI process will be provided by the customer.

Post FAI, documents for bulk production will be transferred from our process engineering department to the production and testing department, while our planning team will analyse resources required to complete the project. If required, training is provided to employees.

Raw materials are issued by stores as a kit and the same is inspected by a technician and a quality inspector to ensure the part numbers and batch numbers of raw materials match the bill of material. The manufacturing process will start with the supporting documents like process control record, work instruction, device history record, drawings, and specifications defined by the customer and internal team. Drawings, work instructions and specifications are the documents which are referred to manufacture a product. Process control records and device history records are used for traceability of process, raw materials, and tools used throughout the process cycle. There are intermittent quality-in-process inspections to ensure quality of the product at different levels of the production process as defined by the process engineering team.

As part of system integration, electromechanical assembly includes integration of complex radio frequency, digital and power supply PCBAs and assemblies with mechanical parts using certain hardware, cable harnesses and radio frequency cabling as per customer requirements.

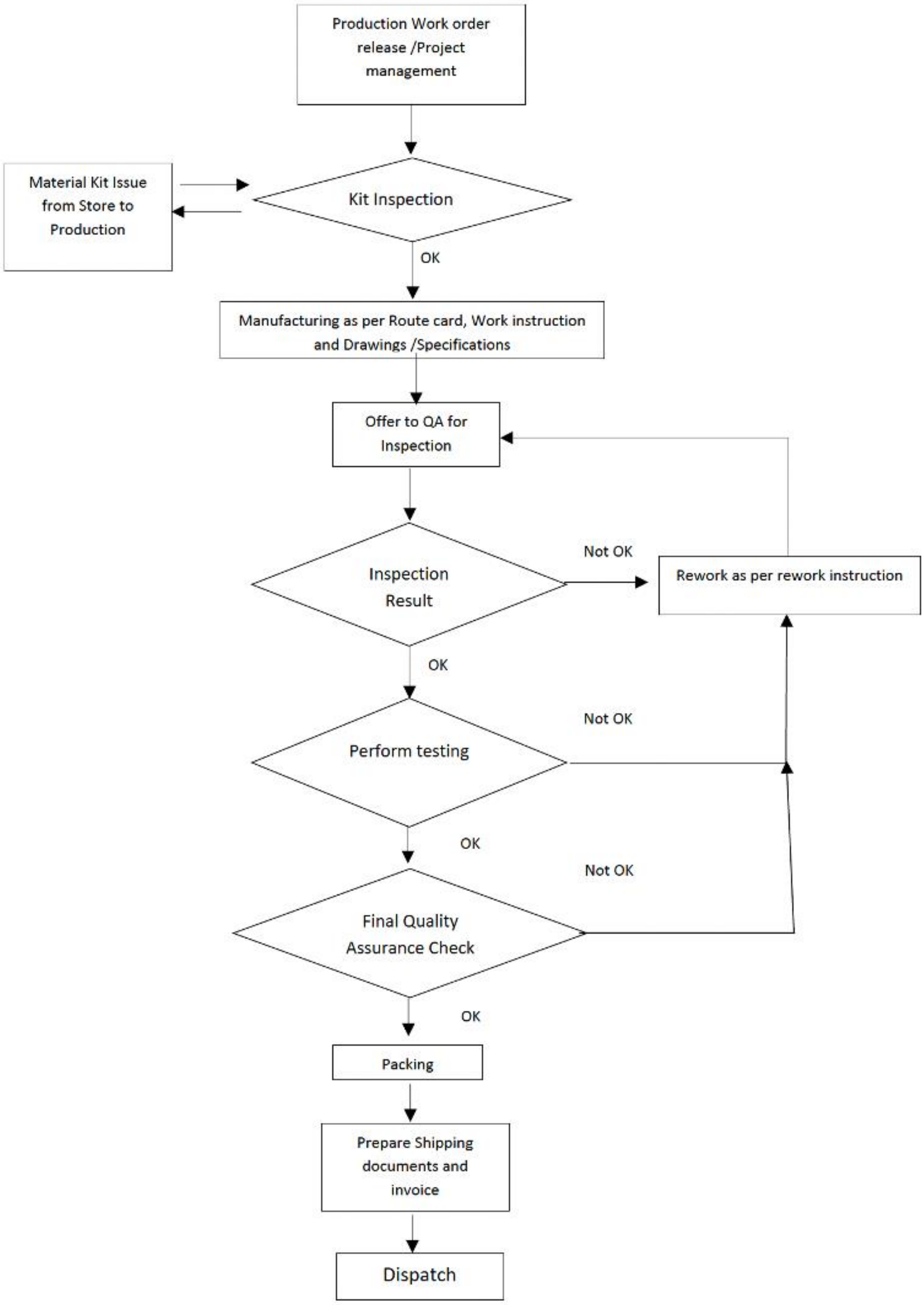
Testing of Unit Under Test ("**UUT**") includes software loading, acceptance test procedures ("**ATP**") and reliability test of the UUT based on the specification and requirement specified by the customer. UUT integrated and tested pass will be subjected to environmental stress testing to check the reliability and performance of the UUT in an adverse environment.

Once manufacturing process is completed, final quality inspection is undertaken. During final inspection, if the product does not meet the specified parameters or if any non-conformance is found, it is relayed to the customer for a decision either to send the product under material review board or rework it.

If the product is accepted at final inspection, then it will be moved to primary packing through finished goods transfer note ("**FGTN**"). Once the FGTN is moved to stores, the production team will measure the defined measurable, and, if required, continual improvements through suggestion, process improvements based on internal non-conformance, or customer complaints will be implemented. Our sales team will coordinate with the production team, along with logistics and take necessary actions to dispatch the finished goods to the customer.

Cable Harness and Wire Assemblies

The flowchart below sets out briefly the manufacturing process of cable harness and wire assemblies:



The production process starts once the order is confirmed. The production order will be released by the authorized person against the order and the process type will be defined as either first article or regular production. The FAI process will be performed under the guidance of process engineering team, if required. On-job training will be provided by the customer or internal identified trainer.

As for regular production, our production team will obtain process documents from the process engineering department, while our planning team will analyse resources required to complete the project and the competency of the team will be reviewed. If required, training will be provided to improve the skillsets of the technicians. Once the resources and skilled manpower are ready for manufacturing, serial number will be defined for each harness.

To commence the manufacturing process, material will be issued by stores as a kit and the same will be inspected by the technician and quality inspector to ensure the part numbers and batch numbers of raw materials against the bill of material. The manufacturing process will start with the supporting documents like process control record, work instruction, device history record, drawings, and specifications defined by the customer and internal team. Drawings, work instructions and specifications are the documents which will be referred to manufacture a product, and process control record and device history records will be used for the traceability of process, raw materials, and tools which is being used throughout the process cycle. Intermittently, there will be quality-in-process inspections taking place to ensure the quality of the product at different critical levels of the production defined by the process engineering team. During manufacturing process, should any tools or equipment break down, the breakdown will be conveyed to the maintenance team for repairs to ensure smooth flow of production.

Once manufacturing process is completed, cable assemblies will be offered for quality final inspection. During final inspection, if the product does not meet the requirements or if any non-conformance is found, it will be relayed to the Cross Functional Team ("**CFT**") for a decision either to scrap the product or rework it. If the products need to be scrapped, the CFT has to approve and the product will be moved to store for quarantine, and the same non-conformance will be raised and closed with proper corrective action from the internal team with evidence. If the CFT takes the decision to rework, then the required raw material will be drawn from the stores, and the rework instruction drafted by the process team will be followed and its control number entered in the production control record.

If the product is accepted at final inspection, then it will be moved to primary packing through FGTN. Once the FGTN is moved to stores, the production team will measure the defined measurable, and, if required, continual improvements through suggestion, process improvements based on internal non-conformance, or customer complaints will be implemented. Our sales team will coordinate with the production team, along with logistics and take necessary actions to dispatch the finished goods to the customer.

Capacity and Capacity Utilization

The installed and utilized capacity of our facility cannot be specified as it is dependent on the nature of the product, its design and specifications, raw material, and other relevant details. Since we are engaged in developing, manufacturing and testing of a range of products for the defence and aerospace industry that are customised to order placed by our customers, an estimate with respect to installed or utilised capacity cannot be specified. The capacity of the manufacturing operations varies significantly depending on products manufactured and hence an estimate of the installed / utilized capacity cannot be provided accurately.

Order Book

Our order book is computed based on the total order value from a customer less executed amount as on the relevant date. The following table sets forth details of our order book as per our business verticals for the periods indicated:

Verticals	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)
System Integration	25,592.23	89.64%	22,302.76	94.14%	16,244.82	95.60%	22,986.89	94.08%	11,723.62	93.21%
Cable and Wire Harness Assemblies	471.77	1.65%	218.30	0.92%	152.25	0.90%	284.41	1.16%	226.53	1.80%
Kitting	2,486.18	8.71%	1,168.98	4.94%	594.72	3.50%	1,160.75	4.76%	626.88	4.99%
Total	**28,550.18**	**100.00%**	**23,690.04**	**100.00%**	**16,991.79**	**100.00%**	**24,432.05**	**100.00%**	**12,577.03**	**100.00%**

As of September 30, 2023, our order book comprised 63 orders aggregating ₹12,577.03 million which comprised orders amounting to ₹11,723.62 million towards our system integration vertical, orders amounting to ₹626.88 million towards our kitting activities and orders amounting to ₹226.53 million towards cable and wire harness assemblies.

The table below sets forth details of our order book from our top five customers for the periods indicated:

Customers	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)	Amount (₹ million)	Percentage of Total Order Book (%)
Customer 1	17,388.35	60.90%	12,339.51	52.09%	8,721.80	51.33%	14,334.48	58.67%	5,496.25	43.70%
Customer 2	4,873.21	17.07%	5,892.46	24.87%	5,430.04	31.96%	5,436.36	22.25%	4,372.38	34.76%
Customer 3	2,486.18	8.71%	3,486.18	14.72%	1,841.05	10.83%	2,748.90	11.25%	1,858.79	14.78%
Customer 4	1,443.55	5.06%	1,168.98	4.93%	594.72	3.50%	1,160.63	4.75%	626.88	4.98%
Customer 5	803.12	2.81%	600.12	2.53%	260.34	1.53%	482.42	1.97%	186.56	1.48%

For further information, see "*Risk Factors – Our current order book may not necessarily translate into future income in its entirety. Some of our current orders which we have received may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations.*" on page 51.

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. The following table sets out certain information about our raw materials expenditure in Fiscal 2021, 2022, 2023 and in the six months ended September 30, 2022 and September 30, 2023:

Raw Material	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)	Total Purchase Amount (₹ million)	Percentage of Total Purchase Amount (%)
Printed Circuit Board Assemblies	3,055.30	41.13%	3,866.41	46.80%	4,246.84	32.15%	1,871.78	48.72%	1,781.55	56.71%
Integrated Circuits	3,446.80	46.39%	2,879.25	34.85%	7,478.29	56.61%	1,228.22	31.97%	1,160.20	36.93%
Power Supplies	464.10	6.25%	1,096.84	13.28%	643.02	4.87%	588.84	15.33%	5.17	0.16%
Cables and Wires	35.80	0.48%	68.40	0.83%	83.64	0.63%	67.02	1.74%	26.39	0.84%
Connectors	26.70	0.36%	120.40	1.46%	46.26	0.35%	20.01	0.52%	54.45	1.73%
Mechanical enclosures	32.90	0.44%	66.47	0.80%	40.10	0.30%	31.38	0.82%	8.05	0.26%
Others*	367.74	4.95%	163.84	1.98%	672.95	5.09%	34.88	0.90%	105.80	3.37%
Total	**7,429.34**	**100.00%**	**8,261.61**	**100.00%**	**13,211.10**	**100.00%**	**3,842.13**	**100.00%**	**3,141.61**	**100.00%**

Notes:
** Others includes filters, bare PCB, motors, relays, sleeves, and adhesives, active and passive electronic components.*

We have from time to time experienced cost fluctuations of our raw materials, particularly in the aforementioned components due to volatility in the commodity markets. Since the selling prices of our products are affected by the prices of our raw materials, fluctuations in the prices of these raw materials and the inability to pass on the cost increase to our customers could negatively affect our operating results. To manage such risks, we have agreements with and communicate through emails with our customers, pursuant to which we 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 around the same time as we receive orders from customers, to help minimize our open raw material positions. While we have entered into a manufacturing and supply contract with three of our major suppliers for our system integration projects, which is on a back-to-back basis with our contract with our customers, we typically do not enter into purchase agreements with our suppliers, other than issuing purchase orders for specific project requirements with delivery schedules to meet our customer requirements. The delivery schedules can be short-term or long-term depending on our customer requirements. We typically pay in advance to our suppliers for procuring raw materials.

Our electronic components either procured locally from or are imported from the suppliers approved by our customers. Due to the nature of defence and aerospace business vertical, a certificate of conformance for all the components used in our products is required. We also maintain records with information on batch name and other information to allow defect investigation and rectification. All metal parts are manufactured and supplied by suppliers approved by our customers based on their designs.

The table below sets forth details of our supplier concentration in the periods indicated and the average relationship period with such suppliers:

Supplier concentration (%)	Fiscal			Six months ended September 30,		Average Relationship Period (Years)
	2021	2022	2023	2022	2023	
	(Standalone)	(Consolidated)		(Consolidated)		
Top 1	46.77%	33.70%	56.40%	31.43%	30.88%	5
Top 5	93.11%	85.78%	93.08%	92.03%	93.12%	7
Top 10	98.12%	95.54%	98.24%	96.66%	96.30%	7
Top 15	99.05%	98.52%	98.73%	97.92%	97.50%	7

The table below sets forth details of our suppliers in the periods indicated:

Supplier concentration (%)	Fiscal			Six months ended September 30,	
	2021	2022	2023	2022	2023
	(Standalone)	(Consolidated)		(Consolidated)	
International	14.63%	21.43%	10.43%	17.07%	10.96%
Domestic	85.37%	78.57%	89.57%	82.93%	89.04%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Utilities

We require power and fuel at our manufacturing facility. For Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our power and fuel expenses were ₹2.31 million, ₹2.61 million, ₹2.97 million, ₹1.50 million and ₹2.39 million constituting 0.03%, 0.02%, 0.02%, 0.04% and 0.05%, respectively, of our revenue from operations. We source our energy requirements for our manufacturing facility from the Karnataka state electricity board and also have power back-up arrangements in place.

Logistics

We transport our finished products by road, sea and air. We rely on freight forwarders to deliver our products. We sell our products on ex-works basis for majority of the purchase orders. For the remaining purchase orders, we operate on a cost, insurance and freight basis, on a consignee basis and on a door delivery/ delivery at place basis. Where we are responsible for shipping the products to the customer, our freight forwarders arrange for the finished products to be trucked to our customers in India or to the port for export, as applicable. Our custom house agents handle the requisite clearance procedures.

For exports, our freight forwarders co-ordinate with the shipping line/ airline to file and release the necessary bills of lading/ air waybills. Incoterms determine the exact delivery terms, which would include how the goods will be delivered, who pays, who is responsible and who handles specific procedures such as loading and unloading.

Customer Base

Our customers are present across India, Israel, the United States and South Korea and domestically our customers include public sector undertakings and private sector players in the defence manufacturing industry, government departments, space organisations and defence forces. We believe, we have strong and long-established relationships with most of our customers.

The table below sets forth details of our revenue from operations from our top three and top 10 customers in the periods indicated:

Customer Concentration	Fiscal						Six Months Ended September 30,			
	2021 (Standalone)		2022 (Consolidated)		2023 (Consolidated)		2022 (Consolidated)		2023 (Consolidated)	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Top 3 Customers	5,571.40	86.90	8,879.04	80.55	11,112.97	88.65	3,516.05	90.82	4,754.82	99.22
- Customer1	3,606.09	56.24	6,130.71	55.62	8,371.25	66.78	1,746.13	45.10	4,521.94	94.36
- Customer2	1,172.91	18.29	1,422.39	12.90	1,954.47	15.59	1,046.62	27.03	191.25	3.99
- Customer3	792.40	12.36	1,325.94	12.03	787.24	6.28	723.30	18.68	41.63	0.87
Top 10 Customers	6,349.61	99.03	10,990.63	99.71	12,528.01	99.93	3,870.59	99.98	4,791.72	99.99

The following table sets forth revenue from sales attributable to our international and domestic customers and their percentage of revenue from operations for the periods indicated:

Customers	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Revenue from Operations (₹ million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ million)	Percentage of Total Revenue from Operations (%)	Revenue from Operations (₹ million)	Percentage of Total Revenue from Operations (%)
Export	3,801.16	59.59	6,116.94	55.73	8,847.25	70.57	1,985.30	51.28	4,715.41	98.40
Domestic	2,577.56	40.41	4,859.72	44.27	3,689.09	29.43	1,886.10	48.72	76.84	1.60
Total	**6,378.72**	**100.00**	**10,976.66**	**100.00**	**12,536.34**	**100.00**	**3,871.40**	**100.00**	**4,792.25**	**100.00**

The table below sets forth details of revenues generated from our customers based on the type of customers for the periods indicated:

Type of Customers	Fiscal						Six months ended September 30,			
	2021	2022			2023		2022		2023	
	(Standalone)	(Consolidated)					(Consolidated)			
	Amount (₹ million)	Percentage of Revenue from Operati	Amount (₹ million)	Percentage of Revenue from Operati	Amount (₹ million)	Percentage of Revenue from Operati	Amount (₹ million)	Percentage of Revenue from Operati	Amount (₹ million)	Percentage of Revenue from Operatio

		ons (%)		ons (%)		ons (%)		ons (%)		ns (%)
Public	4,126.05	64.64	7,555.07	68.72	10,775.33	85.95	3,020.26	78.01	4,717.79	98.45
Private	2,257.27	35.36	3,439.05	31.28	1,761.01	14.05	851.14	21.99	74.46	1.55
Total	**6,383.32**	**100.00**	**10,994.12**	**100.00**	**12,536.34**	**100.00**	**3,871.40**	**100.00**	**4,792.25**	**100.00**

The table below sets our certain information about the classification status of our customers in the periods indicated:

Classification	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Revenue from Sale of Products and Services (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products and Services (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products and Services (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products and Services (%)	Amount (₹ million)	Percentage of Revenue from Sale of Products and Services (%)
Offset	6,014.89	94.23%	9,565.13	87.00%	10,128.42	80.79%	2,716.12	70.16%	3,190.66	66.58%
Non-Offset	368.43	5.77%	1,429.00	13.00%	2,407.92	19.21%	1,155.28	29.84%	1,601.59	33.42%
Total	**6,383.32**	**100.00%**	**10,994.12**	**100.00%**	**12,536.34**	**100.00%**	**3,871.40**	**100.00%**	**4,792.25**	**100.00%**

Sales and Marketing

As of September 30, 2023, our sales and marketing team had four employees reporting to the Chairman and Managing Director. Our marketing strategy is structured around a customer-centric approach wherein our business decisions revolve around the needs of the customer. We regularly interact with customers by utilising the feedback and sticking to committed delivery schedules on the projects being handled under offset obligations. Further, we participate in various defence exhibitions to showcase our capabilities and services as part of our promotional activities. A team in our Company co-ordinates the sales and marketing approach by drawing up proposals, project management presentations, payment follow-up, delivery coordination and customer support and feedback.

Customer Service and Support

We ensure all round customer satisfaction by delivering customised products to make our customers achieve their intended goals. We consider customer satisfaction and feedback as a critical yardstick of business success, and we use the information obtained to fine tune the relevant internal processes and quality aspects. Our customer service and support team had four qualified engineers as of September 30, 2023.

Exports

A significant portion of our revenue is generated from the export of our products to Israel, and partly to North America. In Fiscal 2021, 2022 and 2023 and in the six months ended September 30, 2022 and September 30, 2023, our revenue from operations from exports were ₹3,801.16 million, ₹6,116.94 million, ₹8,847.25 million, ₹1,985.30 million and ₹4,715.41 million, respectively, and accounted for 59.59%, 55.73%, 70.57%, 51.28% and 98.40%, respectively, of our revenue from operations. In Fiscal 2023, we exported about US$ 107 million worth of equipment accounting for about 5.5% of the overall defence exports from India (*Source: Company Commissioned F&S Report*).
The following table sets forth our revenue from exports based on the country to which we export our products to for the periods indicated:

Export Customer	Fiscal						Six months ended September 30,			
	2021		2022		2023		2022		2023	
	(Standalone)		(Consolidated)				(Consolidated)			
	Amount (₹ million)	Percentage of Total Export	Amount (₹ million)	Percentage of Total Export	Amount (₹ million)	Percentage of Total Export	Amount (₹ million)	Percentage of Total Export	Amount (₹ million)	Percentage of Total Export

		Revenues (%)		Revenues (%)		Revenues (%)		Revenues (%)		Revenues (%)
Israel	3,786.02	99.60%	6,116.59	99.99%	8,822.87	99.72%	1,984.81	99.98%	4,714.99	99.99%
Americas	15.14	0.40%	0.35	0.01%	24.38	0.28%	0.49	0.02%	0.42	0.01%
Total	**3,801.16**	**100.00%**	**6,116.94**	**100.00%**	**8,847.25**	**100.00%**	**1,985.30**	**100.00%**	**4,715.41**	**100.00%**

Health, Employee Safety and Environment

We are committed to following best practices and complying with all applicable health, safety and environmental legislation and other requirements in our operations.

Employee health and safety is of high importance to us. Any mishaps or accidents at our facilities could lead to property damage, production loss, adverse publicity and accident claims. We deploy a safety and health program consistent with good operating practices and maintain compliance with applicable safety and health regulations. Additionally, in order to ensure safety at our workplace we carry out regular identification and assessment of risks, accessible first-aid health facilities and conduct a program of safety and health inspections to discover and correct unsafe working, conduct awareness sessions to increase safety awareness and promote safe working practices. We also carry out regular fire and emergency drills. Our internal training programme includes training for the use of hazardous material for safety, training for use of smoke exhaust at soldering area for safety, training for use of the personal protective equipment for safety.

Our Company is classified under "Green" category signifying non-polluting industry. We continually aim to comply with the applicable health and safety regulations and other requirements in our business operations. We endeavour to ensure that our safety management policy is consistent with the requirements of the government safety, health and environmental regulations. We implement work safety measures to ensure a safe working environment including general guidelines for health and safety at our manufacturing facility, accident reporting, wearing personal protective equipment and maintaining clean and orderly work locations.

Environmental requirements imposed by the regulatory authorities in India will continue to have an effect on our operations. We believe that we have materially complied, and will continue to comply, with all applicable environmental laws, rules and regulations. We have obtained environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. Also see "*Risk Factors – We are subject to various laws, regulations, approvals and licenses required in the ordinary course of business, including environmental, health and safety laws and other regulations. Any failure to obtain or retain them in a timely manner may materially adversely affect our operations.*" on page 68.

Intellectual Property

As of the date of this Preliminary Placement Document, our Company does not have any registered trademarks. Further, we do not own the brand name 'DCX'. We use the brand name 'DCX' pursuant to a no objection letter dated November 14, 2011 received from DCX-Chol Enterprises, Inc. For details, see "*Risk Factors – We do not own the brand name 'DCX'. We use the brand name 'DCX' pursuant to a no objection letter received from DCX-Chol Enterprises, Inc. In the event that we have to discontinue the use of the of brand name 'DCX' or the logo, it may adversely affect our business and financial condition.*" on page 53.

Quality Assurance and Certifications

Over the years, our focus has been on creating manufacturing systems and processes that comply with health and safety, as well as environmental and social and governance requirements, and have resulted in obtaining the defence industrial license for the manufacture of defence subsystems that includes microwave components, modules for radar and electronic warfare sub-systems, microwave sub-modules, for command and guidance units for missile sub-systems, by the Ministry of Commerce and Industry, Government of India as well as several accreditations in our business operations. These accreditations include AS-9100:2016 for quality management systems for aviation, space and defense organisation, ISO 9001:2015 for quality management systems and ANSI ESD 20:20-2014 for electrostatic discharge control program. We have a Certified IPC Trainer for IPC 620B/WHMA for manufacturing cable and wire harnesses, IPC 610H for manufacturing printed circuit board assemblies by the IPC, and are also J-STD certified for soldering activity for aerospace and defence products. Our customers expect us to undertake extensive product approvals and/or certification process and some of our customers also perform their own quality checks to ensure that our products meet their demands and comply with the requirements.

Certain information regarding our certifications are shown in the table below:

Certifications / Licences	Description
AS-9100:2016	Quality Management System – Requirements for Aviation, Space and Defense organizations
ISO 9001:2015	Quality Management System
ANSI ESD S20.20-2014	Electrostatic Discharge Control Program
IPC/WHMA-A-620 (Certified IPC Trainer)	Requirements and Acceptance for Cable and Wire Harness Assemblies
IPC/WHMA-A-620 (Certified IPC Specialist)	Requirements and Acceptance for Cable and Wire Harness Assemblies
IPC-A-610 CIS Certification (Certified IPC Specialist)	Acceptability of Electronic Assemblies
IPC J-STD-001 CIS (Certified IPC Specialist)	Requirements for Soldered Electrical and Electronic Assemblies
Defence Industrial License	Manufacture of microwave modules for radar and electronic warfare sub-systems, microwave modules for command and guidance units for missile sub-systems

Awards and Recognition

We have been recognised with several awards by various industry bodies and association for the quality of our products. We have also received various recognition and awards including the ‘ Two Star Exporter House’ award by the Directorate General of Foreign Trade, Government of India, conferred the Excellence Award for Industrial Development by the Indian Economic Development and Research Association at the National Seminar on Outstanding Contributions to National Development in 2018, awarded the most promising Manufacturing (Cables) Company of the Year – 2018 at the 11th International Achievers Summit on ‘Global Business Operations’, won the India 5000 Best MSME Award – 2018, awarded the Business Leadership Award for Excellence in Defence Electronics Exports by International Achievers’ Awards – Dubai 2021, awarded ‘Most Admired Company of the Year’ at the 21st Global Edition & 7th Edition - India of Business Leader of the Year Awards in 2023 by ET Ascent, awarded ‘Excellence in Defence & Aerospace’ at the icons 2023 by Mid.day , awarded ‘Star Exporter Award – Manufacturer Category – Silver’ at the 18th Edition of Export Excellence Awards 2023 by Federation of Karnataka Chambers of Commerce and Industry, and ‘India’s Greatest Brands 2023’ under electronic sub-systems, cables & wire harness category in the manufacturing industry by Asia One in 2023. We also received recognition as a ‘Four Star Export House” in 2023 by the Directorate General of Foreign Trade, Government of India in accordance with the provisions of the Foreign Trade Policy of India, 2023.

Our Individual Promoter, Chairman and Managing Director, Dr. H.S. Raghavendra Rao, has also been recognised by various prestigious associations and institutions, including the Business Leadership award from the International Peace University, Germany, the Mahatma Gandhi Samman Award by NRI Welfare Association Society of India, the Business Leadership Award at the International Achievers Awards held in Dubai in 2021, ‘Business Leader of the Year Award’ at the 21st Global Edition & 7th Edition - India of Business Leader of the Year Awards in 2023 by ET Ascent, ‘Young Entrepreneur of the Year Award’ at the 10th International Achievers Summit, ‘India’s Innovative Entrepreneur of the Year Award For Excellence in Defence Electronics Export’ at International Achievers Awards Dubai 2023, and awarded ‘Excellence Expo Award in Aerospace and Defence Sector’ at Vibrant Bharat by Bharat 24 in 2023 ‘India’s Greatest Leaders 2023’ by Asia One.

Human Resources

As on September 30, 2023, we had 105 full time employees. In addition to our full time employees we frequently hire workers on a contractual basis in connection with our manufacturing activities. As of September 30, 2023, the average tenure of employees with our Company is seven years. Our attrition rate was 2.50%, 2.24%, and 1.24% in the last three Fiscals and 0.96% and 2.97% in the six months ended September 30, 2022 and September 30, 2023, which is below the industry average and standards (*Source: Company Commissioned F&S Report*).

A function-wise break-up of our employees as of September 30, 2023, is set out in the table below:

Function	Number of Employees
Sales and marketing	4

Business Operations	80
Services and Corporate	21
Total	**105**

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner. According to our resource planning and control policy, we organize training of our employees which are usually aimed at imparting information and/or instructions to improve our employees performance or to help him attain a required level of knowledge or skill. We train all our employees in our manufacturing operations, including machine utilization, operations flow, quality management and work safety.

Our employees are not unionised into any labour or workers' unions and we have not experienced any major work stoppages due to labour disputes or cessation of work in the last three years. For further information, see "*Risk Factors – Our business may be adversely affected by work stoppages, increased wage demands by our employees, or an increase in minimum wages across various states, and if we are unable to engage new employees at commercially attractive terms.*" on page 61.

We believe that our management policies, working environment, career development opportunities and employee benefits are instrumental in maintaining good employee relations and employee retention. We identify, develop and retain our talent through an array of initiatives which include talent acquisition, learning and development, compensation and benefits, employee engagement and performance management.

