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## DCX SYSTEMS LIMITED

Our Company was incorporated as "DCX Cable Assemblies Private Limited" on December 16, 2011, at Bengaluru, Karnataka as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka ("RoC"). Thereafter, the name of our Company was changed to "DCX Systems Private Limited" pursuant to a special resolution dated November 24, 2021, passed by our shareholders and a fresh certificate of incorporation consequent upon change of name issued by the RoC on January 3, 2022. Pursuant to the conversion of our Company to a public limited company, in accordance with the special resolution passed by our Shareholders dated February 2, 2022, the name of our Company was changed to "DCX Systems Limited" and the RoC issued a fresh certificate of incorporation on February 18, 2022. For details of the change in the name and the registered office of our Company, see "History and Certain Corporate Matters" on page 198 of the Red Herring Prospectus dated October 19, 2022 ("RHP").

**Registered and Corporate Office:** Aerospace SEZ Sector, Plot Numbers 29,30 and 107, Hitech Defence and Aerospace Park, Kavadasanahalli Village, Devanahalli Taluk, Bengaluru Rural - 562110 Karnataka, India; **Tel:** +91 80 6711 9555 **Contact Person:** Nagaraj R Dhavaskar (Company Secretary, Legal and Compliance Officer); **Tel:** +91 80 6711 9555; **E-mail:** cs@dcxindia.com; **Website:** www.dcxindia.com; **Corporate Identity Number:** U31908KA2011PLC061686

### PROMOTERS OF OUR COMPANY: Dr. H.S. RAGHAVENDRA RAO, NCBG HOLDINGS INC. AND VNG TECHNOLOGY PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹2.00 EACH ("EQUITY SHARES") OF DCX SYSTEMS LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ 5,000.00 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [•] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 4,000.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 1,000.00 MILLION COMPRISING AN OFFER FOR SALE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 500.00 MILLION BY NCBG HOLDINGS INC., UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 500.00 MILLION BY VNG TECHNOLOGY PRIVATE LIMITED (COLLECTIVELY, THE "PROMOTER SELLING SHAREHOLDERS", AND EACH INDIVIDUALLY, A "PROMOTER SELLING SHAREHOLDER" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE PROMOTER SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [•] % , OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

**PRICE BAND: ₹197 TO ₹207 PER EQUITY SHARE OF FACE VALUE OF ₹2 EACH**  
**THE FLOOR PRICE IS 98.50 TIMES THE FACE VALUE OF THE EQUITY SHARES**  
**AND THE CAP PRICE IS 103.50 TIMES THE FACE VALUE OF THE EQUITY SHARES**  
**BIDS CAN BE MADE FOR A MINIMUM OF 72 EQUITY SHARES AND IN MULTIPLES OF 72 EQUITY SHARES THEREAFTER**

#### Risks to Investors

- The three BRLMs associated with the Offer have handled 58 public issues in the Fiscal 2023, Fiscal 2022, Fiscal 2021 and Fiscal 2020, out of which 25 issues closed below the offer price on the listing date.
- The Price/Earnings ratio based on diluted EPS for Fiscal 2022 for our Company at higher end of the price band is 22.52 as compared to the average industry peer group PE ratio as on the date of RHP is 62.94.
- Weighted Average Return on Net Worth for Fiscals 2022, 2021, and 2020 is 58.41%. For further details, see "Basis for the Offer Price" beginning on page 112 of the RHP.
- Average cost of acquisition of Equity Shares for the Promoter and Promoter Selling Shareholders ranges from ₹ 0.50 per Equity Share to ₹ 7.05 per Equity Share and Offer Price at upper end of the Price Band is ₹ 207 per Equity Share.
- Our business is dependent on the sale of our products and services to our key customers. Our top three customers accounted for 73.26%, 86.90%, 80.55%, 85.70% and 96.83% of our revenue from operations in Fiscal 2020, 2021 and 2022 and in the three months ended June 30, 2021 and June 30, 2022, respectively. The loss of one or more such customers or a reduction in their demand for our products could adversely affect our business, results of operations, financial condition and cash flows.
- Our revenue from operations depends significantly on offset defence contracts. Any changes in the offset defence policy or a decline or reprioritisation of funding in the Indian defence budget, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow.
- Our current order book may not necessarily translate into future income in its entirety. Some of our current orders which we have received may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations.
- Details of weighted average cost of acquisition of all Equity Shares transacted in last three years and one year preceding the date of this advertisement:

