



**PRECISION in
PROGRESS**

DCX

DCX Systems Limited

**Investor Presentation
Q2 & H1 FY25**

Indigenise • Integrate • Manufacture

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Q2 & H1 FY25
Financial Highlights

Q2 FY25 Financial Highlights

Particulars (Rs. Crs.)	Standalone					Consolidated
	Q2 FY25	Q2 FY24	Y-o-Y (%)	Q1 FY25	Q-o-Q (%)	Q2 FY25
Revenue from Operations	195.47	309.12	(36.77%)	138.08	41.56%	195.62
Raw Material Expenses	190.00	283.54		134.77		188.92
Employee Cost	3.53	3.08		3.36		5.81
Other Operating expenses (Incl. FX Gain/Loss)	3.16	3.47		3.07		4.70
Total Expenditure (Incl. FX Gain/Loss)	196.69	290.09	(32.20%)	141.20	39.30%	199.42
Other Income	20.36	12.09		16.20		20.00
Depreciation	1.35	0.48		1.31		3.31
EBIT	17.79	30.64	(41.94%)	11.77	51.15%	12.90
EBIT Margin	9.10%	9.91%	(81 bps)	8.52%	58 bps	6.59%
Interest	2.14	6.24		4.91		2.24
Profit Before Tax	15.65	24.40	(35.86%)	6.86	128.13%	10.66
Tax	5.44	3.99		2.35		5.44
Profit After Tax	10.21	20.41	(49.98%)	4.51	126.39%	5.22
PAT Margin	5.22%	6.60%	(138 bps)	3.27%	195 bps	2.67%
Basic EPS*	0.92	2.11		0.40		0.47








* Weighted average number of Shares after allotment to QIB

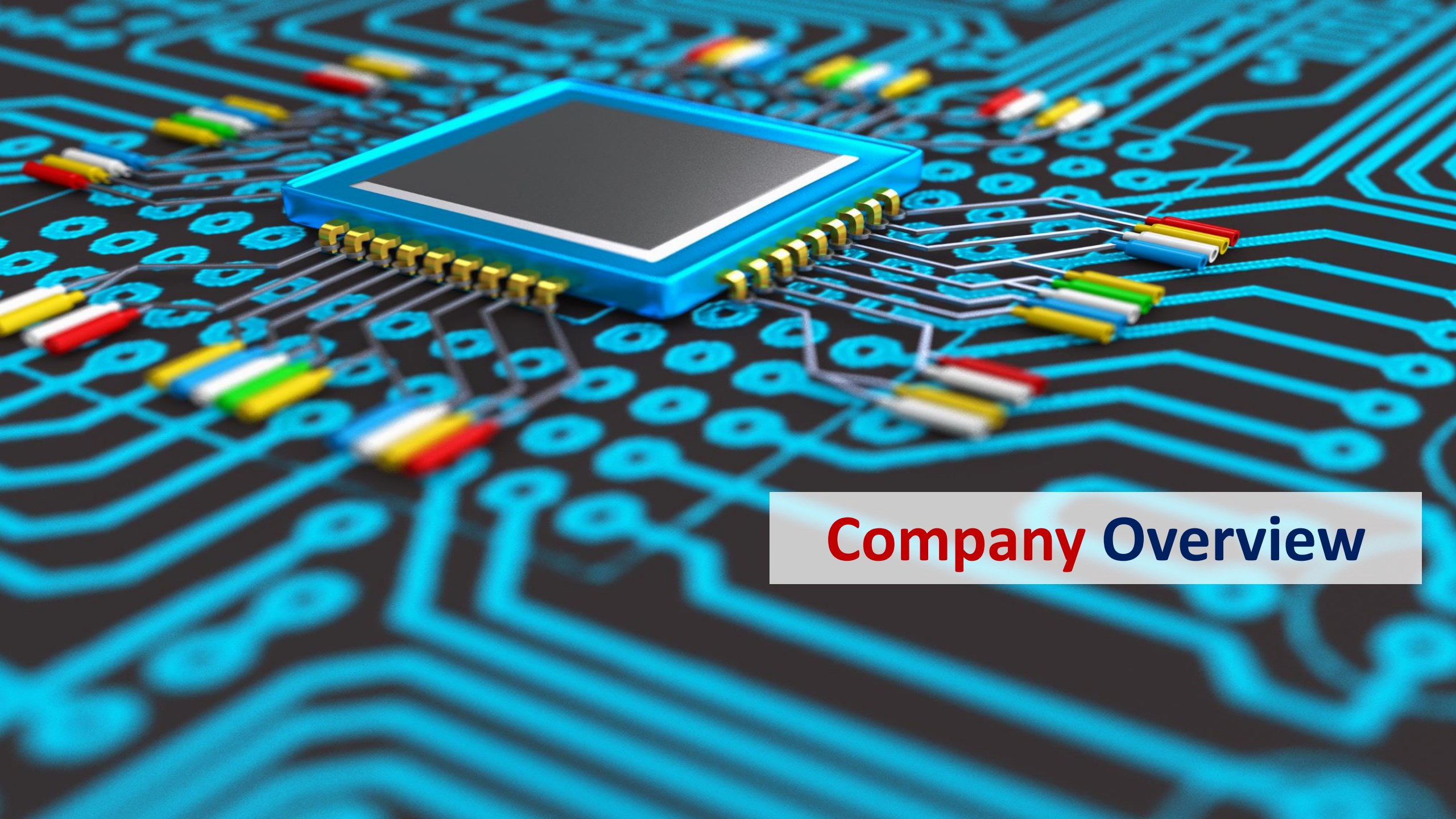
H1 FY25 Financial Highlights

Particulars (Rs. Crs.)	Standalone			Consolidated
	H1 FY25	H1 FY24	Y-o-Y (%)	H1 FY25
Revenue from Operations	333.55	479.23	(30.40%)	333.70
Raw Material Expenses	324.77	440.15		323.32
Employee Cost	6.89	6.07		10.79
Other Operating expenses (Incl. FX Gain/Loss)	6.23	6.09		8.20
Total Expenditure (Incl. FX Gain/Loss)	337.89	452.31	(25.30%)	342.31
Other Income	36.56	23.39		38.32
Depreciation	2.66	0.95		6.12
EBIT	29.56	49.35	(40.10%)	23.60
EBIT Margin	8.86%	10.30%	(144 bps)	7.07%
Interest	7.05	13.18		7.65
Profit Before Tax	22.51	36.17	(37.77%)	15.95
Tax	7.79	5.91		7.79
Profit After Tax	14.72	30.26	(51.35%)	8.16
PAT Margin	4.41%	6.31%	(190 bps)	2.45
Basic EPS*	1.32	3.13		0.73

