



# Enhancing Value, Diversifying Further.

Apollo Micro Systems Ltd | Annual Report 2020-21

# Contents

## CORPORATE OVERVIEW

02	About Us
04	Chairman's Message
06	MD Message
08	Financial Performance – 5 years
10	Sustainably catering to Stakeholders
12	Research
14	Towards a brighter future
16	Improving visibility
18	Our People
20	CSR
22	Board of Directors
24	Leadership Team
26	Corporate Information

## Statutory Reports

28	Notice
40	Board's Report
78	Report on Corporate Governance
100	Management Discussion & Analysis

## Financial Statements

### Standalone

110	Independent Auditor's Report
116	Balance Sheet
117	Statement of Profit and Loss
118	Statement of Cash Flows
120	Statement of Changes in Equity
121	Notes of the Financial Statements

### Consolidated

152	Independent Auditor's Report
158	Balance Sheet
159	Statement of Profit and Loss
160	Statement of Cash Flows
162	Statement of Changes in Equity
164	Notes of the Financial Statements



You can also find this report online on:  
[www.apollo-micro.com](http://www.apollo-micro.com)

### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forwardlooking statement, whether as a result of new information, future events, or otherwise.

# Enhancing Value, Diversifying Further

When disruptions are common and change frequent, our responses are triggered by our zeal to innovate and excel. Focusing on our inherent qualities, we are strengthening our core and developing sophisticated solutions to serve a diverse clientele. In an environment, where business needs continue to evolve, we realise the value of diversifying further and capitalising on growing opportunities. It empowers us with the resolve to enhance value creation and sustain progress year after year.

AMS is now poised to advance steadily, unlocking possibilities for a brighter future. Our Company focus on enhancing value and diversifying further keeps us on track to diligently nurture newer routes of success.



# About Us

Apollo Micro Systems Limited (AMS) is an electronic, electromechanical and engineering design, manufacturing and supplies company. It designs, develops and sells high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors. It offers custom built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers.

AMS continues to leverage state-of-the-art technology to develop innovative and unique solutions that meet diverse customer requirements. Our ability to sustain in a constantly evolving business landscape, offer ground-breaking products & solutions and strategic abilities to stay ahead of the curve has established AMS as a trusted and reputed player in the industry.



## Vision

To emerge as a world-class company and a unique solution provider with  
**'Total Solutions under One Roof'**



## Mission

AMS mission is to convert concepts of our customers into reality by using state of the art technologies



## How AMS delivers value

- Our technical expertise enables us to conceptualize and deliver innovative products and solutions critical to our customers.
- Established brand reputation and market presence empowers us to provide superior return on investment
- Growing demand for our products and services in domestic and international markets provides an opportunity to grow and expand our operations.
- Constant focus on operational improvement to assure highest quality standards, ensure on-time delivery and sustain cost synergies to improve profitability and margins.



### Highlighting Performance

₹ **20,307.20 Lakh**

Revenue from Operations

₹ **1,025 Lakh**

PAT

₹ **4.94**

EPS

₹ **3,732.03 Lakh**

EBITDA

₹ **30,520.86 Lakh**

Net worth



### Our Solutions

- **Avionic Systems:** On-Board & Ground Support Equipment for Avionics
- **Aerospace Systems:** On-Board Electronic Weapon Systems & Ground Support Equipment for Missile Systems
- **Naval Systems:** On-Board Weapon electronics and Ground Support equipment for Torpedoes, Decoys -Jammers, Submarines and Ships
- **Satellite Space Systems:** Payload Checkout Systems and Earth Station acquisition systems for Space applications
- **Homeland Security:** Integrated Surveillance systems, Perimeter Security Systems, Anti Drones, Drones, ADS-B Systems
- **Transportation:** Passenger Information Systems (i.e., Token Display System, Arrival/ Departure Information Display System)



### Our Services

- Electronic manufacturing
- Hardware designing
- IT and Software
- Electronic-CAD
- Mechanical-CAD
- Weapon Integration
- Platform Integration
- Other System Integration Services



# Chairman's Message



## Dear Readers,

I welcome you and offer my gratitude for taking some time out from your schedule for the annual report for the fiscal year (FY) 2020-21.

The year gone by has been remarkable for the global economy as nations battled the twin challenges of public health and economic crisis while registering a record success in vaccine development. While there was no leadership manual for such a crisis, we witnessed a rare collaboration of people, Governments and businesses in the global fights against the coronavirus.

According to IMF, the global economy shrunk by 3.5% in FY2020-21, disrupting the social fabric across communities as people lost lives and livelihoods. The year 2021 has commenced with hopes and fear stimulated by increasing approval of several vaccines and resurgent waves of infections along with speedily communicable mutations. The policy response of fiscal support and liquidity infusion by respective Governments have met with significant success in keeping the global economies afloat, so far.

The Indian economy was adversely impacted by the pandemic as the economy has been slowing down in recent years. The dispirited economic agents, having suffered a severe backlash due to the continuous 68-day lockdown in 2020, has been rallying their efforts towards recovery ever since the economy unlocked. The

“**The global avionics industry is projected to grow from an estimated USD 48 billion in 2019 to reach over USD 75 billion by 2027, recording a CAGR of 9.25% during this period.**”

Indian economy shrunk by 7.3% in FY21 which included sequential recessionary quarters in the first half and record growth during the last two quarters which only few other countries were able to do.

Despite an adverse economic conditions, the company has performed satisfactorily during the FY 2020-21. The company has clocked a revenue of INR 20,307.20 Lakhs in FY2020-21 against INR 24,590.41 Lakhs in FY 2019-20 and the net profit stood at INR 1,025.49 Lakhs in FY21 as against INR 1,401.12 Lakhs in FY2019-20.

The global avionics industry is projected to grow from an estimated USD 48 billion in 2019 to reach over USD 75 billion by 2027, recording a CAGR of 9.25% during this period.<sup>1</sup> There are several factors that are contributing to the growth of avionics market. Some of these are rising adoption of emerging technologies such as AI and machine learning, increasing development of electric- VTOLs (vertical takeoff and landing) and electric aircraft, increasing focus on open flight deck system and development of next-generation aircraft computer. The increasing border disputes in Southeast Asian countries are also propelling the demand for military aircrafts which in turn aids the avionic market.

The naval combat system market is estimated to grow at CAGR of nearly 4% between 2020-2025 as per several research reports. The Naval Systems in recent times have grabbed significant attention as nations are ramping up their naval capabilities. The emergence of new technologies such as the advanced airborne radars, which are capable of automatically detecting vessels over a long distance is driving the market. Demand is further driven by submarine upgrade programs across the world as well as demands for advanced integrated combat system in naval forces. I wish to mention that your company has a strong

presence in Naval system platforms and has achieved remarkable heights in Torpedo technologies with successive, successful products released to meet the future combat requirements some of which developed earlier also exported by Indian Government. This would continue to be a key growth driver for the company with growing market for Indigenous technologies. The company has also participated significantly for weapon trials in international waters and has played a key role in successful trials in the middle of the pandemic year and I congratulate all the team for their contribution to the company and also the nation in turn.

The Indian Government has started encouraging Indigenous weapon systems and platforms for past few years as part of Make in India. Your company has developed several products in this year despite a huge disruption due to global pandemic. These technological R&D are now undergoing trials in various platforms and would soon hit large scale manufacturing in subsequent years and I congratulate all the technical teams in their remarkable achievements.

The homeland security industry is abundant with opportunities in the country on account of factors such as high GDP growth, Challenging relationships with neighbors, outdated equipment and systems, Increased spending on modernizing military capabilities and infrastructure, focus on creating and enhancing support Infrastructure, Emerging public-private participation opportunities. Your company has partnered with Global OEMs in security and surveillance market and has also completed audits with few companies and would start producing their products in the future as a part of Make in India, and this would be a huge stimulus for the company to grow in emerging markets.

I also place on record the step taken by your company to develop new technologies in medical electronics field by leveraging their existing capabilities and also entering into partnership with renowned institutions like Indian Institute of Science (IISC) to enter into the fast-growing market and wish that this would be one more growth driver for the company in the years to come.

Our people in the organization are our greatest strength and they have been with us through our ups and downs. Emerging from a crisis with no textbook leadership cases or manuals, our employees exhibited courage and leadership in every sphere of professional and personal life. The company also benefitted from the learnings through the pandemic that every person experienced. The company is now better prepared to deal with any adverse developments in its operating environment.

I would like to take this opportunity to extend my heartiest gratitude to all our stakeholders for their continued interest, faith and encouragement on AMS. I am particularly thankful to all our employees who have braved the pandemic and assured optimum results. I am also extremely thankful to all our business partners, vendors, other business associates and all our bankers for their support and contributions over the years. A big thank you to all our team members, whose passion, commitment and hard work, has kept us afloat even during these tough times. I look forward to your continued support to achieve our aspirations and goals.

