



## TRANSCRIPT OF THE 13TH ANNUAL GENERAL MEETING OF DCX SYSTEMS LIMITED

—  
HELD ON SEPTEMBER 26, 2024 AT 2.30 P.M. (IST) THROUGH 'VC/OAVM'

**Moderator:** Now, I hand over the proceedings to the Company Secretary. Over to you, Sir.

**Gurumurthy Hegde, Company Secretary:** Good afternoon, everyone, I Gurumurthy Hegde, Company Secretary, Legal and Compliance Officer of DCX Systems Limited, welcome you all to the 13th Annual General Meeting of the Company and I appreciate your interest in being with us today.

I hereby confirm that quorum is present.

The 13th Annual General Meeting of the Company is being held through video conference or other audio-visual means mode, pursuant to the provisions of the Company's Act 2013 and SEBI regulations.

I would like to take you through certain points regarding participation in this meeting.

The facility of joining the AGM through video conference or other audio-video mode is being made available for the members on a first-come, first-serve basis. To avoid any background noise and to ensure the smooth conduct of the meeting, all the members who have joined will be placed on mute mode by the host. Once the question-and-answer session starts, the host will announce the names of the shareholders who have registered as speaker-shareholders. Subsequently, they will be unmuted by the host. The speaker-shareholders are advised to put the video on while speaking. If the speaker-shareholders are unable to speak using video mode, he may speak using audio mode with earphones on. If there is any connectivity problem at the speaker's end, we would ask the next speaker to join. We would like to request speaker-shareholders to kindly restrict their speech to 3-4 minutes.

During the proceedings of the AGM, if a member faces any technical issues, he may contact the helpline number mentioned in the notice of the AGM. The company has taken the requisite steps to allow members to cast their votes on items being considered at this AGM. Since there is no physical attendance of members, the appointment of proxies is not applicable.

Register of Directors and KMP, Register of Contacts, and other documents as required under the Companies Act 2013 are kept open and accessible for electronic inspection



on our website during the continuation of the meeting. The notice convening this AGM along with the audited financial statements, board's report, and auditor's report for FY 2023-24 have been circulated to everyone in advance and are also available on the website of the company. With your permission, I shall take them as read. The reports from statutory auditors and secretarial auditors do not have qualifications, observations, or comments. Therefore, these reports are not required to be read out in the meeting. Members who have not voted using remote voting can cast their vote during the meeting and voting will close after 30 minutes from the conclusion of the meeting.

With this, I now hand over the proceedings of the meeting to the Chairman. Over to Chairman Sir.

**Dr. H S Raghavendra Rao, Chairman and Managing Director:**

ಮೊದಲಿಗೆ ನನ್ನ ಆರಾಧ್ಯ ದೇವರಾದ ಪಾರ್ವತಿ ಸಮೇತ ಶ್ರೀ ಶ್ರೀಕಂಠೇಶ್ವರ ಸ್ವಾಮಿ ಹಾಗೂ ಶ್ರೀ ಗುರು ರಾಘವೇಂದ್ರ ಸ್ವಾಮಿಗಳವರಿಗೆ ನನ್ನ ಹೃದಯ ಪೂರಕವಾದ ನಮಸ್ಕಾರಗಳನ್ನು ಸಲ್ಲಿಸುತ್ತಾ ಹಾಗೂ ತಮ್ಮೆಲ್ಲರಿಗೂ ಆಯುರ್ ಆರೋಗ್ಯ ಐಶ್ವರ್ಯ ನೀಡಲೆಂದು ದೇವರು ಹಾಗೂ ಗುರುಗಳಲ್ಲಿ ಪ್ರಾರ್ಥಿಸಿಕೊಂಡು DCX ನ ಈ 13 ನೇಯ AGM ಗೆ ತಮ್ಮೆಲ್ಲರಿಗೂ ಹಾರ್ದಿಕ ಸುಸ್ವಾಗತವನ್ನು ಬಯಸುತ್ತಾ ಈ ಸಭೆಯನ್ನು ಪ್ರಾರಂಭಿಸುತ್ತಿದ್ದೇನೆ.

Thank you, Gurumurthy and good afternoon, everyone. I extend my hearty welcome to all of you on the 13th AGM of DCX. Since the quorum is present, I call the meeting to order.

Now, I take the privilege of welcoming our Board Members:

1. Mr. Neal Castleman, Non-Executive Director
2. Mr. Diwakaraiah N J, Additional Executive Director and CFO
3. Mr. K. Chandrasekaran, Independent Director, Chairman of the Audit Committee and CSR Committee
4. Ms. Lathika Pai, Independent Director and Chairperson of the CSR Committee
5. Mr. P. Nagabushan, Additional Independent Director and Chairperson of the NR Committee.

