



Indigenise • Integrate • Manufacture



# DCX Systems Limited

Investor Presentation  
Q3 & 9M FY25

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**Q3 & 9M FY25**  
**Financial Highlights**

# Q3 FY25 Financial Highlights

Particulars (Rs. Crs.)	Standalone					Consolidated
	Q3 FY25	Q3 FY24	Y-o-Y (%)	Q2 FY25	Q-o-Q (%)	Q3 FY25
<b>Revenue from Operations</b>	<b>283.11</b>	<b>197.98</b>	<b>43.00%</b>	<b>195.47</b>	<b>44.84%</b>	<b>200.01</b>
Raw Material Expenses	272.75	178.79		<b>190.00</b>		185.76
Employee Cost	3.56	3.19		3.53		5.73
Other Operating expenses (Incl. FX Gain/Loss)	3.65	5.15		3.16		5.52
<b>Total Expenditure (Incl. FX Gain/Loss)</b>	<b>279.96</b>	<b>187.13</b>	<b>49.61%</b>	<b>196.69</b>	<b>42.34%</b>	<b>197.01</b>
Other Income	17.33	11.01		20.36		18.18
Depreciation	1.42	0.58		1.35		3.52
<b>EBIT</b>	<b>19.06</b>	<b>21.28</b>	<b>(10.43%)</b>	<b>17.79</b>	<b>7.14%</b>	<b>17.66</b>
<b>EBIT Margin</b>	<b>6.73%</b>	<b>10.75%</b>	<b>(402 bps)</b>	<b>9.10%</b>	<b>(237 bps)</b>	<b>8.82%</b>
Interest	1.47	7.07		2.14		1.71
<b>Profit Before Tax</b>	<b>17.59</b>	<b>14.21</b>	<b>23.79%</b>	<b>15.65</b>	<b>12.40%</b>	<b>15.94</b>
Tax	5.94	2.32		5.44		5.94
<b>Profit After Tax</b>	<b>11.65</b>	<b>11.89</b>	<b>(2.02%)</b>	<b>10.21</b>	<b>14.10%</b>	<b>10.01</b>
<b>PAT Margin</b>	<b>4.12%</b>	<b>6.01%</b>	<b>(189 bps)</b>	<b>5.22%</b>	<b>(110 bps)</b>	<b>5.00%</b>
<b>Basic EPS*</b>	<b>1.05</b>	<b>1.23</b>		<b>0.92</b>		<b>0.90</b>