Our employees also undergo regular training. Training needs for each year are arrived at based on business requirements, inputs from the performance management system, inputs from customer feedback, process requirements, new technology requirement and bridging identifications. A training plan is prepared for each Fiscal and four types of training form a part mandatorily, namely induction, technical skills, process/functional and soft skills.

Corporate Social Responsibility

We have constituted a Corporate and Social Responsibility Committee of our Board and have adopted and implemented a CSR policy, pursuant to which we carry out various CSR activities. The CSR initiatives and the budget for the year as per statutory norms, are decided based on requirement priority and the location, by a specially constituted Committee headed by the Director and select senior management as members or permanent invitees. Our CSR activities include, among others, implementing various activities in the healthcare, animal welfare, environmental protection, sanitation and drinking water sectors.

Insurance

Our operations are subject to risks inherent to the engineering and manufacturing industry, such as storm, fire, tempest, earthquake, flood, inundation, explosions including hazards that may cause severe damage, including the physical destruction of property, and other force majeure events. We are subject to losses resulting from defects or damages arising during transit of our products. We maintain insurance coverage, in amounts which we believe are commercially appropriate, including insurance in relation to group health, standard fire and special perils, burglary, riots and all industrial risks.

As of March 31, 2021, 2022 and 2023, and as of September 30, 2022 and September 30, 2023, the aggregate coverage of the insurance policies obtained by us on insurable fixed assets on consolidated basis was ₹215.00 million, ₹286.96 million, ₹220.64 million, ₹164.64 million and ₹485.64 million, respectively. Further, our insurance cover as a percentage of total insurable fixed assets was 185.15%, 265.85%, 203.54%, 165.22% and 125.43%, respectively, as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023. Further as of March 31, 2021, 2022 and 2023 and as of September 30, 2022 and September 30, 2023, the aggregate coverage of the insurance policies obtained by us on inventory was ₹500.00 million, ₹1,440.00 million, ₹1,440.00 million, ₹1,440.00 million and ₹2,440.00 million, respectively which as a percentage of total inventory was 24.79%, 528.42%, 62.84%, 204.75% and 236.49%, respectively. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance.

Also see, "*Risk Factors – Our business involves significant risks and uncertainties, and our insurance coverage may not be adequate, or we may incur uninsured losses or losses in excess of our insurance coverage.*" on page 71.

Competition

We operate in the highly competitive system integration and cable and wire harness assemblies industry. To remain competitive in our markets which varies by geographic areas and type of products manufactured, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We compete with both domestic and international companies, primarily on the basis of product quality, technology, cost, delivery and service, as well as quality and depth of senior level relationships as well as the operating level relationships.

Our current product portfolio allows us to cater to various segments in the system integration, wires and cable harnesses and kitting verticals and as a result, we compete with various companies for each of our business verticals. Our main competitors include Data Patterns Private Limited, Astra Microwave Products Limited, Centum Electronics Limited, Bharat Electronics Limited, and Paras Defence and Space Technologies Limited. (*Source: Company Commissioned F&S Report*) Certain of these entities are also our customers.

For further information, see, "*Risk Factors – We face significant competitive pressures in our industry. Our inability to compete effectively would be detrimental to our business and prospects for future growth.*" on page 58.

Properties

Our registered and corporate office and manufacturing facility is leased to us by KIADB on a 99-year leasehold basis by way of a lease deed dated January 30, 2018 read with possession certificate issued by KIADB dated October 7, 2017, and is located at Plot #29, 30 & 107, Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka.

As on the date of this Preliminary Placement Document, our Subsidiary, RASPL, has set up an additional manufacturing facility for EMS at our Company's existing premises at Plot no. 29, 30 and 107 Hi-Tech Defence and Aerospace Park SEZ in Bengaluru, Karnataka.

For further information, see " – *Our Manufacturing Facility and Capabilities*" on page 179.

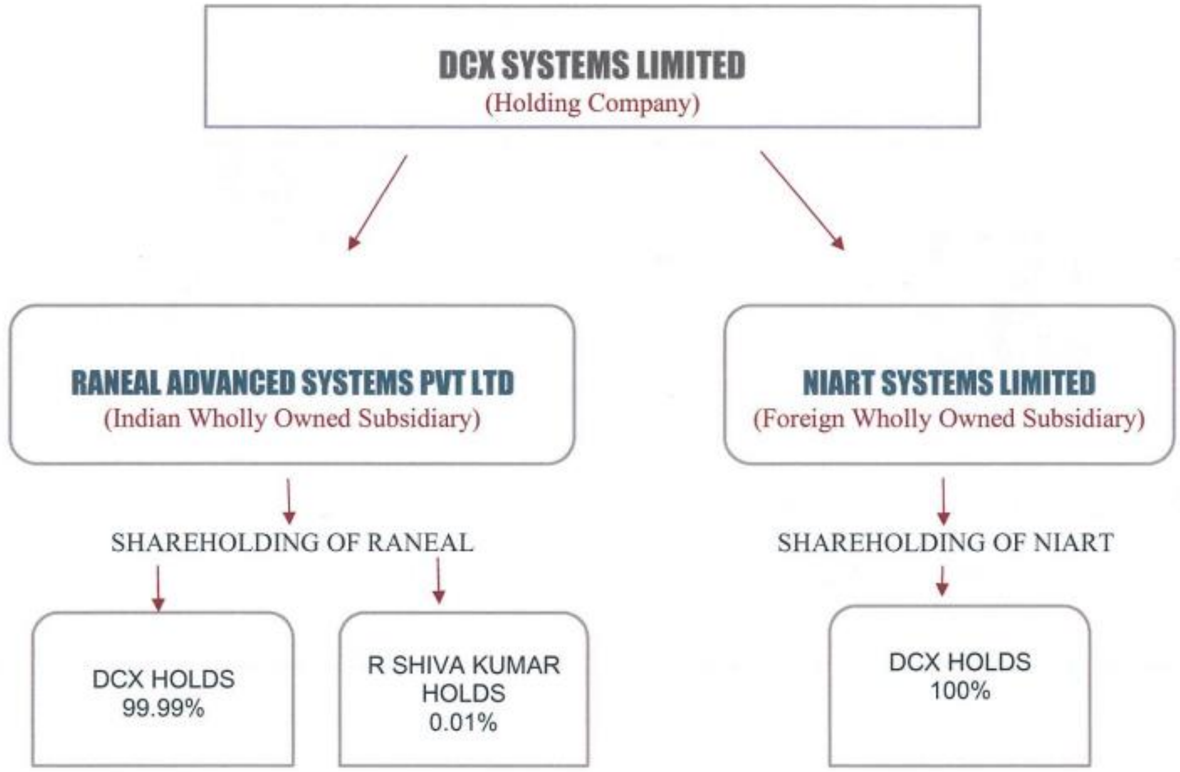
Also see, "*Risk Factors – Our manufacturing facility and our Registered and Corporate Office is located on land not owned by us and we have only leasehold rights. In the event we lose or are unable to renew such leasehold rights, our business, financial condition and results of operations may be adversely affected*." on page 67.

ORGANISATIONAL STRUCTURE

Corporate History

Our Company was incorporated as "*DCX Cable Assemblies Private Limited*" on December 16, 2011, at Bangalore, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka. Subsequently, in order to capture the entire business activity of our Company following integration undertaken in its business model, the name of our Company was changed to '*DCX Systems Private Limited*' pursuant to a special resolution dated November 24, 2021 passed by our shareholders and a fresh certificate of incorporation consequent upon change of name issued by the RoC on January 3, 2022. Further, consequent upon conversion into a public limited company under the Companies Act, 2013 and pursuant to a special resolution passed by our Shareholders on February 2, 2022 and fresh certificate of incorporation dated February 18, 2022 issued by the RoC, the name of our Company was changed to "*DCX Systems Limited*".

The Registered Office of our Company is located at Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562110 Karnataka, India.



Organizational Structure

Holding company

As on date of this Preliminary Placement document, our Company does not have any holding company.

Associate company

As on the date of this Preliminary Placement document, our Company does not have any associate company.

Subsidiaries

As of the date of this Preliminary Placement Document, our Company has two Subsidiaries, as set forth hereunder:

(i) Raneal Advances Systems Private Limited
(ii) NIART Systems Ltd

Details of our Subsidiaries:

Set forth hereunder are brief details of our Subsidiaries:

(a) Raneal Advances Systems Private Limited ("RASPL")

RASPL was incorporated on February 3, 2022 as a private limited company under the Companies Act, 2013 pursuant to a certificate of incorporation issued by the Central Registration Centre, for and on behalf of the jurisdictional registrar of companies.

RASPL is authorised to carry on in India or elsewhere the business to design, develop, manufacture, build, testing, produce, process, convert, assemble, fabricate, alter, acquire, repair, maintenance, overhauling, service, modify, market, recondition, remodel, commercialize, display, import, export, buy, sell, resell, trading, supply, and to act as an agent, indenter, franchiser, distributor, consignor, stockist, job worker, consultant, contractor, engineer, collaborator, supplier or otherwise, to deal in all types of electronic, electrical, mechanical and electro-mechanical components, cluster, devices, systems, sub-systems, instruments, equipment, appliances, printed circuit boards (pcb's), printed circuit assemblies, parts, fittings, accessories, fasteners, cable assemblies, wire harnesses, wiring looms, custom and mil-spec connectors, wired enclosures and turn-key assemblies, used in all types of defence & aerospace, space, marine, industrial applications and all other allied field, under the objects clause of its memorandum of association.

(b) NIART Systems Ltd

NIART Systems Ltd was incorporated on October 15, 2023 as a limited liability company under Companies Law, 5759-1999, pursuant to a certificate of incorporation issued by the Registrar of Companies, Ministry of Justice, State of Israel as a joint venture with ELTA Systems Limited, Israel pursuant to a joint venture agreement dated August 30, 2023.

NIART Systems Ltd is authorized to engage in any business, commercial, industrial, or other activity relating to the development, production, and distribution, globally, of obstacle detection solutions based on radar and optics technology for civil applications for various civil transportation industries including for the railway industry.

As on the date of this Preliminary Placement Document, we do not have any Material Subsidiaries.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association. In accordance with the Articles of Association, our Company is required to have not less than three and not more than 15 Directors, provided that our Company may appoint more than 15 Directors after passing a special resolution in a general meeting of our Shareholders.

As on the date of this Preliminary Placement Document, our Board comprises of six Directors, comprising of two Executive Directors, four Non-executive Directors of which three are Independent Directors, including one woman Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Preliminary Placement Document:

S. No.	Name, age, date of birth, address, occupation, period of directorship, DIN and nationality	Designation and term
1.	**Dr. H.S. Raghavendra Rao** **Age**: 54 years **Date of birth**: April 7, 1969 **Address**: Suvarna House No.10, Municipal No.60, 5th Main Road, 5th Block, Behind East R V Metro Station, Jayanagar, Jayanagar East, Bengaluru – 560 041, Karnataka, India. **Occupation**: Business **Period of directorship**: Director since January 16, 2012* **DIN**: 00379249 **Nationality**: Indian	**Designation**: Chairman and Managing Director **Current term**: For a period of five years with effect from June 27, 2021
2.	**Neal Jeremy Castleman** **Age**: 74 years **Date of birth**: April 1, 1949 **Address**: 12831 S Figueroa ST, Los Angeles, California – 90061, United States of America **Occupation**: Business **Period of directorship**: Director since March 14, 2012 **DIN**: 05159412 **Nationality**: American	**Designation**: Non-Independent and Non-executive Director **Current term**: Liable to retire by rotation
3.	**Ranga K S** **Age**: 55 years **Date of birth**: February 17, 1968 **Address**: 2227/A 1st Floor, 9th Main E Block, East West School, 2nd Stage, Bangalore North, RajajiNagar, Bangalore – 560 010, Karnataka, India	**Designation**: Whole-time Director and Chief Financial Officer **Current term**: For a period of five years with effect from September 1, 2023 and liable to retire by rotation

	Occupation: Employment **Period of directorship**: Since September 1, 2023 **DIN**: 02386255 **Nationality***:* Indian	
4.	**Kalyanasundaram Chandrasekaran** **Age***:* 61 years **Date of birth**: February 18, 1962 **Address**: Old number 25, new number 26, Vaidyaram Street, T Nagar, Thiyagaraya Nagar, Chennai – 600 017, Tamil Nadu, India **Occupation**: Service **Period of directorship**: Director since January 28, 2022 **DIN**: 00936289 **Nationality***:* Indian	**Designation***:* Independent Director **Current term***:* Period of five years with effect from January 28, 2022
5.	**Panchangam Nagashayana** **Age***:* 55 years **Date of birth**: May 20, 1968 **Address**: Number 612, 2nd Cross, 2nd Main, NGEF Layout, Nrupathunga Nagar, Nagarbhavi, Bangalore – 560 072, Karnataka, India **Occupation**: Business **Period of directorship**: Director ***s***ince January 28, 2022 **DIN**: 00907296 **Nationality***:* Indian	**Designation***:* Independent Director **Current term***:* Period of five years with effect from January 28, 2022
6.	**Lathika Siddharth Pai** **Age***:* 57 years **Date of birth**: November 09, 1966 **Address**: 43-44, Cunningham Road Cross, Vasanth Nagar, Bangalore North, Bangalore – 560 001, Karnataka, India **Occupation**: Entrepreneur **Period of directorship**: Director ***s***ince February 2, 2022 **DIN**: 00420102 **Nationality***:* American	**Designation***:* Independent Director **Current term***:* Period of five years with effect from February 2, 2022

** Resigned as the Managing Director of our Company on November 4, 2020 and was subsequently appointed again as the Additional Director of our Company on March 3, 2021 and the Managing Director on June 27, 2021,*
^Appointed as the Chairman and Managing Director of our Company with effect from February 2, 2022.

Relationship between our Directors and/or Directors and Key managerial Personnel

None of our Directors are related to each other or to any of the Key Managerial Personnel and the Senior

Management Personnel.

Brief Biographies of Directors

Dr. H.S. Raghavendra Rao is the Chairman and Managing Director of our Company. He has been the Director of our Company since January 16, 2012. His key role in the Company, amongst other things, is to deliver the business plan and conduct the business of our Company, ensure client relationship management and coordinate the administrative duties of our Company. He has been conferred with an honorary doctorate in business management by the International Peace University, Germany. He has about 22 years of experience in the electronics manufacturing sector and aerospace sector. He is also the recipient of awards such as the Young Entrepreneur of the Year award presented at the 10th International Achievers Summit, the Excellence award for Industrial Development presented by the Indian Economic Development and Research Association, Business Leadership Award from the International Peace University, Germany, Indo-Nepal Ratan Award by the Economic Growth Society of India, the Mahatma Gandhi Samman Award by NRI Welfare Society of India, a certificate of excellence in recognition of his exceptional work and being a pioneer in the field of Cable Assemblies and Healthcare Products by ET Pioneers, Times Group in 2021 and the Business Leadership Award at the International Achievers Awards held in Dubai in 2021 for excellence in defence electronics exports.

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

Ranga K S is the Whole-time Director and Chief Financial Officer of our Company. He joined our Company on December 22, 2021. He is a qualified chartered accountant. He holds a bachelor's degree in science from Bangalore University. He was previously associated with Micro Plastics Private Limited and Alpha Design Technologies Private Limited.

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.

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 Electornics Inc., Plugmetrix Technologies LLP and Cyberstar Infocom Private Limited. He is currently a whole-time director of Avyaya Technologies Private Limited.

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 Bangalore 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.

Borrowing powers of our Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our Shareholders at their EGM held on March 21, 2022, our Board has been authorized to borrow any sum or sums of monies or financial indebtedness, notwithstanding that the moneys to be borrowed by our Company together with monies already borrowed or financial indebtedness already availed (apart for any specific purpose(s)), will or may exceed our Company's aggregate paid-up share capital and/or free reserves (except for reserves set apart for specific purpose(s), provided that the total amount of money so borrowed by the Board shall not at any time together with interest payable exceed a sum of ₹25,000 million.

Terms of appointment of our Directors

a) **Terms of employment of our Executive Directors**

Dr. H.S. Raghavendra Rao, Chairman and Managing Director

Dr. H.S. Raghavendra Rao has been appointed* as an Additional Director on March 3, 2021 and designated as Managing Director for a period of five years with effect from June 27, 2021. He has also been appointed as the Chairman of the Board pursuant to a resolution of the board dated February 11, 2022. The terms and conditions of his appointment, pursuant to an employment agreement dated January 1, 2022 (ratified vide resolution passed by our Shareholders' on March 21, 2022).The details of the remuneration that Dr. H.S. Raghavendra Rao is entitled to are enumerated below:

Particulars	Remuneration
Gross Remuneration	₹24.00 million per annum, including basic pay, house rent allowance, leave travel allowance, conveyance allowance, special allowance and the provident fund employer share.
Benefits	In addition to the remuneration, the following benefits shall be provided to Dr. H.S. Raghavendra Rao, which shall not form a condition of his employment: 1. Participation in our Company's employee benefit plans of general application., including without limitation, those plans covering medical disability and life insurance; and 2. Eligibility for vacation and sick leave and such other benefits as our Company generally provides to its employees of comparable position and experience.
Notice for termination	The appointment may be terminated by our Company by giving 30 days prior notice in writing while it may be terminated by Dr. H.S. Raghavendra Rao by giving 90 days prior notice in writing.

* *Dr. H.S Raghavendra Rao resigned as the Managing Director of our Company on November 4, 2020, and was subsequently appointed again as the Additional Director of our Company on March 3, 2021*

The total remuneration paid to Dr. H.S. Raghavendra Rao for all services in all capacities to our Company, including contingent or deferred compensation accrued for the Financial Year 2023 is ₹22.89 million.

Ranga K S, Whole-time Director and CFO

Ranga K S was appointed as a director liable to retire by rotation and was further designated as the Whole-time Director of our Company for a period of five years with effect from September 1, 2023, pursuant to the resolutions passed by our Board on August 18, 2023 and our Shareholders on September 25, 2023. He receives remuneration from our Company in accordance with the Nomination and Remuneration Committee resolution dated August 18, 2023, Board resolution dated August 18, 2023 and Shareholders resolution dated September 25, 2023. The details of the remuneration that Ranga K S is entitled to are enumerated below:

S. No.	Category	Remuneration (₹ in million per annum)
1.	Basic + Dearness Allowance	2.42
2.	House Rent Allowance	1.36
3.	Conveyance	0.02
4.	Special Allowance	1.77
5.	Provident Fund Employer's Contribution	0.29
6.	Leave Travel Allowance	0.38

Note: Bonus, provident fund and gratuity is paid in terms of the Company's policy and does not form part of the remuneration approved.

The total remuneration paid to Ranga K S for all services in all capacities to our Company, including contingent or deferred compensation accrued for the Financial Year 2023 is ₹4.61 million.

b) **Sitting fee details for our Non-executive and Independent Directors**

Our Board, pursuant to resolutions dated February 2, 2022, has approved the payment of sitting fees of ₹0.1 million, per quarter per independent director irrespective of the number of meetings held in each quarter, to our Independent Directors for attending meetings of our Board and committees, respectively. Our Independent Directors do not receive any other remuneration.

The sitting fees paid to each of our Independent Directors in Fiscal 2023 is ₹0.4 million.

No commission or sitting fee is payable to our Non-Executive Director, Neal Castleman.

Payment or benefit to Directors

In Fiscal 2023, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth details of Equity Shares held by the Directors of the Company as of the date of filing this Preliminary Placement Document:

S. No.	Name of the Director	Number of Equity Shares held	Percentage of the pre-Issue issued and paid-up Equity Share capital
1.	Dr. H.S. Raghavendra Rao	5,612,558	5.80
2.	Ranga K S	75,000	0.08
3.	Panchangam Nagashayana	50,000	0.05

Interest of Directors

Our Independent Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "– *Payment or benefits to Directors*" on page 201.

Our Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent of benefits arising out of such shareholding and to the extent of the transactions entered into in the ordinary course of business with the companies in which our Directors hold directorship, or to the extent the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of dividend payable to them and other distributions in respect of such Equity Shares. Further, our Directors' may be deemed to be interested to the extent they hold shares in our Corporate Promoters, NCBG Holdings Inc. and VNG Technology Private Limited, and to the extent of benefit arising out of such shareholding.

Except for Dr. H.S Raghavendra Rao, who is one of the Promoters of our Company, none of our Directors have any interest in the promotion of our Company.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. No payments have been made to them in respect of any such contracts, agreements or arrangements, or are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to our Directors, which are currently outstanding.

Related Party Transactions

For details in relation to the related party transactions entered into by the Directors with our Company during the last three Fiscals immediately preceding the year of circulation of this Preliminary Placement Document, please see "*Related Party Transactions*" on page 48.

Corporate Governance

Our Board presently consists of six Directors. In compliance with the requirements of the SEBI Listing Regulations, there are three Independent Directors on our Board, including a woman Director.

We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable SEBI Regulations in respect of corporate governance, including constitution of the Board and committees thereof. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

Committees of our Board of Directors

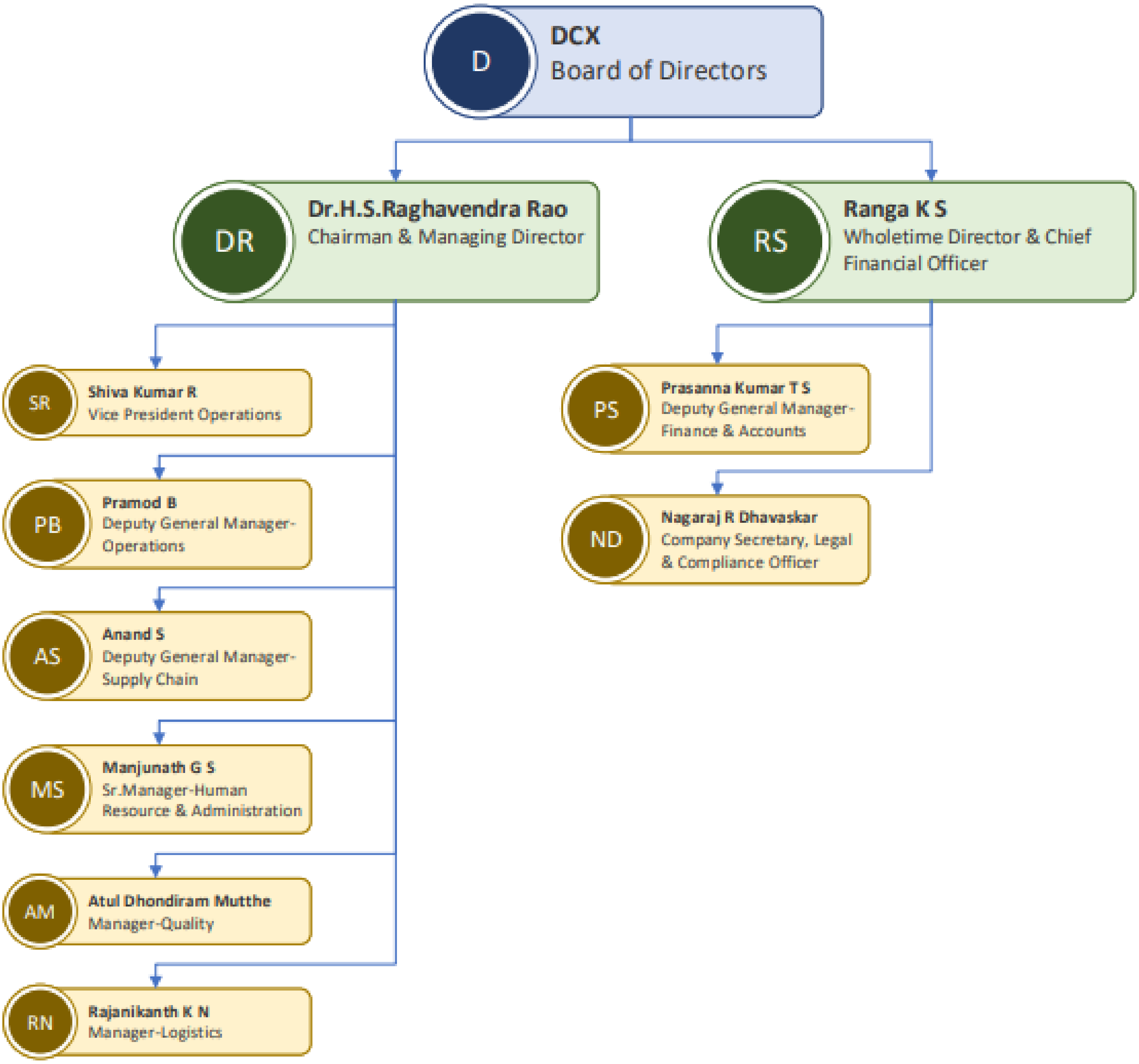
Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The statutory committees of our Board are:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders' Relationship Committee;
(d) Corporate Social Responsibility Committee; and
(e) Risk Management Committee

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

S. No.	Committee	Name and Designation in the Committee
1.	Audit Committee	(i) Kalyanasundaram Chandrasekaran, Chairman (ii) Panchangam Nagashayana, Member (iii) Ranga K S, Member
2.	Nomination and Remuneration Committee	(i) Panchangam Nagashayana, Chairman (ii) Kalyanasundaram Chandrasekaran, Member (iii) Lathika Siddharth Pai, Member
3.	Stakeholders' Relationship Committee	(i) Kalyanasundaram Chandrasekaran, Chairman (ii) Panchangam Nagashayana, Member (iii) Ranga K S, Member
4.	Corporate Social Responsibility Committee	(i) Lathika Siddharth Pai, Chairman (ii) Panchangam Nagashayana, Member (iii) Dr. H.S. Raghavendra Rao, Member
5.	Risk Management Committee	(i) Dr. H.S. Raghavendra Rao, Chairman (ii) Kalyanasundaram Chandrasekaran, Member (iii) Ranga K S, Member

Management Organisation Structure



Key Managerial Personnel

In addition to Dr. H.S. Raghavendra Rao and Ranga K S, our Executive Directors, our other Key Managerial Personnel as on the date of this Preliminary Placement Document are as set forth below:

S. No.	Key Managerial Personnel	Designation
1.	Nagaraj R Dhavaskar	Company Secretary, Legal and Compliance Officer

Senior Management Personnel

In addition to Ranga K S, our Whole-time Director and Chief Financial Officer and Nagaraj R Dhavaskar, our Company Secretary, Legal and Compliance Officer, whose details are provided in "*– Board of Directors*" and "*– Key Managerial Personnel*" above, respectively, the details of our other members of the Senior Management Personnel as on the date of this Preliminary Placement Document are as set forth below:

S. No.	Senior Management Personnel	Designation
1.	Shiva Kumara R	Vice President - Operations
2.	Pramod B	Deputy General Manager- Operations
3.	Anand S	Deputy General Manager- Supply Chain Management
4.	Atul Dhondiram Mutthe	Manager- Quality
5.	Manjunath G S	Manager- Human Resources and Administration
6.	Prasanna Kumar T S	Deputy General Manager- Finance and Accounts
7.	Rajanikanth K.N	Manager-Logistics

None of our Key Managerial Personnel or members of Senior Management Personnel are related to each other or to the Directors of our Company.

All our Key Managerial Personnel and members of Senior Management Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel and Senior Management Personnel

Except as disclosed under "*– Shareholding of Directors in our Company*" on page 201 and except as disclosed below, none of the Key Managerial Personnel and Senior Management Personnel hold any Equity Shares as on the date of this Preliminary Placement Document.

S. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Shiva Kumara R	125,000	0.13
2.	Anand S	40,000	0.04
3.	Pramod B	45,000	0.05
4.	Prasanna Kumar T S	75,000	0.08
5.	Manjunath G S	75,000	0.08
6.	Rajanikanth K.N.	50,000	0.05
7.	Atul Dhondiram Mutthe	5,000	0.01

Interests of Key Managerial Personnel and Senior Management Personnel

Our Key Managerial Personnel and Senior Management Personnel (other than Dr. H.S. Raghavendra Rao, Chairman and Managing Director, who is also one of our Promoters) do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel and Senior Management Personnel. None of the Key Management Personnel or the Senior Management Personnel have been paid any consideration of any nature from our Company other than their remuneration.

They may also be regarded as interested in the Equity Shares held by them or by their relatives, if any or to the extent of benefits arising out of such shareholding and to the extent of the transactions entered into in the ordinary course of business with the companies in which they hold directorship, or to the extent the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees or promoters, as applicable, pursuant to this Offer. Our Key Managerial Personnel and Senior Management Personnel may also be deemed to be interested to the extent of dividend payable to them and other distributions in respect of such Equity Shares.

Except as provided in "*Related Party Transactions*" on page 48, our Key Managerial Personnel and Senior Management Personnel do not have any interest in our Company.

Other Confirmations

Except as otherwise stated above in "– *Interest of our Directors*", "– *Interest of our Key Managerial Personnel*" and "– *Interest of Senior Management*", none of our Directors, Promoters, Key Managerial Personnel or Senior Management Personnel have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have been identified as wilful defaulter or fraudulent borrower.

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI. Further, none of our Promoters or Directors is a fugitive economic offender.

