

MESSAGE FROM CHAIRMAN AND MANAGING DIRECTOR



Dear Esteemed Shareholders,

With immense pride and gratitude, I present DCX Systems Limited's highlights and prospects for the fiscal year 2024. This year has been transformative, marked by significant achievements, strategic initiatives, and robust financial performance that have strengthened our position as a leading player in the defence and aerospace industry.

A Strong Foundation

Financial Resilience and Growth - DCX Systems has demonstrated remarkable financial stability and growth. Our revenue from operations for FY24 stood at Rs. 14,235.83 Mn, reflecting a year-on-year increase of 13.56%. Despite the challenges posed by fluctuating raw material prices and global economic uncertainties, we have maintained a

healthy EBIT margin of 8.74%, indicating our operational efficiency and cost management. The Profit After Tax (PAT) for the year reached Rs. 757.83 Mn, underscoring our consistent profitability and strong financial health.

Strategic Initiatives and Achievements

This year, we received the prestigious Certificate of Recognition as a "Four-Star Export House" from the Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India. This upgrade from a "Two-Star Export House" is a testament to our outstanding export performance and unwavering commitment to excellence.

Our strategic joint venture with ELTA Systems Limited to establish NIART Systems Limited marks a pivotal advancement. NIART Systems is dedicated to creating and providing cutting-edge obstacle detection solutions for safety and efficiency in railway industry, utilizing radar and electro-optics technologies. This collaboration harnesses our manufacturing expertise alongside ELTA's technological excellence to deliver superior products that offer excellent track visibility, ensuring standards of safety comparable to global levels.

In addition, we have expanded our footprint in the maintenance, repair, and overhaul (MRO) sector through a strategic agreement with Israel Aerospace India Services Private Limited. This collaboration enhances our capabilities to provide comprehensive MRO services, reinforce our presence in the domestic defence sector, and open new avenues for growth.

We also received a significant contract for electronic assemblies from Lockheed Martin Corporation, USA, one of the largest defence companies in the world, valued at US\$ 1.99 million (approximately Rs. 165.50 Mn). This contract underscores our capability to meet international standards and paves the way for future collaborations with one of the world's leading defence companies. Our performance on this contract has been commendable, and we are optimistic about securing more substantial orders in the future.

We are committed to advancing our technological capabilities and expanding our market reach. Our focus on backward integration through Raneal Advanced Systems for Printed Circuit Board Assemblies (PCBAs) is a key part of this strategy.

Operational Excellence and Customer Base

A strong and diverse customer base has bolstered operational excellence and customer base. We continue to work closely with our clients to ensure timely execution, high-quality products with effective supply chain management. Our strategic location in the Hi-Tech Defence and Aerospace Park, at SEZ in Bengaluru, enables us to serve key domestic customers including Bharat Electronics Limited, ensuring shorter delivery times and enhanced customer satisfaction.

A Vision for the Future

Technological Advancements and Market Expansion

We are committed to advancing our technological capabilities and expanding our market reach. Our focus on backward integration through Raneal Advanced Systems for Printed Circuit Board Assemblies (PCBAs) is a key part of this strategy. This initiative supports our captive consumption and opens opportunities in other markets beyond defence and aerospace, including the medical, railway and other niche electronics sectors. The global defence landscape presents significant growth opportunities, driven by increasing defence spending and the modernisation of armed forces. Given our expertise in electronics manufacturing services and strong relationships with global defence companies, we are well-positioned to capitalise on these trends.

Commitment to Sustainability and Innovation

Our journey towards becoming a technology-driven product manufacturing company is aligned with the "Make in India" initiative. We are actively scouting for opportunities to acquire technology (ToT) from original equipment manufacturers (OEMs) in the aerospace, defence, and other civilian applications sectors. These efforts will enable us to bring cutting-edge technologies to India, reducing reliance on imports and contributing to the nation's self-reliance goals.

Financial Prudence and Growth Prospects

We are pleased to report a significant reduction in our net debt, from Rs. 5,037.11 Mn in March 2023 to Rs. 2,703.93 Mn in March 2024, a reduction of 46.32%. This improvement in our financial health results from disciplined financial management and strong operational performance. Our current assets have increased to Rs. 17,813.39 Mn, enhancing our liquidity position and ensuring economic stability.

As of March 31, 2024, our order book stands at Rs. 8011 Mn, reflecting our strong market position and our customers' trust in us. The robust order pipeline gives us confidence in our future growth prospects.

Conclusion

As we look to the future, we remain committed to driving growth through innovation, operational excellence, and strategic partnerships through Collaborations / Joint Ventures. Our vision is to become a leading technology-driven product manufacturing company, delivering high-quality solutions to our customers worldwide.

I want to thank our dedicated employees, valued customers and vendors, bankers and all stakeholders for their unwavering support. Together, we will continue to set new benchmarks and achieve greater heights.

Thank you for your continued trust and confidence in DCX Systems Limited.

Sincerely,

Dr. H.S. Raghavendra Rao

Chairman & Managing Director
DCX Systems Limited