Also, I am welcoming Shivakumar, our VP of Operation, Pramod, Anand, Prasanna and Mr. Abhijit, Senior DGMs and our Auditor, Statutory Auditor, Mr. Pradeep Shetty, NBS & Co., Mr. Navin, our Internal Auditor, CS Pramod, Secretarial Auditor, Harsha H.M., our Legal Advisor from Unilegal. Also Mr. Shankar Krishna, our Advisor.



Ladies and Gentlemen,

It is my pleasure to extend a warm welcome to all our shareholders joining us for this 13th AGM. I sincerely thank each of you having your trust in the company and its business. Your confidence encourages our effort, inspiring us to continue evolving and enhancing our operation while starting, staying adapted to the needs of customers and excited about this opportunity and the light ahead and look forward to sharing our future success with you.

Our company commenced its journey in 2011, initially focusing on cable and wire harness manufacturing. From this modest beginning, we have rapidly evolved into the leading and preferred Indian partner for foreign OEMs for developing electronic systems, defence and aerospace applications. This transformation has been achieved through our unwavering commitment, quality, efficient supply chain management and timely deliverables, strengthening our reputation with a global defence OEM. Today, this proud legacy drives the DCX team to remain dedicated to meeting the expanding needs and aspirations of the defence and aerospace sectors in India and globally.

At DCX, we have built a strong relationship with Israeli defence companies over the past decade and focusing to serve as a key partner for India, US and European OEMs. For a strong foothold delivering a broad range of aerospace and defence products, our global procurement network ensures cost efficiency and robust supply chain management. We excel in full turnkey solutions for manufacturing electronic systems and using asset-light models to manage the capex. As we shift towards the product focus strategy, we are committed to leveraging TOT technology transfer and collaboration for the Make in India initiative to address diverse needs across defence and aerospace, railway and medical sectors as well.

I like to share with you all the various milestones achieved by our company in the financial year 2024. We achieved revenue from the operation of Rs. 1,423 crores. We successfully completed a Rs. 500 crore QIP in January 2024. We have progressed with ELTA DCX JV NIART Systems limited for the obstacle detection solutions based on the radar and optic technology for the railway industry, wherein successful demonstration and installation for the first system is completed. We expect the start of the operation to come to this system soon.

Now, I will call upon Mr. Abhijit, our business development head to brief you on this product. Abhijit, please go ahead.



**Abhijit Kashyap, Head of Business Development:** Thank you, Sir. DCX Systems Limited and IALTA had signed a path-breaking historical technology JV for railway safety and founded a company in Israel named NIART Systems Limited, which is a smart mobility creation with a focus on the railway sector. NIART is developing the world's first cutting-edge system for long-range obstacle detection, delivering an onboard locomotive solution that operates reliably in all weather conditions. The partnership between ELTA Systems and India's publicly listed company DCX Systems Limited is positioned to lead the global shift towards automated railways, significantly improving safety, reliability and operational efficiency.

Each year, thousands of train accidents occur globally due to collisions and hazards on the tracks, resulting in human casualties, infrastructural damage and substantial disruptions to rail traffic, leading to significant financial losses. The adoption of systems that protect passenger and freight trains from such hazards will significantly enhance rail safety and minimize service disruptions. Train delays cost operators millions in lost revenue and create significant disruptions to supply chains and national economies.

These delays often result from severe weather conditions such as heavy fog, rain or snow that force trains to slow down, creating widespread network disruptions. Most existing obstacle detection solutions rely solely on optical sensors, which are highly sensitive to weather conditions and fail in low visibility environments, leaving trains effectively blind to potential hazards requiring speed reductions or a complete halt.

Now, the innovative technology developed by ELTA integrates advanced digital radar based on autonomous vehicle technology with multispectral electro-optical sensors to deliver a comprehensive and reliable perception system.

NIART system can detect obstacles including vehicles, boulders, animals and people up to 1.2 kms away in any weather or visibility conditions. This driver assistance system provides real-time alerts and actionable insights, enabling locomotive drivers to brake safely in response to detect hazards. Furthermore, the system automatically detects railway signals and signs alerting the driver in advance.

Looking ahead, NIART's perception system will be integrated with additional locomotive digital systems, playing a critical role in the transition to autonomous train operations and driverless trains.