\* Weighted average number of Shares after allotment to QIB

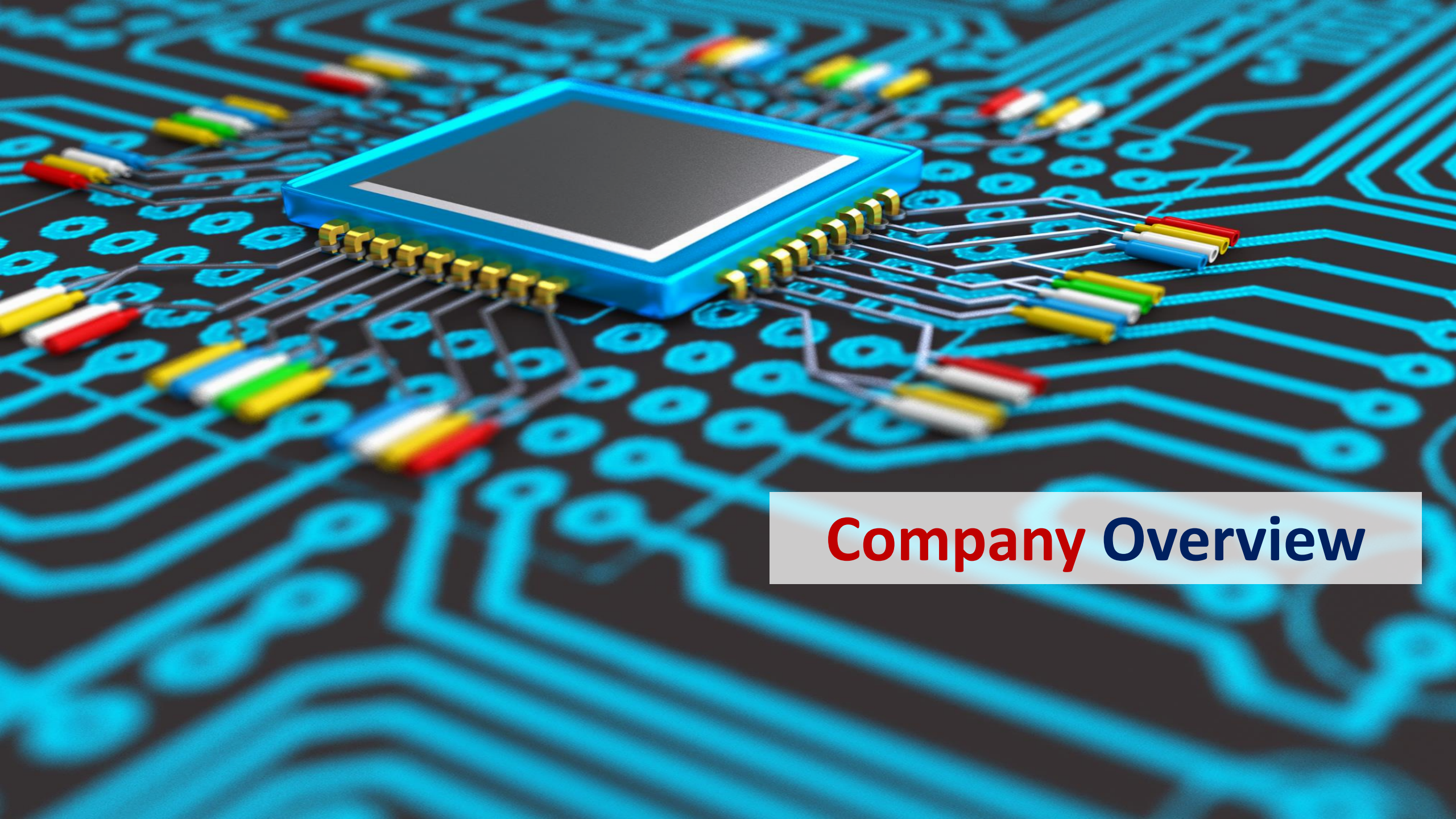
# 9M FY25 Financial Highlights

Particulars (Rs. Crs.)	Standalone			Consolidated
	9M FY25	9M FY24	Y-o-Y (%)	9M FY25
<b>Revenue from Operations</b>	<b>616.65</b>	<b>677.20</b>	<b>(8.94%)</b>	<b>533.71</b>
Raw Material Expenses	597.52	618.95		509.10
Employee Cost	10.45	9.26		16.52
Other Operating expenses (Incl. FX Gain/Loss)	9.88	9.10		13.71
<b>Total Expenditure (Incl. FX Gain/Loss)</b>	<b>617.85</b>	<b>637.31</b>	<b>(3.05%)</b>	<b>539.33</b>
Other Income	53.89	32.26		56.51
Depreciation	4.08	1.53		9.64
<b>EBIT</b>	<b>48.62</b>	<b>70.63</b>	<b>(31.16%)</b>	<b>41.25</b>
<b>EBIT Margin</b>	<b>7.88%</b>	<b>10.43%</b>	<b>(255 bps)</b>	<b>7.73%</b>
Interest	8.52	20.25		9.35
<b>Profit Before Tax</b>	<b>40.10</b>	<b>50.38</b>	<b>(20.40%)</b>	<b>31.90</b>
Tax	13.73	8.22		13.73
<b>Profit After Tax</b>	<b>26.37</b>	<b>42.16</b>	<b>(37.45%)</b>	<b>18.17</b>
<b>PAT Margin</b>	<b>4.28%</b>	<b>6.23%</b>	<b>(195 bps)</b>	<b>3.40%</b>
<b>Basic EPS*</b>	<b>2.37</b>	<b>4.36</b>		<b>1.63</b>

\* Weighted average number of Shares after allotment to QIB

# Key Recent Developments

- ✈ DCX received Purchase Orders worth INR 460.30 crores from Lockheed Martin Global Inc, USA for Supply of Electronic Assemblies
- ✈ Our WoS Raneal Advanced Systems received Purchase Order from Lockheed Martin Global Inc, USA worth INR 379.67 crores to supply Electronic Assemblies
- ✈ DCX received Purchase Order from ELTA Systems Ltd. for Manufacture and supply of Close-In Weapon System (CIWS) Module Assemblies worth INR 483 crores
- ✈ DCX received Purchase Order from ELTA Systems Ltd. for Manufacture and supply of BACKPLANE Module Assemblies worth INR 19.33 crores
- ✈ DCX received Purchase Orders worth INR 10.31 crores from Overseas Customers for Supply of Cable & Wire Harness Assemblies.
- ✈ Both DCX and our WoS Raneal have cleared all its short term and long term fund based borrowings from the lenders and are now debt free
- ✈ DCX have been reassured of A-/Stable and A2+ credit rating for our long term and short term borrowings from external credit rating agency CRISIL Ratings



# 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



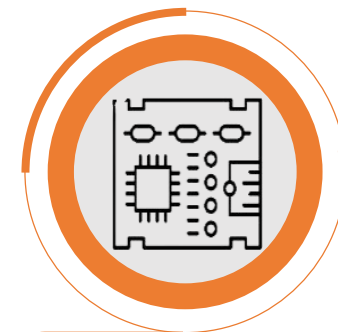
- Diverse mix of domestic & international customers across Israel, US, Korea & India



- 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.