* Weighted average number of Shares after allotment to QIB

Key Recent Developments

-  DCX received Purchase Order for INR 1,250 Crores from Larsen & Toubro Ltd, India for Manufacture & Supply of Electronic Modules
-  DCX received Purchase Orders worth INR 460.30 crores from Lockheed Martin Global Inc, USA for Supply of Electronic Assemblies
-  DCX received Purchase Order from ELTA Systems Ltd. for Supply of RF Electronic Modules worth INR 154.8 crores
-  DCX received Purchase Orders worth INR 187.3 crores from Overseas Customers for Supply of Electronic Kits.
-  DCX received Purchase Orders worth INR 117.39 crores from Domestic & Overseas Customers for Supply of Electronic Kits and Cable & Wire Harness Assemblies.
-  Our WoS Raneal Advanced Systems received Purchase Order from Lockheed Martin Global Inc, USA worth 379.67 crores to supply Electronic Assemblies
-  Our WoS Raneal Advanced Systems was granted an Industrial License to manufacture Microwave Submodules for missile subsystems, Avionics & Defence Electronic Equipment, and Radar Systems and EW Systems



Company Overview

About Us



- Preferred & largest Indian Partner to Israeli Defence Company, IAI.
- Expanding into other geographies for Indian and Export opportunities
- Collaborating with prominent OEM's for Make-In-India projects



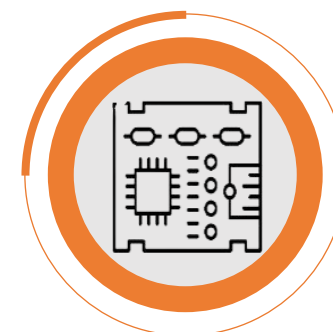
- Diverse mix of domestic & international customers across Israel, US, Korea & India



- 30,000 sq. ft. manufacturing unit, strategically located in SEZ in Bengaluru
- New Raneal EMS 40,000 sq. ft. facility dedicated for EMS



- Unique business model offering end-to-end solutions – cable & wire harness, System Integration & PCB Assembly for Defence & Aerospace sectors



- Expertise in EMS with focus on backward integration in PCBA's through subsidiary, Raneal Advanced Systems – for captive consumption & other markets

Our Journey

2011-12

- Incorporated as private company
- Fulfilled initial deemed export order

2015

- Granted industrial license by Department of Industrial Policy & Promotion, GoI – manufacture items including microwave & electronic components, assembly & testing of microwave modules

2020

- Commissioned new manufacturing facility at Hi-Tech Defence & Aerospace Park SEZ in Bengaluru, Karnataka

2022-23

- Raneal Advanced Systems incorporated as wholly-owned subsidiary, for backward integration into EMS
- Listed on BSE & NSE raising Rs. 400 cr through IPO
- Started Commercial production at Raneal
- Incorporated NIART Systems Ltd – WoS of DCX for Obstacle Detection Solution for railways
- 4 Star Export House – Certificate of recognition

2013

- Completed inaugural deemed export order
- Awarded AS-9100:2016 & ISO 9001:2015 certification by DQS Inc.

2018

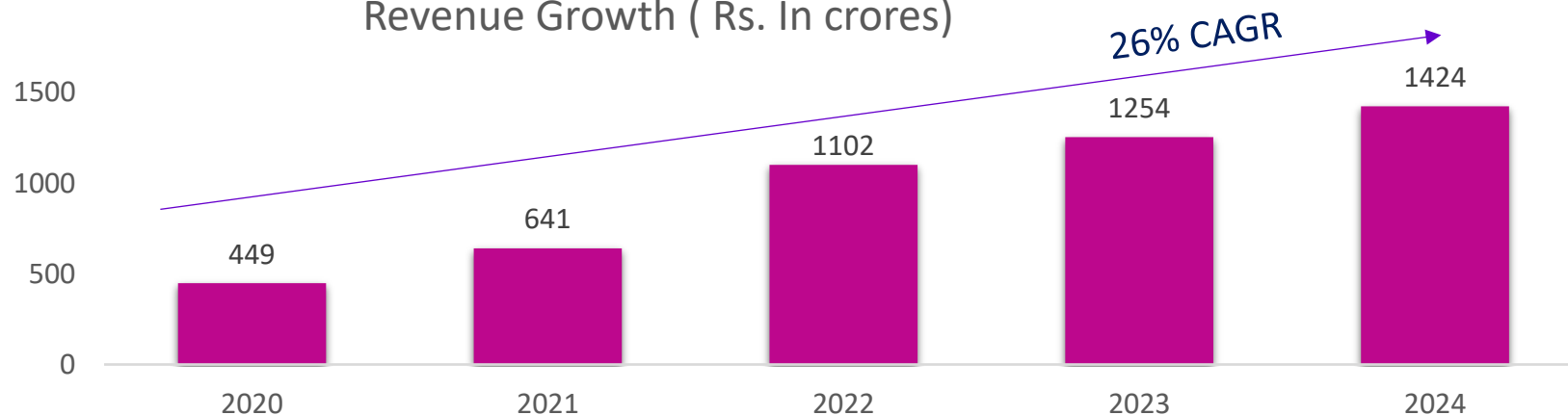
- Granted authorization to export Munitions List items to M/s IAI Elta System, Israel, for end use of Indian Air Force & Navy
- Signed lease deed for 6,070 sq. m. of land in Aerospace SEZ Sector, Hitech, Defence & Aerospace Park.