IAI-ELTA group is a world leader in the development and production of radar technologies and situation awareness solutions. Now, this expertise is being adapted to meet the challenges of the railway industry. Operating in automotive frequency, NIART's proprietary radar incorporates classical signal and computer vision processing algorithms alongside advanced AI and deep learning methods delivering unrivaled



detection reliability and minimizing false alarms, making railways smarter, safer and more efficient than before. NIART has already demonstrated its capabilities on real-world railways. Over the past year, the system has been successfully proven and deployed on the first client's locomotives, with additional trials conducted globally.

Notably, a landmark collaboration with the global railway leader ALSTOM Corporate in the Netherlands has successfully demonstrated fully autonomous locomotive operation based on NIART's perception system.

The TRI-NETRA project pioneering all-way, all-weather safety solutions for Indian railways: India's rail network faces significant safety challenges due to harsh weather conditions and diverse terrain. Malicious individuals can place iron poles, explosives or other dangerous objects on the tracks, threatening the safety of hundreds of passengers. To address these challenges, the TRI-NETRA, that is, (Terrain Imaging for Drivers, Infrared Enhanced Optical and Radar Assisted) Project was launched by Indian Railways with the goal of significantly enhancing train safety, particularly in low visibility conditions caused by dense fog, heavy rain and dust storms. SEEFAR is a key component of this project, assessing train drivers by providing real-time information about obstacles and hazards on tracks, long before they pose a threat to operations.

TRI-NETRA aims to drastically reduce the risk of accidents, prevent train delays and improve the overall efficiency of the rail network by ensuring continuous and safe operation in all weather. As part of Indian Railways' broader modernization efforts, the successful deployment of SEEFAR under TRI-NETRA will set a new benchmark in rail safety, making India a global leader in innovative railway technology.

As a leader in aerospace innovation, IAI-ELTA is now bringing its cutting-edge technologies to the civilian sector. The collaboration with DCX Systems and the creation of NIART are aimed at saving lives and transforming the future of rail travel. NIART allows us to harness decades of technological expertise to meet the world's growing demand for smart, efficient transportation solutions. In an era of increasing urbanization, population growth and road conditions, the need for advanced mobility solutions has never been greater. By combining artificial intelligence, big data and a wide range of sensor technologies, we are paving the way for a safer, faster and more connected future. Thank you all. Raghu Sir, over to you for further discussions.

**Dr. H S Raghavendra Rao:** Thank you, Abhijit. I am happy to share that your company achieved recognition as a four-star export house during FY24 from the Government of India. We entered into a supply and service agreement with Israel Aerospace Industries Service, providing limited MRO as a spare part and electronic components.



We are happy to share that our wholly owned subsidiary, Raneal Advanced Systems, commenced its commercial production and achieved a revenue of about Rs. 235 crores in FY24. Further, we are proud to inform you that our Raneal received a prestigious industrial license from the Government of India for manufacturing of high-classified and sensitive products under the category A security level as per the MoD Security Manual.

**Recent purchase orders:** In the recent past, we received an order of about Rs. 2,000 crores from domestic and overseas customers, and it is to be executed over the next 12 to 24 months. This includes orders from notable names like Larsen & Turbo and Elta Systems, Israel.

**Looking ahead:** DCX Systems is focused on advanced technology and business expansion. Our investment in Raneal Advanced Systems for PCB assembly supports our growth apart from the defence and aerospace targeting sectors like medical, railway, and electronics. We are well-positioned to capitalize on global defence modernization and increased spending. Additionally, we are committed to the Make in India initiative by seeking the technology transfer and collaboration with foreign reputed OEMs. This will help introduce advanced technology, reduce import dependency, and contribute to the nation's for self-reliance goals.

DCX has strengthened its board and senior management, enhancing our senior leadership team to drive the next phase of our growth. We remain committed to uphold the highest standard of corporate governance and transparency to raise long-term value creation. The Indian economy is one of the fastest-growing in the world. Government's reforms and initiatives have laid a robust foundation for achieving the goal of becoming a US\$ 5 trillion economy in the upcoming years.

As we conclude, I extend my heartfelt thanks for our Board of Directors, Employees, Customers, Bankers, Auditors, Legal Advisors, and Suppliers for their unwavering support and dedication. We appreciate your continued support for all our stakeholders which has been crucial in overcoming challenges we are supposed to capture exciting opportunities ahead and remain focused on delivering remarkable value for all.

Before I conclude my address, I would like to express my condolence to the family and friends of our past Independent Director, Shri Nagashayana, who left us for his heavenly journey on 8th July 2024. Shri Nagashayana was a good friend and guide for our company as his early death has been a great loss to the DCX and family. I pray to God to give him Moksha. Om Shri Narayana Namah.

Now I invite Mr. Diwakaraiah N J, CFO of the company to take through the financial overview of the company. Namaste, Jai Hind, Jai Bharat.