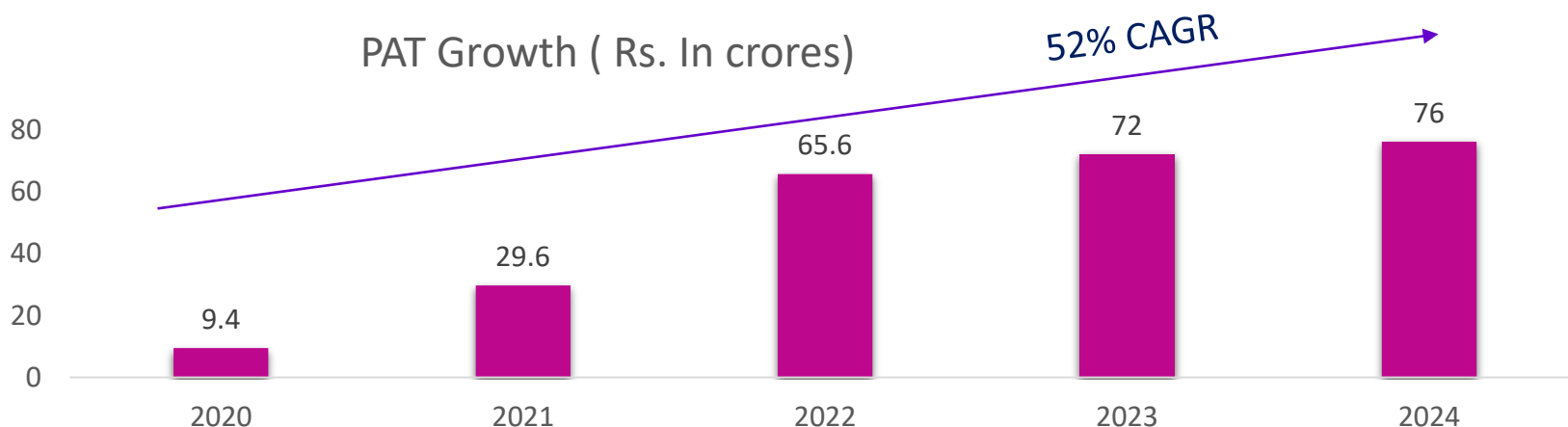
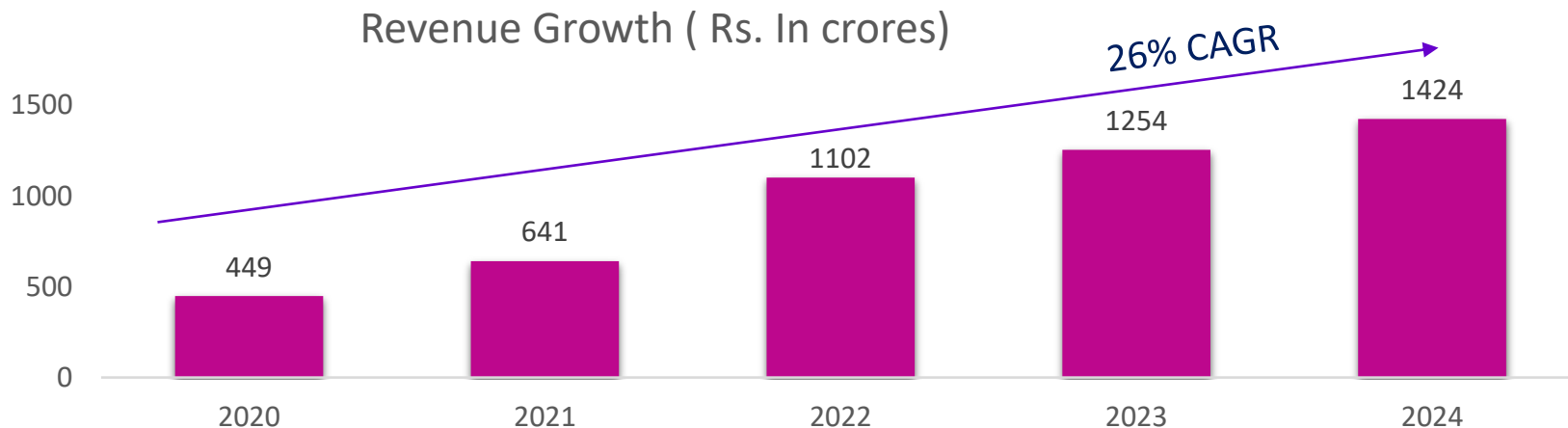
## 2018