2023-24

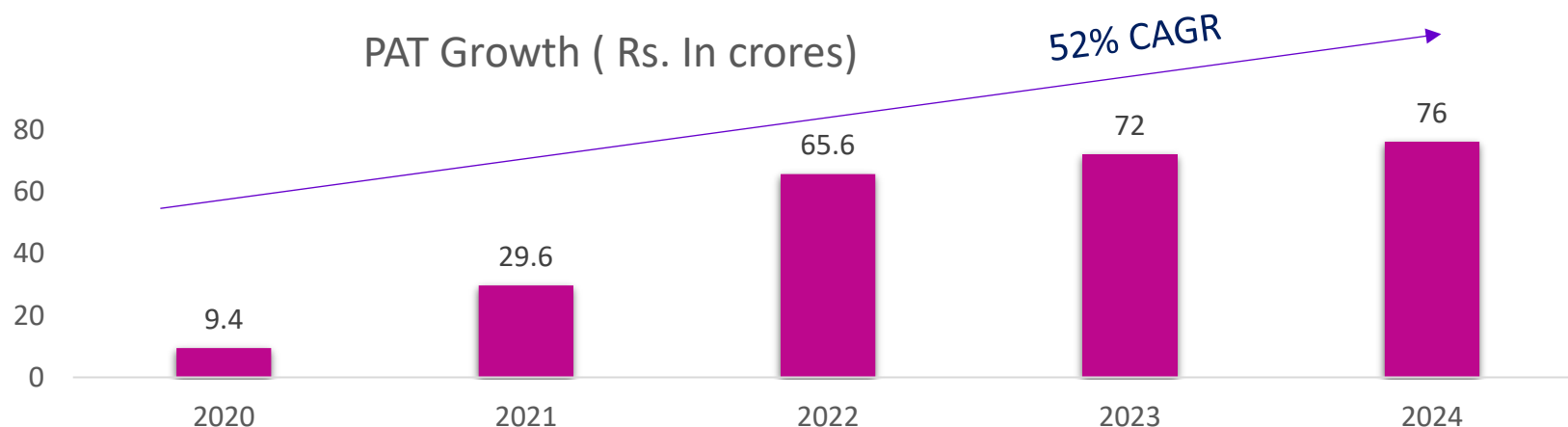
- Successfully completed QIP, raised Rs. 500 cr
- Expanded customer base by adding reputed customers like Lockheed Martin Global Inc, USA, Ametek Inc, Beam Trial, Larsen & Toubro Limited-INDIA and Collins Aerospace-INDIA.
- Bagged Multi-Million Dollar contracts from these new customers.

Consistent Growth

Revenue Growth (Rs. In crores)



PAT Growth (Rs. In crores)



Consistent growth in top line driven by competent & experienced leadership with focused vision and robust execution capabilities.

Healthy CAGR of 26% on revenue growth over the last 5 years

Strong CAGR of 52% in PAT over last 5 years

Order book as of September 30th, 2024 is Rs. 2,164 crores.

The consolidated order book as on 12th Nov 2024 stood at about Rs.3,000 Crores*.

*Includes order book of WoS Raneal Advanced Systems Pvt Ltd

Experienced & Dynamic Leadership



Dr. H.S. Raghavendra Rao | Chairman & Managing Director

- Promoter of Company with over 3 decades of experience in electronics manufacturing, defence & aerospace sectors
- Conferred with Business Leader of the Year award by ET Ascent



"Most Admired Company of the Year"

by ET Ascent



"Business Leader of the Year Award"

by ET Ascent



"Excellence in Defence & Aerospace Award"

by Middy Icons



"Young Entrepreneur of the Year Award"

at the 10th International Achievers Summit



"Excellence Award for Industrial Development"

by the Indian Economic Development and Research Association



"Mahatma Gandhi Samman Award"

by NRI Welfare Society of India

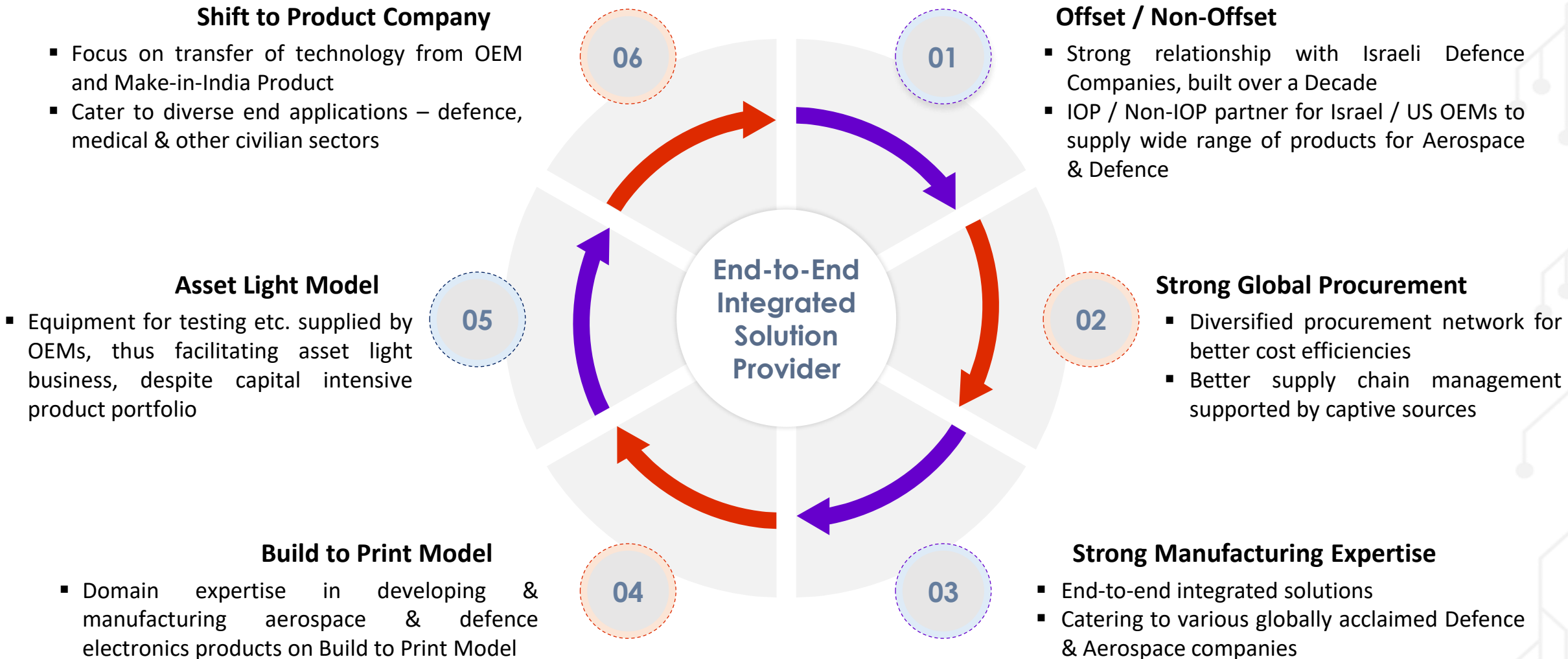
Diwakaraiah N J | Chief Financial Officer