**Diwakaraiah N J, CFO:** Thank you, Sir. And a very special thank you to all our shareholders and directors for taking the time to be with us today. I am very happy to present the financial report of the company for the year ended 31st March 2024. First, I will take you through **the standalone details**.

In FY24, our company achieved a turnover of Rs. 1,423 crores, making a 13.59% increase from Rs. 1,253 crores achieved in the previous year. Our EBIT also saw a significant rise to Rs. 113 crores up by 1.93% from Rs. 111 crores achieved in FY23. Profit after tax at Rs. 68 crores was comparable to Rs. 72 crores achieved during the last year. Additionally, we successfully reduced our net debt by 46.39%, bringing it down to Rs. 265 crores from Rs. 500 crores, which was recorded as on 31st March 2023.

**On a consolidated basis**, in FY24, our company achieved a revenue of Rs. 1,423 crores, making a 13.59% increase from Rs. 1,253 crores achieved in the previous year. Our EBIT also saw a significant rise to Rs. 124 crores up by 11.68% from Rs. 111 crores in FY23. Profit after tax grew by 5.72%, reaching Rs.75 crores compared to Rs.71 crores, which was in FY23. Our financial health has further strengthened, with current assets improving to Rs. 1,750 crores from Rs. 1,180 crores, resulting in a current assets ratio increased to 2.57. The net worth of the company has doubled to Rs. 1,119 crores, enhancing our debt-to-equity ratio to a robust 0.24 from 0.89.

As you are aware, we successfully completed a Rs. 500 crore QIP in January 2024, issuing 1,46,62,756 equity shares at Rs. 341 each, with proceeds allocated to invest Rs. 209 crore in NIART Systems Ltd., Rs. 200 crore in joint ventures and subsidiaries, and Rs. 77 crores for corporate expenditure, net of issue expenses. Out of the above proceeds, as of today, we have invested approximately Rs. 125.75 crores in NIART Systems Ltd. and incurred about Rs. 12.4 crores towards issue expenses. The balance amount of Rs. 361.7 crores is unutilized and has been parked in fixed deposits with banks. These results reflect our strong financial performance and strategic management over the past year.

We are now open to any questions you may have. I am handing it over back to the Company Secretary. Back to you, Gurumurthy.

**Gurumurthy Hegde:** Thank you, Chairman Sir, CFO Sir, and Mr. Abhijit. The resolutions have been voted on through remote e-voting. Therefore, as provided in the Secular Standards on General Meetings, there will be no proposing and seconding of resolutions. With your permission, I will now take up the resolutions which require the shareholders' approval. The objective and necessary explanations are provided in the Explanatory Statement of the AGM Notice and Corrigendum to the AGM Notice. The resolutions forming part of the Notice are:





**Ordinary business:**

1. To consider and adopt the stand-alone and consolidated financial statements of the Company for the financial year ended March 31, 2024, together with reports of the Board of Directors and Auditors thereon, will be passed as an Ordinary Resolution.

2. Appointment of Mr. Neal Jeremy Castleman as a Non-Executive, Non-Independent Director who retires by rotation and being eligible, offers himself for reappointment, will be passed as a Special Business Resolution.

**Special business:**

3. The appointment of Mr. Diwakaraiah Neriga Jagannatheshwara as an Executive Director of the Company and approval of payment of remuneration, will be passed as an Ordinary Resolution.

4. Appointment of Mr. Prakash Nagbhushan as an Independent Director of the Company, will be passed as a Special Resolution.

I would like to inform you that, pursuant to the provisions of Section 108 of the Company Act, 2013, the Company had provided a remote e-voting facility to vote between Sunday, 22nd September 2024 from 9 a.m. to Wednesday, 25th September 2024 up to 5 p.m. Indian Standard Time to the members holding shares as on the cut-off date of 19th September 2024.

Mr. Pramod S., Practicing Company Secretary was appointed as scrutiniser to conduct the e-voting process in a fair and transparent manner. Their decision will be final with regard to the validity and results of the voting through remote e-voting and e-voting during the meeting.

On the receipt of the final report from the scrutiniser, the results of the voting along with remote e-voting will be announced within two working days of the conclusion of the meeting. The results of voting will be placed on the website of the Company once they are declared and also filed with respective stock exchanges.

We now move on to our discussions with shareholders who have registered themselves as speakers with the Company to raise their queries or to share their views on any item of the AGM notice or on the financial statements for the financial year 2023-24.

Further, the shareholders who have not registered themselves and who would like to express their views or raise questions can write to the company at [cs@dcxindia.com](mailto:cs@dcxindia.com).