Regards

Sd/-

**Raghupathy Goud Theegala**  
Chairman

<sup>1</sup> <https://www.fortunebusinessinsights.com/industry-reports/avionics-market-101819>

# MD Message



**The capital expenditure with the total outlay for Defence Ministry excluding the pension allocation increased by 27% from USD 46.27 billion in 2020 to USD 49.71 billion in 2021 which is 27% of the budget of the Ministry.**



## Dear Shareholders,

I hope everyone of you is keeping safe and is in good health. It is very important for all of us, as global citizens, to win the fight against the coronavirus by subscribing to precautionary measures in letter and spirit.

The Company is working towards its mission "Sahasra-2025" for achieving a sustained turnover of Rs 1000 crores by FY 2025. At the business front, your company withstand the pandemic very well. It adapted quickly and welcome new operating models that gave importance to the health and wellbeing of its employees, while enabling it to continue supporting its customers not just in their mission-critical operations but also in their growth.

The global economy shrunk by 3.5% in 2020 disrupting the social fabric across communities as people lost lives and livelihoods. The year 2021 has commenced with hopes and fear stimulated by increasing approval of several vaccines and resurgent waves of infections along with speedily communicable mutations. The policy response of fiscal support and liquidity infusion by respective Governments have met with significant success in keeping the global economies afloat, so far.

The Indian economy was adversely impacted by the pandemic as the economy has been slowing down in recent years. The dispirited economic agents, having



**“On behalf of the Company, I extend my gratitude to our Covid warriors who are constantly putting their lives at risk and working tirelessly to keep us safe.”**

suffered a severe backlash due to the continuous 68-day lockdown in 2020, has been rallying their efforts towards recovery ever since the economy unlocked. The Indian economy shrunk by 7.3% in FY21 which included sequential recessionary quarters in the first half and record growth during the last two quarters which only few other countries were able to do.

Among our accomplishments, we recovered significant part of our operational losses since we resumed our operations, kept the employees safe and on the job, and customers served. Not least, the Company delivered satisfactory results during the financial year 2020-21 which should be read in the context of the operating conditions as described before.

The operating profit margin of the company stood at 19.29 % during the period under review against 20.44 % in FY20. The Net Profit Margin however, decreased marginally by 65 basis points to 5.05 % during FY21. With net profits at INR 10.26 crores in FY21, the Earning Per Share (EPS) stood at INR 4.94 against INR 6.75 in FY20.

### Opportunities

The Government allocated INR 4.78 lakh crore (nearly USD 64.5 billion) for the Ministry of Defence in the Budget 2021-22 of which 63% of the outlay is planned for domestic procurement. The capital expenditure with the total outlay for Defence Ministry excluding the pension allocation increased by 27% from USD 46.27 billion in 2020 to USD 49.71 billion in 2021 which is 27% of the budget of the Ministry. Moreover, in the last decade

the budget of the Ministry has grown at an annual average rate of 8.4% against the 10.3% of the Total Government Expenditure during the same period. With the slew of reforms in the sectors notably the push towards indigenization of defence equipment's and entry of private players will create significant opportunity for the industry and open up room for innovation.

The Government has taken several policy initiatives and brought in reforms to promote indigenization and self-reliance in defence manufacturing, under Aatmanirbhar Bharat Mission in the defence sector. During the year the Government notified 108 items for which there would be an embargo on the import beyond the timelines indicated against them. This represents a great opportunity for the Indian defence industry to manufacture these items using indigenous design and development capabilities to meet the demand of the armed forces. The lists include some high technology weapon systems including sonar systems, transport aircraft amongst others. Moreover, FDI up to 49% is allowed under automatic route and beyond 49% through the government approval in electronics for defence in India.

As a consequence of the favorable policies and volatile geopolitical equation brewing across the country's frontiers, the Defence Electronic market in India is estimated to grow at significant pace.

During the year under review, the total expenditure made by the Company towards CSR amounts to Rs 1,05,00,000/- towards Sensitization of Students and

Communities on HIV/ Tuberculosis and Cancer, Organization of Medical Camps & free food distribution, Organization of Medical & Health Camps and Covid Support-Ration Distribution and Rs 11,61,700/- has been designated towards ongoing project and the said amount has been transferred to a separate bank account opened for that purpose.

On behalf of the Company, I extend my gratitude to our Covid warriors who are constantly putting their lives at risk and working tirelessly to keep us safe. I also appreciate the global health community who have relentlessly worked to ensure the availability of critical drugs, vaccines and medical equipment for patients.

I would like to take this opportunity to extend my heartiest gratitude to all our stakeholders for their continued interest, faith and encouragement towards the company. I am particularly thankful to all our employees who have braved the pandemic and assured optimum results. I am also extremely thankful to all our business partners, vendors, other business associates and all our bankers for their support and contributions over the years. A big thank you to all our team members, whose passion, commitment and hard work, has kept us afloat even during these tough times. I look forward to your continued support to achieve our aspirations and goals.

Regards

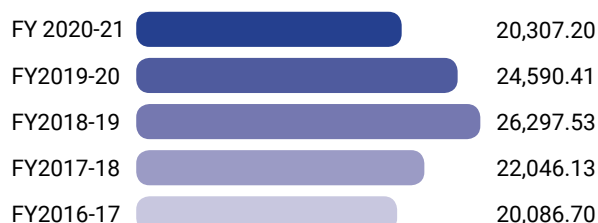
Sd/-

**Karunakar Reddy Baddam**  
Managing Director

# Financial Performance – 5 years

## Revenue from Operations

(INR, in crore)



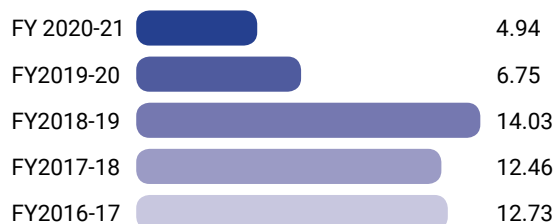
## PAT

(INR, in crore)



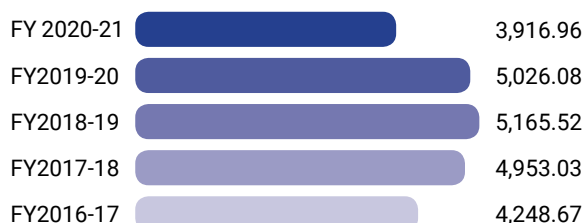
## EPS

(INR)



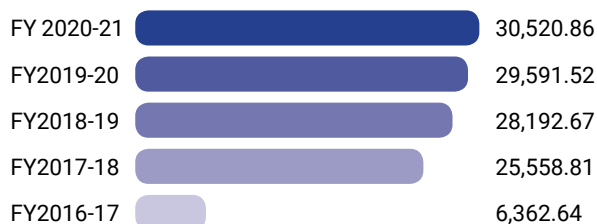
## EBITDA

(INR, in crore)



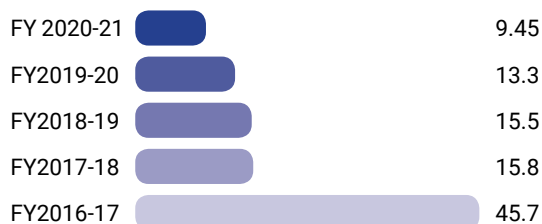
## Net Worth

(INR, in crore)



## ROCE

(INR)



## Five years at a glance

(Amount in ₹)