Period	Weighted Average Cost of Acquisition (in ₹)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	6.85	30.22	₹. 0.00 <sup>^</sup> - ₹. 207
Last 3 years	9.19	22.52	₹. 0.00 <sup>^</sup> - ₹. 207

<sup>^</sup> The acquisition price of ₹ 0.00 represents Equity Shares that were allotted pursuant to bonus issue as approved by the resolution of the Shareholders passed in the extra ordinary general meeting held on January 27, 2022. For details, see "Capital Structure" on page 84 of the RHP.

### ANCHOR INVESTOR BIDDING DATE: FRIDAY, OCTOBER 28, 2022\*

#### BID/OFFER PROGRAMME

**BID/OFFER OPENS ON: MONDAY, OCTOBER 31, 2022**

**BID/OFFER CLOSES ON: WEDNESDAY, NOVEMBER 2, 2022<sup>#</sup>**

\* Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date.

<sup>#</sup>UPI Mandate end time and date shall be at 5:00 p.m. on November 2, 2022.

### THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

<b>ASBA</b> <sup>#</sup>	Simple, Safe, Smart way of Application!!!	<sup>#</sup> Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, For further details, check section on ASBA. <b>Mandatory in public issues. No cheque will be accepted.</b>
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UPI-Now available in ASBA for all individual investors applying in public issues where the application amount is up to ₹ 500,000, applying through Registered Brokers, Syndicate, DPs & RTAs. Retail Individual Investors and Non-Institutional Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021

The abridged prospectus, is also available on website of the company at www.dcxindia.com, and on the website of BRLMs: Edelweiss Financial Services Limited, Axis Capital Limited and Saffron Capital Advisors Private Limited at <https://www.edelweissfn.com/dcx-systems-limited-ipo/>, <https://www.axiscapital.co.in/equity-capital-markets/offer-document> and [www.saffronadvisor.com](https://www.saffronadvisor.com) respectively and Link Intime India Private Limited at [www.linkintime.co.in](https://www.linkintime.co.in). ASBA has to be availed by all the investors except anchor investors. UPI may be availed by UPI Bidders. For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Offer Procedure" on page 360 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI") and BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE", and together with BSE, the "Stock Exchanges") and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of Stock Exchanges and can be obtained from the list of banks that is displayed on the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=35) and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmid=43>, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: [www.sebi.gov.in](http://www.sebi.gov.in). Retail Individual Bidders Bidding using the UPI mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and HDFC Bank Limited have been appointed as the Sponsor Banks for the Offer, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.

**Contents of the Memorandum of Association of the Company as regards its objects:** For information on the main objects of the Company, please see the section "History and Certain Corporate Matters" on page 198 of the RHP. The Memorandum of Association of the Company is a material document for inspection in relation to the Offer. For further details, please see the section entitled "Material Contracts and Documents for Inspection" on page 422 of the RHP.

**Liability of the members of the Company:** Limited by shares

**Amount of share capital of the Company and Capital structure:** As on the date of the RHP, the authorised share capital of the Company is ₹ 250,000,000 divided into 125,000,000 Equity Shares of ₹ 2 each. The issued, subscribed and paid-up share capital of the Company is ₹ 154,800,000 divided into 77,400,000 Equity Shares of ₹ 2 each. For details, please see the section entitled "Capital Structure" beginning on page 84 of the RHP.

**Names of signatories to the Memorandum of Association of the Company and the number of Equity Shares subscribed by them:** The initial signatories to the Memorandum of Association are Dinesh Poonamchand Shah and Jyotivadan Ochavali Sheth and shares subscribed by them were 9000 and 1000 equity shares respectively. For details of the share capital history and capital structure of our Company, please see the section entitled "Capital Structure" beginning on page 84 of the RHP.

**Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"):** SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 341 of the RHP for the full text of the disclaimer clause of SEBI.