- 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



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

Consolidated Order book as of December 31<sup>st</sup>, 2024 is Rs. 3,359 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

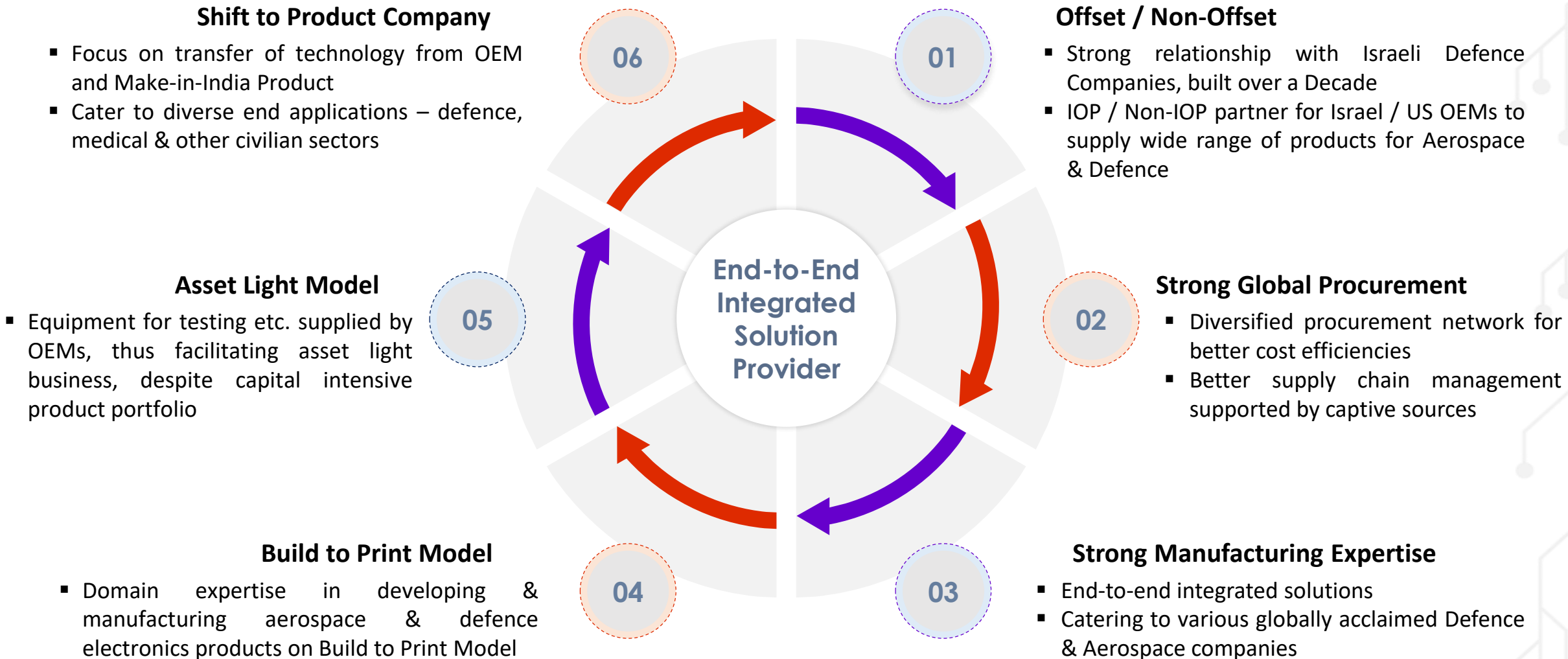
## Diwakaraiah N J | Chief Financial Officer