Shareholders who have registered themselves as speakers have received a speaking serial number. Request you to remember this number and start your conversation after your name and serial number is announced. Speakers are requested to unmute their microphone before speaking and also enable their camera if they wish to appear on the video. Speakers are requested to mention their name, DPID and their location.

Kindly restrict your comments to not more than 3-4 minutes so that all speakers may get an opportunity to share their views. Answers to the queries raised by the shareholders will be provided once all the speaker shareholders have spoken. It may be noted that the company may have to limit the number of members asking questions depending on the availability of time at the AGM.

Now the host will invite the speaker shareholders.

**Moderator:** Thank you, Sir. Now I invite our first speaker shareholder, Ms. Akshata Dev. You are in the panel. Please enable your video and you may ask your question.

**Akshata Dev:** Is my voice audible? Yeah, ma'am. You are audible. Okay. So, I have two questions related to the subsidiary and two questions related to the other business. Sorry, not subsidiary, but related party. So, with RNSE Tronics, can you just tell me what it purchases for the company and where does it purchase from? And if they do source TCBs for us, then how will it fare with Raneal? And why hasn't the company been integrated with DCX? If there is any, you know, point behind that.

And working capital of the company used to be negative in 2021-20. And it is now a much larger working capital cycle. So why did that happen? And what are investors expected to keep in mind going forward regarding to this? And my next question is, what efforts have we taken so far with the Indian government to get into the approved vendor list for Indian railways? And do you think how long it would take for us to get in the approved vendor list and get in, you know, production as well for this? Are we competing with Kavach and Kavach products regarding this or is it a complementary product for us? So, these are my questions.

**Moderator:** Thank you, ma'am. Now I invite our second speaker shareholder, Mr. Shekhar Mundra. Sir, you are in the panel. Please enable your video and you may ask the question.

**Shekhar Mundra:** Hi, am I audible?

**Moderator:** Yes, Sir, you are audible.



**Shekhar Mundra:** So, my first question is with respect to NIART. So, you said Rs. 125 crore has been transferred to NIART. So, what is the utilization of this cash? And eventually, the Rs 250 crore which we intend to spend in NIART, how will it be utilized? Then you said 1.5 kilometre average visual is possible with the system we are building. So, is this sufficient time enough for, you know, the high-speed railways to get a signal and break it and can an obstacle be provided in such a short duration? Can a obstacle collision be avoided in such a short duration? Then what is with respect to Raneal Advanced systems, what is the margin expectation we are expecting from integrating Raneal systems and which are the other products which we can produce in Raneal advanced systems and we got an industrial grant license for Raneal, so what is the opportunity size for this and what kind of products are we planning to make here, you said some sensitive A products, so what kind of opportunity size should we expect here, out of the total raw material cost how much is PCBs specifically and if you could give a breakup of the other raw materials as well. Yeah, with respect to the NIART system, so what kind of geographies are we targeting for this product which we have developed and where did the proto orders come from, what is the update on them? Just a last question, so and has the order book growth been a little slower than what we have expected because we are already doing Rs.1,400- Rs.1,500 crores of revenue, but the order book is something around Rs. 2,500 crores- 3,000 crores, so should we expect a faster order book growth going ahead? Thank you. That's it from my side.

**Moderator:** Thank you, Sir, now I invite our third speaker shareholder Mr. Ayush Gupta, Mr. Ayush Gupta is currently not present in the panel. So, we move further with our fourth speaker shareholder Mr. Priyansh Khandelwal.

**Dr. H S Raghavendra Rao:** Better we will answer otherwise it will be too much.

**Moderator:** Sir, Mr. Priyansh Khandelwal is in the panel.

**Priyansh Khandelwal:** Hello.

**Moderator:** Yes Sir, yes Sir, you have audio.

**Priyansh Khandelwal:** Thanks for the opportunity. Good evening to everyone and everyone in the meeting, good evening to the Chairman and Managing Director. I had a few questions to ask to the management, I wanted to know about the update on the bill of material, that we have been talking about the Israeli government and also as other shareholders also pointed out this RPT with RNSE, I assume, I believe that till FY23 they were much larger than what they were in FY24. So, this related party transactions, what was the rationale behind such high transactions with RNSE and what will it be going forward? Also, wanted to understand something about our associate company DCX



CHOL, which seems to be in a similar line of business as DCX Systems. Wanted to understand what are the differences between the manufacturing capabilities of that company and the products that company provides as compared to our company. Also, if you can speak anything about our order pipeline and any traction on the orders from let say prestigious companies like Lockheed and anything further on orders. That will be all. Thank you.