	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Statement of Profit and Loss</b>					
Revenue from operations	2,03,07,20,827	2,45,90,41,260	2,62,97,53,243	2,20,46,13,913	2,00,86,70,952
EBIDTA	39,16,96,314	50,26,08,398	51,65,52,977	49,53,03,492	42,48,67,581
Depreciation	8,69,01,827	9,89,54,464	6,19,50,838	6,49,84,581	3,92,59,661
Finance costs	16,01,65,780	15,10,44,733	12,76,04,212	12,07,37,974	11,43,75,551
Profit before exceptional items and tax	14,46,28,707	25,26,09,201	32,69,97,926	32,17,73,041	25,78,22,929
Exceptional items	-	-	-	1,21,92,105	1,34,09,440
Profit before tax	14,46,28,707	25,26,09,201	32,69,97,926	30,95,80,936	27,12,32,369
Tax expenses	4,20,78,970	11,24,96,424	3,58,12,660	11,79,15,736	9,66,97,406
<b>Profit after tax</b>	<b>10,25,49,737</b>	<b>14,01,12,777</b>	<b>29,11,85,266</b>	<b>19,16,65,200</b>	<b>17,45,34,963</b>
EBIDTA / Revenue	19.29%	20.44%	19.64%	22.47%	21.15%
PBT / Revenue	7.12%	10.27%	12.43%	14.04%	13.50%
PAT / Revenue	5.05%	5.70%	11.07%	8.69%	8.69%
<b>Balance sheet</b>					
Share capital	20,76,38,860	20,75,88,860	20,75,88,860	20,76,38,860	13,71,17,000
Reserves and surplus	2,84,44,47,308	2,75,15,63,221	2,61,16,78,763	2,34,82,42,133	49,91,47,190
Share warrants	-	-	-	-	-
<b>Networth</b>	<b>3,05,20,86,168</b>	<b>2,95,91,52,081</b>	<b>2,81,92,67,623</b>	<b>2,55,58,80,993</b>	<b>63,62,64,190</b>
Non-current liabilities					
Long-term liabilities and provisions	1,09,77,316	74,54,290	94,46,381	4,75,64,688	13,88,74,448
Deferred tax liability	16,21,80,051	13,19,71,561	9,44,39,404	12,12,12,106	6,83,85,601
Current liabilities	2,07,49,67,853	1,55,25,89,916	1,58,33,17,150	1,90,98,90,031	1,61,50,59,144
<b>Total liabilities</b>	<b>5,30,02,11,388</b>	<b>4,65,11,67,848</b>	<b>4,50,64,70,559</b>	<b>4,63,45,47,818</b>	<b>2,45,85,83,383</b>
Non-current assets					
Gross fixed assets	83,68,11,796	76,75,63,162	58,42,47,340	39,46,90,757	33,90,79,647
Accumulated depreciation	35,11,98,537	26,49,48,849	16,61,95,081	10,42,44,243	3,92,59,661
Unallocated expenditure pending capitalisation	-	-	-	-	-
<b>Net fixed assets</b>	<b>48,56,13,258</b>	<b>50,26,14,313</b>	<b>41,80,52,260</b>	<b>29,04,46,514</b>	<b>29,98,19,986</b>
Capital work in progress	49,93,59,127	36,52,31,912	28,34,79,718	28,69,16,657	12,86,45,850
Other net intangible assets	24,07,861	8,02,780	-	-	-
Investments	1,32,89,220	-	-	-	-
Other non-current assets	93,06,678	-	-	2,59,15,382	4,35,90,382
Current assets	4,29,02,35,244	3,78,25,18,844	3,80,49,38,581	4,03,12,69,265	1,98,65,27,165
<b>Total assets</b>	<b>5,30,02,11,388</b>	<b>4,65,11,67,848</b>	<b>4,50,64,70,559</b>	<b>4,63,45,47,818</b>	<b>2,45,85,83,383</b>
Return on capital employed	-0.5%	3.3%	6.8%	6.9%	18.6%
Return on networth	3.4%	4.7%	10.3%	7.5%	27.4%
Debt / equity	0.74	0.57	0.60	0.81	2.86
Current ratio	2.07	2.44	2.40	2.11	1.23
<b>Per share</b>					
Book value per share - Rs.	146.99	142.51	135.78	123.09	46.40
Earnings per share (basic) - Rs.	4.94	6.75	14.03	12.46	12.73
Earnings per share (dilluted) - Rs.	4.94	6.75	14.02	12.08	12.73
*Dividend per share - Rs.	-	-	1/-	-	-
<b>No. of shares</b>	<b>2,07,63,886</b>	<b>2,07,63,886</b>	<b>2,07,63,886</b>	<b>2,07,63,886</b>	<b>1,37,11,700</b>

# Sustainably catering to stakeholders

At AMS, we believe that long term value creation for our business is closely associated with our sustainability performance covering the Environmental, Social and Governance aspects. For addressing the various sustainability issues, we have put in place an approach that helps us in understanding the dependencies and impacts of our business on various resources and relationships.

## Our Inputs



### Financial resources

Our financial resources enable us to pursue our growth and expansion plans and also support our customers throughout the project lifecycle.

### State-of-the-art facilities

Through our state-of-the-art facilities, we embed advance technologies in our products quickly and efficiently.

### People and culture

We leverage the skills, commitment, determination and ingenuity of our employees to steadily work towards our common goal.

### Long-standing relationship

We maintain healthy and mutually beneficial relationships with customers, suppliers, business partners and other stakeholders.

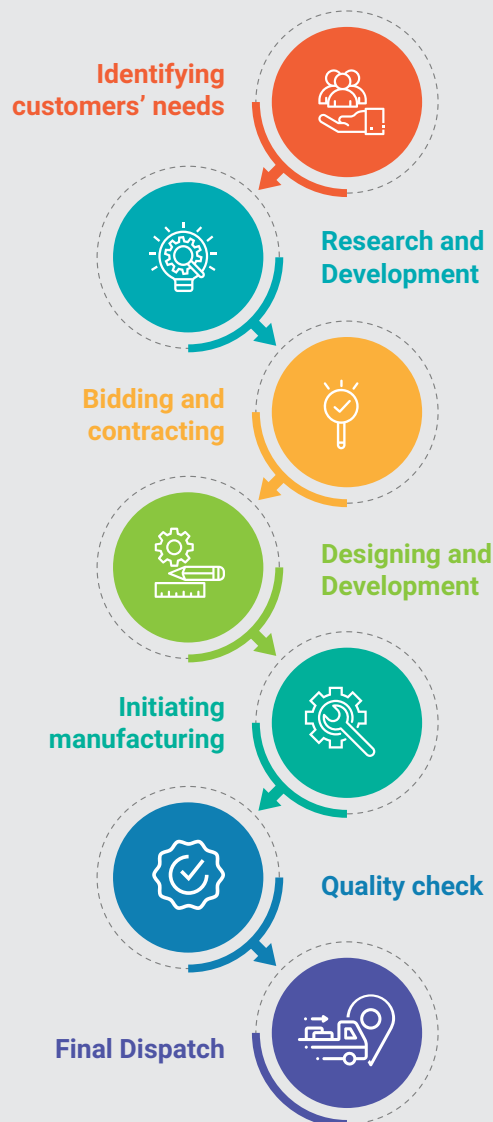
### Engineering capabilities

Our technical know-how and robust engineering capabilities enable us to develop innovative and unique products and solutions.

### Service capabilities

Our ability to provide efficient and timely service ensure maximum customer satisfaction while improving our ability to deliver exceptional products, every time.

## Process



## Strategy



### Clear goals

We remain focused on achieving our vision and mission, keeping us on the right track to success

### Sound governance

We strive to adopt the highest standards of governance and foster transparency among stakeholders about our operations

### Operating responsibly

We strive to operate in a responsible manner, taking into account its possible impact on the environment and communities in which we operate.

### Managing risk

We constantly monitor, identify, manage and mitigate any possible risks in our daily operations.

### Rewarding success

We acknowledge and reward the performance of our people to ensure prolonged organizational success.

### Develop differentiated products

We significantly invest towards the development of new and differentiated products and solutions for our customers.

### Investments to ensure operational excellence and build capabilities

We constantly invest in processes and facilities that enable us to manufacture cost efficient and superior quality products and solutions. Further, we also build strong partnerships with various organizations across the globe to drive economies of scale and broaden our offerings.

## Value created



### Customers

We have earned the Trust of our customers by delivering superior Quality Products and solutions

### Customized

Solutions that meet customers' requirement

### Shareholders and investors

Sustaining market capitalization

### Dividend

Board recommended Dividend @ 2.5% i.e., Rs. 0.25/- per equity share of face value of Rs. 10/- each for the FY 2020-21

### Credit rating

ACUITE BBB- for long term instruments -Stable outlook  
ACUITE A3 for short term instruments

### Community

#### INR 1.05 crore

Spent towards CSR activities in FY 2020-21

### Reduction

In our environmental footprint Constantly investing towards the upliftment of society at large

### People


#### INR 6.86 crore

Employee benefit expenses

Imparting training and development to Engineers. An inclusive and diverse workplace provides multiple opportunities for career growth Invested in training and development



# Research



The company identified various strategic initiatives to improve its operational efficiencies and invest in modern technology and equipment to upgrade the quality and functionality of the solutions to adopt changing industry trends and customer requirements. The company consistently invests in research and design to innovate and develop new products and become a preferred solution provider for customers. It is critical for sub-system manufacturers to work closely with their key customers for designing, developing and production activities. A strong understanding of the customers' requirements based on their future product development programs is essential. To harness growing market opportunities and to maintain the lead position of a quality and reliable system supplier, the company need to focus on enhancing technical knowhow by assimilation of technology and creating a strong R&D base.





# Towards a brighter future

The company intends to increase the efficiency and competitiveness of its operations by continuously investing in state-of-the-art machinery and equipment and related operating methods, in order to maximize efficiency of labour and material and reduce the costs and the time taken to execute projects. The company believes that cost leadership will be a key enabler for it to increase the market share of its services and solution. The company's ability to increase its productivity and competitiveness at lower costs will be strengthened by continued focus on offering a wide range of innovative products across all business verticals.

The operations team, comprising experienced design engineers and senior management, adopts best practices in line with industry standards across the Defence ESDM (Electronics System Design & Manufacturing, Skill Development) sector. The company will continue to leverage its in-house technological and R&D capabilities to effectively manage its operations, maintain strict operational controls and enhance customer service levels.









# Improving visibility

We, at AMS, actively participate in various trade fairs and expos to provide an opportunity to our potential customers for the look and feel of our products. This also presents opportunity for the company to meet prospective customers and understand their needs while obtaining feedback from our customers. The perpetual loop so established helps us maintain a connect with our customers and build long lasting relationship.

# Our People

At AMS, we realize the value of our people – as enablers of our success. Therefore, we constantly focus on building a work environment that promotes well-being, fosters a high performances culture, rewards hard work and provides opportunities to enable professional and personal growth. We also strive to make AMS a diverse workplace, nurturing an inclusive culture where people are valued, respected and supported.