None of the Directors, Promoters, Key Managerial Personnel or Senior Management Personnel of our Company intend to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct to regulate, monitor and report trading in securities of the Company by insiders, as approved by our Board on May 19, 2023, which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary acts as the compliance officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

SHAREHOLDING PATTERN OF OUR COMPANY

The following tables present information regarding the ownership of Equity Shares by the Shareholders as of December 31, 2023:

Table I – Summary statement holding of specified securities:

Category of shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
(A) Promoter & Promoter Group	3	69,381,642	69,381,642	71.73	69,381,642	71.73	69,381,642
(B) Public	70,960	27,342,029	27,342,029	28.27	27,342,029	28.27	27,342,029
(C1) Shares underlying DRs	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-
(C) Non Promoter - Non Public	-	-	-	-	-	-	-
Grand Total	**70,963**	**96,723,671**	**96,723,671**	**100**	**96,723,671**	**100**	**96,723,671**

Note: C=C1+C2
Grand Total=A+B+C

Table – II - Statement showing shareholding pattern of the Promoter and Promoter Group:

	Category and name of the shareholder s	Entity type i.e. Promoter or promoter group entity (except promoter)	No. of shareholders	No. of fully paid- up equity shares held	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities		No. of locked in shares		No. of equity shares held in dematerialized form
							No. of voting rights Class X	Total as a % of Total voting rights	No.	As a % of total shares held	
A(1)	Indian	-	-	-	-	-	-	-	-	-	-
	Individual	-	**1**	**5,612,558**	**5,612,558**	**5.80**	**5,612,558**	**5.80**	**-**	**-**	**5,612,558**
1.	Dr. H.S. Raghavendra Rao	Promoter	1	5,612,558	5,612,558	5.80	5,612,558	5.80	-	-	5,612,558
	Any other – Corporate Promoter	-	**1**	**31,884,542**	**31,884,542**	**32.96**	**31,884,542**	**32.96**	**-**	**-**	**31,884,542**
1.	VNG Technology Private Limited	Promoter	1	31,884,542	31,884,542	32.96	31,884,542	32.96	-	-	31,884,542
	Sub Total (A) (1)	-	**2**	**37,497,100**	**37,497,100**	**38.77**	**37,497,100**	**38.77**	**-**	**-**	**37,497,100**
A(2)	Foreign	-	-	-	-	-	-	-	-	-	-
	Individual	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Any Other (Corporate Promoter)	-	1	31,884,542	31,884,542	32.96	31,884,542	32.96	19,344,735	60.67	31,884,542
1.	NCBG Holdings Inc	Promoter	1	31,884,542	31,884,542	32.96	31,884,542	32.96	19,344,735	60.67	31,884,542
	Sub-total (A)(2)	-	**1**	**31,884,542**	**31,884,542**	**32.96**	**31,884,542**	**32.96**	**19,344,735**	**60.67**	**31,884,542**
	A = A1 + A2	-	**3**	**69,381,642**	**69,381,642**	**71.73**	**69,381,642**	**71.73**	**19,344,735**	**27.88**	**69,381,642**

Table III - Statement showing shareholding pattern of the Public shareholder:

Category and Name of the shareholder	No. of shareholders	No. of fully paid-up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
B(1) Institutions (Domestic)	0	0	-	0	-	0	-
Mutual Funds	**3**	**3,573,108**	**3,573,108**	**3.69**	**3,573,108**	**3.69**	**3,573,108**
Hdfc Large And Mid Cap Fund	1	3,542,723	3,542,723	3.66	3,542,723	3.66	3,542,723
Alternate Investment Funds	**2**	**3,168,805**	**3,168,805**	**3,28**	**3,168,805**	**3.28**	**3,168,805**
Volrado Venture Partners Fund - Iii - Volrado Venture Partners Fund Iii - Beta	1	2,943,805	2,943,805	3.04	2,943,805	3.04	2,943,805
Insurance Companies	**1**	**50,000**	**50,000**	**0.05**	**50,000**	**0.05**	**50,000**
Sub Total B1	**6**	**6,791,913**	**6,791,913**	**7.02**	**6,791,913**	**7.02**	**6,791,913**
B(2) Institutions (Foreign)	0	0	-	0	-	0	-
Foreign Portfolio Investors Category I	5	317,706	317,706	0.33	317,706	0.33	317,706
Foreign Portfolio Investors Category II	1	15,000	15,000	0.02	15,000	0.02	15,000
Sub Total B2	6	332,706	332,706	0.34	332,706	0.34	332,706
B(3) Central Government / State Government(s) / President of India	**0**	**0**	**-**	**0**	**-**	**0**	**-**
B(4) Non-Institutions	**0**	**0**	**-**	**0**	**-**	**0**	**-**
Directors and their relatives (excluding independent directors and nominee directors)	1	75,000	75,000	0.08	75,000	0.08	75,000
Key Managerial Personnel*	7	415,000	415,000	0.43	415,000	0.43	415,000
Resident Individuals holding nominal share capital up to ₹2 lakhs	**68,532**	**14,219,913**	**14,219,913**	**14.70**	**14,219,913**	**14.70**	**14,219,913**
Resident Individuals holding nominal share capital in excess of ₹2 lakhs	7	2,468,054	2,468,054	2.55	2,468,054	2.55	2,468,054
Non-Resident Indians (NRIs)	954	1,023,567	1,023,567	1.06	1,023,567	1.06	1,023,567
Bodies Corporate	244	1,337,645	1,337,645	1.38	1,337,645	1.38	1,337,645
Any Other (specify)	**1,203**	**678,231**	**678,231**	**0.70**	**678,231**	**0.70**	**678,231**
Sub Total B4	**70,948**	**20,217,410**	**20,217,410**	**20.90**	**20,217,410**	**20.90**	**20,217,410**
B = B1 + B2 + B3 + B4	**70,960**	**27,342,029**	**27,342,029**	**28.27**	**27,342,029**	**28.27**	**27,342,029**

* *Includes Equity Shares held by Key Managerial Personnel and Senior Management Personnel.*

Category and Name of the Shareholders (I)	No. of shareholders (III)	No. of fully paid-up equity shares held (IV)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (IX)
C1) Custodian / DR Holder	0	0	0	0	0
C2) Employee Benefit Trust	0	0	0	0	0
C = C1 + C2	0	0	0	0	0

Table – V - Details of disclosure made by the trading members holding 1.00% or more of the total number of shares of our Company as on December 31, 2023

Sl. No	Name of the trading member	Name of the beneficial owner	Number of shares held	% of total number of shares	Date of reporting by the trading member
-	NIL	NIL	NIL	NIL	NIL

Table – VI - Details of the significant beneficial owners as of December 31, 2023

Details of the SBO (I)		Details of the registered owner (II)		Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect: (III)					Date of creation / acquisition of significant beneficial interest (IV)
				Whether by virtue of:					
Name	Nationality	Name	Nationality	Shares	Voting rights (%)	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
Samuel Brian Gamberg	United States of America	NCBG Holdings Inc	Any other	16	16	16	No	No	March 14, 2012
Neal Jeremy Castleman	United States of America	NCBG Holdings Inc	Any other	16	16	16	No	No	March 14, 2012
Dr. H.S. Raghavendra Rao	India	VNG Technology Private Limited	India	33	33	33	No	No	June 7, 2012

Table – VII – Statement showing foreign ownership limits

	Approved Limits (%)	Limits Utilized (%)
As on shareholding date	49.00	33.85
As on the end of previous 1st quarter	0.00	0.00
As on the end of previous 2nd quarter	0.00	0.00
As on the end of previous 3rd quarter	0.00	0.00
As on the end of previous 4th quarter	0.00	0.00

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the Book Running Lead Manager. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Manager and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 229 and 237, respectively.

Our Company, the Book Running Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, our Company may issue equity shares to Eligible QIBs provided that certain conditions are met by our Company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of the Equity Shares is proposed to be made pursuant to the QIP, and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed Issue schedule, the purpose or objects of Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the Issue or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to seek approval of our Shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake qualified institutional placement for complying with the minimum public shareholding requirements specified in the SCRR;

- invitation to apply in the Issue must be made through a private placement offer-cum-application form, serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer made, except as permitted under the Companies Act, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed under the Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe;

- in accordance with the SEBI ICDR Regulations, the Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited

- our Promoters and Directors have not been declared as 'fraudulent borrowers' by lending banks or financial institution or consortium thereof, in terms of RBI master circular dated July 1, 2016; and

- our individual Promoter, Dr. H S Raghavendra Rao and our Directors are not Fugitive Economic Offenders.

At least 10.00% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise their Bids downwards after the Bid / Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated November 16, 2023, and our Shareholders by way of a special resolution at the EGM held on December 14, 2023, have authorised our Board to decide the quantum of discount of up to five percent of the Floor Price at the time of determination of the Issue Price. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations.

The "relevant date" referred to above means the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and "Stock Exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being December 14, 2023, and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees with respect to the QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500.00 million; and
- five, where the issue size is greater than ₹2,500.00 million.

No single Allottee shall be Allotted more than 50.00% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "– *Bid Process - Application Form*" on page 218.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on November 16, 2023, and our Shareholders by way of a special resolution at the EGM held on December 14, 2023.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, outside India, except in compliance with the applicable laws of such jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 229. The Equity Shares are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 229 and 237, respectively.

Issue Procedure

1. On the Bid / Issue Opening Date, our Company and the Book Running Lead Manager shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, our Company shall maintain complete records of Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act and the PAS Rules.

2. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the Book Running Lead Manager. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid / Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the application form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid / Issue Period to the Book Running Lead Manager.

5. Bidders will be required to indicate the following in the Application Form:

- a representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and it has agreed to certain other representations set forth in the "*Representations by Investors*", on page 7, "*Selling Restrictions*" on page 229 and "*Purchaser Representations and Transfer Restrictions*" on page 237 and certain other representations set forth in the Application Form;

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- Equity Shares held by the Bidder in our Company prior to the Issue;

- details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue; and

- it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.

***NOTE*: *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

6. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "DCX SYSTEMS LIMITED - QIP ESCROW ACCOUNT" with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid / Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 223.

7. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. In case of an upward revision before the Bid / Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or before the Bid / Issue Closing Date, our Company shall, in consultation with Book Running Lead Manager determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Manager on behalf of our Company will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid / Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the Book Running Lead Manager.**

9. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required disclose the names of proposed Allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it.

10. Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

11. Upon determination of the Issue Price and issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Manager, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

18. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for, through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 223.

Eligible QIBs

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹250.00 million;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;

- state industrial development corporations;
- systemically important non-banking financial companies; and
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsels and advisors as to investment in and related matters concerning the Issue.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) should not exceed 10.00% of post-Issue Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Further, in terms of the FEMA Rules, the total holding of each FPI or an investor group shall be below 10.00% of the post-issue total paid-up Equity Share capital of our Company on a fully diluted basis.

Further, with effect from April 1, 2020, the limit of total holdings of all Eligible FPIs put together shall be the sectoral cap applicable to our Company, currently being 49.00% under the automatic route. As of December 31, 2023, the aggregate FPI shareholding in our Company is 0.34% of our Company's paid-up Equity Share capital on a fully diluted basis. For further details, see "*Shareholding Pattern of our Company*" on page 206.

In case the holding of an FPI including its investor group increases to 10.00% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. As per the circular issued by SEBI dated November 5, 2019 (circular no. IMD/FPI&C/CIR/P/2019/124), these investment restrictions shall also apply to subscribers of Offshore Derivative Instruments. Two or more subscribers of Offshore Derivative Instruments having a common beneficial owner shall be considered together as a single subscriber of the Offshore Derivative Instruments. In the event an investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI and Offshore Derivative Instruments investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed Central Depository Services (India) Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3.00% below the overall limit a red flag shall be activated. The designated depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars / public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on page 229 and 237, respectively.

Please note that participation by non-residents in the Issue is restricted to participation by FPIs under Schedule II of the FEMA Rules, in the Issue subject to limit of the individual holding of an FPI below 10.00% of the post-Issue paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 49.00% (sectoral limit of the sector in which our Company operates) of the paid-up capital of our Company. Other non-residents such as FVCIs are not permitted to participate in the Issue.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being our Promoters, or any person related to, the Promoters. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Manager and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made all the following representations and warranties, acknowledgements and undertakings, and the representations, warranties and agreements made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7, 229 and 237, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. The Bidder confirms that in the event it is resident outside India, it is not an FVCI;

9. Each Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

10. Each Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid / Issue Closing Date;

11. Each Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

12. Each Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager.

13. Each Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of the Issue. For the purposes of this representation:

(a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

(b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

14. Each Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

15. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

16. Each Eligible QIB acknowledges, represents and agrees that its total voting rights in our Company does not exceed 10.00% of the total issued share capital of our Company.

17. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control) in our Company does not exceed 10.00% of the post-Issue paid-up capital of our Company on a fully diluted basis.

18. Each Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

19. The Eligible QIB confirms that:

(a) It is outside the United States and is subscribing to the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and

(b) It has agreed to the representations set forth in the sections titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 229 and 237, respectively, and other representations made in the Application Form.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID / ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form, whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the Book Running Lead Manager) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address(s):

Name	Address	Contact Person	Website and Email	Phone
DAM Capital Advisors Limited	One BKC, Tower C, 15th Floor, Unit No. 1511 Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India	Chandresh Sharma	Website: www.damcapital.in E-mail: dcx.qip@damcapital.in Investor Grievance E-mail: complaint@damcapital.in	Tel: 91 22 4202 2500

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the duly completed Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "DCX SYSTEMS LIMITED - QIP ESCROW ACCOUNT" with the Escrow Agent, in terms of the Escrow Agreements. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "DCX SYSTEMS LIMITED - QIP ESCROW ACCOUNT" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event, a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "– *Refunds*" on page 223.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders, accorded by way of a special resolution at the EGM held on December 14, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. Our

Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Board or a duly authorized committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Bid / Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, Company in consultation with Book Running Lead Manager has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the details of amount to be refunded, if any, probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Manager.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 4 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5.00% of the Equity Shares offered in the Issue, namely, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid / Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Company shall repay the application monies within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12.00% p.a. from expiry of the sixtieth day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and our Company files the return of Allotment in connection with the Issue with the RoC.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the Income Tax Act, 1961. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "– *Bid Process*" and "– *Refunds*" on pages 218 and 223, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement

The Book Running Lead Manager has entered into the Placement Agreement with our Company, pursuant to which the Book Running Lead Manager has agreed to manage the Issue and to act as placement agent in connection with the proposed Issue and, subject to certain conditions procure subscription for the Equity Shares to be issued pursuant to the Issue, on a reasonable efforts basis.

The Equity Shares will be placed with the QIBs pursuant to this Issue under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Book Running Lead Manager and its respective affiliates may engage in transactions with and perform services for our Company and our Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries or affiliates, for which they would have received compensation and may in the future receive compensation.

Affiliates of the Book Running Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. See "*Offshore Derivative Instruments*" and "*Representations by Investors*" on pages 13 and 7, respectively.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in *"offshore transactions"* as defined in and in reliance on Regulation S and in accordance with the applicable laws of the jurisdictions where those offers and sales are made.

Relationship with the Book Running Lead Manager

In connection with the Issue, the Book Running Lead Manager and its affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager and its affiliates may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of Offshore Derivative Instruments. Please see "*Offshore Derivative Instruments*" on page 13. From time to time, the Book Running Lead Manager and its affiliates and associates have engaged in or may in the future engage in transactions with and perform services, including but not limited to, investment banking, advisory, banking, trading services for our Company, our Subsidiaries, affiliates and the Shareholders, as well as for their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates and associates. For further details, see "*Use of Proceeds*" on page 88.

Lock-up

Our Company undertakes that it will not for a period of 180 days from the date of Allotment under the Issue, without the prior written consent of the BRLM, directly or indirectly, (a) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities convertible into or exercisable or exchangeable for Equity Shares, in cash or otherwise), or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, (d) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (e) publicly announce any intention to enter into any transaction falling within (a) to (d) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (d) above. Our Company confirms that as on the date of the Placement Document, it has not entered into discussions, agreements, schemes of mergers or amalgamations or any other similar arrangements with regards the aforementioned. Provided that, the foregoing restriction shall not apply to; (i) an issuance of Equity Shares or options pursuant to any employee stock option scheme formulated by our Company or (ii) any transaction required by law or an order of a court of law or a statutory authority.

Promoter Lock-up

Our Promoters jointly and severally, agrees that, without the prior written consent of the BRLM, he or it will not, during the period commencing on the date hereof and ending 180 days after the date of Allotment of the Equity Shares pursuant to the QIP (the "**Lock-up Period**"), directly or indirectly, (a) sell, lend, contract to sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of the Lock – up Shares, (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares, or (c) publicly announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Lock-up Shares, or such other securities convertible into or exercisable or exchangeable for Equity Shares, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) and (b) above. However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any inter-se transfers between the Promoters or any change in Applicable Law, post the date of execution of the Placement Agreement.

Provided, however, that none of the foregoing or below restrictions shall apply to:

i. any sale, transfer or disposition of any of the Lock-up Shares by the undersigned with prior written consent of the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Applicable law;

ii. any sale, transfer or disposition of any of the Lock – up Shares amounting up to INR 1,000 million by the Promoters, whether individually or collectively, in one or more tranches; and

iii. any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, the Company.

In addition, each of our Promoters, jointly and severally, agrees that, without the prior written consent of the BRLM, he or it will not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration or sale or deposition of any Equity Shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Equity Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

SELLING RESTRICTIONS

General

The Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act.

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and "*Notice to Investors*", "*Representations by Investors"* and "*Purchaser Representations and Transfer Restrictions*" on pages 4, 7 and 237, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

Neither the Book Running Lead Manager nor any of its affiliates is the holder of an Australian Financial Services Licence.

Bahrain

This Preliminary Placement Document may only be distributed to Accredited Investors as defined by the Central Bank of Bahrain and the Equity Shares offered in the Issue may be offered and sold only to Accredited Investors as defined by the Central Bank of Bahrain by way of private placement in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to purchase the Equity Shares in the Issue may be to the public in the Kingdom of Bahrain and this Preliminary Placement Document may not be issued, passed to, or made available to the public generally.

The Central Bank of Bahrain, the Bahrain Bourse and the Ministry of Industry, Commerce and Tourism of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document or the performance of the Equity Shares, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein.

British Virgin Islands

This Preliminary Placement Document is not an offer to sell, or a solicitation or invitation to make offers to purchase or subscribe for, the Equity Shares offered in the Issue in the British Virgin Islands (the "**BVI**"). This Preliminary Placement Document may not be sent or distributed to persons in the BVI and the Equity Shares are not available to, and no invitation or offer to subscribe, purchase or otherwise acquire the Equity Shares may be made to, persons in the BVI. However, the Equity Shares may be offered and sold to business companies incorporated in the BVI pursuant to the BVI Business Companies Act, international limited partnerships formed in the BVI pursuant to the Limited Partnership Act 1996 and limited partnerships formed in the BVI pursuant to the Limited Partnership Act, 2017 provided that any such offering and sale is made outside the BVI.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL.

People's Republic of China

This Preliminary Placement Document does not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC or for the benefit of legal or natural persons in the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Book Running Lead Manager of such fact in writing and has received the consent of the Book Running Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

This Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Preliminary Placement Document, they should obtain independent professional advice.

This Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. This Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

(a) to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or
(b) in other circumstances which do not result in this Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of this Preliminary Placement Document may issue, circulate or distribute this Preliminary Placement Document in Hong Kong or make or give a copy of this Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Equity Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. This Preliminary Placement Document is for the exclusive use of the person to whom it has been given by the Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the Book Running Lead Manager received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. The Book Running Lead Manager is not a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. The Book Running Lead Manager does not advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of the Equity Shares in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Book Running Lead Manager are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Book Running Lead Manager are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Issue. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Korea (Republic of Korea)

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Company and the Book Running Lead Manager that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Preliminary Placement Document and nor does any such entity accept any liability for the contents of this Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or
(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Company or the Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "*Purchaser Representations and Transfer Restrictions*" on page 237. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*".

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares Allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsels prior to Bidding for the Equity Shares or making any offer, resale, pledge or transfer of the Equity Shares, except if the resale of the Equity Shares is by way of a regular sale on the BSE or the NSE. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 229.

United States Transfer Restrictions

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Company and the Book Running Lead Manager as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Company, the Book Running Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Book Running Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Rules, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the SEBI Act, SEBI Listing Regulations and various guidelines and regulations issued by the SEBI and the stock exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to the provisions of the SCRR, all listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25.00%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25.00% at any time, such company is required to bring the public shareholding to 25.00% within a maximum period of 12 months from the date of such fall. However, every public sector listed company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. This Issue is being undertaken towards meeting such compliance. However, we may not achieve 25% public shareholding post Allotment in this Issue. Subsequently, our Promoters and Promoter Group may be required to dilute their shareholding (in accordance with the methods prescribed under applicable laws) to ensure that our Company achieves 25% public shareholding within the prescribed timelines.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10.00%, 15.00% and 20.00%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform, BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time / price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

The SEBI Takeover Regulations were further amended on June 22, 2020, to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the system driven disclosures.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"). The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Insider Trading Regulations prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles and the Companies Act. Bidders are urged to read the Memorandum and Articles carefully, and consult with their advisers, as the Memorandum and Articles and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Company is ₹250,000,000 divided into 125,000,000 Equity Shares, having a face value of ₹2.00. For further details please see "*Capital Structure*" on page 93.

Dividends

Under the Companies Act, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act. The declaration and payment of dividends by our Company, if any, will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of the Articles of Association and the applicable laws, including the Companies Act, 2013. In addition, declaration and payment of dividends would be subject to our Company's dividend policy, adopted by our Board on March 21, 2022 ("**Dividend Policy**"). The dividend, if any, will depend on a number of factors, including but not limited to the growth of our Company, the cash flow position of our Company, accumulated reserves, business cycles, economic environment, changes in the government policies, industry specific rulings and regulatory provisions and other factors considered relevant by our Board.

Further, as per the Companies (Declaration and Payment of Dividend) Rules, 2014, in the absence of profits in any year, a company may declare dividend out of surplus, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years; (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid up share capital of the company and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by the company in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of the company after such withdrawal shall not fall below 15% of the company's paid up share capital as per the most recent audited financial statement of the company.

Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. Bonus shares cannot be issued in lieu of dividend.

According to the Articles of Association, dividends may be paid to the members according to their respective rights but the amount of dividend shall not exceed the amount recommended by our Board of Directors.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid up bonus shares to its members out of (a) the free reserves of the company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalise its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus, and (e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Company may by a resolution passed in a general meeting of the Shareholders, upon a recommendation by the Board, resolve to capitalise any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the statement of profit and loss and that such sum be available for distribution amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions. The aforesaid sum shall not be paid in cash but shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Company to be allotted and distributed, credited as fully paid up in the proportion aforesaid, provided that a share premium account and a capital redemption reserve fund may, be applied in the paying up of any unissued shares to be issued to members of our Company as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing Shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

Pursuant to the terms of our Articles of Association, our Company may, from time to time: (a) increase its share capital by such amount as it thinks expedient by issuing new shares; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; and (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person. Further, our Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,— (a) its share capital; (b) any capital redemption reserve account; (c) any share premium account; or (d) any other reserve in the nature of share capital.

General meetings of Shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Company is required to hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between two AGMs, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM *suo motu* when it deems fit.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95.00% of the shareholders entitled to vote. Further, a general meeting, other than an annual general meeting may be called after giving a shorter notice if consent is received, by the majority in number of shareholders of the company who are entitled to vote and who represent not less than 95.00% of the paid up share capital of the company. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with, unless exempted by appropriate authority.

A company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum of Association, a variation of the rights attached to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, every member holding shares is entitled to vote through e-voting process. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid up on each share held by such holder bears to our Company's total paid up capital. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings.

Pursuant to the terms of our Articles of Association, and subject to any rights or restrictions for the time being attached to any class or classes of shares, — (a) on a show of hands, every member holding equity shares present in person or proxy shall have one vote; and (b) on a poll or voting through electronic means, the voting rights of members shall be in proportion to their share in the paid-up equity share capital of our Company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than three and not more than 15. The Articles of Association also permit our Directors to appoint any other person as a director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number of 15, as fixed under the Articles of Association. However, any director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated, but shall be eligible for re-election at such meeting.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and any related SEBI guidelines issued in connection therewith.

Registration of Transfers and Register of Members

Our Company is required to maintain a register of members wherein the particulars of the members of our Company are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Company, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Company's outstanding Equity Shares are listed, our Company may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Liquidation Rights

In the event of our winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. The liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: January 15, 2024

To,

Board of Directors
DCX Systems Limited
Aerospace SEZ Sector
Plot Numbers 29,30 and 107
Hitech Defence and Aerospace Park
Kavadadasanahalli Village, Devanahalli Taluk
Bengaluru Rural – 562 110
Karnataka, India

DAM Capital Advisors Limited
One BKC, Tower C, 15th Floor, Unit No. 1511
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Maharashtra, India (hereinafter referred to as the "**Placement Agent**" or "**BRLM**")

Subject: Qualified institutions placement of equity shares of face value ₹ 2 each ("Equity Shares") by DCX Systems Limited (the "Company") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and Section 42 and 62 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Issue").

We, M/s. NBS & Co., Chartered Accountants, statutory auditors of the Company, hereby report the possible special tax benefits available to the Company and the shareholders of the Company, under the Income Tax Act, 1961, as amended (the "**IT Act**"), applicable Indirect Tax Laws (as defined in the Annexure A), along with the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-25 relevant to the financial year 2023-2024, presently in force in India, in the enclosed statement at **Annexure A**.

Several of these stated tax benefits/consequences are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company and/or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed Annexure A cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure A and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

The Management is responsible for ensuring that the Company complies with the requirements of the applicable laws and shall be responsible for providing us the required information/documents as may be required by us for certifying the requirement as per paragraph above.

The benefits discussed in the enclosed annexure are not exhaustive. We do not express any opinion or provide any assurance as to whether:

i) the Company or its shareholders will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been/would be met with; or
iii) the revenue authorities / courts will concur with the views expressed herein.

We consent to the inclusion of the above information in the Preliminary Placement Document and Placement Document to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**"), the Securities and Exchange Board of India, and the Registrar of Companies, Karnataka at Bangalore, and any other authority and such other documents as may be prepared in connection with the Issue.

We confirm that the information in this certificate is true, fair and accurate, and is in accordance with the requirements of the Companies Act, 2013 as amended, the SEBI ICDR Regulations and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.
This statement is prepared for inclusion in the Preliminary Placement Document and Placement Document (PD) in connection with the Issue, and may accordingly be furnished to the Stock Exchanges or any other judicial, statutory and regulatory authorities as required. The aforesaid information contained herein and in **Annexure A** can also be shared with and relied on by the Placement Agent, legal counsel and any other advisors and intermediaries appointed in relation to the Issue.

We undertake to immediately inform in writing to the Placement Agent and legal counsel in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Preliminary Placement Document or Placement Document.

Yours sincerely,
For M/s. NBS & Co.
Chartered Accountants
Firm Registration Number: 110100W

Partner: Partner: Pradeep Shetty
Membership No.: 046940
UDIN: 24046940BKEBQO8950

Place: Mumbai
Date: January 15, 2024

Domestic Legal Counsel to the BRLM
J. Sagar Associates
B-303, 3rd Floor, Ansal Plaza, Hudco Place
August Kranti Marg
New Delhi – 110 049, India

Domestic Legal Counsel to the Company
Khaitan & Co
3rd floor, Embassy Quest
45/1 Magrath Road
Bengaluru 560 025
Karnataka, India

Annexure A

DCX SYSTEMS LIMITED ("THE COMPANY"), AND ITS SHAREHOLDERS

The information provided below sets out the possible special tax benefits available to the Company, and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax laws presently in force. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement. The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

I. STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

A. Special direct tax benefits available to the Company under the Act

Under the Income Tax Act, 1961 (the Act)

Sec 10AA:
The Company is eligible to claim deduction under section 10AA from the total income computed in the manner provided in the section. The Company commenced claiming exemption from the financial year 2019-20. The Company is eligible to claim this tax benefit for a period of fifteen years from the financial year 2019-20.

80JJAA: Deduction in respect of employment of new employees:
Subject to the fulfillment of prescribed conditions, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act. This deduction is available to the Company:

B. Special direct tax benefits available to the shareholders of the Company under the Act

(a) To Resident taxpayer

- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above).

- Section 112A of the Act provides for concessional tax rate of 10% (plus applicable surcharge and cess) on long-term capital gains (exceeding Rs. 1,00,000) arising from the transfer of equity shares or units of an equity-oriented fund or units of a business trust if Security Transaction Tax ('STT') has been paid on both acquisition and transfer of such shares / units and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018). The benefit of foreign currency exchange difference and indexation, as provided under the first and second proviso to section 48 of the Act, shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

- Section 112 of the Act provides for taxation of long-term capital gains, resulting on transfer of inter-alia, listed shares of the company (other than those covered under section 112A), which shall be lower of the following:
  - 20% (plus applicable surcharge and cess) with indexation benefit; or
  - 10% (plus applicable surcharge and cess) without indexation benefit

- As per the provisions of section 111A of the Act, short-term capital gains arising from transfer of equity shares in the company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess, if any).