**Moderator:** Thank you, Sir. Sir, our speaker number 5, Rajendra Sethi, speaker number 6, Manjeet Singh, speaker number 7, Satish Chandra Doshi, speaker number 8, Bhanumati Doshi, speaker number 9, Pratiksha Doshi are not available in the panel. Now, I hand over the proceedings to management. Over to you, Sir.

**Dr. H S Raghavendra Rao:** Let me answer. First of all, thank you so much for the shareholders to ask and join for this call and wishing DCX for success and first let me answer some more similar questions raised and except finance, I will rest of the thing I can able to answer and working capital and other thing our CFO or DGM will going to take care.

And firstly, this regarding related party transaction RNSE Tronics, it is not started 2 years back. This has started RNSE start supplying to DCX from last 7-8 years to be go that. So, why as per the many businesses call where DCX cannot able to import directly because there are special license RNSE owns for the key parts. So, that is the reason we have to go through the as per the business constraint, we need to go through the tier 2 or tier 3 kind of a thing.

And somebody mentioned in 2023, you are doing highest level of revenue, in 24, it has been reduced. Yes, that is true. Because some of the wherever it is possible, now recently as you know, 23-24 we started RANEAL and wherever it is possible and move the licenses easily without any constraint, we start moving away from RNSE to our wholly owned subsidiary to RANEAL to move the business. And I am not telling today, I am going to stop doing RNSE business. That depends on the license and getting a not Indian license, there are many exports license which RNSE holds from long time, which that time was RANEAL was not born. So, that is the reason I cannot tell today that I am going to stop completely, but wherever the new opportunity is coming and RNSE is not going to have a license instead of RNSE, we are pushing all the business to the RANEAL to take the new license. Whichever the earlier license only which we have to do the business through RNSE only that is for the business call, that is number 1.

And somebody asked the question between NIART, our product and Kavach is an entirely different product. Kavach is an entirely different operations and our SEEFAR is a different, it is a collusion system. Kavach is an entirely different system. Ours is an entirely different



system. So, where Kavach is required lot of infrastructure and other thing, ours is a standalone system. Driver can see without any workstations or the station or and maybe Shiva can express more on the Shiva takeover there.

**Shiva Kumar R, VP-Operations:** Thank you, sir. What system? I think some. Thank you. No, no, no. Sorry, sorry for the disturbance. Can you hear me? Hello.

**Dr. H S Raghavendra Rao:** Go ahead Shiva.

**Shiva Kumar R:** Yeah, actually Kavach is a head on collision avoidance system where if the 2 locos are running on the same track, so it will want to detect and avoid the collusion, alert the driver and even put the auto braking so that the train will get stopped and alert the driver. And in addition to that, there are additional features like signalling detection, and all those stuffs. Whereas our SEEFAR system, it is not a head-on collision kind of a thing. It can detect any obstacle on the track. It need not to be any other locomotive coming from the other side. So, it can detect any objects. It could be a fallen tree, or it could be a vehicle breakdown, or it can be a person who is obstructing the path, or anything, in all weather conditions. So, it is not limited to only the daylight kind of things. So, in all weather conditions, day, night, whether it is a rainy season or heavy fog season. So, irrespective of the situation, it can detect an obstacle and alert the driver. So, this is what exactly the SEEFAR is about. It is not exactly a comparison with Kavach. So, these are entirely different solutions. However, these requirements are laid out and requested by RDSO specifically. And based on the RDSO's specifications, these are being developed, and improving, and giving the demonstrations.

And, I think one more shareholder also asked about whether 1.5 kilometer is sufficient to apply the brakes. Yes, because there has been a study conducted, and even RDSO itself has stipulated the requirements, and all the complete technical and other requirements. And, based on their requirements, the studies have been conducted, and it is sufficient. So, it is purely based on railways and RDSO requirement. These products have been developed. And also, they already have the orders from, proto orders from the railways, and it's already, systems have been developed and implemented. Demonstrations have been conducted, and the officers are very happy with the performance of the systems. So, it is fully meeting the requirements of the RDSO. And going forward, there will be more trials, and more additional features are being implemented in the due course.

So, this, I just wanted to tell you about the NIART, and the technology, and the products.

**Dr. H S Raghavendra Rao:** And regarding, somebody asked about the question, what is the question? The tendering and approval, something like that. See, presently, this



product, as per our knowledge, and this product, what we have jointly developed by ELTA, presently, this is the only company in the world, not in India. It has developed this product. There is no product near to this technology. And there is no tender, or no approval is required.