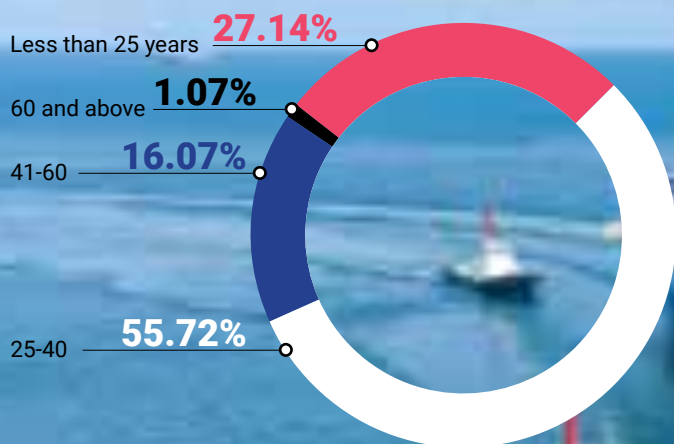
**280**

Employee as on 31st March 2021

**21.79 %**

Female employees

## Age mix (%)



## Training and Development

At AMS, training and development is an integral part of our people strategy. It not only improves the efficiency of our people but, also prepares our employees to successfully navigate through challenging circumstances. We organize induction programs for new joiners and provide role based technical trainings to existing employees on a regular basis. The company intends to open a specialized Learning center to benefit existing employees to improve their technical skills, soft skills and managerial skills. The same facility will also be used for Interns and Trainees as a part of employee retention programme.

## Employee engagement

We strive to develop a motivated and engaged workforce to promote a culture of ownership, improve productivity and increase overall employee satisfaction. We ensure regular interaction and discussions between employees and the senior management to ensure transparent communication across organizational hierarchies. Further, team meetings are also organized regularly to answer queries and allay concerns. At AMS, we are keen to listen to our employees and provide them a platform to share their issues and mitigate issues congenially.

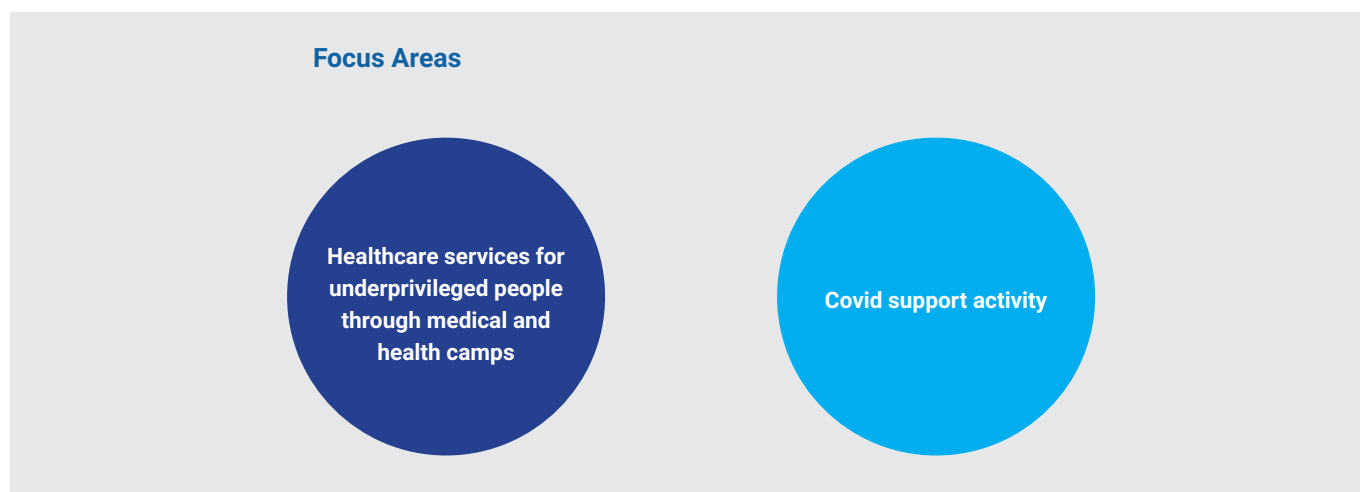
## Responding to the pandemic

Amidst the COVID-19 outbreak, our priority was to ensure the health and well-being of our employees. We followed stringent social distancing norms and regularly sanitized premises, maintained hygiene within the organization and conducted thermal screening of employees and visitors to ensure maximum safety of our people. We also organized COVID-19 tests for employees and distributed immunity boosting kits & medicine. Further, we have installed automatic sanitizer machines in our premises and hot water cans to keep our employees healthy and safe. We also provided free first-dose vaccination to our employees who otherwise could not afford one.

# CSR

For Apollo Micro Systems Limited Corporate Social Responsibility is not just a statutory requirement under the Companies Act, 2013 but the Company recognizes it as its responsibility towards the society as a good corporate house. As a responsible organization, we remain committed to uplifting the marginal sections of society, empowering them to lead better lives and in turn, contribute to the holistic development of society at large.

During the pandemic year, the company addressed the shortage of essential supplies in poor households by distributing rations in its area of operation. The initiative which witnessed the company spelling out INR 5 lakh for covid support activity helped cushion many households from the poor and marginal section of the society from the vagaries of an unprecedented health and financial crisis. Furthermore, the company spent Rs. 50 Lakhs for Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer through Arunodaya Trust, Rs. 30 Lakhs for organizing medical camps and free food distribution through partner organizations such as the Suraksha Old Age Health and Society, Rs. 20 lakhs for organizing Organization of Medical & Health Camps, through Global Helping Hands Inc, which complemented our Covid-19 support activities.



To further the work of delivering positive intervention in the community in which we operate, the company has also established its own trust during the period under review, and the activities scheduled to be operational in areas with critical needs.

**₹ 1,05,00,000 Lakh**

Spent towards CSR activities in FY2020-21





(Amount allocation for ongoing project Renovation of Govt. School at village Gudur, Telangana was Rs 11,61,700/- but no spent was made during the FY 2020-21. However, the same is taking place in the fiscal FY 2021-22)

Project	Amount spent for the project (in Rs.)	Implementing agency
Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer	<b>50,00,000</b>	Arunodaya Trust
Organization of Medical Camps & free food distribution	<b>30,00,000</b>	Suraksha Old Age Health & society
Organization of Medical & Health Camps	<b>20,00,000</b>	Global Helping Hands Inc.
Covid Support-Ration Distribution	<b>5,00,000</b>	N.A





# Our Board of Directors



**Raghupathy Goud Theegala**  
Chairman and Independent Director



**Mr. Baddam Karunakar Reddy**  
Founder and Managing Director



**Mr. Venkata Siva Prasad Chandrapati**  
Whole-Time Director (Technical)



**Mr. Krishna Sai Kumar Addepalli**  
Whole-Time Director (Operations)



**Mrs. Karunasree Samudrala**  
Independent director



**Mrs. Sri Lakshmi Reddy Vangeti**  
Non – Executive Director

**Raghupathy Goud Theegala**

Chairman and Independent Director

He holds a Bachelor's degree in commerce from Osmania University and a Bachelor's degree in law from Bangalore University. He practiced law for a period of three years before joining A.P Police through Public Service Commission as Sub Inspector. Prior to joining our Company, he worked with the Andhra Pradesh Lokayukta and Upa – Lokayukta and is experienced in handling matters related to financial irregularities, abuse of power and corruption etc. He has been on the board of our Company since August 21, 2017 as an Independent Director.

**Mr. Baddam Karunakar Reddy**

Founder and Managing Director

Mr. Karunakar Reddy Baddam has over 36 years of business experience. He is the Founder and Managing Director of the Company. Under his leadership, AMS has grown from a design company to a turnkey solutions provider and now we are at the stage of successful delivery of sub-systems and systems as a whole.

He was instrumental in successfully developing solutions for defence & space programmes with his innovative ideas and miniaturization techniques. He is a visionary and has relentlessly worked on developing import substitution. He is the core person in AMS to give direction, a layout to go forward and a stimulus to the success achieved by the Company over the years. His journey has been marked by his ambitious and entrepreneurial vision that enabled the Company to eventually build the growth ladder in sustainable manner and achieve milestones.

**Mr. Venkata Siva Prasad Chandrapati**

Whole-Time Director (Technical)

He is the Whole-Time Director (Technical) of the Company. Mr. Venkata Siva Prasad Chandrapati has 24 years of experience working on varied technologies. He has done his M. Tech in Digital Signal Processing and his technical proficiency in the Industry is unmatched. His technical expertise, knowledge and managerial skills drive the Research & Development (R&D) groups of the Company. He undertakes the responsibility of heading & successful execution of the Defence projects of the Company.

He started his journey with AMS in 1999, after serving with several other companies for over eight years. His expertise in design and product development makes him the best available in the industry. He is the architect who has built complex weapon system electronics which have contributed to the success of several indigenous defence programmes. His profound knowledge on Space systems has delivered complex Payload Checkout systems and Telemetry Systems for Space Programmes.