- Where the gains arising on transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains of Business or Profession" and such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

(b) Non-Resident taxpayer

As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial.

Notes:

1. The special tax benefits discussed in the Statement sets out only the special tax benefits available to the Company or its shareholders under the Act, and does not cover any benefit under any other law in force in India. This statement does not discuss any tax consequences in any country outside India.
2. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
3. The Statement has been prepared on the basis that the Equity Shares of the Company are listed on the recognized stock exchanges in India and the Company will be issuing shares.

II. STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

A. Special indirect tax benefits available to the Company-

SEZ Units are free to import from the domestic sources without paying any duty and GST on capital goods, raw materials, consumables, spare, packing materials, office equipment, DG sets, etc. for implementation of their project in the zone without any license or specific approval.

B. Special indirect tax benefits available to the shareholders of the Company

There are no special indirect tax benefits available to the Shareholders of Company under the Central Goods and Services Act, 2017 (CGST Act), respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (IGST) (read with relevant Rules prescribed thereunder)

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings and civil proceedings, which are pending before various adjudicating forums.

*As on the date of this Preliminary Placement Document, except as disclosed below, there is no outstanding legal proceeding which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations. The SEBI ICDR Regulations mandate legal proceedings to be disclosed in accordance with the materiality policy framed under the SEBI Listing Regulations. In accordance with Regulation 30 of the SEBI Listing Regulations, all outstanding civil proceedings involving (which includes cases filed by and against) our Company, Subsidiaries and Directors, where the amount involved exceeds 5% of average absolute value of profit or loss after tax in Fiscals 2021, 2022 and 2023 (such average absolute value being ₹556.16 million), which is equivalent to ₹27.81 million, or above ("**Materiality Threshold**") shall be considered material and shall be disclosed in this Preliminary Placement Document.*

In addition to disclosing cases above the Materiality Threshold involving our Company, Directors and Subsidiaries, our Company has also disclosed in this section (solely for the purpose of the Issue) to the extent applicable (i) all outstanding criminal litigations involving (which includes cases filed by and against) our Company, Subsidiaries and Directors; (ii) all outstanding actions (including show-cause notices received) initiated by any regulatory and/or statutory authorities such as SEBI (other than any consumer cases) or such similar authorities or Stock Exchanges, involving our Company, Subsidiaries and Directors; (iii) a consolidated disclosure of all claims related to outstanding direct and indirect tax proceedings (including show cause notices) involving our Company, Subsidiaries and Directors, giving the number of cases and total amount; (v) any other outstanding litigation whether or not involving the Company, Subsidiaries or Directors or Promoters which may be considered material by our Company for the purposes of disclosure in this section of this Preliminary Placement Document.

Further, as on the date of this Preliminary Placement Document: (i) there is no litigation or legal action, pending or taken, by any ministry or department of the government or a statutory authority against our Promoters during the last three years and no directions have been issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document involving our Company or Subsidiaries; (iii) there are no outstanding defaults by our Company (on a consolidated basis) including therein the amount involved, duration of default and present status, in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon; or loan from any bank or financial institution and interest thereon; (iv) there are no material frauds committed against our Company in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; and (vii) neither of our Company, Promoters or Directors have been declared as a wilful defaulter or a fraudulent borrower.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, any of our Subsidiaries, and / or our Promoters or Directors from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not unless otherwise decided by our Board of Directors, be considered as litigation proceedings till such time that our Company, any of our Subsidiaries, our Directors and/or our Promoters, are impleaded as a defendant in any such litigation proceedings before any judicial forum.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

Litigation involving our Company

Criminal proceedings involving our Company

Except as disclosed below, as on the date of this Preliminary Placement Document, there are no criminal proceedings involving our Company:

a) ***Criminal proceedings against our Company***

As on the date of this preliminary placement document, there are no outstanding criminal proceedings against our Company.

b) ***Criminal proceedings by our Company***

As on the date of this preliminary placement document, there are no outstanding criminal proceedings by our Company.

Regulatory matters involving our Company

As on the date of this preliminary placement document, there are no outstanding regulatory matters involving our Company.

Material civil proceedings involving our Company

As on the date of this Preliminary Placement Document, there are no outstanding material civil proceedings involving our Company.

Other pending proceedings

As on the date of this Preliminary Placement Document there are no other pending proceedings involving our Company, which have been considered material by our Company.

Litigation involving our Subsidiaries

Criminal proceedings involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no criminal proceedings involving our Subsidiaries.

Regulatory matters involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no regulatory matters involving our Subsidiaries.

Material civil proceedings involving our Subsidiaries

As on the date of this Preliminary Placement Document, there are no material civil proceedings involving our Subsidiaries.

Litigation involving our Directors

Criminal proceedings involving our Directors

As on the date of this Preliminary Placement Document, there are no criminal proceedings involving our Directors.

Regulatory matters involving our Directors

As on the date of this Preliminary Placement Document, there are no regulatory matters involving our Directors.

Material civil proceedings involving our Directors

As on the date of this Preliminary Placement Document, there are no material civil proceedings involving our Directors.

Tax proceedings

We have set out below claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner, as on the date of this Preliminary Placement Document, giving details of number of cases and total amount involved in such claims:

Nature of case	**Number of cases**	**Amount involved (in ₹ million)***
Company		
Direct Tax	2	119.46
Indirect Tax	NIL	NIL
Total (A)	**2**	**119.46**
Subsidiaries		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Total (B)	**NIL**	**NIL**
Total (A + B)	**2**	**119.46**

* *To the extent quantifiable.*

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, NBS & Co., Chartered Accountants, are independent auditors with respect to our Company, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

NBS & Co., Chartered Accountants have audited the Audited Financial Statements which are included in this Preliminary Placement Document in "*Financial Statements*" on page 256.

NBS & Co., Chartered Accountants have performed a review of the Unaudited Interim Limited Reviewed Consolidated Financial Results for the six months ended September 30, 2023 and have issued review report dated October 30, 2023 on the Unaudited Interim Limited Reviewed Consolidated Financial Results, which is included in this Preliminary Placement Document in "*Financial Statements*" on page 256.

GENERAL INFORMATION

- Our Company was incorporated as "*DCX Cable Assemblies Private Limited*" on December 16, 2011, at Bangalore, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. Subsequently, to capture the entire business activity of our Company following the integration undertaken in its business model, the name of our Company was changed to '*DCX Systems Private Limited*' pursuant to a special resolution dated November 24, 2021, passed by our shareholders and a fresh certificate of incorporation consequent upon change of name issued by the RoC on January 3, 2022. Further, consequent upon conversion into a public limited company under the Companies Act, 2013 and pursuant to a special resolution passed by our Shareholders on February 2, 2022, and fresh certificate of incorporation dated February 18, 2022, issued by the RoC, the name of our Company was changed to its present name i.e., "*DCX Systems Limited*".

- The Registered and Corporate Office of our Company is located at Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli, Village, Devanahalli Taluk, Bengaluru Rural-562 110, Karnataka, India .

- The CIN of our Company is L31908KA2011PLC061686.

- The authorised share capital of our Company is ₹250,000,000 into 125,000,000 Equity Shares, having a face value of ₹2.00.

- The Issue was approved by the Board of Directors on November 16, 2023. Subsequently, our Shareholders approved the Issue through a special resolution at the EGM held on December 14, 2023.

- The Equity Shares are listed on BSE and NSE since November 11, 2022.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on January 15, 2024. We will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 AM and 5:00 PM on any working day (except public holidays) at our Registered Office and Corporate Office.

- Other than as disclosed in the section "*Risk Factors – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. We have not been, and may continue to not be, in compliance with certain financial covenants under certain of our financing agreements.*" on page 55, Our Company has obtained all material consents, approvals and authorisations required in connection with the Issue.

- No change in control in our Company will occur consequent to the Issue.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since March 31, 2023, the date of the latest audited financial statements prepared in accordance with Ind AS included in this Preliminary Placement Document.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 250.

- There have been no defaults in the annual filings of our Company under the Companies Act or the rules made thereunder.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations, SCRA and the SCRR.

- The Floor Price is ₹358.30 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution at the EGM held on December 14, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

- Nagaraj R. Dhavaskar is the Company Secretary, Legal and Compliance Officer of our Company. His contact details are as follows:

  Nagaraj R. Dhavaskar

  Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli, Village, Devanahalli Taluk, Bengaluru Rural-562 110, Karnataka, India .

  Telephone: +91 80 6711 9555
  E-mail: cs@dcxindia.com

FINANCIAL STATEMENTS

NBS & CO.
Chartered Accountants
14/2, Western India House, Sir P. M. Road, Fort, Mumbai – 400001.
Tel: (91-22) 22870588 / 0939 / 4140, 22885229
Fax: (91-22) 22884910. Email id: admin@nbsandco.in. Web: www.nbsandco.in.

Independent Auditor's Review Report on Quarter and Six Months ended Consolidated Unaudited Financial Results of DCX Systems Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Board of Directors
DCX Systems Limited

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of DCX Systems Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), for the quarter ended September 30,2023 and year to date from April 01, 2023 to September 30, 2023 ('the statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (the "SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder ("the Act") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the statement based on our review.

3. We conduct our review of the Statement in accordance with the standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

   A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligation and Requirements) Regulation 2015, as amended, to the extent applicable.

4. The Statement includes the Standalone financial results of the following entities:

Sr. No.	Name of the Company
	Subsidiary
1.	Raneal Advanced Systems Private Limited

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Indian Accounting Standards (Ind AS') and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in term of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial results of the subsidiary included in the statement, whose financial results, reflect total assets of Rs **574.41 Mn** as at September 30, 2023, total revenue of Rs.**1.95 Mn** and Rs.**1.95 Mn**, total net loss after tax of Rs.**(5.65 Mn)** and Rs.**(8.18 Mn),** total comprehensive loss of Rs**(5.65 Mn)** and **(Rs. 8.18 Mn)** for the quarter and Six months ended September 30, 2023, respectively, and net cash flow of **(Rs.36.56 Mn)** for Six months ended September 30, 2023, as considered in the statement. These financial results have been reviewed by other auditor whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of other auditor and procedures performed by us stated in paragraph 3 above.

Our conclusion on the statement in respect of matters stated in paragraphs 6 above is not modified with respect to our reliance on the work done and the report of the other auditors and the financial results and financial information certified by the Management.

For NBS& Co,
Chartered Accountants
Firm registration-110100W

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

Pradeep Shetty
Partner
Membership No.046940
UDIN: 23046940BGPTVT9994
Place: Mumbai
Date: 30-10-2023

DCX Systems Ltd (formerly known as DCX Cable Assemblies Pvt Ltd)

Reg. Off. Address: AEROSPACE SEZ SECTOR,PLOT NOS.29,30 AND 107,HITECH DEFENCE AND AEROSPACE PARK,KAVADADASANAHALLI, KIADB INDUSTRIAL AREA BENGALURU RURAL, KARNATAKA, INDIA, 562110, CIN: L31908KA2011PLC061686, Website : www.dcxindia.com

CONSOLIDATED OF ASSETS AND LIABILITIES

(₹ In Millions, unless otherwise stated)

Sl.No	Particulars	As at 30 September 2023	As at 31 March 2023
		(UNAUDITED)	(AUDITED)
I	**ASSETS**		
	1 **Non - Current Assets**		
	(a) Property, Plant & Equipment	387.19	108.40
	(b) Capital work-in-progress	-	52.90
	(c) Right of use Assets	43.00	43.00
	(d) Other Intangible Assets	0.34	0.43
	(e) Financial Assets		
	(i) Investment	-	-
	(ii) Other Financial Assets	33.71	30.70
	(f) Deferred Tax Assets (net)	53.67	43.72
	(g) Other non -Current Assets	0.50	0.50
	Total-Non -Current Assets	518.41	279.65
	2 **Current Assets**		
	(a) Inventories	1,031.76	2,291.62
	(b) Financial Assets		
	(i) Trade Receivables	2,138.25	3,195.32
	(ii) Cash and cash equivalents	175.63	136.71
	(iii) Bank balances other than (ii) above	6,395.41	5,821.76
	(iv) Other financial assets	0.01	21.30
	(c) Current tax assets (net)	0.55	13.87
	(d) Other Current Assets	918.94	432.61
	Total-Current Assets	10,660.55	11,913.19
	TOTAL ASSETS	**11,178.96**	**12,192.84**
II.	**EQUITY AND LIABILITIES**		
	EQUITY		
	(a) Equity Share Capital	193.45	193.45
	(b) Other Equity	5,721.35	5,473.76
	Total Equity	5,914.80	5,667.21
	LIABILITIES		
	1 **Non Current Liabilities**		
	(a) Financial liabilities		
	(i) Long Term Borrowings	204.02	57.70
	(ii) Lease Liabilities		
	(iii) Other Financial Liabilities		
	(b) Provisions	12.94	12.40
	Total -Non Current Liabilities	216.96	70.10
	2 **Current Liabilities**		
	(a) Financial Liabilities		
	(i) Borrowings	4,135.58	5,037.11
	(ii) Lease Liabilities		
	(iii) Trade Payables -		
	Total outstanding dues of MSME	11.65	5.47
	Total outstanding dues of creditors other than MSME	460.40	1,357.07
	(iv) Other financial liabilities	47.80	11.16
	(b) Other Current Liabilities	389.45	44.19
	(c) Provisions	2.32	0.53
	(d) Current tax liabilities (net)	-	-
	Total-Current Liabilities	5,047.20	6,455.53
	Total EQUITY AND LIABILITIES	**11,178.96**	**12,192.84**

For
NBS & Co.
Chartered Accountants
FRN : 110100W
UDIN:23046940BGPTVT9994

NBS & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:30-10-2023

For DCX Systems Ltd

DCX Systems Limited Bangalore

H S Raghavendra Rao
Chairman & Managing Director

DCX Systems Ltd (formerly known as DCX Cable Assemblies Pvt Ltd)

Reg. Off. Address: AEROSPACE SEZ SECTOR,PLOT NOS.29,30 AND 107,HITECH DEFENCE AND AEROSPACE PARK,KAVADADASANAHALLI, KIADB INDUSTRIAL AREA BENGALURU RURAL, KARNATAKA, INDIA, 562110.

CIN: L31908KA2011PLC061686, Website : www.dcxindia.com

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED-30TH SEPTEMBER,2023

(₹ In Millions, unless otherwise stated)

Sl.No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	March 31, 2023
		(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
1	**INCOME**						
	Revenue from operations	3,091.22	1,701.03	1,738.86	4,792.25	3,871.40	12,536.34
	Other income	123.19	113.72	64.28	236.91	134.28	295.48
	Total INCOME	**3,214.41**	**1,814.75**	**1,803.14**	**5,029.16**	**4,005.68**	**12,831.82**
2	**Expenses:**						
	Cost of materials consumed	2,695.63	267.38	1,510.09	2,963.01	3,411.36	12,630.45
	Changes in inventories of finished goods, by-products and work in progress	139.68	1,298.78	-	1,438.46	-	(1,438.46)
	Employee benefits expense	35.50	32.06	26.43	67.56	50.74	105.10
	Finance costs	63.30	69.87	67.79	133.17	117.55	256.28
	Depreciation and amortization expense	5.96	4.68	4.78	10.64	9.37	18.21
	Other expenses	36.01	26.80	103.31	62.81	261.21	402.52
	Total expenses (2)	**2,976.08**	**1,699.57**	**1,712.40**	**4,675.65**	**3,850.23**	**11,974.10**
3	**Profit before exceptional Items and Tax (1-2)**	**238.33**	**115.18**	**90.74**	**353.51**	**155.45**	**857.72**
4	**Exceptional Items**	-	-	-	-	-	-
5	**Profit before Tax (3-4)**	**238.33**	**115.18**	**90.74**	**353.51**	**155.45**	**857.72**
6	**Tax expense :**						
	Current tax	(42.63)	(20.57)	(15.84)	(63.20)	(27.49)	(150.44)
	Deferred tax	(0.09)	(0.02)	0.29	(0.11)	0.26	(0.57)
	MAT	2.86	1.38	3.59	4.24	6.24	10.10
	Total Tax Expenses	**(39.86)**	**(19.21)**	**(11.96)**	**(59.07)**	**(20.99)**	**(140.91)**
7	**Profit for the Period from continuing operations (5-6)**	**198.47**	**95.97**	**78.78**	**294.44**	**134.46**	**716.81**
8	**Profit /(Loss) for the period discontinued operations**		-	-	-	-	-
9	**Tax Expenses of discontinued operations**		-	-	-	-	-
10	**Profit from discontinued operations (after tax) (8-9)**		-	-	-	-	-
11	**Profit for the Period (7+10)**	**198.47**	**95.97**	**78.78**	**294.44**	**134.46**	**716.81**
12	**Other comprehensive (loss)/ income**						
	Items that will not be reclassified subsequently to profit or loss						
	(i) Remeasurements of defined benefit liability / (asset)	-	-	0.12	-	0.44	0.81
	(i) Income tax relating to remeasurements of defined benefit liability / (asset)	-	-	(0.02)	-	(0.08)	(0.14)
		-	**-**	**0.10**	**-**	**0.36**	**0.67**

	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	(58.26)	24.85	-	(33.41)	-	21.20
	(ii) Income tax relating to items that will be reclassified to profit or loss	10.18	(4.34)	-	5.84	-	(3.70)
		(48.08)	**20.51**	-	**(27.57)**	-	**17.50**
	Total Other comprehensive income	**(48.08)**	**20.51**	**0.10**	**(27.57)**	**0.36**	**18.17**
13	**Total comprehensive income for the period (11+12)**	**150.39**	**116.48**	**78.88**	**266.87**	**134.82**	**734.98**
	Profit attributable to:						
	Owners of the Company	**198.47**	**95.97**	**78.78**	**294.44**	**134.46**	**716.81**
	Non-controlling interests						
	Other Comprehensive Income attributable to:						
	Owners of the Company	**(48.08)**	**20.51**	**0.10**	**(27.57)**	**0.36**	**18.17**
	Non-controlling interests						
14	**Paid-up Equity share Capital (Face Value of Rs 2/-)**	**193.45**	**193.45**	**154.80**	**193.45**	**154.80**	**193.45**
15	**Other Equity**						5,473.76
16	**Earnings per equity share for Continuing operations (Not Annualized)**						
	- Basic (Rs.)	2.05	0.99	1.02	3.04	1.74	8.44
	- Diluted (Rs.)	2.05	0.99	1.02	3.04	1.74	8.44
17	**Earnings per equity share for discontinued operations (Not Annualized)**						
	- Basic (Rs.)						
	- Diluted (Rs.)						
18	**Earnings per equity share for discontinued and continuing operations (Not Annualized)**						
	- Basic (Rs.)	2.05	0.99	1.02	3.04	1.74	8.44
	- Diluted (Rs.)	2.05	0.99	1.02	3.04	1.74	8.44

For
NBS & Co.
Chartered Accountants
FRN : 110100W
UDIN:23046940BGPTVT9994

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:30-10-2023

For DCX Systems Ltd

DCX Systems Limited Bangalore

H S Raghavendra Rao
Chairman & Managing Director

DCX Systems Ltd (formerly known as DCX Cable Assemblies Pvt Ltd)

Reg. Off. Address: AEROSPACE SEZ SECTOR,PLOT NOS.29,30 AND 107,HITECH DEFENCE AND AEROSPACE PARK,KAVADADASANAHALLI, KIADB INDUSTRIAL AREA BENGALURU RURAL, KARNATAKA, INDIA, 562110, CIN: L31908KA2011PLC061686, Website : www.dcxindia.com

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED-30TH SEPTEMBER,2023

(₹ In Millions, unless otherwise stated)

Particulars	For the half Year ended 30 September 2023 (UNAUDITED)	For the half Year ended 30 September 2022 (UNAUDITED)
A. Cash flow from operating activities		
Profit before tax	353.51	155.45
Adjustments to reconcile profit before tax to net cash flows:		
Interest on fixed deposits	(200.50)	(134.18)
Loss/(Profit) on sale of fixed assets	(0.07)	-
Interest on borrowings	111.94	117.55
Depreciation and amortisation expense	10.64	9.37
Operating profit before working capital changes	**275.52**	**148.19**
Movement in working capital:		
(Increase)/Decrease in trade receivables	1,057.08	(267.37)
(Increase)/Decrease in inventories	1,259.86	(430.77)
(Increase)/Decrease in other current assets	(486.31)	(101.56)
(Increase)/Decrease in other non current financial assets	(3.01)	1.44
(Increase)/Decrease in other current financial assets	0.09	47.54
Increase/(Decrease) in trade payables	(890.48)	(926.48)
Increase/(Decrease) in non current provisions	0.54	1.05
Increase/(Decrease) in current provisions	1.79	5.07
Increase/(Decrease) in other current financial liabilities	24.42	10.79
Increase/(Decrease) in other current liabilities	345.26	248.50
Cash generated from operations	1,584.76	(1,263.61)
Net income tax (paid)	(49.87)	(5.05)
Net cash from operating activities (A)	**1,534.89**	**(1,268.66)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(289.51)	(0.80)
Proceeds from disposal of property, plant and equipment	0.23	-
Capital work in progress and capital advance	52.90	(0.07)
Investment in Subsidiary		-
Interest received	200.50	134.18
Net cash from investing activities (B)	**(35.88)**	**133.31**
C. Cash flows from financing activities		
Working Capital/Term Loan	(755.22)	201.02
Net Proceeds from issue of Shares	-	-
Public issue expenditure	(19.28)	-
Interest Paid	(111.94)	(117.55)
Net cash from financing activities (C)	**(886.44)**	**83.47**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**612.57**	**(1,051.88)**
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	5,958.47	8,003.23
Cash and cash equivalents at the end of the period	**6,571.04**	**6,951.35**
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	0.00	0.01
Balances with bank		
- Current accounts	175.63	621.39
Other bank balances	6,395.41	6,329.95
	6,571.04	**6,951.35**

NOTES :

1. The above Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at the meetings held on October 30th, 2023 respectively.
2. The company is one of the leading Indian Defence Manufacturing player offering a full service and manufacture of Electronic Subsystems and cable harnesses for both International and Domestic reputed customers.
3. The Company had invested in Raneal Advanced Systems Private Limited (RASPL) in February 2022 and which is wholly subsidiary of the Company. In furtherance of various project related initiatives, the Company has so far invested Rs. 86.00 Mn from time to time till 30th September 2023 in the form of equity.
4. The Statutory Auditors have carried out limited review of the financial results for the quarter and half year ended 30th september 2023
5. The previous periods' figures have been regrouped to conform to Current period's required classification.
6. The Company is exclusively engaged in the business of manufacturing of electronic subsystems (Systems integration) and cable harness for both international and domestic Aerospace and defence sector. As per IND AS 108, Systems Integration constitutes more than 90% to the total turnover, the financial results are disclosed under one operating segment.
7. Other income includes gain on account of foreign exchange fluctuation of Rs 17.58 Mn and Rs 24.19 Mn for the quarter and half year ended September 30th 2023 and other expenses inculdes loss on account of foreign exchange fluctuation of Rs 77.94 Mn Rs 202.44 Mn for the quarter and half year ended September 30th 2022 .

For
NBS & Co.
Chartered Accountants
FRN : 110100W
UDIN:23046940BGPTVT9594

NBS & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:30-10-2023

For DCX Systems Ltd

DCX Systems Limited Bangalore

H S Raghavendra Rao
Chairman & Managing Director

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.

N B S & CO.
MUMBAI
FRN 110100W
CHARTERED ACCOUNTANTS

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.

NBS & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

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

N B S & CO
MUMBAI
FRN
110100W
CHARTERED ACCOUNTANTS

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 Rs. 150.92 million as at March 31, 2023, Group's share of total revenue of Rs. 1.71 million and Group's share of total net profit after tax of Rs (3.30) Million and Group's share of total comprehensive income of Rs. Nil for the year ended March 31, 2023, and net cash flows of Rs. 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

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS 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

N B S & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS 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

NBS & CO. MUMBAI FRN 110100W CHARTERED ACCOUNTANTS

Pradeep Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTX3498
Place: Mumbai
Date: May 19, 2023

NBS & CO.
Chartered Accountants

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

Pradeep Shetty
Partner
Membership No. 046940
UDIN: 23046940BGPTTX3498

Place: Mumbai
Date: May 19, 2023.

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
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**
Liabilities			
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

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2023.05.19 18:51:12 +05'30'

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)
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:30:57 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:31:32 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:33:33 +05'30'

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

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:30:32 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No:F12503

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
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)
(i) 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 Rs. 2]			
Earnings per equity share for Continuing operations			
- Basic (Rs.)		8.44	9.19
- Diluted (Rs.)		8.44	9.19
Earnings per equity share for discontinued operations			
- Basic (Rs.)		-	-
- Diluted (Rs.)		-	-
Earnings per equity share for discontinued and continuing operations			
- Basic (Rs.)		8.44	9.19
- Diluted (Rs.)		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
As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

PRADEEP JAGANNATH SHETTY Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:51:50 +05'30'

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

For and on behalf of the Board of Directors of
DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S RAGHAVENDRA RAO Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:33:57 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:34:11 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S Digitally signed by Ranga K S Date: 2023.05.19 18:34:28 +05'30'

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

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:34:43 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Consolidated Statement of Cash Flows
(All amounts in Millions, unless otherwise stated)

	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		
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 attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

PRADEEP JAGANNATH SHETTY Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:52:28 +05'30'

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

For and on behalf of the Board of Directors of DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S RAGHAVENDRA RAO Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:35:35 +05'30'
H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:35:21 +05'30'
R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S Digitally signed by Ranga K S Date: 2023.05.19 18:35:51 +05'30'
K S Ranga
Chief Financial Officer
Place : Bangalore
Date: 19-05-2023

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:36:06 +05'30'
Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

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 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 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

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 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, 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 financials 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

· 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.

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

'- 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 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.

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.

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.

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Statement of Changes in Equity

(All amounts in Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2023 Number of Shares*	As at 31 March 2023 Amount	As at 31 March 2022 Number of Shares*	As at 31 March 2022 Amount
Balance at the beginning of the reporting year	7,74,00,000.00	154.80	35,00,000.00	35.00
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance as the the beginning of the reporting period / year	**7,74,00,000.00**	**154.80**	**35,00,000.00**	**35.00**
Changes in equity share capital during the period / year	1,93,23,671.00	38.65	7,39,00,000.00	119.80
Equity Shares issued during the year in consideration for cash	1,93,23,671.00		3,70,000.00	3.70
Bonus Issue of shares during the period			5,80,50,000.00	116.10
Number of Shares after Sub division during the year (5 shares for 1 share)			1,54,80,000.00	-
Balance at the end of the reporting period / year	**9,67,23,671.00**	**193.45**	**7,74,00,000.00**	**154.80**

* Number of shares is presented as absolute number.

(b) Other equity

Particulars	TOTAL OTHER EQUITY For the year ended 31 March 2023	TOTAL OTHER EQUITY 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 of even date attached.

For
NBS & Co.
Chartered Accountants
FRN : 110100W

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY Date: 2023.05.19 18:53:31 +05'30'

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)
CIN: L31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO Date: 2023.05.19 18:36:43 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2023.05.19 18:36:59 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S Date: 2023.05.19 18:37:17 +05'30'

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

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar Date: 2023.05.19 18:37:34 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

(All amounts in Millions, unless otherwise stated)

2 Property, plant and equipment

Description	Owned assets									
	Computers	Office Equipments	Furniture and Fixtures	Leasehold improvements	Tools & Equipments	Electrical Installations	Plant & Machinery	Building	Vehicle	Total Owned assets
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

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.

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Notes to standalone financial information (continued)
(All amounts in Millions, unless otherwise stated)

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**

(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**

(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 Rs 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**

As at 31 March 2023

Particulars	**Less than 6 Months**	**6 Months- 1 Year**	**1-2 Years**	**2-3 Years**	**More than 3 Years**	**Total**
	Outstanding for following periods from due date of Payment					
(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	**Less than 6 Months**	**6 Months- 1 Year**	**1-2 Years**	**2-3 Years**	**More than 3 Years**	**Total**
	Outstanding for following periods from due date of Payment					
(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**

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

		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**

(All amounts in Millions, unless otherwise stated)

11 Bank balances other than cash and cash equivalents

Other bank balances		
Deposits with original maturity of more than 3 months (Rs. 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**

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**

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.

As at 31 March 2023

Particulars	Outstanding for following periods Particulars from due date of payment					
	Unbilled Dues	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(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 Particulars from due date of payment					
	Unbilled Dues	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(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	1.64	1.67
Employee benefits payable	9.52	5.30
	11.16	**6.97**

21 Other current liabilities

Advance received from customers	31.32	2,147.31
Statutory dues payable	12.87	5.86
'Rent secuirty 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**

(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**

(All amounts in Millions, unless otherwise stated)

		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**

(All amounts in Millions, unless otherwise stated)

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

	For the year ended 31 March 2023	**For the year ended 31 March 2022**
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**

(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 Rs 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 Rs 2/- with premium of Rs 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	As at 31 March 2022
	Number of Shares*	**Number of Shares***
Outstanding at the beginning of the year / period	7,74,00,000.00	35,00,000.00
Equity Shares issued during the year in consideration for cash		
IPO	1,93,23,671.00	
Preferential allotment	-	1,00,000.00
Right issue	-	2,70,000.00
Total number of shares before Sub Division	**9,67,23,671.00**	**38,70,000.00**
Adjustment for subdivision of shares	-	1,54,80,000.00
Bonus Issue of shares during the year	-	5,80,50,000.00
Outstanding at the end of the year	**9,67,23,671.00**	**7,74,00,000.00**

* 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 Rs. 2.00 each and each holder of the equity share is entitled to one vote per share.