- 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-Operations

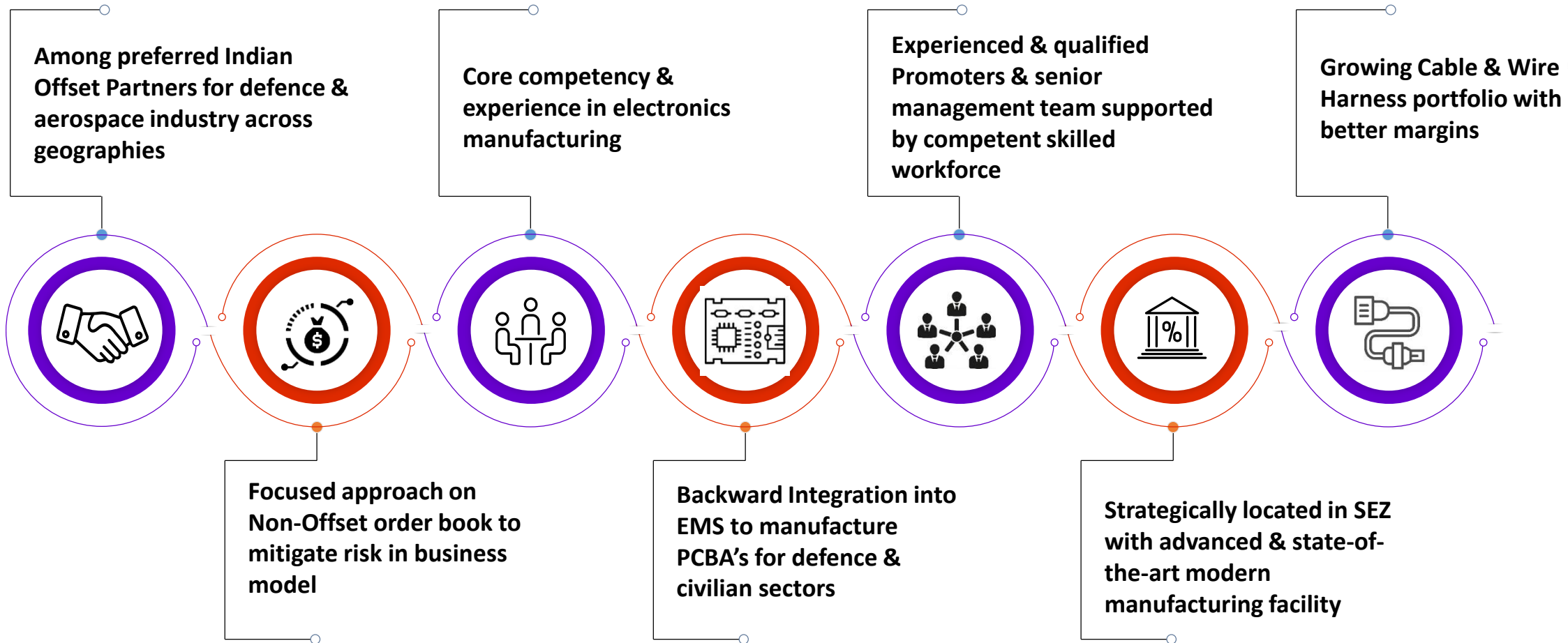
- Holds Bachelor's degree in engineering (Electronics & Communication) from Visveswaraiah Technological University, Belgaum
- Over 14 years of experience in Supply Chain Management