**Mr. Krishna Sai Kumar Addepalli**

Whole-Time Director (Operations)

He is the Whole-time Director (Operations) of the Company. He is an Engineering Graduate in Electronics and Communication with 20 Years of varied experience in marketing, finance & operations. He is serving AMS since 2003, and was instrumental in expanding its customer base, diversifying the company into various markets and implementing reforms in quality processes, building

robust supply chain management. He is actively involved in business development and focuses on enhancing the footprints of the company into various forays under defence and non defence areas.

**Mrs. Karunasree Samudrala**

Independent director

She is a Fellow Member of the Institute of Chartered Accountants of India and a Commerce Graduate from Kakatiya University, Telangana, having 21 years of wide experience in Accounting, Audit, and Taxation. She has a Post Qualification experience in handling Audits Engagements, Extensive experience in handling Corporate Audits – Statutory, Internal and Tax Audits, FMCG, stock market, Bank Audits etc., working and Liaisoning with Statutory Auditors, Income Tax Authorities and handling Investor Relationship Management.

She also holds various certifications like International Financial Reporting Standards (IFRS), Certified Internal Auditor (CIA), and Concurrent Audit of Bank from Institute of Chartered Accountants of India (ICAI). She has been inducted on the Board of the Company in May 2018 as an Independent Director.

**Mrs. Sri Lakshmi Reddy Vangeti**

Non – Executive Director

She holds a Bachelor's degree in Science from Osmania University. She is experienced in human resources and management. She has been on the board of our Company since April 1, 1999.

# Our Leadership Team



**Mr. Sudarshan Chiluveru**  
Chief Financial Officer (CFO)



**Mr. Vitta Chaitanya Siva Shankar**  
Company Secretary (CS) and  
Compliance Officer



**Dr. T. Ratnamani**  
Vice President-Technology



**Mr. K C Satyanarayana**  
head of Special Products Group



**Ms. Supriya Kondap**  
Associate Vice President (Projects)



**Mr. Venkateswara Rao Aluri**  
Associate Vice President

**Mr. Sudarshan Chiluveru is the Chief Financial Officer (CFO) of our Company.** He is an associate of the Indian Institute of Bankers and prior to joining our Company, he was working with State Bank of Hyderabad. He is experienced in banking and finance. He has been associated with our Company since April 1, 2017 and is currently responsible for handling the financial matters like cash management, maintaining credit institution relationships etc. in our Company. He is actively involved in coordinating with Bankers of the Company to have cordial relations and looks after overall financial matters.

**Mr. Vitta Chaitanya Siva Shankar is the Company Secretary (CS) and Compliance Officer of our Company.** He holds a Bachelor's degree in business management from Krishnadevaraya University and a Master's degree in business administration from Jawaharlal Nehru Technological University. He is also a member of the Institute of Company Secretaries of India. He joined our Company as a Company Secretary on February 1, 2017 and is responsible for handling Corporate and secretarial functions at AMS.

**Dr. T. Ratnamani, is the Vice President-Technology of our Company.** Dr T. Ratnamani is a retired Scientist 'G' from DRDO a premier R& D organization of Govt. of India. She holds a PhD degree-Electronics Engineering and possesses 30+ years of experience.

Her major contribution has been in the field of design, development and verification of systems for underwater acoustic application, underwater communication systems ,embedded systems for digital signal processing, signal conditioning and data acquisition. Her research expertise

also includes modelling and simulation, algorithm development, algorithm optimization and implementation. She has successfully completed projects based on various advances processors and embedded hardware. Dr. Ratnamani has good expertise on DSP-processors from Analog devices/TI with DSP-architectures. She has wide experience in the fields of signal processing, communication systems and image processing.

Dr Ratnamani is a Fellow of Institute of Engineers (FiE), Fellow of Institute of Electronics and Telecommunication of Engineers (FIETE) and Life Member of Acoustical Society of India and Indian Society of Technical Education. She has published more than fifteen papers in National and international journals and conferences.

**Mr. K C Satyanarayana, is the head of Special Products Group of our Company.** He joined AMS in July, 2019. He possesses 30+ years of experience in the field of design, development of products, project management across domains like Embedded Software, DSP Software, Application Software for M2M/ IoT, SoCs, VoIP SoCs, 1394, USB and Defence Applications. He expertise's in handling Embedded Software & Hardware Development. Digital Signal Processing Software related to Voice/ Telecom/ Electro Optics. He worked for the projects like Railway Display Network (RDN): RDN is an IoT platform - proposed to become one of the biggest Digital Signage System across Indian Railway Stations; Development of Thermal (Infrared) Module; Products in Electro Optics Domain: both Image Intensifier Based and IR based Devices. Worked on Systems like Real Time Train Information – IoT- System for CRIS, Indian Railways;

Automatic Identification System (AIS) for Maritime Communication for Coast Guard; Radar Trans/ Receive system; Vehicle-Tracking Solutions based on GPS/ GSM/GPRS technology; Development of Android based Application on a Rugged Hand-Held Device for Marine Commandos to transmit/ receive messages etc.

**Ms. Supriya Kondap, is the Associate Vice President (Projects) of our Company.** She is a Qualified Electronics Engineer and MBA in Operations. She has 20+ years of experience in the engineering industry as a Senior Technical professional. She has a Track record of setting up, establishing and heading Electronics Design and Operations teams and delivering targets in sync with the overall organizational goals. She has expertise in system designing and integration, program management, proposal engineering, operations, process improvements, cost optimization, and resource management. She possesses Analytical, problem solving and leadership qualities inherited by delivering solutions in conjunction with operational requirements. She joined the Company on May 17, 2018. prior to joining our Company, she worked with Larsen and Toubro Limited.

**Mr. Venkateswara Rao Aluri is the Associate Vice President of our Company.** He holds a Master's degree in business administration from Shivaji University. Prior to joining our Company, he was working with Trident Infosol Private Limited, Realtime Techsolutions Private Limited and HBL Power Systems Limited and is experienced in marketing sector. He has been associated with our Company since July 2, 2016 and currently handling the sales and marketing activities of our Company.

# Corporate Information

## Board of Directors

### **Raghupathy Goud Theegala**

Chairman and Independent director

DIN: 07785738

### **Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

### **Sri Lakshmi Reddy Vaneti**

Non-Executive Director

DIN: 02757567

### **Krishna Sai Kumar Addepalli**

Whole Time Director (Operations)

DIN: 03601692

### **Venkata Siva Prasad Chandrapati**

Whole Time Director (Technical)

DIN: 03601703

### **Karunasree Samudrala**

Independent director

DIN: 06960974

## Chief Financial Officer

**Sudarshan Chiluveru**

## Company Secretary and Compliance Officer

**Vitta Chaitanya Siva Shankar**

## Registered Office

Plot No 128/A, Road No. 12, BEL Road  
IDA Mallapur, Uppal Mandal, Hyderabad,  
Rangareddy, Telangana – 500 076 India

Email : cs@apollo-micro.com

Phone : 91 40 27167000

Fax: 91 40 27150820

Website : www.apollo-micro.com

CIN : L72200TG1997PLC026556

## Statutory Auditors

### **M/s. S T Mohite & Co.**

Chartered Accountants,  
G-5/B, Paragon Venkatadri Apts,  
Street No.1, Barkatpura,  
Hyderabad– 500 029

## Internal Auditors

### **M/s. Surya Pavan & Co.**

Chartered Accountants  
D.No.29-7-3, Vishnuvardhan Rao Street,  
Suryarao pet, Vijayawada 520 010

## Secretarial Auditors

Venkatesh Reddy Datla  
Practicing Company Secretary  
# 6-3-552/2, Flat No.: 203, Classic Court  
Annexe, Banjara Hills Road, Erramanzil,  
Hyderabad, Telangana-500 082

## Committees of the Board

### Audit Committee

#### **Karunasree Samudrala**

Chairman

#### **Raghupathy Goud Theegala**

Member

#### **Addepalli Krishna Sai Kumar**

Member

### Nomination and Remuneration Committee

#### **Karunasree Samudrala**

Chairman

#### **Sri Lakshmi Reddy Vaneti**

Member

#### **Raghupathy Goud Theegala**

Member

### Stakeholders Relationship Committee

#### **Raghupathy Goud Theegala**

Chairman

#### **Karunakar Reddy Baddam**

Member

#### **Venkata Siva Prasad Chandrapati**

Member



### Corporate Social Responsibility Committee

**Karunakar Reddy Baddam**  
Chairman

**Sri Lakshmi Reddy Vangeti**  
Member

**Raghupathy Goud Theegala**  
Member

### Risk Management Committee

**Venkata Siva Prasad Chandrapati**  
Chairman

**Karunakar Reddy Baddam**  
Member

**Karunasree Samudrala**  
Member

### Executive Committee of Directors & CFO

**Karunakar Reddy Baddam**  
Chairman

**Venkata Siva Prasad Chandrapati**  
Member

**Krishna Sai Kumar Addepalli**  
Member

**Sudarshan Chiluveru (CFO)**  
Member

### Bankers to the Company

#### 1. State Bank of India

Commercial Branch Hyderabad  
P.O Kothi (Putli Bowli),  
Bank Street, Kothi Hyderabad