(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 Rs 2 each fully paid		Equity shares of Rs 2 each fully paid	
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %
M/s NCBG Holdings Inc	3,18,84,542.00	32.965%	3,43,00,000.00	44.32%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	32.965%	3,43,00,000.00	44.32%
H S Raghavendra Rao	56,12,558.00	5.80%	74,00,000.00	9.56%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2023		As at 31 March 2022	
	Equity shares of Rs 2 each fully paid		Equity shares of Rs 2 each fully paid	
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %
M/s NCBG Holdings Inc	3,18,84,542.00	32.965%	3,43,00,000.00	44.32%
M/s VNG Technology Pvt Ltd	3,18,84,542.00	32.965%	3,43,00,000.00	44.32%
H S Raghavendra Rao	56,12,558.00	5.80%	74,00,000.00	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	1,756.08	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	**-**

(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**

(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)	
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**

(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	8,49,70,644	7,13,80,274
Basic EPS (Rs.)	**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	8,49,70,644	7,13,80,274
Diluted EPS (Rs.)	**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 Rs. 2 each (Rs 10 each for Previous year)	7,74,00,000	35,00,000
Issued during the period	1,93,23,671	3,70,000
Total	**9,67,23,671**	**38,70,000**
Adjustment for subdivision of shares		1,93,50,000
Bonus Issue of shares during the year		5,80,50,000
	9,67,23,671	7,74,00,000
Weighted average number of equity shares outstanding during the period	**8,49,70,644**	**7,13,80,274**

* 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	-
		-

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.

DCX Systems Limited (formerly known as DCX CABLE ASSEMBLIES PRIVATE LIMITED)
Significant accounting policies and notes to the financial information (continued)
(All amounts in Millions, unless otherwise stated)

35 Related Party Disclosures

(a) List of Related Parties and description of relationship:

	List of Related Parties	Nature of relation
1	Mr .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

(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	Mr .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)	-

(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			
		FVTPL	FVTPL	FVTOCI	Amortised cost
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			
		FVTPL	FVTPL	FVTOCI	Amortised cost
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).

(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

1) The defined benefit plan comprises gratuity, which is funded.
2) 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	**-**	**-**

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)**

(All amounts in Millions, unless otherwise stated)

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

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Assumptions

Particulars	As at 31 March 2023	As at 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

(All amounts in Indian Rupees, 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 financials 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)	11,913.19	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**

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.

(All amounts in Indian Rupees, unless otherwise stated)

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.

(ii) Financial liabilities

Financial liabilities	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	
Particulars	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	54.11
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**

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 May , 2023.

(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 (Rs. 73.00)	Nil	AY 2014-15	ITO Ward -2 (1)(3)

For
NBS & Co.
Chartered Accountants
FRN: 110100W

PRADEEP JAGANNATH SHETTY
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Date: 2023.05.19 18:54:54 +05'30'

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

For and on behalf of the Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S RAGHAVENDRA RAO
Digitally signed by H S RAGHAVENDRA RAO
Date: 2023.05.19 18:38:20 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2023.05.19 18:38:39 +05'30'

R Sankarakrishnan
Non-executive director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2023.05.19 18:38:57 +05'30'

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

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2023.05.19 18:39:22 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No:F12503

NBS & CO.
Chartered Accountants
14/2, Western India House, Sir P.M Road, Fort, Mumbai – 400001.
Tel.: (91-22) 2287 0588 / 0939 / 4140 / 2288 / 5229 Fax: (91-22) 2288 4910
Email: admin@nbsandco.in Web: www.nbsandco.in

INDEPENDENT AUDITOR'S REPORT

To
The Members of DCX Systems Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of DCX Systems Limited ("the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at March 31, 2022, 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, 2022, its consolidated profit 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.

Emphasis of Matter

The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, social distancing and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments are required in the financial statements.

Our opinion is not modified in respect of the above matter.

Information other than the financial statements and Auditor's 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 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 the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of the subsidiary whose financial statements excluding consolidation eliminations reflect total assets of Rs.10.11 Lakhs as at 31st March 2022, total revenues of Rs. NIL and net cash flows amounting to Rs. 10 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. We have not audited the said amounts reflecting in the financial statement and our opinion on the consolidated financial statement in so far as it relates to the aforesaid subsidiary is based solely on the audit reports of the other auditors.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. 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 Indian 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 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 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 A"**; and

g) The managerial remuneration has been found to be paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Clause (d) of section III of part II of Schedule V of the Companies Act. 2013.

h) 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 does not have any pending litigations which would impact its financial position;

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. The Company has not entered into derivative 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, 2022.

iv. a. The Management of the Holding Company and its subsidiaries which companies are incorporated in India, whose financials statements have been audited under the Act, has represented that, to the best of its knowledge and belief, that 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 or entity, including foreign entity ("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 subsidiaries which companies are incorporated in India, whose financials statements have been audited under the Act, that no funds have been received by the Company from any person or entity, including foreign entity ("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;

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.

i) No dividend has been declared or paid during the year by the company.

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 Reg No. 110100W

PRADEEP JAGANNATH SHETTY
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Date: 2022.07.22 15:56:21 +05'30'

Pradeep Shetty
Partner
Membership No. 046940
UDIN:

Place: Mumbai
Date: - July 22, 2022.

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended March 31, 2022.

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 ("the Holding Company") as of March 31, 2022 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 controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 Reg No. 110100W

PRADEEP JAGANNATH SHETTY
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Date: 2022.07.22 15:50:48 +05'30'

Pradeep Shetty
Partner
Membership No. 046940
UDIN:

Place: Mumbai
Date: - July 22, 2022.

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Consolidated Statement of Assets and Liabilities
(All amounts in Millions, unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
ASSETS				
Non-current assets				
Property, plant and equipment	*2*	107.94	116.12	127.02
Right-of-use assets	*3*	38.10	38.10	38.10
Other intangible assets	*4*	0.48	1.78	0.88
Financial assets				
(i) Investments	*5*	-	-	-
(ii) Other financial assets	*6*	3.18	3.10	6.22
Deferred tax assets (net)	*32 (d)*	38.02	5.35	3.43
Other non-current assets	*7*	0.50	0.50	0.50
Total non-current assets		**188.22**	**164.95**	**176.15**
Current assets				
Inventories	*8*	272.51	2,016.76	772.11
Financial assets				
(i) Investments	*9*	-	-	1.19
(ii) Trade receivables	*10*	694.94	123.14	879.71
(iii) Cash and cash equivalents	*11*	1,884.79	858.83	564.07
(iv) Bank balances other than (ii) above	*12*	6,118.44	4,634.50	3,602.17
(v) Other financial assets	*13*	50.68	30.54	30.58
Other current assets	*14*	216.57	103.06	962.49
Total current assets		**9,237.93**	**7,766.83**	**6,812.32**
Total assets		**9,426.15**	**7,931.78**	**6,988.47**
EQUITY & LIABILITIES				
Equity				
Equity share capital	*15*	154.80	35.00	35.00
Other equity	*16*	1,021.10	432.86	136.70
Non-controlling interest		-	-	
Total equity		**1,175.90**	**467.86**	**171.70**
Liabilities				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	*17*	354.40	-	-
Provisions	*18*	10.38	8.29	8.21
Total non-current liabilities		**364.78**	**8.29**	**8.21**
Current liabilities				
Financial liabilities				
(i) Borrowings	*19*	4,671.80	1,363.79	1,339.77
(ii) Trade payables	*20*			
a) total outstanding dues of micro enterprises and small enterprises		452.63	9.96	2.39
b) total outstanding dues of creditors other than micro enterprises and small		512.50	1,288.03	1,504.60
(iii) Other financial liabilities	*21*	6.97	165.14	6.01
Other current liabilities	*22*	2,153.17	4,546.43	3,946.08
Provisions	*23*	0.44	0.41	0.40
Current tax liabilities (net)	*32 (c)*	87.96	81.87	9.31
Total current liabilities		**7,885.47**	**7,455.63**	**6,808.56**
Total liabilities		**8,250.25**	**7,463.92**	**6,816.77**
Total equity and liabilities		**9,426.15**	**7,931.78**	**6,988.47**

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
PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2022.07.22 16:10:16 +05'30'
Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 22-07-2022
UDIN: 22046940ANKYVV9252

For and on behalf of Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S Raghavendra Rao
Digitally signed by H S Raghavendra Rao
Date: 2022.07.21 21:09:59 +05'30'
H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2022.07.21 21:10:52 +05'30'
R Sankarakrishnan
Whole Time Director
DIN : 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2022.07.21 21:11:23 +05'30'
K S Ranga
Chief Financial Officer

Nagaraj R Dhavaskar
Nagaraj R Dhavaskar
Company Secretary
Membership No: A53230

Place : Bangalore
Date: 21-07-2022

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Consolidated Statement of Profit and Loss

(All amounts in Millions, unless otherwise stated)

	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	*24*	11,022.73	6,411.63
Other Income	*25*	220.61	420.79
Total income		**11,243.34**	**6,832.42**
Expenses			
Cost of materials Consumed	*26*	9,293.43	6,604.35
Changes in inventories of finished goods and work-in-progress	*27*	712.43	(419.66)
Employee benefit expenses	*28*	86.65	54.79
Finance cost	*29*	113.22	99.22
Depreciation and amortisation expenses	*30*	21.75	24.31
Other expenses	*31*	260.31	71.35
Total expenses		**10,487.79**	**6,434.36**
Profit/(loss) before Exceptional Items, and Tax		**755.55**	**398.06**
Exceptional items		-	-
Profit before tax		**755.55**	**398.06**
Tax expense:	*32*		
Current tax		(132.02)	(104.65)
Deferred tax		2.59	2.17
MAT Credit		29.96	-
Total Tax Expenses		(99.47)	(102.48)
Profit for the period (A)		**656.08**	**295.58**
Other comprehensive (loss)/ income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability / (asset)		(0.32)	0.82
(i) Income tax relating to remeasurements of defined benefit liability / (asset)		0.11	(0.24)
		(0.21)	**0.58**
Total comprehensive income for the period (A+ B)		**655.87**	**296.16**
Profit attributable to			
Owners of the company	*100%*	656.08	295.58
Non-controlling interest	*0%*	-	-
		656.08	**295.58**
Comprehensive income attributable to			
Owners of the company	*100%*	(0.21)	0.58
Non-controlling interest	*0%*	-	-
		(0.21)	**0.58**
Earnings per equity share			
[nominal value of Rs. 2]			
Basic	*33*	9.19	4.22
Diluted		9.19	4.22

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

PRADEEP JAGANNATH SHETTY
Digitally signed by PRADEEP JAGANNATH SHETTY
Date: 2022.07.22 16:15:33 +05'30'

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 22-07-2022
UDIN: 22046940ANKYVV9252

For and on behalf of the Board of Directors of
DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S Raghavendra Rao
Digitally signed by H S Raghavendra Rao
Date: 2022.07.21 21:13:08 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

SANKARAKRISHNAN RAMALINGAM
Digitally signed by SANKARAKRISHNAN RAMALINGAM
Date: 2022.07.21 21:13:54 +05'30'

R Sankarakrishnan
Whole Time Director
DIN: 00078459

Ranga K S
Digitally signed by Ranga K S
Date: 2022.07.21 21:14:17 +05'30'

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 21-07-2022

Nagaraj R Dhavaskar
Digitally signed by Nagaraj R Dhavaskar
Date: 2022.07.21 21:14:50 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Consolidated Cash Flow Statement
(All amounts in Millions, unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	755.55	398.06
Adjustments to reconcile profit before tax to net cash flows:		
Interest on fixed deposits	(220.24)	(223.96)
(Income) / loss arising from fair valuation of assets through profit & loss	-	0.19
Interest on borrowings	72.40	47.39
Depreciation and amortisation expense	21.75	24.31
Operating profit before working capital changes	**629.46**	**245.99**
Movement in working capital:		
(Increase)/Decrease in trade receivables	(571.80)	756.57
(Increase)/Decrease in inventories	1,744.25	(1,244.65)
(Increase)/Decrease in other current assets	(113.51)	859.43
(Increase)/Decrease in other non current financial assets	(0.08)	3.12
(Increase)/Decrease in other current financial assets	(20.14)	0.04
Increase/(Decrease) in trade payables	(332.86)	(209.00)
Increase/(Decrease) in non current provisions	2.08	0.66
Increase/(Decrease) in current provisions	(0.18)	0.01
Increase/(Decrease) in other current financial liabilities	(158.17)	159.13
Increase/(Decrease) in other current liabilities	(2,393.27)	600.35
Cash generated from operations	**(1,214.22)**	**1,171.65**
Net income tax (paid)	(126.03)	(31.84)
Net cash from operating activities (A)	**(1,340.25)**	**1,139.81**
B. Cash flows from investing activities		
Purchase of property, plant and equipment and Other Intangible assets	(16.16)	(15.84)
Proceeds from disposal of property, plant and equipment	3.90	1.53
Investment/(Sale) of mutual funds	-	1.00
Investment in Subsidiary	-	-
Interest received	220.24	223.96
Net cash used in investing activities (B)	**207.98**	**210.65**
C. Cash flows from financing activities		
Proceeds / (repayment) from working capital/Working Capital Term Loan facilities (net)		
Leases		
Working Capital/working Capital Term Loan	3,662.40	24.02
Proceeds from issue of Shares	52.17	-
Interest paid	(72.40)	(47.39)
Net cash used in financing activities (C)	**3,642.17**	**(23.37)**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**2,509.90**	**1,327.09**
Cash and cash equivalents at the beginning of the period / year	5,493.33	4,166.24
Cash and cash equivalents at the end of the period / year	**8,003.23**	**5,493.33**
Notes:-		
1. Cash and cash equivalents include		
Cash on hand	-	0.01
Balances with bank		
- Current accounts	1,884.79	858.82
Other bank balances	6,118.44	4,634.50
	8,003.23	**5,493.33**

The above cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.
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

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 22-07-2022
UDIN: 22046940ANKYVV9252

For and on behalf of the Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S Raghavendra Rao Digitally signed by H S Raghavendra Rao Date: 2022.07.21 21:15:11 +05'30'

SANKARAKRISHNAN RAMALINGAM Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2022.07.21 21:15:30 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

R Sankarakrishnan
Whole Time Director
DIN: 00078459

Ranga K S Digitally signed by Ranga K S Date: 2022.07.21 21:15:54 +05'30'

Nagaraj R Dhavaskar Digitally signed by Nagaraj R Dhavaskar Date: 2022.07.21 21:16:13 +05'30'

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 21-07-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Consolidated Statement of Changes in Equity

(All amounts in Millions, unless otherwise stated)

(a) Equity share capital

Particulars	As at 31 March 2022		As at 31 March 2021		As at 1 April 2020	
	Number of Shares*	Amount	Number of Shares*	Amount	Number of Shares*	Amount
Balance at the beginning of the reporting year	35,00,000	35.00	35,00,000	35.00	35,00,000	35.00
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance as at the beginning of the reporting period / year	**35,00,000**	**35.00**	**35,00,000**	**35.00**	**35,00,000**	**35.00**
Changes in equity share capital during the period / year			-	-		
Equity Shares issued during the year in consideration for cash	3,70,000.00	3.70	-	-		
Number of Shares after Sub division during the year (5 shares for 1 share)	1,93,50,000.00	38.70	-	-		
Bonus Issue of shares during the period (in the Ratio of 3 :1)	5,80,50,000.00	116.10	-	-		
Balance at the end of the reporting period / year	**7,74,00,000**	**154.80**	**35,00,000**	**35**	**35,00,000**	**35.00**

* Number of shares is presented as absolute number.

(b) Other equity

Balance at 1 April 2019	**39.52**	-	**39.52**
Total comprehensive income for the year ended 31 March 2020			
Profit for the year	97.44	-	**97.44**
Other comprehensive income (net of tax)			
- Remeasurements of defined benefit liability / (asset)	(0.26)	-	**(0.26)**
- Equity instruments designated through other comprehensive income (Refer note (i) below)	-		
Total comprehensive income	**97.18**	-	**97.18**
Balance at 31 March 2020	**136.70**	-	**136.70**
Balance at 1 April 2020	**136.70**	-	**136.70**
Total comprehensive income for the year ended 31 March 2021			
i.Profit for the year			
Attributable to the parent	295.58	-	295.58
Attributable to the NCI	-	-	
ii.Other comprehensive income (net of tax)			
Attributable to the parent	0.58		0.58
Attributable to the NCI	-		
Total comprehensive income	**296.16**	-	**296.16**
Balance at 31 March 2021	**432.86**	-	**432.86**
Balance at 1 April 2021	**432.86**	-	**432.86**
Total comprehensive income for the year ended 31 March 2022			
i.Profit for the year			
Attributable to the parent	656.08		**656.08**
Attributable to the NCI	-		**-**
ii.Other comprehensive income (net of tax)			
Attributable to the parent	(0.21)		**(0.21)**
Attributable to the NCI	-		
Total comprehensive income	**655.87**	-	**655.87**
Proceeds from issue of shares	-	48.47	48.47
Utilized for issue of bonus shares	(67.63)	(48.47)	(116.10)
Balance at 31 March 2022	**1,021.10**	-	**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.

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

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 22-07-2022
UDIN: 22046940ANKYVV9252

For and on behalf of the Board of Directors of
DCX Systems Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S Raghavendra Rao — Digitally signed by H S Raghavendra Rao Date: 2022.07.21 21:16:33 +05'30'

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

SANKARAKRISHNAN RAMALINGAM — Digitally signed by SANKARAKRISHNAN RAMALINGAM Date: 2022.07.21 21:16:51 +05'30'

R Sankarakrishnan
Whole Time Director
DIN: 00078459

Ranga K S — Digitally signed by Ranga K S Date: 2022.07.21 21:17:12 +05'30'

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 21-07-2022

Nagaraj R Dhavaskar — Digitally signed by Nagaraj R Dhavaskar Date: 2022.07.21 21:17:29 +05'30'

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

DCX SYSTEMS LIMITED (Formerly known as DCX Cable Assemblies Private Limited)
Note 1 : Significant Accounting Policies forming part of consolidated financial statements

1. **Corporate Information:**
The consolidated financial statements comprise financial statements of DCX Systems Limited ('the Company') and its subsidiaries (Raneal Advanced Systems 100% wholly owned subsidiary of DCX), collectively referred to as 'the Group' for the year ended 31 March 2022. The company (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 2022 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 Group 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 Companies 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 21/07/2022. 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 Group 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 Group 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 Group has used the principles of prudence in applying the judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group 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 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 Group will be able to continue as a going concern in the foreseeable future and for a period of at least 12 months 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 Group 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 Group 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 Group 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 Group 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 Group 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 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 Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group 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 Group 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 Group 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 Group 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, 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 Group 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 financials 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 Group 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of Financial Assets:

The Group assesses impairment based on expected credit loss ('ECL') model on the following:

· Financial assets that are measured at amortised 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 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 Group'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 Group 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 Group. 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:

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 Group 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 Group 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 Group 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 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 Group 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group 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 Group has the right to direct the use of the asset if either:

the Group has the right to operate the asset; or

the Group 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 Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Company as a lessee:

The Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group 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 Group 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 Group 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 Group 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 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 Group 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 Group 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 Group 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 Group 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.

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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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. **Government grants and subsidies**:

Grants / subsidies that compensate the Group 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.

ee. Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Consolidated Financial Statements is required to be disclosed.

However, the Ministry of Corporate Affairs ("MCA") amended Schedule III of the Companies Act, 2013, through a notification dated March 24, 2021. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. key amendments relating to Division which related to companies whose financial statements are required to comply with companies (IND AS) rule 2015 are :

1. Balance Sheet
    a. Lease liabilities should be separately disclosed under the head “Financial Liabilities”, duly distinguished as current or non current.
    b. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
    c. Specified format for disclosure of shareholding of promoters.
    d. Specified format for ageing schedule of trade receivables, trade payables, capital work in progress and intangible assets under development.
    e. If a Group has not used funds for the specific purpose for it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
    f. Specific disclosure under “ additional regulatory requirement” such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immoveable property not held in the name of the company/Group, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.,
2. Statement of Profit and Loss:
    a. Additional disclosure relating to corporate social responsibility (CSR), undisclosed income and Crypto or virtual currency specified under the head “additional information” in the notes forming part of the stand alone financial statements.

(All amounts in Millions, unless otherwise stated)

2 Property, plant and equipment

Description	Owned assets									
	Computers	Office Equipments	Furniture and Fixtures	Leasehold improvements	Tools & Equipments	Electrical Installations	Plant & Machinery	Building	Vehicle	Total Owned assets
Gross block										
As at 1 April 2019	4.46	2.05	1.44	6.14	4.48	0.86	4.29	-	-	**23.72**
Additions	0.41	-	2.05	2.20	0.53	6.11	34.39	49.48	7.62	**102.79**
Disposals during the period / year	-	-	-	-	-	2.84	-	25.12	-	**27.96**
As at 31 March 2020	4.87	2.05	3.49	8.34	5.01	9.81	38.68	74.60	7.62	**154.47**
As at 1 April 2020	4.87	2.05	3.49	8.34	5.01	9.81	38.68	74.60	7.62	**154.47**
Additions	1.11	0.09	0.42	-	0.10	0.28	0.48	11.97	-	**14.45**
Disposals during the period / year	-	-	-	-	-	-	-	(1.54)	-	**(1.54)**
As at 31 March 2021	5.98	2.14	3.91	8.34	5.11	10.09	39.16	85.03	7.62	**167.38**
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**
Accumulated depreciation										
As at 1 April 2019	3.90	1.55	0.98	5.83	3.07	0.46	3.35	-	-	**19.14**
Depreciation for the period / year	0.26	0.13	0.16	2.51	0.38	0.30	3.23	0.60	0.74	**8.31**
Depreciation on disposals	-	-	-	-	-	-	-	-	-	**-**
As at 31 March 2020	4.16	1.68	1.14	8.34	3.45	0.76	6.58	0.60	0.74	**27.45**
As at 1 April 2020	4.16	1.68	1.14	8.34	3.45	0.76	6.58	0.60	0.74	**27.45**
Depreciation for the period / year	0.74	0.10	0.69	-	0.43	2.39	9.64	7.67	2.16	**23.82**
Depreciation on disposals	-	-	-	-	-	-	-	(0.01)	-	**(0.01)**
As at 31 March 2021	4.90	1.78	1.83	8.34	3.88	3.15	16.22	8.26	2.90	**51.26**
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**
Net block										
As At 1 April 2020	**0.71**	**0.37**	**2.35**	**0.00**	**1.56**	**9.05**	**32.10**	**74.00**	**6.88**	**127.02**
As At 31 March 2021	**1.08**	**0.36**	**2.08**	**0.00**	**1.23**	**6.94**	**22.94**	**76.77**	**4.72**	**116.12**
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**

Title deeds of Immovable Properties

Descriptions	**As at 31 March 2022**	**As at 31 March 2021**	**As at 1 April 2020**
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	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.		

3 Right-of-use assets

Particulars	**Gross Block**				**Amortisation**				**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**

	As at 01 April 2020	**-**	**Disposals during the period / year**	**As at 31 March 2021**	**As at 01 April 2020**	**Charge for the period / year**	**Disposals during the period / year**	**As at 31 March 2021**	**As at 01 April 2020**	**As at 31 March 2021**
Leasehold land	38.10	-	-	38.10	-	-	-	-	38.10	38.10
Properties	-			-	-	-		-	-	-
Total Assets	**38.10**	**-**	**-**	**38.10**	**-**	**-**	**-**	**-**	**38.10**	**38.10**

Particulars	**Gross Block**				**Amortisation**				**Net Block**	
	As at 01 April 2019	**Additions**	**Disposals during the period / year**	**As at 31 March 2020**	**As at 01 April 2019**	**Charge for the period / year**	**Disposals during the period / year**	**As at 31 March 2020**	**As at 01 April 2019**	**As at 31 March 2020**
Leasehold land	38.10	-	-	38.10	-	-	-	-	38.10	38.10
Properties	21.02		(21.02)	-	6.34	5.18	(11.52)	-	14.68	-
Total Assets	**59.12**	**-**	**(21.02)**	**38.10**	**6.34**	**5.18**	**(11.52)**	**-**	**52.78**	**38.10**

(All amounts in Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
As at 1 April 2019	7.92	**7.92**
Additions	0.04	**0.04**
Disposals during the period / year		
As at 31 March 2020	7.96	**7.96**
As at 1 April 2020	7.96	**7.96**
Additions	1.39	**1.39**
Disposals during the period / year	-	**-**
As at 31 March 2021	9.35	**9.35**
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 2019	6.80	**6.80**
Amortisation for the period / year	0.28	**0.28**
Disposal during the period / year		
As at 31 March 2020	7.08	**7.08**
As at 1 April 2020	7.08	**7.08**
Amortisation for the period / year	0.49	**0.49**
Disposal during the period / year	-	**-**
As at 31 March 2021	7.57	**7.57**
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 1 April 2020	0.88	**0.88**
As at 31 March 2021	1.78	**1.78**
As at 31 March 2022	0.48	**0.48**

(All amounts in Millions, unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
5	**Investments**			
	Investment measured at cost			
		-	-	-
		-		
		-	-	-
	(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**			
	Security deposits	0.73	0.74	4.14
	Other deposits	0.01	0.05	0.06
	Fixed deposits with banks with maturity of more than 12 months (Kept as margin money with Banks)	2.44	2.31	2.02
		3.18	**3.10**	**6.22**
7	**Other non-current assets**			
	Capital advances	0.50	0.50	0.50
		0.50	**0.50**	**0.50**
8	**Inventories**			
	(valued at lower of cost and net realisable value)			
	Raw material	272.51	1,304.33	479.34
	Finished goods	-	19.97	149.33
	Work in progress	-	692.46	143.44
		272.51	**2,016.76**	**772.11**
9	**Investments**			
	A. Investments carried at fair value through profit and loss (FVTPL)			
	Investment in mutual funds - Quoted*	-	-	**1.19**
		-	-	**1.19**
	*** Details of investments in mutual funds**			
	Nil (31 March 2021 : Nil ; 1 April 2020 : 1,00,000) units of Canara Robeco Capital Protection Oriented Fund.	-	-	**1.19**
		-	-	
	Total	-	-	**1.19**
	(a) Aggregate book value of quoted investments	-	-	**1.19**
	(b) Aggregate market value of quoted investments	-	-	-
	(c) Aggregate amount of unquoted investments;	-	-	-
	(c) Aggregate amount of impairment in value of investments	-	-	-
10	**Trade receivables**			
	(Unsecured)			
	Trade receivables considered good	694.94	123.14	879.71
	Trade receivables - credit impaired	-		
		694.94	123.14	879.71
	Less: Allowance for doubtful receivables	-	-	
		694.94	**123.14**	**879.71**
	The above amount includes :			
	Receivable from related parties	-	-	
	Others	694.94	123.14	879.71
	Total	**694.94**	**123.14**	**879.71**

(All amounts in Millions, unless otherwise stated)

As at 31 March 2022

Particulars	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(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**

As at 31 March 2021

Particulars	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed trade receivables - considered good	9.74	113.40	-	-	-	123.14
(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	-	-	-	-	-	-
	9.74	**113.40**	**-**	**-**	**-**	**123.14**

As at 01 April 2020

Particulars	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed trade receivables - considered good	874.94	4.77	-	-	-	879.71
(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						-
	874.94	**4.77**	**-**	**-**	**-**	**879.71**

***The group exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note no. 36 on financial instruments.**

	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
11 Cash and cash equivalents			
Cash in hand	-	0.01	
Balances with banks			
Current accounts	1,883.79	858.82	564.07
In deposit account (the maturity of the period of which is less than 3 months)	-	-	
Bank Deposits with original maturity of more than 3 months but less than 12 months			
Add : Subsidiary company bank balance	1.00		
	1,884.79	**858.83**	**564.07**
12 Bank balances other than cash and cash equivalents			
Other bank balances			
Deposits with original maturity of more than 3 months (Kept as margin money with Banks)	6,118.44	4,634.50	3,602.17
	6,118.44	**4,634.50**	**3,602.17**
13 Other current financial assets			
MEIS incentive receivables	50.68	30.54	30.58
	50.68	**30.54**	**30.58**
14 Other current assets			
(Unsecured, considered good)			
Advances to suppliers	170.76	78.62	951.95
Balances with statutory/government authorities	13.45	9.04	5.46
Prepaid expenses	14.13	15.40	4.98
Advance salary	0.93	-	0.10
Expenses Relating To Public Issue	17.30	-	-
	216.57	**103.06**	**962.49**

(All amounts in Millions, unless otherwise stated)

15 Share capital

Particulars	As at 31 March 2022	As at 31 March 2021	As at 1 April 2020
Authorised :			
125,000,000 Equity Shares of Rs 2/- Each (01 April 2020 & 31 March 2021 : 3,500,000 Equity shares of Rs.10 each.)	250.00	35.00	35.00
(Note: During the year 150,000 fully convertible preference shares of Rs. 100.00 each has been reclassified to 1,500,000 equity shares of Rs. 10.00 each vide Extra Ordinary general meeting dated 24/11/2021 and Authorized capital has been further increased by 100,000,000 equity shares of Rs 2/- each vide Extra ordinary general meeting dated 27/01/2022. With this reclassification the present authorised share capital stands to 125,000,000 equity shares of Rs. 2/- each)			
Preference Shares (150,000 preference shares of Rs.100 each.)	-	15.00	15.00
TOTAL	**250.00**	**50.00**	**50.00**
Issued and subscribed and paid up:			
Equity share capital			
77,400,000 equity shares of Rs.2/-each (01 April 2020 & 31 March 2021: 3,500,000 equity shares of Rs.10/-each).	154.80	35.00	35.00
TOTAL	**154.80**	**35.00**	**35.00**

* Number of shares is presented as absolute number.