# Integrated Business Model



Focus on Technology tie-ups for new product development

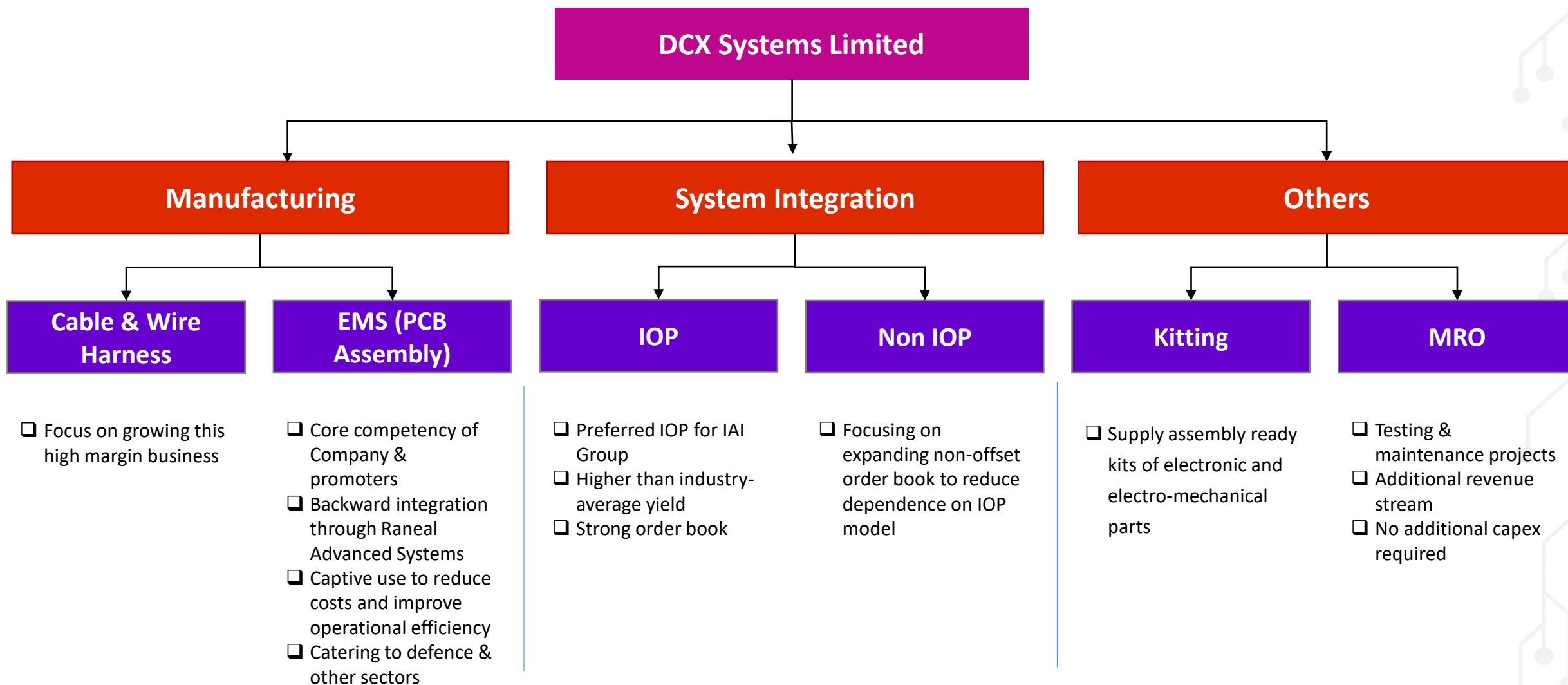
# Strong Manufacturing base with Tech-enabled Product Development





# **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

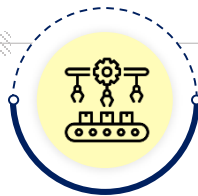
## Backward integration into EMS

- ❑ 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



## 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



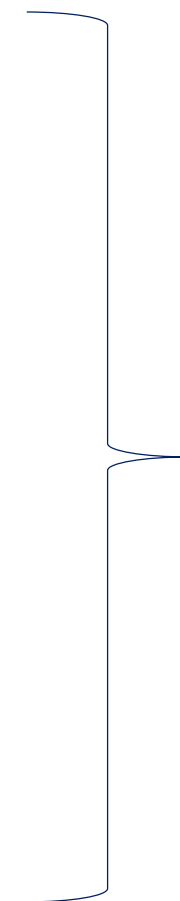
Barak Systems



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 Business Verticals

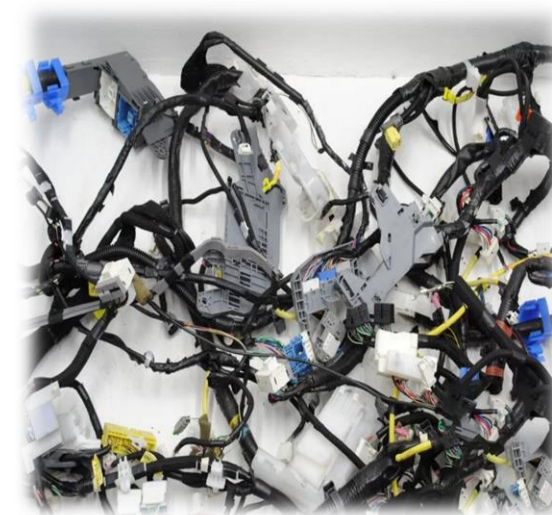


## MRO

- ❑ 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
- ❑ Minimal 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