Only we need to give a lot of demos, all the tests are happening from last two, three years, based on the railway authority. And how do we get into commercial business? Once we have a demo ready, Government of India, or globally, they are to float an inquiry. We need to bid, and win the order, and start moving it. So, we don't have any date from the Government of India, railway department, when they are floating inquiry, and all, we are not having any idea. But this technology, what we are having a JV with ELTA, it is not only for India, it's a global technology, and our strong business development team is working with many other countries. There are, we are expecting some big inquiry, from the upcoming days. That's what I can mention in this time.

And regarding, the next question was, Raneal Advance System. It is a state-of-the-art facility. It is a class three facility, built by DCX, 100% subsidiary. Present situation is approved by many big OEMs, including the Indian defence Companies, and private sectors, also the world leaders of foreign defence companies. I think we have about 20-25 customer, world leaders have been approved, and qualified our facility. And it is not only restricted to do only, but also a common facility, and the class three, of course, there are high-end equipment. There is a difference between class two and class three. Class two is a general, where we can do some lighting product, and small LED program. Those things, it will not going to work here. It's all class three program, high-end machinery we put. And yes, even though I can do from matchbox to aeroplane facility, the electronic assembly can be do it in, and it is not restricted only for aerospace and defence, or railway, or medical. But we don't want to go to the, like general small market, where our standardized to maintain only aerospace, and defence railways, and the medical, where we can see a good amount of orders, and the uniqueness will be created there. So, if requirement comes, we don't mind doing the productionize and start doing. This is not only restricted for aerospace and defence. This can be do anything. This line can be taken over for any, the normal process of PCB assembly can be taken over.

Regarding margin improvement, that's the main object. Because somebody asked, what is the percentage of your revenue versus? 90, 80%- 85% to 90% is my PCB cost. The overall, suppose I produce US\$ 100 product, my PCB assembly cost is about 80, 85%, and rest is mechanical and other charges. So PCB is the electronics is the heart of the program, where we have more value, highest value. That's the reason DCX decided to start its own facility, because my major buyout is the PCB on this thing. And definitely why we had done that, the two reason we started running. One is to have complete supply chain control, and our own facility, because PCB is the key, and we don't want to face



any rejection, or delay in production to improve our supply chain, so that we can deliver on time product. Secondly, the margin improvement, whatever we pay to outside EMS guys, so that that can be capitalized in the company, so that our DCX book margin is going to increase. Also, we can show customer, hey, look here, we have a complete solution, we can do cable and wire harness, we can do PCB assembly, we can do box build assembly. So customer, some of the key, very sensitive product, what we are making it, which we have all the licenses and everything. So, some people, some customer, they don't want to go out of their product for a small, small thing, like PCB assembly going out, sharing the data, is a mainly on the IP security. So that customer is mainly satisfied. Once we have our own facility, they are comfortable, so that we can ask more business from them. This is the concept.

Secondly, mainly industrial license, you know, in the, the industrial license is issued by the Commerce Ministry, and they have a two category. One is class B, that a medium range of security. Class A category is the very high end category, and which, where we are authorized to manufacturing very sensitive in nature. Like presently we have taken a license of manufacturing of electronic warfare system, high end radars, and some of the other, where I cannot be able to tell you the whole product, but mainly on the sensitive product, where we can able to manufacture, and start supplying, and also we can do under the very sensitive MRO business too. So, this is the question.

And what is the next question? Okay, the opportunity, there is no such opportunity, like I cannot tell you when I taken a license that we cannot define, because what we received is a very, very prestigious, and very critical license for any company in India to do defence manufacturing, especially on the class A category. So opportunity is very big, because now make in India program, they are looking for a 60% make in India. So, if I have a license, the foreign party where I can easily transfer of technology, because we are under the fully secured environment.

This is a big advantage. Now in the quantum, and see any classified item is very expensive, compared to non-classified, as classified items are very expensive. Seeing all this thing, we have taken this. Luckily, we are able to take this license within nine months on the period. So we are on it, on the going for a big way in RANEAL and DCX. That's the main criteria of this license.

And secondly, I'm seeing my order book, I'm very happy as a managing director, and majority shareholder, even though my almost my two times order revenue is in my hand today. So, it is not like we are taking order for a Rs. 2000 crore- Rs. 2500 crore order book is not a small thing in my knowledge. Of course, pipeline is very good. We are on the very good pathway where I mentioned the earning call also. Visibility is fantastic. Unfortunately, due to many reasons, I couldn't be able to disclose my, what is my





pipeline order, but it's a very healthy pipeline order. And the order book is swells. I can say every month or this thing, once it is there, we're going to announce it. And in the, as a Chairman and the majority shareholder holding this thing, and I'm very happy about the my business development team, where we are almost, we are giving a news to every week for whether a small order or a big order. I'm very confident that we'll have more pipeline order and our revenue start building more. And, we are also improving our PAT level, increase the business level. And once NIART starts commercial program, now Raneal started commercial program. Finally, everything consolidated to DCX book and our margin definitely, it'll get increased. That's what I want to highlight and anything I need to cover.