- Education includes LL.B from Karnataka State Law University, CMA from Institute of Cost Accountants of India, and B.Com from Bangalore University
- Over 35 years of experience in Strategy, Planning & Goal setting, Financials, etc.

Shiva Kumara R | Vice President

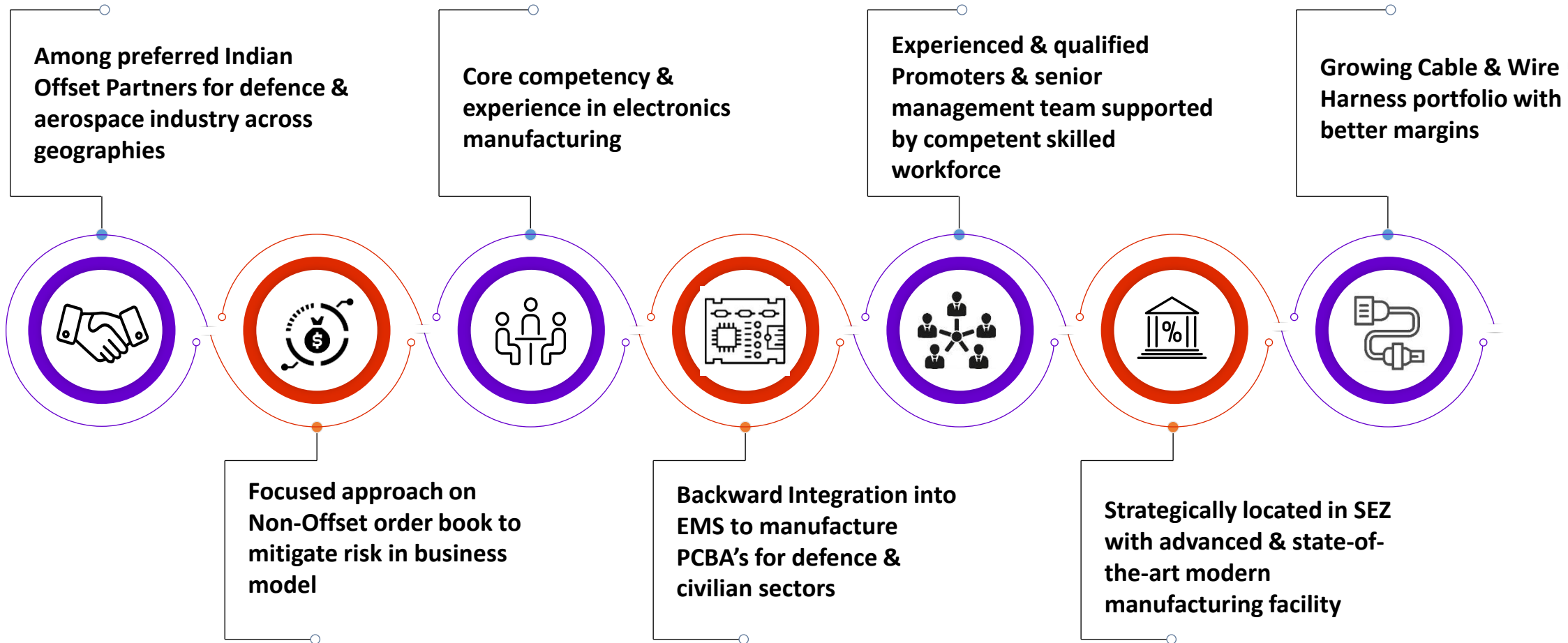
- Holds Bachelor's degree in engineering (Electronics & Communication) from Visveswaraiah Technological University, Belgaum
- Over 23 years of experience in Supply Chain Management