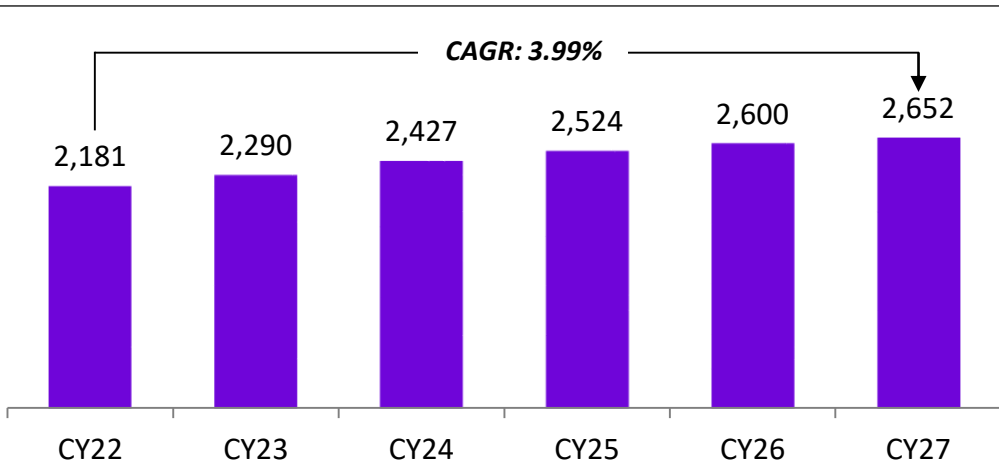
## Atma Nirbhar Bharat

- 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

Ongoing political tensions and geopolitical uncertainty



Modernisation of armed forces



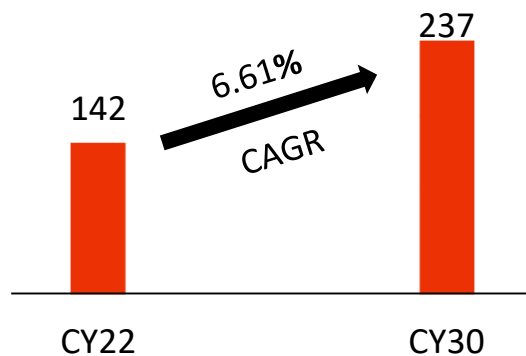
Great power struggle and competition amongst nations



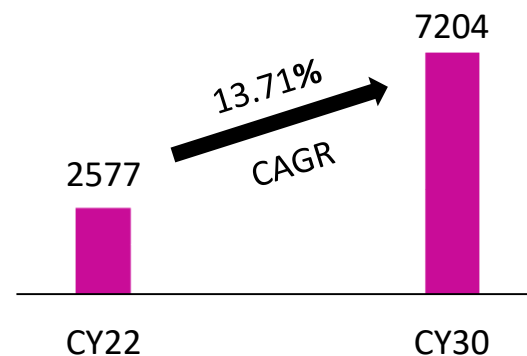
Changing technology trends and New policy changes



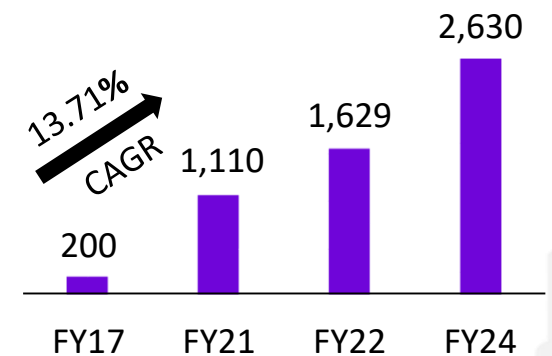
Global Defence Electronics Market (in USD billion)



Indian Defence Electronics Market (in USD million)



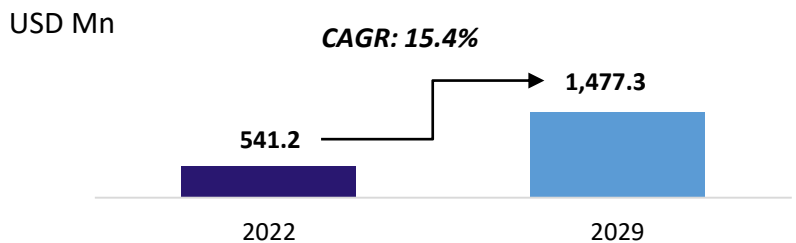
Indian Defence Exports (in USD million)



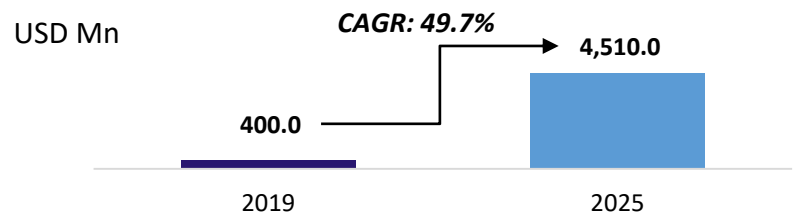
# Well-placed to Capitalize on Industry Tailwinds