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

Equity share :			
Particulars	**As at 31 March 2022**	**As at 31 March 2021**	**As at 1 April 2020**
	Number of Shares*		
Outstanding at the beginning of the year	35,00,000	35,00,000	35,00,000
Equity Shares issued during the year in consideration for cash			
Preferential allotment (Refer note 1 below)	1,00,000	-	-
Right issue (Refer note 2 below)	2,70,000	-	-
Total number of shares before Sub Division	**38,70,000.00**	**35,00,000**	**35,00,000**
Adjustment for subdivision of shares (Refer note 3 below)	1,54,80,000	-	-
Bonus Issue of shares during the year (Refer note 5 below)	5,80,50,000	-	-
Outstanding at the end of the year	**7,74,00,000.00**	**35,00,000.00**	**35,00,000.00**

* Number of shares is presented as absolute number.

Notes :

1. Company has issued 100,000 Equity shares at face value of Rs 10/- with premium Rs. 131/-. (Total Amount Rs 14.10 Mn) on 20.01.2022 on Preferential allotment basis.

2. Company has issued 270,000 Equity Shares at face value of Rs 10/- with premium Rs. 131/-. (Total Amount Rs 38.07 Mn) on 24.01.2022 on right issue basis.

3. Company in their Board of Directors meeting dated 25.01.2022 has approved for Sub-division of its shares from the face value of Rs.10 each to face value of Rs.2 each.

4. Company in their Board of Directors meeting dated 27.01.2022 has approved for increase in Authorized Share capital from Rs.50.00 Mn to Rs. 250.00 Mn)

5. Company in their Board of Directors meeting dated 27.01.2022 has approved for issue of Bonus shares in the ratio of 3:1.

(All amounts in Millions, unless otherwise stated)

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 Rs. 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 2022		As at 31 March 2021		As at 1 April 2020	
	Equity shares of Rs 2 each fully paid		Equity shares of Rs 10 each fully paid			
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %	umber of Shares*	Number of Shares %
Mr. Dinesh Poonamchand Shah	-	0.00%	8,04,850.00	23.00%	8,04,850.00	23.00%
M/s NCBG Holdings Inc	3,43,00,000.00	44.32%	9,10,000.00	26.00%	9,10,000.00	26.00%
M/s VNG Technology Pvt Ltd	3,43,00,000.00	44.32%	17,85,000.00	51.00%	17,85,000.00	51.00%
H S Raghavendra Rao	74,00,000.00	9.56%	-	0.00%	-	0.00%

Promoters Shareholding in the Company is set out below:

	As at 31 March 2022		As at 31 March 2021		As at 1 April 2020	
	Equity shares of Rs 2 each fully paid		Equity shares of Rs 10 each fully paid			
	Number of Shares*	Number of Shares %	Number of Shares*	Number of Shares %	umber of Shares*	Number of Shares %
Mr. Dinesh Poonamchand Shah	-	0.00%	8,04,850	23.00%	8,04,850	23.00%
M/s NCBG Holdings Inc	3,43,00,000	44.32%	9,10,000	26.00%	9,10,000	26.00%
M/s VNG Technology Pvt Ltd	3,43,00,000	44.32%	17,85,000	51.00%	17,85,000	51.00%
H S Raghavendra Rao	74,00,000	9.56%	-	0.00%	-	0.00%

* Number of shares is presented as absolute number.

(All amounts in Millions, unless otherwise stated)

16 Other equity

	As at 31 March 2022	As at 31 March 2021	As at 1 April 2020
Reserves and surplus			
A. Retained earnings	1,021.10	432.86	136.70
B. Securities premium	-	-	-
	1,021.10	**432.86**	**136.70**

	As at 31 March 2022	As at 31 March 2021	As at 1 April 2020
A. Retained earnings			
Balance at the beginning of current reporting year	432.86	136.70	39.52
Attributable to the parent	656.08	295.58	97.44
Attributable to the NCI	-	-	
Profit for the year	1,088.94	432.28	136.96
Less: Utilized for issue of Balance Bonus Shares	(67.63)	-	
Other comprehensive (loss)/ income			
-Remeasurements of defined benefit liability / (asset) (net of tax)	(0.21)	0.58	(0.26)
	1,021.10	**432.86**	**136.70**

	As at 31 March 2022	As at 31 March 2021	As at 1 April 2020
B. Securities premium			
Opening balance	-	-	-
Attributable to the parent			
Add : Proceeds from issue of Shares	48.47	-	-
Less : Utilized for issue of Bonus	(48.47)	-	-
Attributable to the NCI	-	-	-
	-	**-**	**-**

17 Long Term Borrowings	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Secured Working Capital Term Loan from Bank	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 group both present and future.

18 Provisions			
Provision for employee benefits			
Leave encashment	3.89	2.81	2.81
Gratuity (Refer note no. 39 for further disclosures)	6.49	5.48	5.40
	10.38	**8.29**	**8.21**

19 Borrowings			
Secured			
From Bank			
Working capital loan	4,671.80	1,363.79	1339.77
	4,671.80	**1,363.79**	**1,339.77**

Terms and Conditions:

- For working capital limits charge is created on the entire current assets and movable fixed assets of the group both present and future, personal guarantee of Managing Director, Corporate Guarantee from Associate companies .

-Cash Credit/Overdraft limits are payable on demand, Export credits are for a tenor of 90-180 days. Interest is payable @ LIBOR /SOFRplus 150 to 350 basis points.

20 Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	452.63	9.96	2.39
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	512.50	1,288.03	1,504.60
	965.13	**1,297.99**	**1,506.99**

Notes :

(1) Refer note for related party disclosure.

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**

As at 31 March 2021

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	-	9.96	-	-	-	**9.96**
(ii) Others	-	1,288.03	-	-	-	**1,288.03**
(iii) Disputed dues - MSME	-	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	-	**-**
	-	**1,297.99**	**-**	**-**	**-**	**1,297.99**

As at 1 April 2020

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	-	2.39	-	-	-	**2.39**
(ii) Others	-	1,504.60	-	-	-	**1,504.60**
(iii) Disputed dues - MSME	-	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	-	**-**
	-	**1,506.99**	**-**	**-**	**-**	**1,506.99**

21 Other financial liabilities	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Accrued expense payable	1.67	161.01	1.76
Employee benefits payable	5.30	4.13	4.25
	6.97	**165.14**	**6.01**

22 Other current liabilities			
Advance received from customers	2,147.31	4,542.94	3,936.65
Statutory dues payable	5.86	3.49	9.43
	2,153.17	**4,546.43**	**3,946.08**

23 Provisions			
Provision for gratuity	0.27	0.28	0.27
Provision for leave encashment	0.17	0.13	0.13
	0.44	**0.41**	**0.40**

(All amounts in Millions, unless otherwise stated)

		For the year ended 31 March 2022	For the year ended 31 March 2021
24	**Revenue from operations**		
	Sale of products	10,976.66	6,378.72
	Sale of services	17.46	4.60
	Other operating revenue		
	MEIS incentive received	28.61	28.31
		11,022.73	**6,411.63**

Refer note no. 40 for further disclosures.

		For the year ended 31 March 2022	For the year ended 31 March 2021
25	**Other income**		
	Interest on fixed deposits	220.24	223.96
	Foreign exchange fluctuation	-	196.05
	Other income	0.37	0.78
		220.61	**420.79**
26	**Cost of materials consumed**		
	Opening Stock	1,304.33	479.34
	Import purchases	1,770.47	1,086.60
	Local purchases	6,491.14	6,342.74
	Closing Stock	272.51	1,304.33
		9,293.43	**6,604.35**
27	**Changes in inventories of finished goods and work-in-progress**		
	Opening inventories		
	Finished goods	19.97	149.33
	Work-in- process	692.46	143.44
	Total (A)	**712.43**	**292.77**
	Closing Inventories		
	Finished goods	-	19.97
	Work-in- process	-	692.46
	Total (B)	**-**	**712.43**
	Total (A-B)	**712.43**	**(419.66)**
28	**Employee benefit expenses**		
	Salaries and wages including bonus, incentives	76.86	50.92
	Staff welfare expenses	6.89	2.52
	Gratuity	2.48	1.18
	Employee Insurance	0.42	0.17
		86.65	**54.79**
29	**Finance costs**		
	Interest on borrowings	72.40	47.39
	Interest on Working Capital Term Loan	0.71	-
	Bank charges	8.06	9.86
	Other borrowing costs	32.05	41.97
		113.22	**99.22**

(All amounts in Millions, unless otherwise stated)

		For the year ended 31 March 2022	For the year ended 31 March 2021
30	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment (refer note 2)	20.17	23.82
	Amortisation of right-of-use asset (refer note 3)	-	-
	Amortisation of intangible assets (refer note 4)	1.58	0.49
		21.75	**24.31**
31	**Other expenses**		
	Manufacturing service cost expenses		
	Power and fuel expenses	2.61	2.31
	Repairs and maintenance		
	Building	0.97	0.11
	Machinery	1.47	0.85
	Wages and labour charges	6.01	6.04
	Freight expenses	11.70	11.48
	Water Charges	0.53	0.36
	Administrative and general expenses		
	Director Sitting Fees	0.30	-
	Insurance	3.43	1.30
	Rates and taxes	5.33	3.93
	Net loss on foreign currency translation	168.82	-
	Business promotion expenses	0.99	0.13
	Travelling and conveyance	2.63	0.45
	Professional & consultancy fees	36.09	25.32
	Communication expenses	0.53	0.53
	Printing and stationery	0.33	0.29
	Others expenses	17.84	17.36
		-	0.19
	Income / (loss) arising from fair valuation of assets through profit & loss		
	Remuneration to auditors		
	Statutory audit	0.73	0.70
		260.31	**71.35**

(All amounts in Millions, unless otherwise stated)

32 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax:		
Current income tax charge	(132.02)	(104.65)
Deferred tax	2.59	2.17
MAT Credit	29.96	-
Income tax expense reported in the statement of profit or loss	**(99.47)**	**(102.48)**

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Deferred tax		
Remeasurements gains and losses on post employment benefits	0.11	(0.24)
Income tax recognised in OCI	**0.11**	**(0.24)**

(c) Balance sheet

Current tax assets

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Non- current tax assets	-	-	-
Current tax assets			-
Total tax assets	**-**	**-**	**-**

Current tax liabilities

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Income tax (net of advance tax)	87.96	81.87	9.31
Total current tax liabilities	**87.96**	**81.87**	**9.31**

(d) Deferred tax (liabilities) / assets

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Fair valuation of Mutual funds	-	-	(0.05)
Excess of depreciation/amortisation on property plant and equipment under income tax act	4.28	2.70	1.08
Gratuity provision	2.36	1.68	1.58
Leave encashment	1.42	0.86	0.82
Bonus	-	0.11	-
MAT Credit	29.96	-	-
Net deferred tax (liability)/asset	**38.02**	**5.35**	**3.43**

(All amounts in Millions, unless otherwise stated)

33 Earnings Per Share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profits attributable to equity shareholders		
Profit for the year	**656.08**	**295.58**
Basic Earnings Per Share		
Weighted average number of equity shares outstanding during the year (Refer Note below)	7,13,80,274	7,00,00,000
Basic EPS (Rs.)	**9.19**	**4.22**
Diluted Earnings Per Share		
Profit for the year	**656.08**	**295.58**
Weighted average number of equity shares outstanding during the year (Refer Note below)	7,13,80,274	7,00,00,000
Diluted EPS (Rs.)	**9.19**	**4.22**

Weighted average number of equity shares for Basic and Diluted Earnings Per Share	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the period of Rs. 2 each (Rs 10 each for Previous year)	35,00,000	35,00,000
Issued during the period	3,70,000	-
Total	**38,70,000**	**35,00,000**
Adjustment for subdivision of shares (Refer note 3 Share Capital Note)	1,93,50,000	1,75,00,000
Bonus Issue of shares during the year (Refer note 5 Sahre Capital Note)	5,80,50,000	5,25,00,000
	7,74,00,000	**7,00,00,000**
Weighted average number of equity shares outstanding during the period	**7,13,80,274**	**7,00,00,000**

* Number of shares is presented as absolute number.

34 Contingent liabilities, contingent assets and commitments :

(a) Contingent liabilities

Particulars		As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Bank guarantees		4,807.93	4,104.73	2,284.09

(b) Commitments

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-
	-	-	-

(All amounts in Millions, unless otherwise stated)

35 Related Party Disclosures

(a) List of Related Parties and description of relationship:

1	Mr .H S Raghavendra Rao	Chairman & Managing Director
2	Mr.R.Sankarakrishnan	Whole Time Director
3	Mr. Anand S	Key Managerial Personnel
4	M/S VNG Technology Private Limited	Associate Company (Holding company in Previous Year)
5	M/S NCBG Holdings Inc	Associate Company
6	M/S DCX Chol Enterprises Inc	Common Directorship
7	M/S RNSE-TRONICS Pvt Ltd.,	Relative of the Director is one of the shareholder /member
8	M/S Raneal Technologies Pvt Ltd.,	Associate Company
9	M/S Raneal Advanced Systems Pvt Ltd.,	Wholly Owned Subsidiary
10	Ranga K S	Key Managerial Personnel
11	ShivaKumara R	Key Managerial Personnel
12	Prasanna Kumar T S	Key Managerial Personnel
13	Nagaraj R Dhavaskar	Key Managerial Personnel
14	Pramod. B	Key Managerial Personnel
15	G S Manjunath	Key Managerial Personnel
16	Kiran Kumar K S	Key Managerial Personnel
17	Atul D Muthe	Key Managerial Personnel
18	Rajanikanth K N	Key Managerial Personnel

(b)

Sl.No.	Related parties	Nature of transactions	As on 31 March 2022	As on 31 March 2021
		Purchase		
1	M/S DCX Chol Enterprises Inc	Import of varieties of connectors, wires, sleeves, back shells required cable and wire harness	35.58	4.75
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Electronic components	2,783.82	3,293.45
3	M/S Vinyas Innovative Technologies Pvt Ltd	Purchases of Printed circuit board assemblies	-	967.72
		Sales		
4	M/S DCX Chol Enterprises Inc	Export of Cable and wire harness assemblies	0.01	11.94
5	M/S Vinyas Innovative Technologies Pvt Ltd	Sale of cable and wire harness	-	0.91
		Expenditure		
6	Mr. H.S. Raghavendra Rao	Salary	29.20	8.88
7	Mr. Anand S	Salary	1.73	-
8	Mr.R.Sankarakrishnan	Professional Fee	1.25	-
9	Mr.R.Sankarakrishnan	Salary	0.53	-
10	Ravi Kumar E	Salary	-	3.60
11	K R Premkumar	Salary	-	3.81
12	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	1.70	1.71
13	Ranga K S	Salary	1.26	
14	ShivaKumara R	Salary	1.88	
15	Prasanna Kumar T S	Salary	2.70	2.51
16	Nagaraj R Dhavaskar	Salary	0.35	
17	Pramod. B	Salary	1.30	
18	G S Manjunath	Salary	1.38	1.27
19	Kiran Kumar K S	Salary	1.40	1.24
20	Atul D Muthe	Salary	0.43	
21	Rajanikanth K N	Salary	1.30	1.21
	TOTAL		**2,865.82**	**4,303.00**
		Payable		
22	DCX Chol Enterprises Inc	Payable	1.53	1.60
23	RNSE-TRONICS PVT.LTD	Payable	419.85	204.20
24	Vinyas Innovative Technologies Pvt Ltd	Payable	-	240.34
25	Sankarakrishnan R	Payable Salary	0.16	-
26	Mr .H S Raghavendra Rao	Payable Salary	0.67	1.11
27	Anand S	Payable Salary	0.12	-
28	Ravi Kumar E	Payable Salary	-	0.20
29	Ranga K S	Payable Salary	0.17	-
30	ShivaKumara R	Payable Salary	0.26	-
31	Prasanna Kumar T S	Payable Salary	0.19	0.14
32	Nagaraj R Dhavaskar	Payable Salary	0.08	-
33	Pramod. B	Payable Salary	0.16	-
34	G S Manjunath	Payable Salary	0.10	0.08
35	Kiran Kumar K S	Payable Salary	0.13	0.09
36	Atul D Muthe	Payable Salary	0.09	-
37	Rajanikanth K N	Payable Salary	0.10	0.07

(All amounts in Millions, unless otherwise stated)

36 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
The group 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 group 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 group has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.

(ii) Credit risk on cash and cash equivalents is limited as the group 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 group 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 2022	As at 31 March 2021	As at 01 April 2020
Total current assets (A)	9,237.93	7,766.83	6,812.32
Total current liabilities (B)	7,885.47	7,455.63	6,808.56
Working capital (A-B)	**1,352.46**	**311.20**	**3.76**
Current Ratio:	**1.17**	**1.04**	**1.00**

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	As at 31 March 2022			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1	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

	As at 31 March 2021			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	1,363.79	1,363.79	-	1,363.79
Trade payables	1,297.99	1,297.99	-	1,297.99
Other liabilities	165.14	165.14	-	165.14

(All amounts in Millions, unless otherwise stated)

	As at 01 April 2020			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	1,339.77	1,339.77	-	1,339.77
Trade payables	1,506.99	1,506.99	-	1,506.99
Other liabilities	6.01	6.01	-	6.01

(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 2022		As at 31 March 2021		As at 01 April 2020	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD						
Trade receivables						
USD	9.03	684.24	1.67	122.27	11.02	830.59
Euro	-	-	-	-	-	-
Advance to suppliers						
USD	2.11	159.87	1.04	76.54	12.59	949.15
Euro	0.01	0.45	-	-	-	-
GBP	0.00	0.32	-	-	-	-
Balance with banks - in EEFC accounts	19.38	1,468.83	9.93	728.97	5.37	404.61
	30.53	**2,313.71**	**12.64**	**927.78**	**28.98**	**2,184.35**

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

(ii) Financial liabilities

Financial liabilities	As at 31 March 2022		As at 31 March 2021		As at 01 April 2020	
	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD						
Trade payable						
USD	12.31	932.78	17.67	1,276.63	19.76	1,489.54
Euro	0.15	12.77	-	-	-	-
Packing credit in foreign currency	61.63	4,671.80	18.38	1,352.11	17.77	1,339.47
Advance from customer	27.95	2,118.96	61.15	4,494.68	51.74	3,900.58
	102.04	**7,736.31**	**97.20**	**7,123.42**	**89.27**	**6,729.59**

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

Currency wise net exposure (assets - liabilities)	As at 31 March 2022		As at 31 March 2021		As at 01 April 2020	
Particulars	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees	Foreign currency	Equivalent amount in rupees
USD	(71.38)	(5,410.60)	(84.56)	(6,195.64)	(60.29)	(4,545.24)
EUR	(0.15)	(12.32)	-	-	-	-
GBP	0.00	0.32	-	-	-	-
Total	**(71.53)**	**(5,422.60)**	**(84.56)**	**(6,195.64)**	**(60.29)**	**(4,545.24)**

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)			Impact on profit/equity (1% weakening)		
	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
USD	(54.11)	(61.96)	(45.45)	54.11	61.96	45.45
EUR	(0.12)	-	-	0.12	-	-
GBP	0.00	-	-	(0.00)	-	-
Total	**(54.23)**	**(61.96)**	**(45.45)**	**54.23**	**61.96**	**45.45**

(All amounts in Millions, unless otherwise stated)

(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 group 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 2022	As at 31 March 2021	As at 01 April 2020
Variable rate borrowings	5,026.20	1,363.79	1,339.77
Fixed rate borrowings		-	-
Total borrowings	**5,026.20**	**1,363.79**	**1,339.77**

Sensitivity analysis

Impact on profit before tax /pre- tax equity :

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Increase by 50 basis points	(25.13)	(6.82)	(6.70)
Decrease by 50 basis points	25.13	6.82	6.70

37 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 group monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Total liabilities	8,250.25	7,463.92	6,816.77
Less: cash and cash equivalents and bank balances	8,003.23	5,493.33	4,166.24
Net debt	247.02	1,970.59	2,650.53
Total equity	1,175.90	467.86	171.70
Debt-equity ratio	0.21	4.21	15.44

(All amounts in Millions, unless otherwise stated)

38 Fair value measurements

(a) Categories of financial instruments -

Particulars	As at 31 March 2022			As at 31 March 2021		As at 01 April 2020		
	Carrying amount	Fair values		Carrying amount	Fair values	Carrying amount	Fair values	
		FVTOCI	Amortised cost		Amortised cost		FVTPL	Amortised cost
Category		**Level 3**	**Level 2**		**Level 2**		**Level 1**	**Level 2**
Financial assets								
Investments	-		-	-	-	1.19	1.19	-
Trade receivables	694.94	-	694.94	123.14	123.14	879.71	-	879.71
Cash and cash equivalents	1,884.79	-	1,884.79	858.83	858.83	564.07	-	564.07
Other bank balances	6,118.44	-	6,118.44	4,634.50	4,634.50	3,602.17	-	3,602.17
Other financial assets	53.86	-	53.86	33.65	33.65	36.80	-	36.80
Total financial assets	**8,752.03**	**-**	**8,752.03**	**5,650.12**	**5,650.12**	**5,083.94**	**1.19**	**5,082.75**
Financial liabilities								
Borrowings	4,671.80	-	4,671.80	1,363.79	1,363.79	1,339.77	-	1,339.77
Trade payables	965.13	-	965.13	1,297.99	1,297.99	1,506.99	-	1,506.99
Lease liabilities	354.40		354.40	-	-	-	-	-
Other financial liabilities	6.97	-	6.97	165.14	165.14	6.01	-	6.01
Total financial liabilities	**5,998.30**	**-**	**5,998.30**	**2,826.92**	**2,826.92**	**2,852.77**	**-**	**2,852.77**

(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 group 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).

(All amounts in Millions, unless otherwise stated)

39 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 group has recognized following amounts in the profit & loss account for the year/ period:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Provident fund		
Employer's Contribution	3.47	2.63
Administration charges	0.23	0.18
Employer's Contribution to ESI (Employee State Insurance)	0.30	0.22
	4.00	**3.03**

(ii) Defined benefit plan

1) The defined benefit plan comprises gratuity, which is funded.
2) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).
The group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.
These defined benefit plans expose the Companies 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 2022	As at 31 March 2021	As at 01 April 2020
Present Value of Benefit Obligation at the Beginning of the Period	5.76	5.67	4.42
Interest cost	0.39	0.38	0.34
Current service cost	1.02	0.80	0.76
Benefits paid	(0.74)	(0.28)	(0.22)
Actuarial (Gains)/Losses on Obligations	-	-	-
- Due to Change in Financial Assumptions	0.94	-	0.56
- Due to Change in Demographic Assumptions	-	-	-
- Due to Experience	(0.61)	(0.81)	(0.19)
Present value of obligation at the end of the period / year	**6.76**	**5.76**	**5.67**

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

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Fair value of plan assets at the beginning of the period / year		-	-
Interest income		-	-
Contributions	0.74	0.28	0.22
Mortality charges and taxes		-	-
Benefits paid	(0.74)	(0.28)	(0.22)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)		-	-
Fair value of Plan assets at end of the period / year	**-**	**-**	**-**

Net interest cost for current period

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 01 April 2020
Interest Cost	0.39	0.38	0.34
Interest Income	-	-	-
Net Interest Cost for Current Period	**0.39**	**0.38**	**0.34**

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 01 April 2020
Current service cost	1.02	0.80	0.76
Net interest (Income)/ Expense	0.39	0.38	0.34
Net benefit expense	**1.41**	**1.18**	**1.10**

(All amounts in Millions, unless otherwise stated)

Amount recognised in the statement of other comprehensive income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 01 April 2020
Re-measurement for the year - obligation (gain) / loss	(0.32)	0.82	0.37
Re-measurement for the year - plan assets (gain) / loss	-	-	-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	**(0.32)**	**0.82**	**0.37**

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

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Defined Benefit Obligation	6.76	5.76	5.67
Fair value of plan assets	-	-	-
Closing net defined benefit liability/(asset)	**6.76**	**5.76**	**5.67**

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
Current	0.27	0.28	0.27
Non-Current	6.49	5.48	5.40

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Assumptions

Particulars	As at 31 March 2022	As at 31 March 2021	As at 01 April 2020
	%	%	%
Mortality table	**100% of IALM 2012-14**	**Indian Assured Lives**	**100% of IALM**
Discount rate	7.28%	6.81%	6.80%
Rate of increase in compensation levels	10.00%	8.00%	8.00%
Withdrawal rate #			
Age up to 30 years	5.00%	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%	5.00%
Age above 50 years	5.00%	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 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

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

Assumptions	Defined benefit obligation As at 31 March 2021	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.61)	0.74
Delta effect of 1% change in rate of salary increase	0.57	(0.52)
Delta effect of 1% change in rate of employee turnover	(0.05)	0.06

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 2022	31 March 2021
1st Following Year	0.27	0.28
2nd Following Year	0.29	0.29
3rd Following Year	0.29	0.30
4th Following Year	0.32	0.30
5th Following Year	0.33	0.31
After 5th Year	21.69	14.60

(All amounts in Millions, unless otherwise stated)

Note 40: Revenue from contracts with customers

The group 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).

(a) Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gross Sales (Contracted Price)	10,997.82	6,394.12
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	(3.70)	(10.80)
Revenue recognised	**10,994.12**	**6,383.32**

The group 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 2022	For the year ended 31 March 2021
Revenue recognised at point in time	10,976.66	6,378.72
Revenue recognised over the period	17.46	4.60
Total	**10,994.12**	**6,383.32**

(c) Revenue from products:

Country / Region	For the year ended 31 March 2022	For the year ended 31 March 2021
Exports	6,116.94	3,801.16
Deemed Exports	4,844.46	2,574.72
Domestic	15.26	2.84
Total revenue	**10,976.66**	**6,378.72**

(All amounts in Millions, unless otherwise stated)

41 : Explanation of transition to Ind AS

These are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31st March, 2021 and balance sheet as at 1st April, 2020 (date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2020 and the financial statements for the year ended 31st March, 2021.

As per Ind AS, upon transition the Company is required to present comparative information for all the statements presented and explain the transition effects from previous GAAP to Ind AS in its first Ind AS financial statement.

A. Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has elected to apply the following exemptions:

1. Deemed cost : Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

2. Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified at fair value based on facts and circumstances as at the date of transition to Ind AS. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. 1 April 2020 and not from the date of initial recognition.

3. Leases

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

B. Exceptions applied

1. Estimates

The estimates at 1 April 2020 being the transition date and at 31 March 2022 are consistent with those made for the same dates in accordance with Indian GAAP. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1 April 2020 , the date of transition to Ind AS and as of 31 March 2022.

2. Derecognition of financial assets and liabilities

Ind AS 101, requires first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initial accounting of transactions.
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets, on the basis of the facts and circumstances that exist at the transition date to Ind AS.

C. Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include-
i) Reconciliation of equity as at 1 April 2020 and 31 March 2021 ;
ii) Reconciliation of total comprehensive income for the year ended 31 March 2021 ;
There are no material adjustments to the cash flow statements.

D. Statement of reconciliation of total equity and profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at 31 March 2021, 1 April 2020 :

Particulars	Note	31 March 2021	01 April 2020
Equity as per Indian GAAP		**490.40**	**169.41**
Adjustments to retained earnings			
Fair valuation of Mutual funds - FVTPL	a	-	0.19
Deferred tax impact	c		2.10
Current tax impact	d	(22.54)	-
Total of Ind AS adjustment to retained earnings		**(22.54)**	**2.29**
Equity as per Ind AS		**467.86**	**171.70**

(All amounts in Millions, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 March 2021 :

Particulars	Note	31 March 2021
Net profit as per Indian GAAP		**320.99**
Adjustments to net profit		
Fair valuation of Mutual funds - FVTPL	a	(0.19)
Actuarial gain/(Loss)	b	(0.58)
Deferred tax impact	c	(2.10)
Current tax impact	d	(22.54)
Total of Ind AS adjustments to net profit		**(25.41)**
Net Profit as per Ind AS		**295.58**
Adjustments to other comprehensive income		
Actuarial gains and losses net off tax	b	0.82
Deferred tax impact on actuarial gain/(loss)	c	(0.24)
Total of Ind AS adjustments to other comprehensive income		**0.58**
Total comprehensive income as per Ind AS		**296.16**

Notes to the reconciliations:

a) Investment in mutual funds
Under Indian GAAP, long-term investments are valued at cost less provision for other than temporary diminution in the value of such investments. Under Ind AS, investment in mutual funds are classified as 'Fair value through profit and loss' are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

b) Employee benefit expenses - actuarial gains and losses and return on plan assets
Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

c) Income tax
Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Further under Ind AS, income tax is recognised in the same statement in which underlying item is recorded.

d) Prior period adjustments
Under Indian GAAP, prior period items are included in determination of profit or loss of the period in which the item is discovered and are separately disclosed in the statement of profit and loss. Under Ind AS, material prior period items are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented by restating the opening balance sheet.