Regarding DCX CHOL, DCX CHOL is a 40 years old company and is a purely aerospace and defence company. They are located in California. They are working about 40-50 people. They have a very dedicated, they are not supplying to anything to India or something. They are supplying to US government and some of the key player in US. The basically they have a three vertical of business. One is they do cable and wire harness, where this called a only for a defence where they cannot outsource outside India. They do the high-end cable, underwater cable they do, not on the ground level. They do this specialty in doing DCX CHOL is underwater cable like submarines, ships, those things. Also, they do a very high end milligrade connectors, which we are not doing it, is their own patented program, which they do the milligrade connector they'll do for the leg circular connector, right angle connector. Also, we buy from them some of the connector, critical connector, we buy from them. And thirdly, they do for the very high-end backplane assembly for a difference application.

So, similar business, but only thing is extra is they do cable. They do the connector; anyway I'm not doing the backplane is from 30 years they're doing. So, this is the background of business and there is no conflict of business this thing. In fact, that is our strength to get a on-time connectors and some of the very good price compared to the market price. I'm going to get that advantage. I think I covered everything, anything else. And the working capital limit, Prasanna or Jagdish or?

NIART Utilization, Okay, NIART Utilization, actually we supposed to invest not Rs. 250 crores. We supposed to invest USD 10 million, totally Rs. 209 crores. In the, there is a scheduled payment, the mention in the agreement. First, we paid USD 10 million. Recently we paid 5.5, 5.2 something. And there's a scheduled payment goes. The utilization of fund is about totally Rs. 210 crore in NIART is purely on the working capital and the R&D and other marketing expenditures. This is what the defined in the JV agreement. The majority is a majority going on a working capital. R&D anyway, once you start that manufactured company, you cannot keep quiet and keep on doing the R&D.





There are some small portion of R&D goes. Next is a day-to-day running expenditure for that company.

And, also, the majority money goes on the working capital. And not only for SEEFAR program and we are, now we have a demonstration very well in the ALSTOM, which my colleague mentioned. So we have autonomous vehicle. Now TRI-NETRA is a different, the same platform we are changing the algorithm and they were based on the customer requirement. We are developing new thing in the ALSTOM program, where is autonomous vehicles. And we have some more demand from the Brazil where we are doing some other program. This R&D is a lifelong activity. Keep on doing that, that we are doing it.

So, secondly, utilization fund and paid money and only working capital, of course, maybe Diwakaraiah our CFO or Prasanna can take over.

Guys, please answer it.

**Diwakaraiah N J:** Thank you, Dr. Rao. We had two questions pertaining to the finance. Wherein for one question was pertaining to utilization of funds in NIART Systems, which has been clarified by CMD right now. I'm sure that you people have cleared. But to make it very clear, we had paid Rs. 80 crores earlier and another Rs. 45 crores recently. Most of this is pertaining to basically the payment is as per the agreement which we have entered into with NIART, with the JV agreement. And most of it is towards the intangibles which we'll be going to.

Second point is regarding the working capital. On the working capital front, I would like to say that this being, it's a project specific working capital. What happens is that basically we, depending on the project, we need to enter into a lot of discussions with our suppliers as well as our customers. So, depending on this supplier to supplier, it changes and customers to customer, vendor to vendor, it changes. Considering this, we'll not be able to give you a one kind of a line kind of a thing saying that this will be the working capital. But I can say that this working capital is well within the limits, and we are going ahead with that. Thank you. You can take it back, Mr. Gurmurthy.

**Gurumurthy Hegde:** Thank you, Chairman Sir, CFO Sir and Shiv Kumar Sir. I trust that we have responded to all the questions and if any more clarifications are required, you are welcome to get in touch with me through [cs@dcxindia.com](mailto:cs@dcxindia.com). As all the items of business as per the AGM notice have been taken up, the proceedings of the AGM have been concluded.

It's 3.28 p.m. and I declare the meeting closed.



The e-voting facility will remain open for the next 30 minutes to enable those members who have not cast their vote and would like to cast their vote. The result will be announced on or before 30th September 2024. And the same would be intimated to stock exchanges and uploaded on the website of the company. I declare the 13th AGM as concluded. Thank you.