## High India market potential for DCX

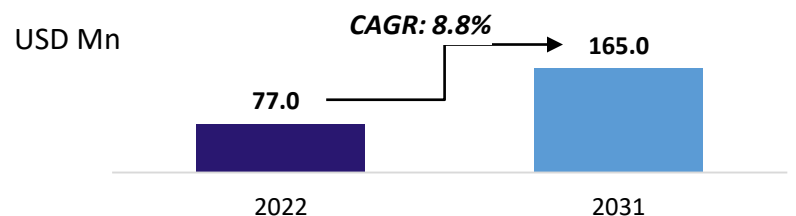
**Cable & Wire Harness Industry Size**



**EMS Industry Size**



**MRO Industry Size**



- 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 <sup>st</sup> Mar-24	30 <sup>th</sup> Sep-24
<b>Total Equity &amp; Liabilities</b>		
<b>Shareholders Funds</b>	<b>1118.91</b>	<b>1133.49</b>
Share Capital	22.28	22.28
Other Equity	1096.63	1111.21
Non Controlling Interest	0.00	0.00
<b>Non Current Liabilities</b>	<b>1.84</b>	<b>2.02</b>
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
<b>Current Liabilities</b>	<b>681.32</b>	<b>629.16</b>
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
<b>Total Equity &amp; Liabilities</b>	<b>1802.07</b>	<b>1764.67</b>

Rs. in Crores	31 <sup>st</sup> Mar-24	30 <sup>th</sup> Sep-24
<b>Total Assets</b>		
<b>Non Current Assets</b>	<b>51.34</b>	<b>195.736</b>
Property, plant & Equipment	28.00	26.257
Right of use Assets	4.30	4.3
Other Intangible Assets	0.03	0.02
Capital WIP	0.00	0
Other Financial Assets	3.73	4.028
Deferred Tax Assets	2.38	2.455
Other Non-Current Assets	0.05	0.05
Investments	12.85	158.626
<b>Current Assets</b>	<b>1750.73</b>	<b>1568.929</b>
Inventories	125.42	264.746
FA - Trade Recievables	667.07	343.849
FA - Cash & cash equivalents	15.43	10.905
FA - Bank balances	819.33	877.237
FA - Other Financial Assets	0.00	0
Other Current Assets	123.48	72.192
Current Tax Asset	0.00	0
<b>Total Assets</b>	<b>1802.07</b>	<b>1764.665</b>

# Standalone Cash Flow Statement

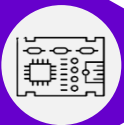
Particulars (Rs. Cr.)	March '23	March '24
Net Profit Before Tax	86.10	85.40
Adjustment:-		
Depreciation	1.82	2.48
Interest Expenses	18.71	23.90
Interest Income	(29.40)	(43.24)
Excess of cost over fair value of investments	-	-
Profit on Sale of Fixed Asset	(0.13)	0.00
<b>Operating Profit before Working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



**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

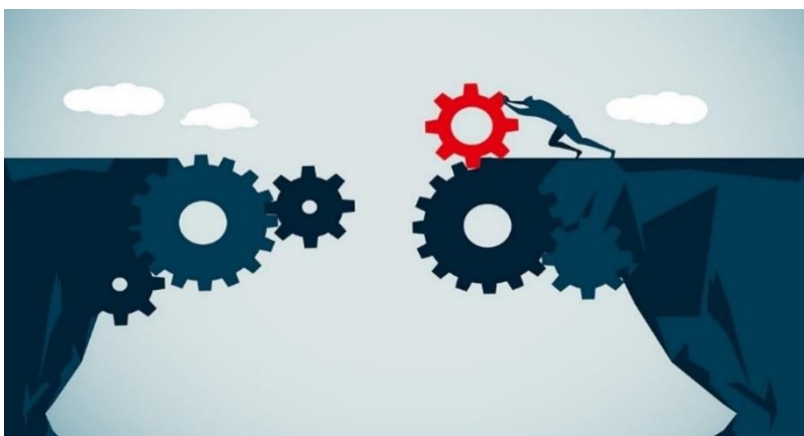
Technology Driven Product Company

Focus on Transfer of Technology (ToT), especially from Israel, US

Save on R&D costs by acquiring ToT from OEMs

ToT also saves manpower cost and product development time

Govt. identified list of indigenous products (cannot be imported, must be manufactured in India) – DCX aims to get ToT for such products & supply to MoD and export market



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

Company :

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