#### 2. Axis Bank Limited

Corporate Banking Branch  
1st Floor, G. Pullareddy Building,  
Greenlands, Begumpet Road,  
Hyderabad-500 016

#### 3. HDFC Bank Limited

Bank House, 7th Floor, M.No : 6-3-244/A  
& 246, Road No.1, Banjara Hills,  
Hyderabad - 500 034

### Registrar and Transfer Agent

#### Bigshare Services Private Limited

(Unit: Apollo Micro Systems Limited)  
306, Right Wing, 3rd Floor,  
Amrutha Ville,  
Opp: Yashoda Hospital,  
Rajbhavan Road,  
Hyderabad – 500 082  
Telangana, India.  
Tel : 040 4014 4582,  
Email: bsshyd@bigshareonline.com  
Website: www.bigshareonline.com

**SEBI Registration No.: INR000001385**

### Listing

BSE Limited (BSE)

National Stock Exchange of India Limited  
(NSE)

# NOTICE

Notice is hereby given that the TWENTY FOURTH (24th) Annual General Meeting ("AGM") of the Members of **Apollo Micro Systems Limited** ("the Company") will be held on **TUESDAY the 28th SEPTEMBER 2021 at 12:30 P.M.** (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt (a) the audited standalone financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto, together with the Reports of the Board of Directors and Auditors thereon and (b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto, together with the report of the Auditors thereon.

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolution**:

- a) "RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto and the reports of the Board of Directors and Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted."
- b) "RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 including the Audited Balance sheet as at 31st March, 2021; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto and the report of Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted."

2. To declare a final dividend on equity shares for the financial year ended as on 31st March, 2021 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a final dividend at the rate of Rs. 0.25/- (Twenty Five paise only) per equity share of Rs. 10/- (Rupees Ten) each fully paid-up of the Company, as recommended by the Board of Directors, be and is hereby declared for the financial year ended as on 31st March, 2021 and the same be paid out of the profits of the Company."

3. To appoint a Director in place of Mrs. Sri Lakshmi Reddy Vangeti [DIN 02757567], who retires by rotation and, being eligible, offers herself for re-appointment and in this connection to consider and if deemed fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 Mrs. Sri Lakshmi Reddy Vangeti, having [DIN: 02757567], who retires by rotation and being eligible offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company, who is liable to retire by rotation."

## SPECIAL BUSINESS

4. To increase the limits of overall managerial remuneration and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

RESOLVED THAT pursuant to the provisions of Section 197, 198 of the Companies Act, 2013 (the "Act"), read with Schedule V and all other applicable provisions, if any, of the Companies Act 2013, and the rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, approval of the Members of the Company be and is hereby accorded to increase the overall limit of Managerial remuneration payable by the Company in respect of any financial year from 11% (eleven percent) to 18% (Eighteen percent) of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT, pursuant to the provisions of Section 197 (1) (i) of the Companies Act, 2013, approval of the Members of the Company be and is hereby accorded to increase the limit specified for the remuneration payable to Managing Director and Whole-Time Directors (to all such directors and manager taken together) payable by the Company in respect of any financial year from 10% (ten per cent) to 17% (Seventeen Percent), of the net profits of the Company computed in the manner laid down under the provisions of Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT, the approval of the Members be and is hereby accorded to increase the Remuneration including Commission/ Salary upto 10% of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 or Rs. 2,00,00,000/- (Rupees Two crores only) whichever is higher to Mr. Karunakar Reddy Baddam, Managing Director of the Company

RESOLVED FURTHER THAT, the approval of the Members be and is hereby accorded to authorize the Board of Directors of the Company to increase or decrease or do any modifications of such remuneration (including but not limited to payment of commission) payable to the Managing Director or Whole time Director or such any other Directors of the Company from time to time in the best interest of the Company, subject to the above mentioned modified maximum limits.

RESOLVED FURTHER THAT for the above purpose, Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion thinks necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard in order to give effect to the above said resolution.

RESOLVED FURTHER THAT the Managing Director or Whole time Director or Company Secretary of the Company be and is hereby severally authorised to sign and submit necessary e-form/return with the Registrar of Companies or such other authorities as may be required from time to time in this regard and to take such other steps as may be necessary this respect.

5. Approval for giving loan or guarantee or providing security in connection with loan availed by any of the company's subsidiary [Ananya Sip RF Technologies Private Limited ("ASIP RF") (CIN: U74990TG2015PTC097610)] under Section 185 of Companies Act, 2013 and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Meeting of Board and its

Powers) Rules, 2014 (including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), consent of the Members of the Company, be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include, unless the context otherwise required, any Committee of the Board or any Director(s) or Officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution) for giving loan(s) in one or more tranches including loan represented by way of book debt (the "Loan") to, and/or giving of guarantee(s), and/or providing of security(ies) in connection with any Loan taken/to be taken by the Subsidiary Company [Ananya Sip RF Technologies Private Limited ("ASIP RF") (CIN: U74990TG2015PTC097610)], up to a sum not exceeding Rs.10 Crores [Rupees Ten Crores Only] at any point in time, in its absolute discretion deem beneficial and in the best interest of the Company.

RESOLVED FURTHER THAT the powers be delegated to the Board of the Company and the Board is hereby authorised to negotiate, finalise agree the terms and conditions of the aforesaid loan/guarantee/security and to do all such acts, deeds and things as may be necessary and incidental including signing and/or execution of any deeds/documents/undertakings/agreements/papers/writings for giving effect to this Resolution.

RESOLVED FURTHER THAT the Managing Director or Whole time Director or Company Secretary of the Company be and is hereby severally authorised to sign and submit necessary e-form/return with the Registrar of Companies or such other authorities as may be required from time to time in this regard and to take such other steps as may be necessary this respect.

#### Notes:

1. Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as "MCA Circulars"), Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID -19 pandemic" (collectively referred to as "SEBI Circulars"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common

venue. In accordance with the MCA Circulars, SEBI Circulars provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM, is annexed hereto.
3. At the Adjourned Twentieth Annual General Meeting held on August 26, 2017 Members approved the appointment of M/s. ST Mohite & Co., Chartered Accountants (Registration number 011410S) as Statutory Auditors of the Company for one term of five consecutive financial years from the conclusion of Twentieth Annual General Meeting till the conclusion of the Twenty Fifth Annual General Meeting of the Company, subject to the ratification by the Members at the every Annual General Meeting held during the said term, in terms of the proviso under section 139 (1) of the Act.

The mandatory requirement of ratification of appointment of auditors by the Members at every Annual General Meeting has been omitted vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors at this AGM.

4. Details of Directors seeking appointment/re-appointment as required under SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India in respect of directors seeking appointment / re-appointment at this Annual General Meeting ("AGM"/ "the meeting") is annexed hereto.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. Dispatch of Annual Report through Electronic Mode:

In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 read with Circular dated May 12, 2020, Notice of the AGM along with the Annual Report

2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company/ Depository Participants. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com), websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com) and on the website of Company's Registrar and Transfer Agent, Bigshare Services Private Limited ("Bigshare") at [www.bigshareonline.com](http://www.bigshareonline.com)

8. To support 'Green Initiative' for receiving all communication (including Annual Report) from the Company electronically:
  - a) Members holding shares in physical mode and who have not registered / updated their e-mail address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com)
  - b) Members holding shares in dematerialised mode are requested to register / update their e-mail address with the relevant Depository Participant.
9. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in electronic mode. Members seeking to inspect such documents can send an e-mail to [cs@apollo-micro.com](mailto:cs@apollo-micro.com)
10. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [csvenkateshreddy25@gmail.com](mailto:csvenkateshreddy25@gmail.com) with a copy marked to [cs@apollo-micro.com](mailto:cs@apollo-micro.com)

However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.

11. The Company has fixed **Friday, 17th September, 2021** as the 'Record Date' for determining entitlement of members to dividend for the financial year ended 31st March, 2021, if approved at the AGM.

12. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 18th September, 2021 to Tuesday, 28th September 2021 (both days inclusive) for the purpose of Annual General Meeting.
13. Subject to the provisions of the Act, the dividend as recommended by the Board of Directors for the financial year 2020-21, if approved/declared at the AGM, the payment of such dividend subject to deduction of tax at source will be made within a period of 30 days from the date of declaration.
  - i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on **Friday, 17th September, 2021** the 'Record Date'.
  - ii. To all Members in respect of shares held in physical form after giving effect to transmission or transposition requests lodged with the Company as of the close of business hours on **Friday, 17th September, 2021** the 'Record Date'.
14. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held in electronic form and to the Company's RTA (Bigshare Services Private Limited) in case the shares are held in physical form.
15. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 17th September, 2021 to email id [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The same will be replied by the Company suitably.
16. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Interim Dividend declared for the financial year 2018-19 would be the first to become due for transfer to IEPF in December, 2026. The Final Dividend declared for the financial year 2019-20 would become due for transfer to IEPF in September, 2027. Members, who have not claimed the Unpaid Dividend so far, are requested to make their claim to the Company's Registrar & Transfer Agents (R & T Agents).
 