(All amounts in Millions, unless otherwise stated)

42 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	99.994	1,175.84	99.990	656.02	100.000	(0.21)	99.992	655.81
Adjustment arising out of consolidation- Eqyity investment	-							
Indian subsidiaries								
Raneal advanced sysetms private limited	0.01	0.06	0.01	0.06	-	-	0.01	0.06
Foreign subsidiaries								
Associate								
Total	**100.00**	**1,175.90**	**100.00**	**656.08**	**100.00**	**(0.21)**	**100.00**	**655.87**

NBS & CO.
Chartered Accountants
14/2, Western India House, Sir P. M. Road, Fort, Mumbai – 400001.
Tel: (91-22) 22870588 / 0939 / 4140, 22885229
Fax: (91-22) 22884910. Email id: admin@nbsandco.in. Web: www.nbsandco.in.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of DCX Systems Private Limited (formerly known as DCX Cable Assemblies Private Limited),
Aerospace SEZ Sector, Plot Nos 29,
30 and 107, Hitech Defence and Aerospace Park,
KIADB Industrial Area, Devanahalli Taluk,
Bengaluru Rural Karnataka 562129

Report on the Audit of the Special purpose IND AS Financial Statements

Opinion

We have audited the Special purpose IND AS financial statements of DCX Systems Private Limited (formerly known as DCX Cable Assemblies Private Limited) ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the period April 1, 2020 to March 31, 2021 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the for the period April 2020 to March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Of Matter:

The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel bans, social distancing and other emergency measures. The situation continues to be uncertain. However as per the management assessment no material adjustments required in the financial statements.

Responsibilities of the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and total 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) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 on whether the company has adequate internal financial controls with reference to the financial statements 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

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.

Restriction on distribution or use

This report is intended solely for the information of the Company's board of directors for their internal use and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's board of directors, for our audit work, for this report, or for the opinions we have formed.

For **NBS & CO**
Chartered Accountants
Firm's Registration No.110100W

CA Pradeep Shetty
Partner
Membership No. 046940
Place : Mumbai
Date: February 15, 2022

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Standalone Statement of Assets and Liabilities

(₹ In Millions, unless otherwise stated)

ASSETS	Note	As at 31 March 2021 (Standalone)
Non-current assets		
Property, plant and equipment	*2*	116.12
Right-of-use assets	*3*	38.10
Other intangible assets	*4*	1.78
Financial assets		
(i) Investments	*5*	-
(ii) Other financial assets	*6*	3.10
Deferred tax assets (net)	*32 (d)*	5.35
Other non-current assets	*7*	0.50
Total non-current assets		**164.95**
Current assets		
Inventories	*8*	2,016.76
Financial assets		
(i) Investments	*9*	-
(ii) Trade receivables	*10*	123.14
(iii) Cash and cash equivalents	*11*	858.83
(iv) Bank balances other than (ii) above	*12*	4,634.50
(v) Loans		-
(v) Other financial assets	*13*	30.54
Current tax assets (net)	*32 (c)*	-
Other current assets	*14*	103.06
Total current assets		**7,766.83**
Total assets		**7,931.78**
EQUITY & LIABILITIES		
Equity		
Equity share capital	*15*	35.00
Other equity	*16*	432.86
Non-controlling interest		-
Total equity		**467.86**
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	*17*	
(i) Borrowings	*17*	-
(iii) Trade payables		
(iii) Other financial liabilities		
Provisions	*18*	8.29
Total non-current liabilities		**8.29**
Current liabilities		
Financial liabilities		
(i) Borrowings	*19*	1,363.79
(ii) Lease liabilities		-
(ii) Trade payables	*20*	
a) total outstanding dues of micro enterprises and small enterprises		9.96
b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,288.03
(iii) Other financial liabilities	*21*	165.14
Other current liabilities	*22*	4,546.43
Provisions	*23*	0.41
Current tax liabilities (net)	*32 (c)*	81.87
Total current liabilities		**7,455.63**
Total liabilities		**7,463.92**
Total equity and liabilities		**7,931.78**

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

As per our report of even date attached

For
NBS & Co.

Chartered Accountants
FRN : 110100W

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 15-02-2022
UDIN:22046940ACRNZQ1122

For and on behalf of Board of Directors of
DCX Systems Private Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PTC061686

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

R Sankarakrishnan
Whole Time Director
DIN: 00078459

K S Ranga
Chief Financial Officer
Place : Bangalore
Date:15-02-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No: A53230

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Standalone Statement of Profit and Loss

(₹ In Millions, unless otherwise stated)

	Note	For the year ended 31 March 2021 (Standalone)
Income		
Revenue from operations	*24*	6,411.63
Other Income	*25*	420.79
Total income		**6,832.42**
Expenses		
Cost of materials Consumed	*26*	6,604.35
Changes in inventories of finished goods and work-in-progress	*27*	(419.66)
Employee benefit expenses	*28*	54.79
Finance cost	*29*	99.22
Depreciation and amortisation expenses	*30*	24.31
Other expenses	*31*	71.35
Total expenses		**6,434.36**
Profit/(loss) before Exceptional Items, and Tax		**398.06**
Exceptional items		-
Profit before tax		**398.06**
Tax expense:	*32*	
Current tax		(104.65)
Deferred tax		2.17
MAT Credit		-
Total Tax Expenses		(102.48)
Profit for the period (A)		**295.58**
Other comprehensive (loss)/ income		
Items that will not be reclassified subsequently to profit or loss		
(i) Remeasurements of defined benefit liability / (asset)		0.82
(i) Income tax relating to remeasurements of defined benefit liability / (asset)		(0.24)
		0.58
Total comprehensive income for the period (A+ B)		**296.16**
Profit attributable to		
Owners of the company	*100%*	295.58
Non-controlling interest	*0%*	-
		295.58
Comprehensive income attributable to		
Owners of the company	*100%*	0.58
Non-controlling interest	*0%*	-
		0.58
Earnings per equity share		
[nominal value of Rs. 2]		
Basic	*33*	4.22
Diluted		4.22

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

As per our report of even date attached

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 15-02-2022
UDIN:22046940ACRNZQ1122

For and on behalf of the Board of Directors of
DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PTC061686

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

R Sankarakrishnan
Whole Time Director
DIN: 00078459

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 15-02-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Standalone Cash Flow Statement
(₹ In Millions, unless otherwise stated)

	For the year ended 31 March 2021 (Standalone)
A. Cash flow from operating activities	
Profit before tax	398.06
Adjustments to reconcile profit before tax to net cash flows:	
Interest on fixed deposits	(223.96)
(Income) / loss arising from fair valuation of assets through profit & loss	0.19
Interest on borrowings	47.39
Depreciation and amortisation expense	24.31
Operating profit before working capital changes	**245.99**
Movement in working capital:	
(Increase)/Decrease in trade receivables	756.57
(Increase)/Decrease in inventories	(1,244.65)
(Increase)/Decrease in other current assets	859.43
(Increase)/Decrease in other non current financial assets	3.12
(Increase)/Decrease in other current financial assets	0.04
Increase/(Decrease) in trade payables	(209.00)
Increase/(Decrease) in non current provisions	0.66
Increase/(Decrease) in current provisions	0.01
Increase/(Decrease) in other current financial liabilities	159.13
Increase/(Decrease) in other current liabilities	600.35
Cash generated from operations	**1,171.65**
Net income tax (paid)	(31.84)
Net cash from operating activities (A)	**1,139.81**
B. Cash flows from investing activities	
Purchase of property, plant and equipment and Other Intangible assets	(15.84)
Proceeds from disposal of property, plant and equipment	1.53
Investment/(Sale) of mutual funds	1.00
Interest received	223.96
Net cash used in investing activities (B)	**210.65**
C. Cash flows from financing activities	
Proceeds / (repayment) from working capital/Working Capital Term Loan facilities (net)	
Leases	
Working Capital/working Capital Term Loan	24.02
Proceeds from issue of Shares	-
Interest paid	(47.39)
Net cash used in financing activities (C)	**(23.37)**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**1,327.09**
Cash and cash equivalents at the beginning of the period / year	4,166.24
Cash and cash equivalents at the end of the period / year	**5,493.33**

Notes:-

1. Cash and cash equivalents include	
Cash on hand	0.01
Balances with bank	
- Current accounts	858.82
Other bank balances	4,634.50
	5,493.33

The above cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.
The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the financial statement.

As per our report attached of even date

For
NBS & Co.
Chartered Accountants
FRN : 110100W

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 15-02-2022
UDIN:22046940ACRNZQ1122

For and on behalf of the Board of Directors of
DCX Systems Private Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PTC061686

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

R Sankarakrishnan
Whole Time Director
DIN: 00078459

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 15-02-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)

Standalone Statement of Changes in Equity

(₹ In Millions, unless otherwise stated)

(a) Equity share capital

Particulars	**As at 31 March 2021 (Standalone)** Number of Shares*	Amount
Balance at the beginning of the reporting year	35,00,000	35.00
Changes in equity share capital due to prior period errors	-	-
Restated balance as at the beginning of the reporting period / year	**35,00,000**	**35.00**
Changes in equity share capital during the period / year	-	-
Equity Shares issued during the year in consideration for cash	-	-
Number of Shares after Sub division during the year (5 shares for 1 share)	-	-
Bonus Issue of shares during the period (in the Ratio of 3 :1)	-	-
Balance at the end of the reporting period / year	**35,00,000**	**35.00**

* Number of shares is presented as absolute number.

(b) Other equity

Balance at 1 April 2020	**136.70**	**-**	**136.70**
Total comprehensive income for the year ended 31 March 2021			
i.Profit for the year			
Attributable to the parent	295.58	-	295.58
Attributable to the NCI	-	-	
ii.Other comprehensive income (net of tax)			
Attributable to the parent	0.58		0.58
Attributable to the NCI	-		
(i) Remeasurements of defined benefit liability / (asset)	-		
Total comprehensive income	**296.16**	**-**	**296.16**
	-		
Balance at 31 March 2021	**432.86**	**-**	**432.86**

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.

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

As per our report of even date attached.

For
NBS & Co.

Chartered Accountants
FRN : 110100W

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date: 15-02-2022
UDIN:22046940ACRNZQ1122

For and on behalf of the Board of Directors of
DCX Systems Private Limited (Formerly known as
DCX Cable Assemblies Private Limited)
CIN: U31908KA2011PLC061686

H S Raghavendra Rao
Chairman & Managing Director
DIN: 00379249

R Sankarakrishnan
Whole Time Director
DIN: 00078459

K S Ranga
Chief Financial Officer
Place: Bangalore
Date: 15-02-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No. A53230

(₹ In Millions, unless otherwise stated)

2 Property, plant and equipment

Description	Owned assets									
	Computers	Office Equipments	Furniture and Fixtures	Leasehold improvements	Tools & Equipments	Electrical Installations	Plant & Machinery	Building	Vehicle	Total Owned assets
Gross block										
As at 1 April 2020	4.87	2.05	3.49	8.34	5.01	9.81	38.68	74.60	7.62	**154.47**
Additions	1.11	0.09	0.42	-	0.10	0.28	0.48	11.97	-	**14.45**
Disposals during the period / year	-	-	-	-	-	-	-	(1.54)	-	**(1.54)**
As at 31 March 2021	5.98	2.14	3.91	8.34	5.11	10.09	39.16	85.03	7.62	**167.38**
Accumulated depreciation										
As at 1 April 2020	4.16	1.68	1.14	8.34	3.45	0.76	6.58	0.60	0.74	**27.45**
Depreciation for the period / year	0.74	0.10	0.69	-	0.43	2.39	9.64	7.67	2.16	**23.82**
Depreciation on disposals	-	-	-	-	-	-	-	(0.01)	-	**(0.01)**
As at 31 March 2021	4.90	1.78	1.83	8.34	3.88	3.15	16.22	8.26	2.90	**51.26**
Net block										
As At 31 March 2021	**1.08**	**0.36**	**2.08**	**0.00**	**1.23**	**6.94**	**22.94**	**76.77**	**4.72**	**116.12**

Title deeds of Immovable Properties

Descriptions	**As at 31 March 2021**
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	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.

3 Right-of-use assets

Particulars	**Gross Block**				**Amortisation**				**Net Block**	
	As at 01 April 2020	**#REF!**	**Disposals during the period / year**	**As at 31 March 2021**	**As at 01 April 2020**	**Charge for the period / year**	**Disposals during the period / year**	**As at 31 March 2021**	**As at 01 April 2020**	**As at 31 March 2021**
Leasehold and	38.10	-	-	38.10	-	-	-	-	38.10	38.10
	-			-	-	-		-	-	-
Total Assets	**38.10**	**-**	**-**	**38.10**	**-**	**-**	**-**	**-**	**38.10**	**38.10**

(₹ In Millions, unless otherwise stated)

4 Other intangible assets

Description	Computer Software	Total
Gross block		
As at 1 April 2020	7.96	**7.96**
Additions	1.39	**1.39**
Disposals during the period / year	-	-
As at 31 March 2021	9.35	**9.35**
Amortisation		
As at 1 April 2020	7.08	**7.08**
Amortisation for the period / year	0.49	**0.49**
Disposal during the period / year	-	-
As at 31 March 2021	7.57	**7.57**
Net block		
As at 31 March 2021	1.78	**1.78**

(₹ In Millions, unless otherwise stated)

		As at 31 March 2021 (Standalone)
5	**Investments**	
	Investment measured at cost	
		-
		-
	(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**	
	Security deposits	0.74
	Other deposits	0.05
	Fixed deposits with banks with maturity of more than 12 months (Kept as margin money with Banks)	2.31
		3.10
7	**Other non-current assets**	
	Capital advances	0.50
		0.50
8	**Inventories**	
	(valued at lower of cost and net realisable value)	
	Raw material	1,304.33
	Finished goods	19.97
	Work in progress	692.46
		2,016.76
9	**Investments**	
	A. Investments carried at fair value through profit and loss (FVTPL)	
	Investment in mutual funds - Quoted*	-
		-
	*** Details of investments in mutual funds**	
	Nil (31 March 2021 : Nil ; 1 April 2020 : 1,00,000) units of Canara Robeco Capital Protection Oriented Fund.	-
	Total	-
	(a) Aggregate book value of quoted investments	-
	(b) Aggregate market value of quoted investments	-
	(c) Aggregate amount of unquoted investments;	-
	(c) Aggregate amount of impairment in value of investments	-
10	**Trade receivables**	
	(Unsecured)	
	Trade receivables considered good	123.14
	Trade receivables - credit impaired	
		123.14
	Less: Allowance for doubtful receivables	-
		123.14
	The above amount includes :	
	Receivable from related parties	-
	Others	123.14
	Total	**123.14**

(₹ In Millions, unless otherwise stated)

As at 31 March 2021

Particulars	Outstanding for following periods from due date of Payment					
	Less than 6 Months	6 Months- 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed trade receivables - considered good	9.74	113.40	-	-	-	123.14
(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	-	-	-	-	-	-
	9.74	**113.40**	**-**	**-**	**-**	**123.14**

***The group exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note no. 37 on financial instruments.**

		As at 31 March 2021
11	**Cash and cash equivalents**	
	Cash in hand	0.01
	Balances with banks	
	Current accounts	858.82
	In deposit account (the maturity of the period of which is less than 3 months)	-
	Bank Deposits with original maturity of more than 3 months but less than 12 months	
	Add : Subsidiary company bank balance	
		858.83
12	**Bank balances other than cash and cash equivalents**	
	Other bank balances	
	Deposits with original maturity of more than 3 months (Kept as margin money with Banks)	4,634.50
		4,634.50
13	**Other current financial assets**	
	MEIS incentive receivables	30.54
		30.54
14	**Other current assets**	
	(Unsecured, considered good)	
	Advances to suppliers	78.62
	Balances with statutory/government authorities	9.04
	Prepaid expenses	15.40
	Advance salary	-
	Expenses Relating To Public Issue	-
		103.06

		As at 31 March 2021
17	**Long Term Borrowings**	
	Secured Working Capital Term Loan from Bank	-
		-

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 group both present and future.

(₹ In Millions, unless otherwise stated)

18 Provisions

Provision for employee benefits	
Leave encashment	2.81
Gratuity (Refer note no. 40 for further disclosures)	5.48
	8.29

19 Borrowings

Secured	
From Bank	
Working capital loan	1,363.79
	1,363.79

Terms and Conditions:

- For working capital limits charge is created on the entire current assets and movable fixed assets of the group both present and future, personal guarantee of Managing Director, Corporate Guarantee from Associate companies .

-Cash Credit/Overdraft limits are payable on demand, Export credits are for a tenor of 90-180 days. Interest is payable @ LIBOR /SOFRplus 150 to 350 basis points.

20 Trade payables

Total outstanding dues of Micro Enterprises and Small Enterprises	9.96
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,288.03
	1,297.99

Notes :

(1) Refer note for related party disclosure.

As at 31 March 2021

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	-	9.96	-	-	-	**9.96**
(ii) Others	-	1,288.03	-	-	-	**1,288.03**
(iii) Disputed dues - MSME	-	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	-	**-**
	-	**1,297.99**	**-**	**-**	**-**	**1,297.99**

21 Other financial liabilities

Accrued expense payable	161.01
Employee benefits payable	4.13
	165.14

22 Other current liabilities

Advance received from customers	4,542.94
Statutory dues payable	3.49
	4,546.43

23 Provisions

Provision for gratuity	0.28
Provision for leave encashment	0.13
	0.41

(₹ In Millions, unless otherwise stated)

15 Share capital

Particulars	As at 31 March 2021 (Stanalone)
Authorised :	
125,000,000 Equity Shares of Rs 2/- Each (01 April 2020 & 31 March 2021 : 3,500,000 Equity shares of Rs.10 each.)	35.00
(Note: During the year 150,000 fully convertible preference shares of Rs. 100.00 each has been reclassified to 1,500,000 equity shares of Rs. 10.00 each vide Extra Ordinary general meeting dated 24/11/2021 and Authorized capital has been further increased by 100,000,000 equity shares of Rs 2/- each vide Extra ordinary general meeting dated 27/01/2022. With this reclassification the present authorised share capital stands to 125,000,000 equity shares of Rs. 2/- each)	
Preference Shares (150,000 preference shares of Rs.100 each.)	15.00
TOTAL	**50.00**
Issued and subscribed and paid up:	
Equity share capital	
77,400,000 equity shares of Rs.2/-each (01 April 2020 & 31 March 2021: 3,500,000 equity shares of Rs.10/-each).	35.00
TOTAL	**35.00**

* Number of shares is presented as absolute number.

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

Equity share :	
Particulars	**As at 31 March 2021 (Standalone)**
Outstanding at the beginning of the year	35,00,000
Equity Shares issued during the year in consideration for cash	
Preferential allotment (Refer note 1 below)	-
Right issue (Refer note 2 below)	-
Total number of shares before Sub Division	**35,00,000**
Adjustment for subdivision of shares (Refer note 3 below)	-
Bonus Issue of shares during the year (Refer note 5 below)	-
Outstanding at the end of the year	**35,00,000.00**

* Number of shares is presented as absolute number.

Notes :

1. Company has issued 100,000 Equity shares at face value of Rs 10/- with premium Rs. 131/-. (Total Amount Rs 14.10 Mn) on 20.01.2022 on Preferential allotment basis.

2. Company has issued 270,000 Equity Shares at face value of Rs 10/- with premium Rs. 131/-. (Total Amount Rs 38.07 Mn) on 24.01.2022 on right issue basis.

(₹ In Millions, unless otherwise stated)

3. Company in their Board of Directors meeting dated 25.01.2022 has approved for Sub-division of its shares from the face value of Rs.10 each to face value of Rs.2 each.

4. Company in their Board of Directors meeting dated 27.01.2022 has approved for increase in Authorized Share capital from Rs.50.00 Mn to Rs. 250.00 Mn)

5. Company in their Board of Directors meeting dated 27.01.2022 has approved for issue of Bonus shares in the ratio of 3:1.

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 Rs. 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 2021**	
	Equity shares of Rs 10 each fully paid	
	Number of Shares	**Number of Shares %**
Mr. Dinesh Poonamchand Shah	8,04,850.00	23.00%
M/s NCBG Holdings Inc	9,10,000.00	26.00%
M/s VNG Technology Pvt Ltd	17,85,000.00	51.00%
H S Raghavendra Rao	-	0.00%

Promoters Shareholding in the Company is set out below:

-	**As at 31 March 2021**	
	Equity shares of Rs 10 each fully paid	
	Number of Shares	**Number of Shares %**
Mr. Dinesh Poonamchand Shah	8,04,850.00	23.00%
M/s NCBG Holdings Inc	9,10,000.00	26.00%
M/s VNG Technology Pvt Ltd	17,85,000.00	51.00%
H S Raghavendra Rao	-	0.00%

* Number of shares is presented as absolute number.

16 Other equity	As at 31 March 2021
Reserves and surplus	
A. Retained earnings	432.86
B. Securities premium	-
	432.86

	As at 31 March 2021
A. Retained earnings	
Balance at the beginning of current reporting year	136.70
Attributable to the parent	295.58
Attributable to the NCI	-
Profit for the year	432.28
Less: Utilized for issue of Balance Bonus Shares	-
Other comprehensive (loss)/ income	
-Remeasurements of defined benefit liability / (asset) (net of tax)	0.58
	432.86

	As at 31 March 2021
B. Securities premium	
Opening balance	-
Attributable to the parent	
Add : Proceeds from issue of Shares	-
Less : Utilized for issue of Bonus	-
Attributable to the NCI	-
	-

(₹ In Millions, unless otherwise stated)

		For the year ended 31 March 2021 (Standalone)
24	**Revenue from operations**	
	Sale of products	6,378.72
	Sale of services	4.60
	Other operating revenue	
	MEIS incentive received	28.31
		6,411.63
	Refer note no. 41 for further disclosures.	
25	**Other income**	
	Interest on fixed deposits	223.96
	Foreign exchange fluctuation	196.05
	Other income	0.78
		420.79
26	**Cost of materials consumed**	
	Opening Stock	479.34
	Import purchases	1,086.60
	Local purchases	6,342.74
	Closing Stock	1,304.33
		6,604.35
27	**Changes in inventories of finished goods and work-in-progress**	
	Opening inventories	
	Finished goods	149.33
	Work-in- process	143.44
	Total (A)	**292.77**
	Closing Inventories	
	Finished goods	19.97
	Work-in- process	692.46
	Total (B)	**712.43**
	Total (A-B)	**(419.66)**

(₹ In Millions, unless otherwise stated)

28 Employee benefit expenses

Salaries and wages including bonus, incentives	50.92
Staff welfare expenses	2.52
Gratuity	1.18
Employee Insurance	0.17
	54.79

29 Finance costs

Interest on borrowings	47.39
Interest on Working Capital Term Loan	-
Bank charges	9.86
Other borrowing costs	41.97
	99.22

30 Depreciation and amortisation expense

	For the year ended 31 March 2021
Depreciation of property, plant and equipment (refer note 2)	23.82
Amortisation of right-of-use asset (refer note 3)	-
Amortisation of right-of-use asset (refer note 3)	0.49
	24.31

31 Other expenses

Manufacturing service cost expenses	
Power and fuel expenses	2.31
Repairs and maintenance	
Building	0.11
Machinery	0.85
Wages and labour charges	6.04
Freight expenses	11.48
Water Charges	0.36
Administrative and general expenses	
Director Sitting Fees	-
Insurance	1.30
Rates and taxes	3.93
Net loss on foreign currency translation	-
Business promotion expenses	0.13
Travelling and conveyance	0.45
Professional & consultancy fees	25.32
Communication expenses	0.53
Printing and stationery	0.29
Others expenses	17.36
	0.19
Income / (loss) arising from fair valuation of assets through profit & loss	
Remuneration to auditors	
Statutory audit	0.70
	71.35

(₹ In Millions, unless otherwise stated)

32 Taxes

(a) Statement of profit or loss

Particulars	For the year ended 31 March 2021 (Standalone)
Current tax:	
Current income tax charge	(104.65)
Deferred tax	2.17
MAT Credit	-
Income tax expense reported in the statement of profit or loss	**(102.48)**

(b) Other comprehensive income (OCI)

Taxes related to items recognised in OCI during in the period

Particulars	For the year ended 31 March 2021 (Standalone)
Deferred tax	
Remeasurements gains and losses on post employment benefits	(0.24)
Income tax recognised in OCI	**(0.24)**

(c) Balance sheet

Current tax assets

Particulars	For the year ended 31 March 2021 (Standalone)
Non- current tax assets	-
Current tax assets	
Total tax assets	**-**

Current tax liabilities

Particulars	For the year ended 31 March 2021 (Standalone)
Income tax (net of advance tax)	81.87
Total current tax liabilities	**81.87**

(d) Deferred tax (liabilities) / assets

Particulars	For the year ended 31 March 2021 (Standalone)
Fair valuation of Mutual funds	-
Excess of depreciation/amortisation on property plant and equipment under income tax act	2.70
Gratuity provision	1.68
Leave encashment	0.86
Bonus	0.11
MAT Credit	-
Net deferred tax (liability)/asset	**5.35**

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

Particulars		For the year ended 31 March 2021 (Standalone)
Accounting profit before tax		**398.06**
Tax rate		**29.12%**
Tax as per IT Act on above		**115.92**
Tax expenses (P&L)		
(i) Current tax		(104.65)
(ii) Deferred tax		2.17
(iii) MAT Credit		-
		(102.48)
Tax expenses (OCI)		**(0.24)**
Difference	**(C)**	**13.20**
Tax reconciliation		
Adjustments:		
Effect of exemptions and deductions		(12.68)
Others		(0.52)
		-

(₹ In Millions, unless otherwise stated)

33 Earnings Per Share

Particulars	For the year ended 31 March 2021 (Standalone)
Profits attributable to equity shareholders	
Profit for the year	**295.58**
Basic Earnings Per Share	
Weighted average number of equity shares outstanding during the year (Refer Note below)	7,00,00,000
Basic EPS (Rs.)	**4.22**
Diluted Earnings Per Share	
Profit for the year	**295.58**
Weighted average number of equity shares outstanding during the year (Refer Note below)	7,00,00,000
Diluted EPS (Rs.)	**4.22**

Weighted average number of equity shares for Basic and Diluted Earnings Per Share	For the year ended 31 March 2021 (Standalone)
Balance at the beginning of the period of Rs. 2 each (Rs 10 each for Previous year)	35,00,000
Issued during the period	-
Total	**35,00,000**
Adjustment for subdivision of shares (Refer note 3 Share Capital Note)	1,75,00,000
Bonus Issue of shares during the year (Refer note 5 Sahre Capital Note)	5,25,00,000
	7,00,00,000
Weighted average number of equity shares outstanding during the period	**7,00,00,000**

* Number of shares is presented as absolute number.

34 Contingent liabilities, contingent assets and commitments :

(a) Contingent liabilities

Particulars		**For the year ended 31 March 2021 (Standalone)**
Bank guarantees		4,104.73

(b) Commitments

Particulars	**For the year ended 31 March 2021 (Standalone)**
Estimated amount of contracts remaining to be executed on capital account and not provided for	-
	-

35 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**For the year ended 31 March 2021 (Standalone)**
Principal amount remaining unpaid to any supplier as at the end of the period/year	
Trade payables	9.96
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.