Integrated Business Model



Focus on Technology tie-ups for new product development

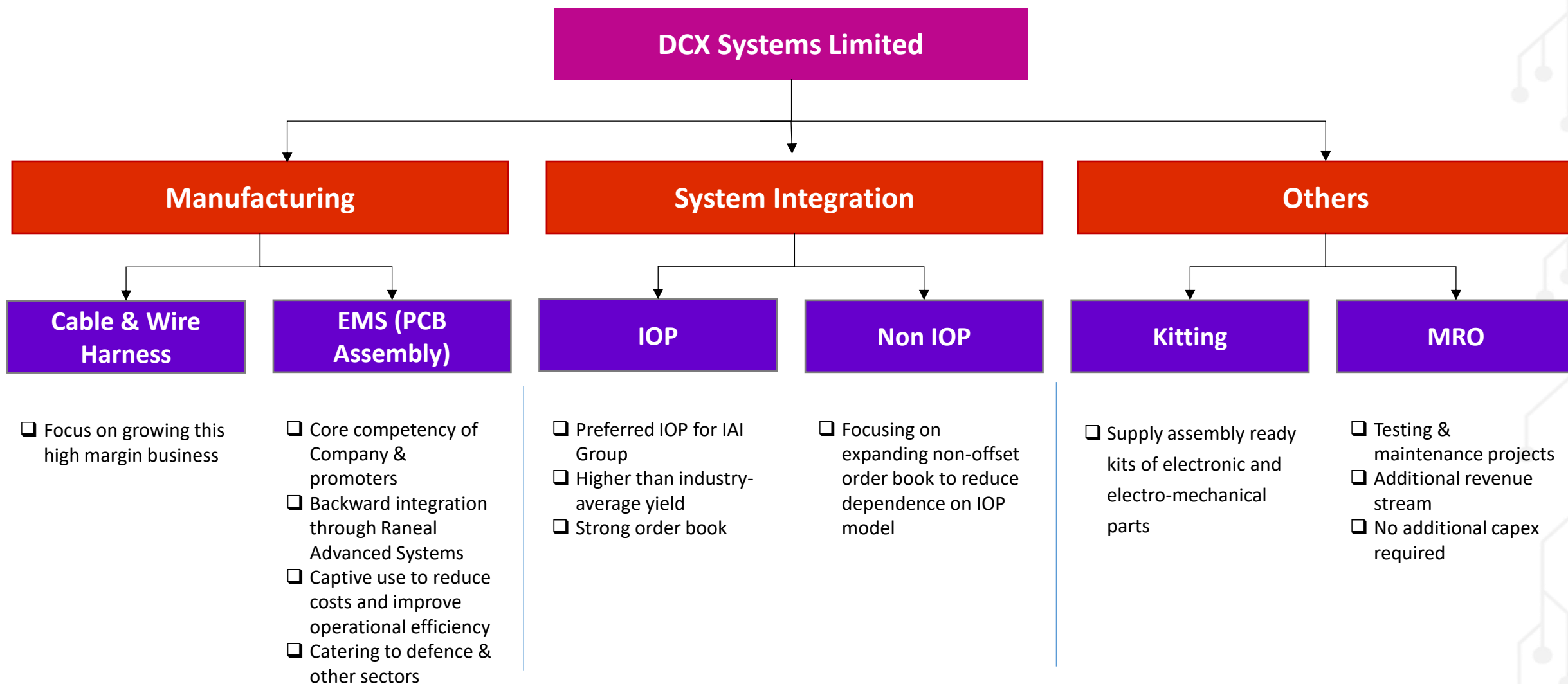
Strong Manufacturing base with Tech-enabled Product Development



A stylized globe of the Earth centered on the Atlantic Ocean, surrounded by glowing blue circuitry and data points. The globe is rendered in shades of blue and purple, with a bright blue glow around its perimeter. The background is a dark blue field filled with glowing blue circuitry lines and circular data points.

Business Overview

Diversified Business Structure



Manufacturing



Cables & Wire Harness

- ❑ Design & development of complex cables & wire harness
- ❑ Cater to electronic warfare & communication systems
- ❑ Established product portfolio covering cables & wire harnesses assemblies, like RF cables, co-axial, mixed signal, power, & data cables
- ❑ Focus on expanding this high-margin business
- ❑ Exploring inorganic growth opportunities

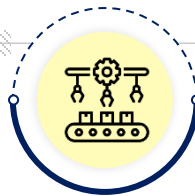
Backward integration into EMS

- ❑ Horizontal integration with PCBA
- ❑ Investing in Raneal Advanced Systems to grow PCBA business
- ❑ For captive use and other markets beyond defence & aerospace
- ❑ **Benefits:**
 - Cost control leading to better margins
 - Optimal utilization of working capital
 - Better control over supply chain management
- ❑ **Potential Opportunities**
 - Defence applications
 - Civilian applications – medical devices, electronics

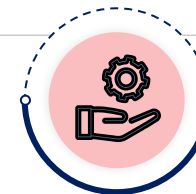


Electronics Manufacturing Services

RANEAL ADVANCED SYSTEMS



- For Manufacturing, Qualification & Life cycle support of high reliability electronic assemblies



- Used in Defence, Aerospace, Industrial Electronics, Medical Electronics etc.
- Captive use as well as exports



- Better cost control
- Supply chain rationalization & resource planning
- Improved top line & profitability

NIART Systems – Railways Opportunity



JV with ELTA Systems

- DCX formed JV with ELTA Systems – named NIART Systems Ltd – to develop obstacle detection solutions
- JV to obtain ToT from ELTA & leverage DCX's manufacturing prowess to offer radar & optics products
- Higher quality products than present industry standard – almost double track visibility upto 1.4 Km
- Target domestic as well as export markets in railway sector

NIART

MOATs / Benefits

- Company benefits from technical know-how from ELTA while leveraging own manufacturing facilities
- NIART will procure SI, Cables & PCBA from DCX
- Overseas tie-up to help facilitate access to global markets

System Integration



- ✘ System integration (SI) services include electronics and electro-mechanical assemblies
- ✘ Covers in-house quality testing, e.g. vibration & environmental stress testing of complex RF products
- ✘ Used in radar, communication, surveillance & missile systems
- ✘ Preferred **IOP partner** for global OEMs for Classified products
- ✘ Focus on penetration into new geographies
- ✘ Better than Industry average Yield
- ✘ International quality standards, execution capability, cost competitiveness, high ethical foundation – leading to increasing **non-IOP projects**
- ✘ Share of non-Offset projects growing from ~15% to ~40% – reducing dependence on offset projects & benefiting margins