Pursuant to the provisions of the Companies act, 2013, rules made there under and IEPF rules the details of the unpaid/unclaimed dividend of the shareholders w.r.t to the interim dividend declared for the FY 2018-19 and Final Dividend declared for the financial year 2019-20 is available on the website of the Company under the section "Investors".

Members may please note that in the event of transfer of such shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF authorities by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5.

Members are requested to refer to the Corporate Governance Report for information in connection with the unpaid / unclaimed dividend along with underlying shares thereto liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Members are requested to refer the website of the Company for the details made available by the Company pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017.
17. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
18. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
 

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [cs@apollo-micro.com](mailto:cs@apollo-micro.com) by 11:59 p.m. IST on **Friday, 17th September, 2021**. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on **Friday, 17th September, 2021**.



19. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are **Bigshare Services Private Limited** (herein after referred to as "RTA"). All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents, at the address mentioned below:  
  
M/s. Bigshare Services Private Limited  
(Unit: Apollo Micro Systems Limited)  
306, Right Wing, 3rd Floor, Amrutha Ville, Opp: Yashoda Hospital, Rajbhavan Road,  
Hyderabad – 500 082 (India)  
Tel : 040 4014 4582,  
Email: [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)
20. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed form No SH-13 duly filled in to the Company's RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
21. As directed by SEBI, Members are requested to-
  - i) Intimate to the DP, changes if any, in their registered addresses and/or changes in their bank account details, if the shares are held in dematerialized form.
  - ii) Intimate to the Company's RTA, changes if any, in their registered addresses, in their bank account details, if the shares are held in physical form (share certificates).
  - iii) Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
  - iv) **Dematerialize the Physical Shares to Electronic Form (Demat) to eliminate all risks associated with Physical Shares. Our Registrar and Transfer Agents viz., Bigshare Services Private Limited, Hyderabad (Phone 91 40 401 44582) may be contacted for assistance, if any, in this regard. Further, as per amendment to Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form effective 1st April, 2019. Members are advised to Dematerialize the shares held by them in physical form.**
22. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through electronic modes of payment to investors wherever bank details are available. In case Bank details are not available or incorrect, the Company will print the available details on the payment instrument for distribution of dividend. Due to prevailing pandemic Covid-19 the postal service's are not working widely as it used to be, thus members are requested to update their bank account details with the Depositories and Company's Registrar and Transfer Agents for receiving the dividend through electronic mode of payment.
23. **The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form who have not done so are requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA.**
24. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
25. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors" and on the website of CDSL <https://www.evotingindia.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
26. **CDSL e-Voting System – For e-voting and Joining Virtual meetings.**
  - (i) As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
  - (ii) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules,



2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- (iii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- (iv) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.apollo-micro.com](http://www.apollo-micro.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
- (v) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
- (vi) In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular

No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.

27. THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- (i) **The remote e-voting period begins on 23rd September 2021 (9:00 am) and ends on 27th September 2021 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- (ii) **Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.**
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Physical shareholders and other than individual shareholders holding shares in Demat.	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions

of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (ix) Click on the EVSN for the relevant <Apollo Micro Systems Limited> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [csvenkateshreddy25@gmail.com](mailto:csvenkateshreddy25@gmail.com) and [cs@apollo-micro.com](mailto:cs@apollo-micro.com) respectively, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## 28. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

- (i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance on or before 17th September, 2021 mentioning their name, demat account number/folio number, email id, mobile number at [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance on or before 17th September, 2021 mentioning their name, demat account number/folio number, email id, mobile number at [cs@apollo-micro.com](mailto:cs@apollo-micro.com). These queries will be replied to by the company suitably by email.
- (viii) Those shareholders who have registered themselves as

a speaker will only be allowed to express their views/ask questions during the meeting.

- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

- (x) **If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.**

29. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

- (i) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self

attested scanned copy of Aadhar Card) by email to **Company/RTA email id.**

- (ii) For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
- (iii) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

By Order of the Board  
For **Apollo Micro Systems Limited**

Place: Hyderabad  
Date: 12th August 2021

**Vitta Chaitanya Siva Shankar**  
Company Secretary and Compliance Officer



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING [PURSUANT TO REGULATIONS 26(4) AND 36(3) OF THE SEBI LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS]**

Particulars	Mrs. Sri Lakshmi Reddy Vangeti
Director Identification Number (DIN)	02757567
Date of Birth / Age	20/06/1974 (47Years)
Date of first appointment on the Board	1st April, 1999
Educational Qualification	Bachelor's degree in Science from Osmania University.
Experience (including expertise in specific functional areas) / Brief Resume	She has experience in human resources and management.
Directorships held in other companies	Nil
Memberships/ Chairmanships of committees across companies	Apollo Micro Systems Limited-Member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee
Relationship with other Directors/Key Managerial Personnel	Related to the Managing Director of the Company.
No. of shares held in the Company either by self or on a beneficial basis for any other person	Ten (10) Equity shares

For details regarding the number of meetings of the Board/Committees attended by the above Directors during the year and remuneration drawn/sitting fees received, please refer to the Boards' Report and the Corporate Governance Report forming part of the Annual Report.

In terms of the provisions of Section 152(6) of the Act, Mrs. Lakshmi Reddy Vangeti (DIN: 02757567), retires by rotation at the meeting. The Board of Directors recommends her re-appointment.

## Statement Pursuant to Section 102(1) of the Companies Act, 2013

### ITEM 4: TO INCREASE THE LIMITS OF OVERALL MANAGERIAL REMUNERATION

As per section 197 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 which has become effective since 12th September 2018, total managerial remuneration payable by the Company to its directors, including managing director and whole time director and its manager in respect of any financial year may exceed 11% (eleven percent) of net profits of the calculated as per the section 198 of the companies Act 2013, provided that the same has been approved by the shareholders of the Company by way of Special Resolution. The requirement of Central Government approval which was hitherto required has been done away with.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 12th August 2021 recommended to increase in overall limit of Managerial remuneration payable by the Company in respect of any financial year from 11% (eleven percent) to 18% (Eighteen percent) of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 and increase the limit specified for the remuneration payable under section 197 (1) (i) to Managing Director and Whole-Time Directors (to all such directors and manager taken together) payable by the Company in respect of any financial year from 10% (ten per cent) to 17% (Seventeen Percent) of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 and to increase the Remuneration including Commission/ Salary upto 10% of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 or Rs. 2,00,00,000/- (Rupees Two crores only) whichever is higher to Mr. Karunakar Reddy Baddam, Managing Director of the Company.

Accordingly, the Board recommends the Special Resolution sent out at item no, 4 for approval of members.

Except Mr. Karunakar Reddy, Managing Director, Mr. Addepalli Krishna Sai Kumar, Whole time director operations, Mr. Chandrapati venkata siva Prasad, whole time director technical, none of the other directors or key managerial personnel of the company including their relatives is concerned or interested in the resolution, financially or otherwise, except to the extent of their shareholding, if any, in the Company.

### ITEM 5: APPROVAL FOR GIVING LOAN OR GUARANTEE OR PROVIDING SECURITY IN CONNECTION WITH LOAN AVAILED BY ANY OF THE COMPANY'S SUBSIDIARY [ANANYA SIP RF TECHNOLOGIES PRIVATE LIMITED ("ASIP RF") (CIN: U74990TG2015PTC097610)] UNDER SECTION 185 OF COMPANIES ACT, 2013

The Company may have to render support for the business requirements of its Subsidiary Company from time to time. However, owing to certain restrictive provisions contained in Section 185 of the Companies Act, 2013 ('the Act'), the Company was unable to extend financial assistance by way of loan to such Subsidiary.

The Board of Directors seek consent of the Members by way of a Special Resolution pursuant to Section 185 of the Act (as amended by the Companies (Amendment) Act, 2017) for making loan(s) or providing financial assistance or providing guarantee or securities in connection with the loans taken or to be taken by the Subsidiary for the capital expenditure of the projects and/or working capital requirements including purchase of fixed assets as may be required from time to time for the expansion of its business activities and other matters connected and incidental thereon for their principal business activities.

The Members may note that Board of Directors would carefully evaluate proposals and provide such loan, guarantee or security through deployment of funds out of internal resources/accruals and/or any other appropriate sources, from time to time, only for principal business activities of such Entities.

Accordingly, the Board recommends the Special Resolution sent out at item no, 5 for approval of members.

None of the directors or key managerial personnel of the company including their relatives is concerned or interested in the resolution, financially or otherwise, except Mr. Sudarshan Chiluveru, Chief Financial officer of the Company (also the Shareholder of ASIP RF holding 3% stake) to the extent of his shareholding, in the Company.

By Order of the Board  
For **Apollo Micro Systems Limited**

# Board's Report

To the Members,

The Directors are pleased to present you the 24th Annual Report of Apollo Micro Systems Limited ("the Company or AMS") along with the audited financial statements for the financial year ended March 31, 2021.