(₹ In Millions, unless otherwise stated)

36 Related Party Disclosures

(a) List of Related Parties and description of relationship:

1	Mr .H S Raghavendra Rao	Chairman & Managing Director
2	Mr.R.Sankarakrishnan	Whole Time Director
3	Mr. Anand S	Key Managerial Personnel
4	M/S VNG Technology Private Limited	Associate Company (Holding company in Previous Year)
5	M/S NCBG Holdings Inc	Associate Company
6	M/S DCX Chol Enterprises Inc	Common Directorship
7	M/S RNSE-TRONICS Pvt Ltd.,	Relative of the Director is one of the shareholder /member
8	M/S Raneal Technologies Pvt Ltd.,	Associate Company
9	M/S Raneal Advanced Systems Pvt Ltd.,	Wholly Owned Subsidiary
10	Ranga K S	Key Managerial Personnel
11	ShivaKumara R	Key Managerial Personnel
12	Prasanna Kumar T S	Key Managerial Personnel
13	Nagaraj R Dhavaskar	Key Managerial Personnel
14	Pramod. B	Key Managerial Personnel
15	G S Manjunath	Key Managerial Personnel
16	Kiran Kumar K S	Key Managerial Personnel
17	Atul D Muthe	Key Managerial Personnel
18	Rajanikanth K N	Key Managerial Personnel

(b)

Sl.No.	**Related parties**	**Nature of transactions**	**As on 31 March 2021**
		Purchase	
1	M/S DCX Chol Enterprises Inc	Import of varieties of connectors, wires, sleeves, back shells required cable and wire harness	4.75
2	M/S RNSE-TRONICS Pvt Ltd	Purchases of Electronic components	3,293.45
3	M/S Vinyas Innovative Technologies Pvt Ltd	Purchases of Printed circuit board assemblies	967.72
		Sales	
4	M/S DCX Chol Enterprises Inc	Export of Cable and wire harness assemblies	11.94
5	M/S Vinyas Innovative Technologies Pvt Ltd	Sale of cable and wire harness	0.91
		Expenditure	
6	Mr. H.S. Raghavendra Rao	Salary	8.88
7	Ravi Kumar E	Salary	3.60
8	K R Premkumar	Salary	3.81
9	M/S DCX Chol Enterprises Inc	Reimbursement of expenses	1.71
	TOTAL		**4,296.77**
		Payable	
10	DCX Chol Enterprises Inc	Payable	1.60
11	RNSE-TRONICS PVT.LTD	Payable	204.20
12	Vinyas Innovative Technologies Pvt Ltd	Payable	240.34
13	Mr .H S Raghavendra Rao	Payable Salary	1.11
14	Ravi Kumar E	Payable Salary	0.20
15	Prasanna Kumar T S	Payable Salary	0.14
16	G S Manjunath	Payable Salary	0.08
17	Kiran Kumar K S	Payable Salary	0.09
18	Rajanikanth K N	Payable Salary	0.07

(₹ In Millions, unless otherwise stated)

37 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,

The group 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 group 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 group has not made any provision on expected credit loss on trade receivables and other financials assets, based on the management estimates.

(ii) Credit risk on cash and cash equivalents is limited as the group 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 group 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	For the year ended 31 March 2021 (Standalone)
Total current assets (A)	7,766.83
Total current liabilities (B)	7,455.63
Working capital (A-B)	**311.20**
Current Ratio:	**1.04**

Following is the Company's exposure to financial liabilities based on the contractual maturity as at reporting date.

	For the year ended 31 March 2021 (Standalone)			
	Contractual cash flows			
	Carrying value	Less than 1 year	More than 1 year	Total
Borrowings	1,363.79	1,363.79	-	1,363.79
Trade payables	1,297.99	1,297.99	-	1,297.99
Other liabilities	165.14	165.14	-	165.14

(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	For the year ended 31 March 2021 (Standalone)	
	Foreign currency	Equivalent amount in rupee
USD		
Trade receivables		
USD	1.67	122.27
Euro	-	-
Advance to suppliers		
USD	1.04	76.54
Euro	-	-
GBP	-	-
Balance with banks - in EEFC accounts	9.93	728.97
	12.64	**927.78**

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

(₹ In Millions, unless otherwise stated)

(ii) Financial liabilities

Financial liabilities	For the year ended 31 March 2021 (Standalone)	
	Foreign currency	Equivalent amount in rupee
USD		
Trade payable		
USD	17.67	1,276.63
Euro	-	-
Packing credit in foreign currency	18.38	1,352.11
Advance from customer	61.15	4,494.68
	97.20	**7,123.42**

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

Currency wise net exposure (assets - liabilities)	For the year ended 31 March 2021 (Standalone)	
Particulars	Foreign currency	Equivalent amount in rupee
USD	(84.56)	(6,195.64)
EUR	-	-
GBP	-	-
Total	**(84.56)**	**(6,195.64)**

(iv) Sensitivity analysis

	Impact on profit/equity (1% strengthening)	Impact on profit/equity (1% weakening)
	For the year ended 31 March 2021 (Standalone)	For the year ended 31 March 2021 (Standalone)
USD	(61.96)	61.96
EUR	-	-
GBP	-	-
Total	**(61.96)**	**61.96**

(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 group 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	For the year ended 31 March 2021 (Standalone)
Variable rate borrowings	1,363.79
Fixed rate borrowings	-
Total borrowings	**1,363.79**

Sensitivity analysis

Impact on profit before tax /pre- tax equity :

Particulars	For the year ended 31 March 2021 (Standalone)
Increase by 50 basis points	(6.82)
Decrease by 50 basis points	6.82

38 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 group monitors capital using debt-equity ratio, which is net debt divided by total equity. These ratios are illustrated below:

Particulars	As at 31 March 2021
Total liabilities	7,463.92
Less: cash and cash equivalents and bank balances	5,493.33
Net debt	1,970.60
Total equity	467.86
Debt-equity ratio	4.21

(₹ In Millions, unless otherwise stated)

39 Fair value measurements

(a) Categories of financial instruments -

Particulars	**As at 31 March 2021 (standalone)**	
	Carrying amount	**Fair values**
		Amortised cost
Category		**Level 2**
Financial assets		
Investments	-	-
Trade receivables	123.14	123.14
Cash and cash equivalents	858.83	858.83
Other bank balances	4,634.50	4,634.50
Other financial assets	33.65	33.65
Total financial assets	**5,650.11**	**5,650.11**
Financial liabilities		
Borrowings	1,363.79	1,363.79
Trade payables	1,297.99	1,297.99
Lease liabilities	-	-
Other financial liabilities	165.14	165.14
Total financial liabilities	**2,826.92**	**2,826.92**

(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 group 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).

(₹ In Millions, unless otherwise stated)

40 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 group has recognized following amounts in the profit & loss account for the year/ period:

Particulars	**For the year ended 31 March 2021(Standalone)**
Provident fund	
Employer's Contribution	2.63
Administration charges	0.18
Employer's Contribution to ESI (Employee State Insurance)	0.22
	3.03

(ii) Defined benefit plan

1) The defined benefit plan comprises gratuity, which is funded.
2) Actuarial gains and losses in respect of defined benefit plans are recognized in the Other Comprehensive Income (OCI).
The group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972.
These defined benefit plans expose the Companies 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	**For the year ended 31 March 2021 (Stanalone)**
Present Value of Benefit Obligation at the Beginning of the Period	5.67
Interest cost	0.38
Current service cost	0.80
Benefits paid	(0.28)
Actuarial (Gains)/Losses on Obligations	-
- Due to Change in Financial Assumptions	-
- Due to Change in Demographic Assumptions	-
- Due to Experience	(0.81)
Present value of obligation at the end of the period / year	**5.76**

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Fair value of plan assets at the beginning of the period / year	-
Interest income	-
Contributions	0.28
Mortality charges and taxes	-
Benefits paid	(0.28)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-
Fair value of Plan assets at end of the period / year	**-**

Net interest cost for current period

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Interest Cost	0.38
Interest Income	-
Net Interest Cost for Current Period	**0.38**

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Current service cost	0.80
Net interest (Income)/ Expense	0.38
Net benefit expense	**1.18**

(₹ In Millions, unless otherwise stated)

Amount recognised in the statement of other comprehensive income

Particulars	For the year ended 31 March 2021 (Stanalone)
Re-measurement for the year - obligation (gain) / loss	0.82
Re-measurement for the year - plan assets (gain) / loss	-
Total re-measurements cost / (credit) for the period / year recognised in other comprehensive income	**0.82**

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

Particulars	For the year ended 31 March 2021 (Stanalone)
Defined Benefit Obligation	5.76
Fair value of plan assets	-
Closing net defined benefit liability/(asset)	**5.76**

Particulars	For the year ended 31 March 2021 (Stanalone)
Current	0.28
Non-Current	5.48

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Assumptions

Particulars	For the year ended 31 March 2021
	%
Mortality table	**Indian Assured Lives Mortality (2006-08) Ultimate**
Discount rate	6.81%
Rate of increase in compensation levels	8.00%
Withdrawal rate #	
Age up to 30 years	5.00%
Age 31 - 40 years	5.00%
Age 41 - 50 years	5.00%
Age above 50 years	5.00%

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

Assumptions	Defined benefit obligation	
	For the year ended 31 March 2021 (Stanalone)	
	Increase by 100 basis points	Decrease by 100 basis points
Delta effect of 1% change in rate of discounting	(0.61)	0.74
Delta effect of 1% change in rate of salary increase	0.57	(0.52)
Delta effect of 1% change in rate of employee turnover	(0.05)	0.06

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 2022	For the year ended 31 March 2021 (Stanalone)
1st Following Year	0.27	0.28
2nd Following Year	0.29	0.29
3rd Following Year	0.29	0.30
4th Following Year	0.32	0.30
5th Following Year	0.33	0.31
After 5th Year	21.69	14.60

(₹ In Millions, unless otherwise stated)

Note 41: Revenue from contracts with customers

The group 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).

(a) Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2021 (Stanalone)
Gross Sales (Contracted Price)	6,394.12
Reductions towards variable consideration (Discount & Delayed Delivery Charges)	(10.80)
Revenue recognised	**6,383.32**

The group 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 2021 (Stanalone)
Revenue recognised at point in time	6,378.72
Revenue recognised over the period	4.60
Total	**6,383.32**

(c) Revenue from products:

Country / Region	For the year ended 31 March 2021 (Stanalone)
Exports	3,801.16
Deemed Exports	2,574.72
Domestic	2.84
Total revenue	**6,378.72**

(₹ In Millions, unless otherwise stated)

42 : Explanation of transition to Ind AS

These are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31st March, 2021 and balance sheet as at 1st April, 2020 (date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2020 and the financial statements for the year ended 31st March, 2021.

As per Ind AS, upon transition the Company is required to present comparative information for all the statements presented and explain the transition effects from previous GAAP to Ind AS in its first Ind AS financial statement.

A. Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has elected to apply the following exemptions:

1. Deemed cost : Property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financials as deemed cost at the transition date.

2. Designation of previously recognised financial instruments

Financial assets and financial liabilities are classified at fair value based on facts and circumstances as at the date of transition to Ind AS. Financial assets and liabilities are recognised at fair value as at the date of transition to Ind AS i.e. 1 April 2020 and not from the date of initial recognition.

3. Leases

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

B. Exceptions applied

1. Estimates

The estimates at 1 April 2020 being the transition date and at 31 March 2022 are consistent with those made for the same dates in accordance with Indian GAAP. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at 1 April 2020 , the date of transition to Ind AS and as of 31 March 2022.

2. Derecognition of financial assets and liabilities

Ind AS 101, requires first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initial accounting of transactions.
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets, on the basis of the facts and circumstances that exist at the transition date to Ind AS.

C. Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include-

i) Reconciliation of equity as at 1 April 2020 and 31 March 2021 ;
ii) Reconciliation of total comprehensive income for the year ended 31 March 2021 ;
There are no material adjustments to the cash flow statements.

D. Statement of reconciliation of total equity and profit and loss as per previous GAAP and Ind AS

Reconciliation of total equity as at 31 March 2021, 1 April 2020 :

Particulars	Note	For the year ended 31 March 2021 (Stanalone)	01 April 2020
Equity as per Indian GAAP		**490.40**	**169.41**
Adjustments to retained earnings			
Fair valuation of Mutual funds - FVTPL	a	-	0.19
Deferred tax impact	c		2.10
Current tax impact	d	(22.54)	-
Total of Ind AS adjustment to retained earnings		**(22.54)**	**2.29**
Equity as per Ind AS		**467.86**	**171.70**

(₹ In Millions, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 March 2021 :

Particulars	Note	For the year ended 31 March 2021 (Stanalone)
Net profit as per Indian GAAP		**320.99**
Adjustments to net profit		
Fair valuation of Mutual funds - FVTPL	a	(0.19)
Actuarial gain/(Loss)	b	(0.58)
Deferred tax impact	c	(2.10)
Current tax impact	d	(22.54)
Total of Ind AS adjustments to net profit		**(25.41)**
Net Profit as per Ind AS		**295.58**
Adjustments to other comprehensive income		
Actuarial gains and losses net off tax	b	0.82
Deferred tax impact on actuarial gain/(loss)	c	(0.24)
Total of Ind AS adjustments to other comprehensive income		**0.58**
Total comprehensive income as per Ind AS		**296.16**

Notes to the reconciliations:

a) Investment in mutual funds

Under Indian GAAP, long-term investments are valued at cost less provision for other than temporary diminution in the value of such investments. Under Ind AS, investment in mutual funds are classified as 'Fair value through profit and loss' are measured at fair value at each reporting date. The subsequent changes in the fair value of such investments are recognised in statement of profit and loss.

b) Employee benefit expenses - actuarial gains and losses and return on plan assets

Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss. Under Ind AS, remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, remeasurements recognised in OCI are never reclassified to statement of profit and loss.

c) Income tax

Under Indian GAAP, deferred taxes are recognised using income statement approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period. Under Ind AS, deferred taxes are recognised using balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using the income tax rates enacted or substantively enacted at reporting date. Further under Ind AS, income tax is recognised in the same statement in which underlying item is recorded.

d) Prior period adjustments

Under Indian GAAP, prior period items are included in determination of profit or loss of the period in which the item is discovered and are separately disclosed in the statement of profit and loss. Under Ind AS, material prior period items are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented by restating the opening balance sheet.

(₹ In Millions, unless otherwise stated)

43 Ratios as per the Schedule III requirements

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Current Assets	7,766.83
Current Liabilities	7,455.63
Ratio (Times)	**1.04**
% Change from previous period / year	

(b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Total Debt	1,363.79
Total Equity	467.86
Ratio (Times)	**2.91**
% Change from previous period / year	

Due to increase in sales the requirement of working capital has increased proportionately

(c) Debt Service Coverage Ratio (DSCR) = Earnings available for debt services divided by Total interest and principal repayments

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Profit for the year	
Add: Non cash operating expenses and finance cost	
Depreciation and amortisation expense	
Finance costs	
Earnings available for debt services	
Interest cost on borrowings	
Principal repayments (including certain prepayments)	
Total Interest and principal repayments	
Ratio (Times)	
% Change from previous period / year	

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Profit for the year	295.58
Total Equity	467.86
Ratio	**63.18%**
% Change from previous period / year	

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Cost of materials consumed	6,184.69
Closing Inventory	2,016.76
Inventory Turnover Ratio	**3.07**
% Change from previous period / year	

When compared to the previous year, the company has converted all the inventory into sales. Hence the inventory turnover ratio has increased

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Credit Sales	6,383.32
Closing Trade Receivables	123.14
Trade Receivable Turnover Ratio	**51.84**
Ratio (Days)	**7.04**
% Change from previous period / year	

Turnover over in March 2022 was Rs. 204.87 crores, hence the ratio has reduced when compared to the previous year.

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Cost of Material Consumed	6,604.35
Closing Trade Payables	1,297.99
Trade Payables Turnover Ratio	**5.09**
Ratio (Days)	**71.74**
% Change from previous period / year	

Terms of payment to suppliers for Majority of the sales 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	**For the year ended 31 March 2021 (Stanalone)**
Revenue from operations	6,411.63
Net Working Capital	1,674.99
Ratio (Times)	**3.83**
% Change from previous period / year	

Requirement of working capital increased as the sales in the last quarter was Rs. 371.48 crores and the collections of those receivables was in the next quarter

(h) Net profit ratio = Net profit after tax divided by Revenue from operations.

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Profit for the year	295.58
Revenue from operations	6,411.63
Ratio (%)	**4.61**
% Change from previous period / year	

Increase in sales has resulted in higher profits after tax for the company.

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

Particulars	**For the year ended 31 March 2021 (Stanalone)**
Profit/(Loss) Before Tax (A)	398.06
Forex Loss (B)	-
Other Income (C)	420.79
Finance Costs* (D)	99.22
Net Income before Interest (D) = (A)+(B)- (C) +(D)	**76.49**
Total Assets (E)	7,931.78
Current Liabilities (F)	6,091.84
Current Investments (G)	-
Capital Employed (H)=(E)-(F)-(G)	**1,839.94**
Ratio (D)/(H) (%)	**4.16%**
Change in basis points (bps) from previous period / year	

Increased capital employed has resulted in crease in ROCE when compared to previous year

DCX Systems Limited (formerly known as DCX Cable Assemblies Private Limited)
Significant accounting policies and notes to the financial information (continued)
(All amounts in Millions, unless otherwise stated)

44 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. .

45 Corporate social responsibility

Sr. No	Particulars	Standalone For the year ended 31st March 2021 (Audited)
1	CSR Amount Required to be spent for the year	1.55
2	CSR Amount pending to Spend for the past year	0.52
		2.07
	Spent during the year	0.55
		1.52

Sr. No	Particulars	Standalone For the year ended 31st March 2021 (Audited)
1	JSS Mahavidyapeetha	-
2	The National Association for the Blind	-
3	People for Animals	-
4	Food Kits(Food Kits distributed to BPL families in associated with Chennarayana pattana Police station)	-
5	PM CARE COVID19	-
6	PMO National Relief Fund	-
7	National Defence Fund	0.55
	Total	**0.55**

46 Events subsequent to 31 March 2022

The company has filed Draft Red herring Prospectus (DRHP) on 5th April 2022 proposing to raise Rs 500 Crores from the General Public. As on date the company has successfully replied two queries raised by NSE and BSE. Further we have received in-principle approval for listing the equity shares from both NSE &BSE.

47 Previous year's figures have been regrouped/reclassified wherever necessary to conform current year's presentation.

For
NBS & Co.
Chartered Accountants
FRN: 110100W

Pradeep Shetty
Partner
M No: 046940
Place: Mumbai
Date:15-02-2022
UDIN:22046940ACRNZQ1122

For and on behalf of the Board of Directors of
DCX Systems Private Limited (Formerly known as DCX Cable Assemblies Private Limited)
CIN:U31908KA2011PTC061686

H S Raghavendra Rao
Chairman & Managing Director
DIN : 00379249

K S Ranga
Whole-time Director & Chief Financial Officer
Place: Bangalore
Date: 15-02-2022

Nagaraj R Dhavaskar
Company Secretary
Membership No: F12503

1.1 Corporate Information:

DCX Systems Private 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.

1.2 Significant accounting policies:

This note provides a list of the significant accounting polices adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Basis of Preparation and Compliance:

a. 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.

b. 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.

c. Basis of measurement:

The financial statements have been prepared on a historical cost convention and on accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, 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 15th February 2022. 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.

d. 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 affect on the amounts recognized in the financial statements are included in relevant notes.

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

The company has considered internal and external sources of information upto 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.

f. 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 financial statements. Based on this evaluation, management believes that the company will be able to continue as a going concern in the foreseeable future and for a period of at least 12 months 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.

g. 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.

h. Reclassification:

No such material reclassification done during the year.

i. 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 derecognised 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 recognised 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 derecognised. The cost of the day-to-day servicing the property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal:

An item of property, plant and equipment is derecognised 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.

j. 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 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.
The management has estimated the useful life of the Tangible Assets as mentioned below:

Asset Class	Years
Building	30
Computer Hardware	3
Electrical Installations	10
Office Equipments	10
Plant and Machinery	10
Tools and Equipments	10
Furniture & Fixtures	10
Vehicle	8

Individual assets costing Rs.5000 or less are depreciated in full, in the year of purchase

k. 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.

l. 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:

The management has estimated the useful life of the Intangible Assets as mentioned below:

Asset Class	Years
Software	5-10

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.

m. 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 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 financials 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 financials 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 amortised 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 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 then interest and dividend are recognized when the same are due to be received and right to receive such other income is established.

n. 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.

o. 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.

p. 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 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.

q. 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.

r. 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.

s. 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

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.

t. 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 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 r 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 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.

u. 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 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.

v. 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.

w. 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.
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.

x. 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.

y. 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.

z. 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.

aa. 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 currency differences are generally recognised in the Statement of Profit and Loss.

bb. **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.

cc. Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Financial Statements is required to be disclosed.

However, the Ministry of Corporate Affairs ("MCA") amended Schedule III of the Companies Act, 2013, through a notification dated March 24, 2021. The amendments revise Division I, II and II of Schedule III and are applicable from April 1, 2021. The Company is in the process of evaluating the effect of the amendments on its Financial Statements.

PROPOSED ALLOTTEES IN THE ISSUE

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs only, on a discretionary basis. The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees*	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]

^ *Based on beneficiary position as on [●], 2024.*

**The details of the proposed Allottees have been intentionally left blank and will be filled in before issuing of the Placement Document to such proposed Allottees.*

The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

The Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

For and on behalf of the Board, signed by:

Dr. H.S. Raghavendra Rao
Chairman and Managing Director
DIN: 00379249

Date: January 15, 2024
Place: Israel

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act and the rules made thereunder;

(ii) the compliance with the Companies Act and the rules thereunder, does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

For and on behalf of the Board, signed by:

Dr. H.S. Raghavendra Rao
Chairman and Managing Director
DIN: 00379249

Date: January 15, 2024
Place: Israel

I am authorized by the Fund-Raising Committee of our Company, through resolution dated January 15, 2024 to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Dr. H.S. Raghavendra Rao
Chairman and Managing Director
DIN: 00379249

Date: January 15, 2024
Place: Israel

DCX SYSTEMS LIMITED

Registered and Corporate Office: Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562110 Karnataka, India

Website: www.dcxindia.com

Telephone: +91 80 6711 9555; **E-mail:** cs@dcxindia.com

Corporate Identity Number: L31908KA2011PLC061686

Company Secretary, Legal and Compliance Officer: Nagaraj R Dhavaskar

BOOK RUNNING LEAD MANAGER

DAM Capital Advisors Limited
One BKC, Tower C, 15th Floor, Unit No. 1511
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

NBS & Co., Chartered Accountants
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Maharashtra, India

LEGAL COUNSELS TO OUR COMPANY
As to Indian law

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Karnataka, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER
As to Indian law

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Haryana, India

Special international legal counsel

Duane Morris & Selvam LLP
16 Collyer Quay #17-00
Singapore 049318

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

(Note: The format of the Application Form included herein below is for reference and for the purposes of compliance with applicable law only, and no Bids in this Issue should be made through the sample Application Form. The Company, in consultation with the BRLM, will identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in this Issue should be made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form, and not on the basis of the indicative format below.)

DCX SYSTEMS LIMITED	**APPLICATION FORM**
(Incorporated in the Republic of India under the provisions of the Companies Act, 1956) Our Company was incorporated as "DCX Cable Assemblies Private Limited" on December 16, 2011, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bengaluru ("**RoC**"). Thereafter, the name of our Company was changed to 'DCX Systems Private Limited' pursuant to a special resolution dated November 24, 2021, passed by our shareholders and a fresh certificate of incorporation consequent upon change of name issued by the RoC on January 3, 2022. Pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated February 2, 2022, the name of our Company was changed to "DCX Systems Limited" and the RoC issued a fresh certificate of incorporation on February 18, 2022. **Registered and Corporate Office**: Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562110 Karnataka, India **CIN**: L31908KA2011PLC061686; **Website**: www.dcxindia.com; **Telephone**: +91 80 6711 9555; **Email:** cs@dcxindia.com LEI No: 335800B9UJAGNJFDJM39 | ISIN: INE0KL801015	**Name of the Bidder: ________________________** **Form. No.: ________________________________** **Date:______________________________________**

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING UP TO ₹[●] MILLION* UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY DCX SYSTEMS LIMITED (THE "COMPANY" OR THE "ISSUER", AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹[●] PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; (ii) hold a valid and existing registration under the applicable laws in India (as applicable); (iii) are eligible to invest in the Issue and submit this Application Form, and (iv) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" in the accompanying preliminary placement document dated January 15, 2024 (the "PPD").

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH PORTFOLIO INVESTMENT SCHEME AND SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED UNDER THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

** Subject to allotment of Equity Shares pursuant to the Issue.*

To,

The Board of Directors
DCX Systems Limited
Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadadasanahalli Village, Devanahalli Taluk, Bengaluru Rural – 562 110, Karnataka, India

Dear Sirs,

On the basis of the serially numbered PPD of the Company, and subject to the terms and conditions mentioned in the other sections of the PPD and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are an Eligible QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations which (i) is not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws, and (ii) is a resident in India or is an eligible FPI participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest I India under applicable law including the FEMA Rules. We are not a promoter (as defined in SEBI ICDR Regulations) of the Company, or any person related to the Promoters, directly or indirectly and the Bid does not directly or indirectly represent the Promoters or members of the Promoter Group, or persons or entities related to the Promoters. Further, we confirm that we do not have any right under the shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters, veto rights or right to appoint any nominee director on the board of the Company. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

STATUS (Insert '✓' for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Fund*
MF	Mutual Funds	**IF**	Insurance Funds
FPI	Eligible Foreign Portfolio Investor**	**NIF**	National Investment Fund
VCF	Venture Capital Funds	**SI- NBFC**	Systemically Important Non-Banking Financial Companies
IC	Insurance Companies	**OTH**	Others ____________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD.

** Sponsor and Manager should be Indian owned and controlled.*

*** Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

We confirm that the Bid size / aggregate number of Equity Shares applied for by us, and which may be Allotted to us thereon will not exceed the relevant regulatory or approved limits under applicable laws. We confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**"). We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us, if applicable, in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares bid for under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We note that the Company or any duly authorized committee thereof, is entitled, in consultation with DAM Capital Advisors Limited, the book running lead manager in relation to the Issue (the "**BRLM**") in its absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, the Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be Allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for, has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We acknowledge and agree that we have not/shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us.

We further understand, agree and consent that: (i) our names, address, PAN, phone number, bank account details, email-id, and the number of Equity Shares Allotted, along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our names will be included in the Placement Document as "proposed allottees", if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post-Issue shareholding in the Company pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Karnataka at Bengaluru as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5.00% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the **"Stock Exchanges"**), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and restriction on transferability. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and restriction on transferability, as may be applicable to us.

We further understand, agree and consent that: (i) our names, address, PAN, phone number, bank account details, email-id, and the number of Equity Shares Allotted, along with other relevant information as may be required will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware that our names will be included in the Placement Document as "proposed allottees", if applicable, along with the number of Equity Shares proposed to be Allotted to us, and the percentage of our post-Issue shareholding in the Company pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Karnataka at Bengaluru as required in terms of the PAS Rules. We are also aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5.00% of the Equity Shares in this Issue, the Company shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the **"Stock Exchanges"**), and we consent to such disclosure. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and restriction on transferability. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and restriction on transferability, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections entitled *"Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLM, each of whom is entitled to rely on and is relying on these representations, warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company in consultation with the BRLM and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLMs; and (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office. For the purposes of this representation: the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN, upon its issuance, and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

By signing and/or submitting this Application Form, we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **We hereby represent and warrant that we are located outside the United States and are purchasing the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and in accordance with the laws of the jurisdictions applicable to us.**

<table>
<tr><th colspan="4">BIDDER DETAILS (In Block Letters)</th></tr>
<tr><td>NAME OF BIDDER*</td><td colspan="3"></td></tr>
<tr><td>NATIONALITY</td><td colspan="3"></td></tr>
<tr><td>REGISTERED ADDRESS</td><td colspan="3"></td></tr>
<tr><td>CITY AND CODE</td><td colspan="3"></td></tr>
<tr><td>COUNTRY</td><td colspan="3"></td></tr>
<tr><td>TELEPHONE NO.</td><td></td><td>FAX NO.</td><td></td></tr>
<tr><td>EMAIL ID</td><td colspan="3"></td></tr>
<tr><td>LEI</td><td colspan="3"></td></tr>
</table>

FOR ELIGIBLE FPIs**	SEBI FPI Registration Number:	For AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs/IFs	SEBI AIF / MF/ VCF Registration Number / RBI Registrations details for SI-NBFCs / IRDAI Registration details for ICs

[*] Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.

[**] In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.

[***] Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLM will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER BY 3.00 P.M. (IST), [●], [●]	
Name of the Account	DCX SYSTEMS LIMITED - QIP ESCROW ACCOUNT
Name of the Bank	ICICI Bank Limited
Address of the Branch of the Bank	Capital Market Division, 163, 5th Floor, H. T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400020
Account Type	Escrow Account
Account Number	000405153633
LEI Number	335800B9UJAGNJFDJM39
IFSC	ICIC0000004
Tel No.	+91 22 6681 8926
E-mail	ipocmg@icicibank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic fund transfers, in favor of "DCX SYSTEMS LIMITED - QIP ESCROW ACCOUNT". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS			
Depository Name	National Securities Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purposes of refund, if any, only the bank account details as mentioned below, from which remittance towards subscription has been made, will be considered.**

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLM shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)		(In words)	

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	

ENCLOSURES TO BE SUBMITTED*
Attested/ certified true copy of the following:

OTHER DETAILS	
Signature of Authorized Signatory (may be signed either physically or digitally)**	

ENCLOSURES TO BE SUBMITTED*
☐ Copy of PAN Card or PAN allotment letter ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank ☐ Copy of notification as a public financial institution ☐ FIR ☐ Copy of IRDAI registration certificate ☐ Intimation of being part of the same group ☐ Certified true copy of Power of Attorney ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*
***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLMs.

(3) This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.

(4) The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in PPD.