Offset Opportunities



- Among largest IOPs for IAI Group, Israel, for Indian defence market
- “Build-to-Print” System Integration and manufacture cable & wire harness assemblies



Electronic Assemblies



Automatic missile detection radars



Unmanned aerial vehicle systems



Barak Systems



Medium range maritime reconnaissance aircraft



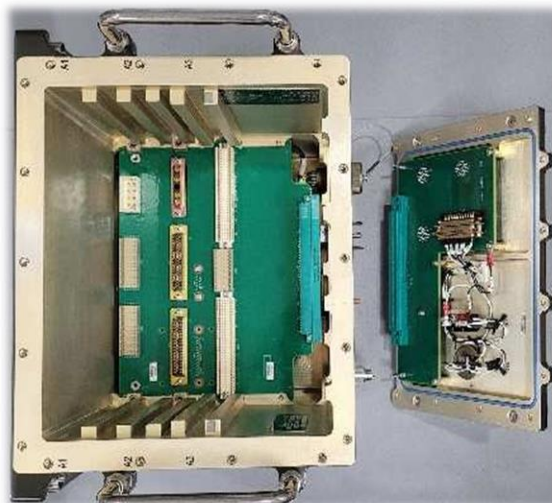
Short range surface to air missile

IOP Capability for



- ❖ AS-9100:2016 certification for quality management systems for aviation, space and defense products manufacturing
- ❖ Defence Industrial License from Ministry of Commerce and Industry for manufacture of key products

Others

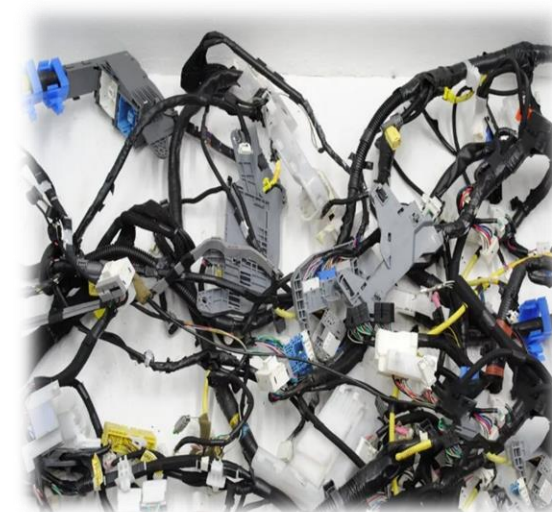


MRO

- ❑ Sizeable opportunity in Maintenance, Repair & Overhaul
- ❑ DCX would be in better position to offer MRO services as it has in-house testing machinery provided by OEMs
- ❑ Additional stream of revenue with better margins
- ❑ No additional capex involved

Kitting

- ❑ Supply assembly ready kits of electronic and electro-mechanical parts
- ❑ Kitting also reduces inventory levels, space requirements, indirect cost and overhead efficiencies



Strong & Increasing Customer-base Supporting DCX



Key Customers



Working closely with clients:

- ✓ For timely execution
- ✓ For 'Just-in-Time' Inventory Management
- ✓ To improve quality of raw materials supplied

Operational Efficiencies

DCX & its customers jointly monitor & ensure products' quality

Obsolescence proof – technology & IP rights – both with OEM customers

Customers provide equipment for testing & qualifying customized products

Customers typically reimburse costs incurred to maintain all buyer furnished equipment



Industry Overview

Indigenous Industry Drivers



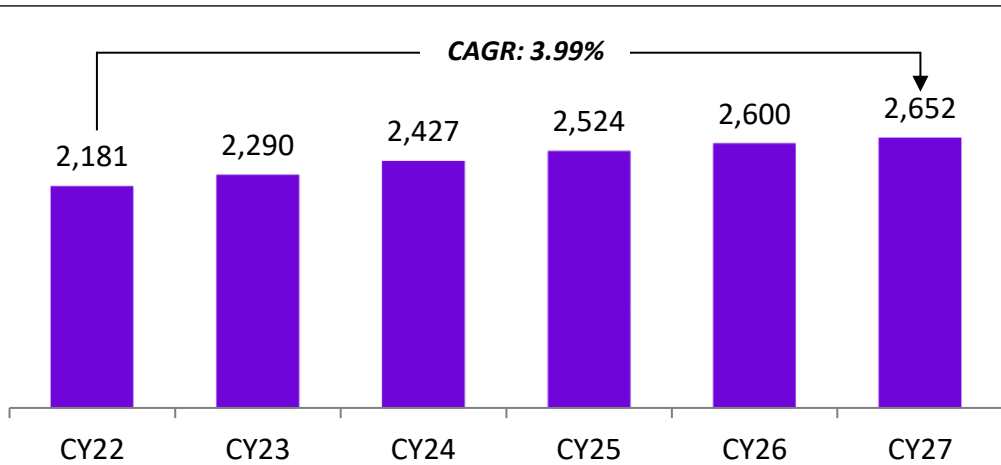
Atma Nirbhar Bharat

- Positive Indigenization List / Make in India
- Budget Allocation
- Corporation of Ordnance Factory Board (OFBs)
- FDI Norms
- Indian Offset – Self Reliant