**Disclaimer Clause of BSE (Designated Stock Exchange):** It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 344 of the RHP for the full text of the disclaimer clause of BSE.

**Disclaimer Clause of NSE:** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 344 of the RHP for the full text of the disclaimer clause of NSE.

### ADDENDUM- NOTICE TO INVESTORS

In reference to the RHP filed with the RoC, the SEBI and the Stock Exchanges, and the advertisements for the announcement of the Price Band, Floor Price and the Minimum Bid Lot dated October 21, 2022, published in all editions of the English daily newspaper, Financial Express, all editions of the Hindi national daily newspaper, Jansatta and the Bangalore edition of the Kannada daily newspaper, Vishwavani in relation to the Offer ("Advertisements") and the Bid cum Application Forms and the Abridged Prospectus, investors should note the following:

- Our Company has received intimation dated October 25, 2022, that one of our Promoters, Dr. H.S. Raghavendra Rao has transferred 1,787,442 Equity Shares for cash at a price of ₹ 207 per Equity Share aggregating to a total consideration of approximately ₹ 370.00 million, in the following manner: (i) 724,638 Equity Shares to Volrado Venture Partners Fund II, (ii) 483,092 Equity Shares to Singularity Holdings Limited, (iii) 289,856 Equity Shares to Jagadish Naresh Master and (iv) 2,89,856 Equity Shares to Sunidhi Securities & Finance Limited, pursuant to four share purchase agreements each dated October 25, 2022 (the "Promoter Transfers").
- Pursuant to the Promoter Transfers, the total shareholding of Dr H.S. Raghavendra Rao has reduced from 7,400,000 Equity Shares representing 9.56% of the total issued, subscribed and paid-up Equity Share capital of our Company to 5,612,558 Equity Shares representing 7.25% of the total issued, subscribed and paid-up Equity Share capital of our Company. Further, please note that the Equity Shares which have been transferred pursuant to the Promoter Transfers, being the pre-Offer Equity Share capital held by persons other than Promoters, shall be subject to lock-in, in accordance with Regulation 17 of the SEBI ICDR Regulations, as applicable. Pursuant to Promoter Transfers, the total issued, subscribed and paid-up Equity Share capital of the Company, as on date of this advertisement, constitutes 77,400,000 Equity Shares of the Company comprising (i) 74,212,558 Equity Shares held by Promoters and Promoter Group constituting 95.88% of the total issued, subscribed and paid-up Equity Share capital of the Company; and (ii) 3,187,442 Equity Shares held by the public shareholders constituting 4.12 % of the total issued, subscribed and paid-up Equity Share capital of the Company.
- The above notice shall be read in conjunction with the RHP, Advertisements, the Bid cum Application Forms and the Abridged Prospectus, and the above disclosure in relation to the Promoter Transfers will be included in the Prospectus to be filed by our Company with the RoC, SEBI and the Stock Exchanges, including in the sections entitled "Capital Structure", "Summary of the Offer Document", "Risk Factors", "History and Certain Corporate Matters", and "Our Promoters and Promoter Group" to reflect the factual position pursuant to the Promoter Transfers as on the date of the Prospectus.
- All capitalised terms used in this addendum shall unless the context otherwise requires, have the same meanings as ascribed in the RHP.

For **DCX SYSTEMS LIMITED**  
 On behalf of the Board of Directors  
 Sd/-

Place: Bengaluru  
 Date: October 26, 2022

Company Secretary, Legal and Compliance Officer

DCX SYSTEMS LIMITED is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with RoC on October 19, 2022. The RHP shall be available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), the websites of the Stock Exchanges i.e., BSE and NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, and the websites of the BRLMs, i.e., Edelweiss Financial Services Limited, Axis Capital Limited and Saffron Capital Advisors Private Limited at [www.edelweissfn.com](http://www.edelweissfn.com), [www.axiscapital.co.in](http://www.axiscapital.co.in) and [www.saffronadvisor.com](http://www.saffronadvisor.com), respectively. Potential Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, please see the section entitled "Risk Factors" on page 27 of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made. There will be no public offering of the Equity Shares in the United States.