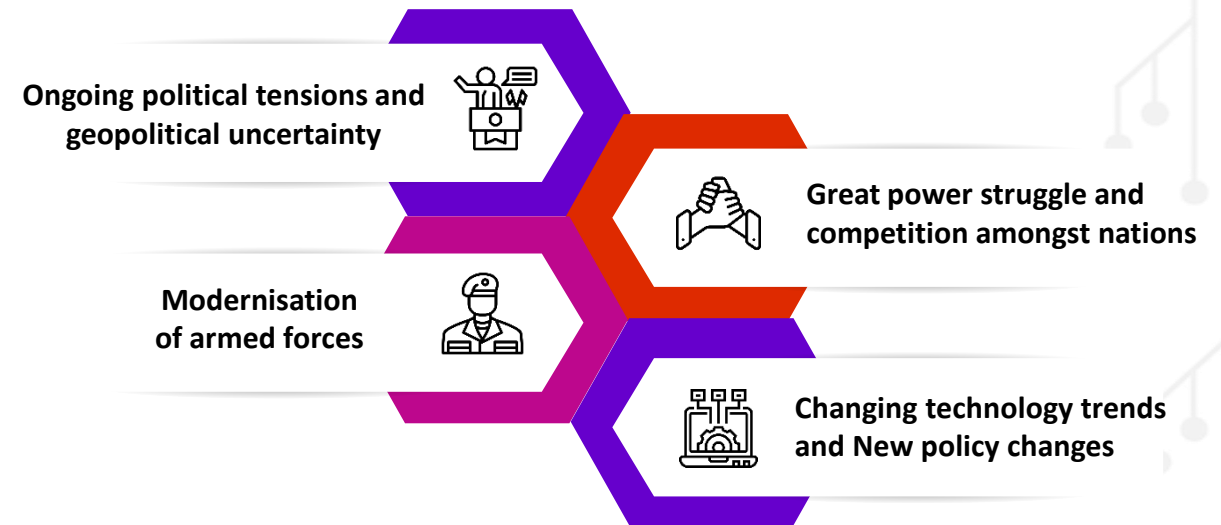
- Industry Tailwinds:**
- Application of EMS products in civilian & other sectors like medical devices
 - Transfer of Technology to develop products

Growing Defence Landscape presents key Opportunities

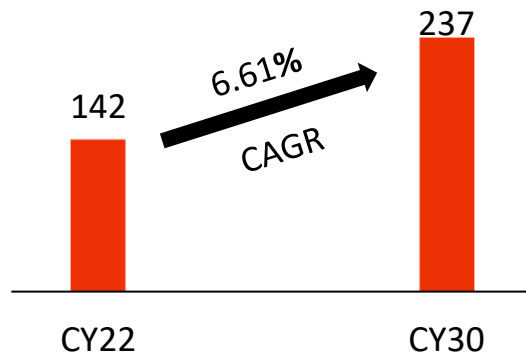
Global Defence Spending Forecast (in USD billion)



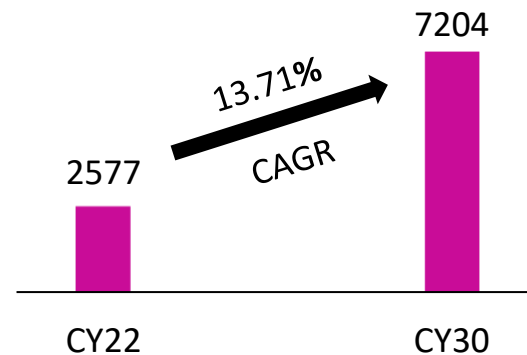
Growth Drivers



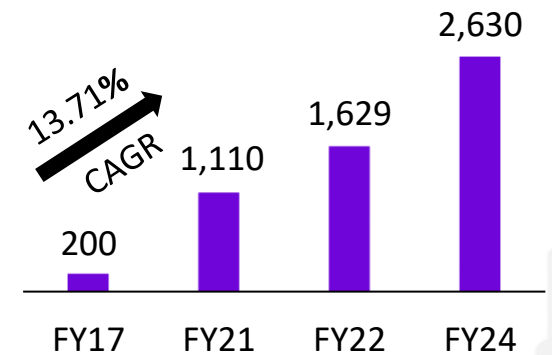
Global Defence Electronics Market (in USD billion)



Indian Defence Electronics Market (in USD million)



Indian Defence Exports (in USD million)



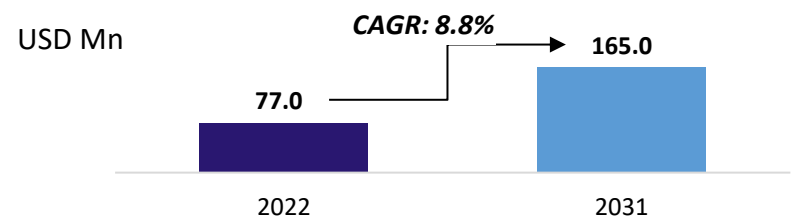
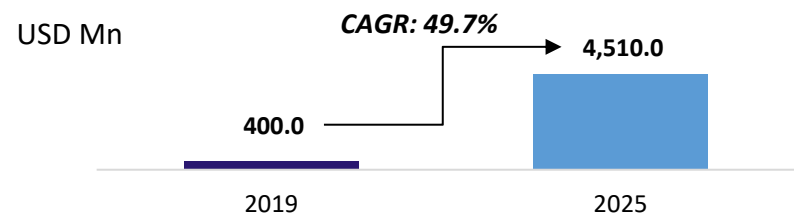
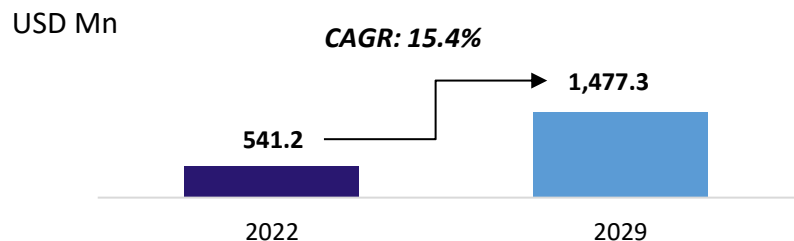
Well-placed to Capitalize on Industry Tailwinds

Cable & Wire Harness Industry Size

EMS Industry Size

MRO Industry Size

High India market potential for DCX



- Numerous Government Initiatives**
- Positive Indigenisation List
 - Defence Acquisition Policy 2020
 - Corporatization of Ordnance Factory Board ("OFBs")
 - Indian Offset – Self Reliant

Only Indian Company with capability of entire range of products

Capability Matrix	EMS (PCBA)	System Integration	Cable & Wire Harness Assembly	Electro-Mechanical Assembly	MRO
DCX Systems Limited	✓	✓	✓	✓	✓



Financial Highlights

September '24 Standalone Balance Sheet

Rs. in Crores	31 st Mar-24	30 th Sep-24
Total Equity & Liabilities		
Shareholders Funds	1118.91	1133.49
Share Capital	22.28	22.28
Other Equity	1096.63	1111.21
Non Controlling Interest	0.00	0.00
Non Current Liabilities	1.84	2.02
Long-Term Borrowings	0.00	0.00
Lease Liabilities	0.00	0.00
Other Financial Liabilities	0.00	0.00
Provisions	1.84	2.02
Current Liabilities	681.32	629.16
Short term Borrowings	265.31	64.15
Lease Liabilities	0.00	0.00
Trade Payables – Total	380.14	276.24
Other Financial Liabilities	1.67	2.97
Other Current Liabilities	32.28	281.56
Provisions	0.07	0.07
Current Tax Liabilities (Net)	1.85	4.17
Total Equity & Liabilities	1802.07	1764.67

Rs. in Crores	31 st Mar-24	30 th Sep-24
Total Assets		
Non Current Assets	51.34	195.74
Property, plant & Equipment	28.00	26.26
Right of use Assets	4.30	4.30
Other Intangible Assets	0.03	0.02
Capital WIP	0.00	0.00
Other Financial Assets	3.73	4.03
Deferred Tax Assets	2.38	2.46
Other Non-Current Assets	0.05	0.05
Investments	12.85	158.63
Current Assets	1750.73	1568.93
Inventories	125.42	264.75
FA - Trade Recievables	667.07	343.85
FA - Cash & cash equivalents	15.43	10.91
FA - Bank balances	819.33	877.24
FA - Other Financial Assets	0.00	0.00
Other Current Assets	123.48	72.19
Current Tax Asset	0.00	0.00
Total Assets	1802.07	1764.67

Standalone Cash Flow Statement

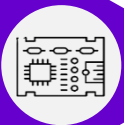
Particulars (Rs. Cr.)	March '23	March '24
Net Profit Before Tax	86.10	85.40
Adjustment:-		
Depreciation	1.82	2.48
Interest Expenses	18.71	23.90
Interest Income	(29.40)	(43.24)
Excess of cost over fair value of investments	-	-
Profit on Sale of Fixed Asset	(0.13)	0.00
Operating Profit before Working Capital Changes	77.11	68.54
Changes In working Capital	(637.61)	(54.73)
Cash Generated from Operations	(560.51)	13.81
Tax Paid	(25.15)	(13.06)
Cash From Operating Activities	(585.65)	0.75
Cash Flow from Investing Activities	18.83	19.22
Cash from Financing Activities	358.02	223.37
Net Cash Inflow / Outflow	(208.81)	243.34
Opening Cash & Cash Equivalents	800.22	591.42
Closing Cash & Cash Equivalent	591.42	834.76



Way Ahead

De-Risking Strategies

Backward Integration into EMS



- PCBAs manufacturing through subsidiary, Raneal Advanced Systems
- Leading to lower costs & bolster supply chain
- Additional revenue stream

New Geographies Penetration



- Expand global presence in aerospace & defence
- Total Offset Obligation pending with foreign OEMs as per DOMW is ~ USD 13.21 bn, of which DCX is targeting opportunity size of ~ USD 1 bn

Grow Share of Non-Offset Projects



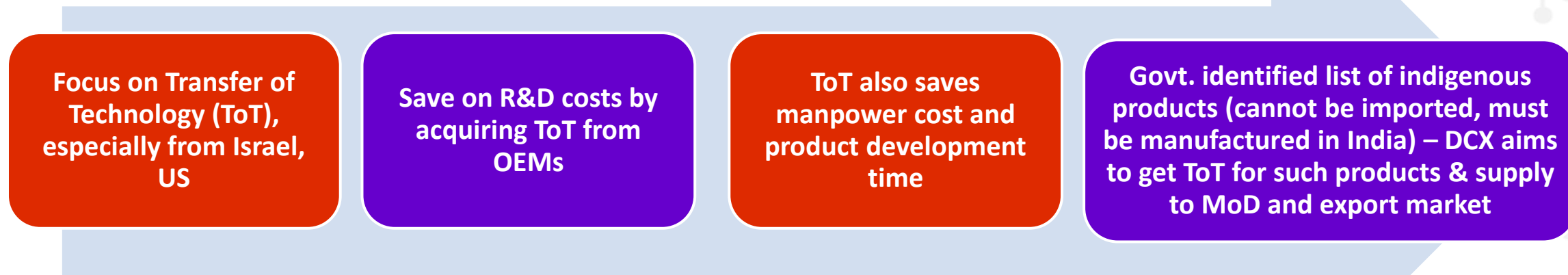
- Tap into new opportunities in Railways through NIART Systems
- High quality deliverables leading to more opportunities with OEMs
- Growing revenue from non-offset projects, full turnkey solutions

Grow Cable & Wire Harness Business



- Focus on growing this product portfolio
- Better margin business

Move Towards Product Company



Faster commercialization of Products & Technology

JV with global OEM's on Civilian technology to cater to Indian and Global Customers, e.g. NIART Systems

Glossary

Term	Description
DAP	Defence Acquisition Policy
DOMW	Defence Offset Management Wing
EMS	Electronic Manufacturing Services
PCBA	Printed Circuit Board Assembly
FDI	Foreign Direct Investment
IOP	Indian Offset Partner

Term	Description
IPC	Institute for Printed Circuit
LRSAM	Long Range Surface-to-Air Missiles
MoD	Ministry of Defence
MRO	Maintenance, Repair and Overhaul
MRSAM	Medium Range Surface-to-Air Missiles
OFB	Ordnance Factory Board
T-o-T	Transfer of Technology

Thank You

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