## 1. FINANCIAL RESULTS

The audited financial statements of the Company as on March 31, 2021 are prepared in accordance with the relevant applicable Ind AS and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and provisions of the Companies Act, 2013 ("Act").

**The summary of financial performance (standalone & consolidated) for the Financial Year ended March 31, 2021 and the corresponding figures for the Financial Year ended March 31, 2020 are as under:**

(Figures in Indian "₹")

Particulars	Consolidated*	Standalone	
	2020-21	2020-21	2019-20
Revenue from Operations	2,03,07,20,827	2,03,07,20,827	2,45,90,41,260
Other Income	63,86,356	63,56,545	1,59,57,933
<b>Total Revenue</b>	<b>2,03,71,07,183</b>	<b>2,03,70,77,373</b>	<b>2,47,49,99,193</b>
Cost of materials Consumed	1,59,41,91,148	1,59,41,91,148	1,92,18,00,418
Changes in inventories of finished goods, WIP, stock-in-trade	(8,58,36,056)	(8,58,36,056)	(12,06,94,406)
Employee Benefit Expenses	6,86,15,701	6,86,15,701	7,62,44,152
Other Expenses	6,84,99,018	6,84,10,265	9,50,40,631
<b>Earnings Before Interest, Tax, Depreciation &amp; Amortization (EBITDA)</b>	<b>39,16,37,371</b>	<b>39,16,96,314</b>	<b>50,26,08,398</b>
Financial charges	16,01,68,471	16,01,65,780	15,10,44,733
Depreciation	8,69,01,827	8,69,01,827	9,89,54,464
<b>Profit or Loss Before exceptional and extraordinary items and tax</b>	<b>14,45,67,074</b>	<b>14,46,28,707</b>	<b>25,26,09,201</b>
Exceptional Items	0.00	0.00	0.00
Profit or Loss Before tax (PBT)	14,45,67,074	14,46,28,707	25,26,09,201
Tax Expenses: a) Current Tax	1,21,44,827	1,21,64,758	3,80,14,414
b) Earlier Tax Adjustments	0.00	0.00	3,68,56,052
c) Deferred Tax	2,99,14,212	2,99,14,212	3,76,25,958
<b>Total Tax Expense</b>	<b>4,20,59,039</b>	<b>4,20,78,970</b>	<b>11,24,96,424</b>
<b>Net Profit or Loss After Tax (NP)</b>	<b>10,25,08,034</b>	<b>10,25,49,737</b>	<b>14,01,12,777</b>
<b>Earnings Per Share (Basic)</b>	<b>4.94</b>	<b>4.94</b>	<b>6.75</b>
<b>Earnings Per Share (Diluted)</b>	<b>4.94</b>	<b>4.94</b>	<b>6.75</b>

(Previous year figures have been regrouped wherever necessary to confirm to the current year's presentation)

The financial statements for the year ended March 31, 2021 and March 31, 2020 have been prepared as per the Ind AS (Indian Accounting Standards). There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

\*There was no consolidation of accounts for the financial year 2019-20.

## 2. COMPANY'S PERFORMANCE

During the year under review FY 2020-21, the standalone performance of your company was reported as under:

The revenue from operations is Rs 2,03,07,20,827/- against Rs 2,45,90,41,260/- in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been reduced by Rs 22.07% to Rs 39,16,96,314/- against Rs 50,26,08,398/- in the previous year. The Profit before Tax ("PBT") for the year under review is Rs 14,46,28,707/- as against Rs 25,26,09,201/- in the previous year. The Net profit of the Company for the year under review has been reduced by 26.81% to Rs 10,25,49,737/- against Rs 14,01,12,777/- in the previous year. The Earning per Share ("EPS") of the Company for the year under review is Rs 4.94/- per share basic& diluted.

The key aspects of your Company's consolidated performance during the FY 2020-21 are as follows:

The revenue from operations is Rs 2,03,07,20,827/-. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") is Rs 39,16,37,371/-. The Profit before Tax ("PBT") for the year under review is Rs 14,45,67,074/-. The Net profit of the Company for the year under review is Rs 10,25,08,034/- . The Earning per Share ("EPS") of the Company for the year under review is Rs 4.94/- per share basic & diluted. There was no consolidation of accounts for the financial year 2019-20.

## 3. COVID-19 IMPACT FY 2020-21

The COVID-19 pandemic has once again given a hit to the economy. The subsequent wave has seen a typical trend in which there were distributed lockdowns compared to a common lockdown which has further affected as different regions opened in different periods and not allowing a full potential bounce back of the economy. However a huge adaption has come into place which could be a good learning curve for future waves expected to hit due to different variants.

Our R&D team continued their work from home even inspite of these odds. Although the manufacturing activity has got affected, the R&D continued its operations and we have been successful in foraying into newer opportunities and new technologies. It is a known fact that manufacturing sector cannot do work from home model and it has naturally got affected and the impacted our top line and bottom line, but we have not left ourselves in dismay and continued to mutually encourage ourselves and incubated new ideas for our future growth. We have also unlocked a new model of reaching out to customers via video conference mode to review the development activity along with customer rather than reaching out to them personally rather than loosing productive time in travel. We believe this has definitely helped our teams work

life. We look this pandemic on positive terms to lead a new way of running the business process although there was an affect on project timelines and overall performance in terms of financial numbers. We strongly believe that these new changes adapted by our company will be beneficial for future

## 4. BUSINESS OUTLOOK

The economy has started to come back to its normalcy, although in a grip of fear of different variants and waves to hit the world and in turn hit the economy once again. It did happen once again with new waves hitting in the beginning of the financial year and expectations of one more wave to hit the financial year is also not far. We should appreciate that people are coming forward to get vaccinated and awareness has increased in rural and urban areas. The significant and positive sign is that industry once again started reviving although top and bottom lines have taken a hit, yet art to live with devil which would continue to be there for a longer time is learned which is definitely an encouragement sign for the industry.

We should also appreciate the initiatives taken by Indian Government on more self reliance where the global trades have shut down. As a popular saying goes by "Necessity is the mother of invention", we in India are also working towards a resilient and self reliant country both in terms of developing technology and also emerging to be global manufacturing hub which is a wonderful growth sign for future generations.

It's a well known fact that we are the largest importer of weapons and weapon systems and platforms in the world. This although is a feather in the cap yet it is not good for future generations. This is understood by visionaries and a focussed approach to lay a road map to encourage Indigenous systems has been designed and the Indian Defence Labs, Defence PSU's and many other Private Giants including majority contribution from MSME's has grown and their decades of efforts and turmoil has started giving results by encouraging procurement of Indigenous weapons in the country. The recent large scale orders places by Indian Forces on various weapons and platforms is a testimony for that and is a huge encouragement and sign of relief for relentless efforts invested by all stake holders for past several decades and also a great sign in encouraging new players to enter into this ocean of opportunities with their unique knowledge and expertise.

In this context it should also be noted that the Government of India has set specific targets for exporting Indigenous weapons and Platforms to various friendly countries.

The pandemic has given lifetime lessons to everyone, i.e. in surviving in difficult times and also to sustain in future. We

have also seen that markets like Medical electronics which were dominated by Foreign players is now slowly getting into track and lot of Indian companies are entering into this business. Although these players would take few years to get stabilised in this business, we see a big opportunity in this arena. We have also started specific medical electronics vertical and foresee great potential in the future.

## 5. CREDIT RATING

During the year under review, your Company has obtained the Credit Rating from Acuite Rating & Research Limited ("credit rating agency") to Rs 157.50 Crores Line of Credit (short term & long term) of the Company which is as follows:

Long-Term Rating	ACUITE BBB- (pronounced ACUITE triple B MINUS)
Short-Term Rating	ACUITE A3 (pronounced ACUITE A three)

The outlook on the long-term rating has been assigned as "Stable" by the credit rating agency.

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialised form in CDSL	38,55,280	18.56
2.	Held in dematerialised form in NSDL	1,68,98,598	81.38
3.	Physical	10,008	0.06
	<b>Total</b>	<b>2,07,63,886</b>	<b>100.00</b>

Note: Pursuant to the amendment in Regulation 40 of the SEBI Listing Regulations, dated June 8, 2018 & SEBI date extension circular dated Dec 03, 2018, has mandated that transfer of securities would be carried out in dematerialized form only effective April 01, 2019. So, it is requested to all the Members holding the shares in physical form to dematerialize the same for giving effect to any transfer of company's securities.

## 7. EXTRACT OF THE ANNUAL RETURN [SECTION 134 (3) (a) & SECTION 92(3)]

As per the requirements of Section 92(3) of the Act and Rules framed there under, the extract of the annual return for FY 2020-21 is given in **ANNEXURE -A** in the prescribed Form No.MGT-9, which is a part of this annual report.

Further the Annual Return in MGT 7 draft is available on the website of the Company at [https://apollo-micro.com/wp-content/uploads/2021/09/Form\\_MGT\\_7-APOLLO-MICRO-2020-21.pdf](https://apollo-micro.com/wp-content/uploads/2021/09/Form_MGT_7-APOLLO-MICRO-2020-21.pdf).

## 8. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS [SECTION 134 (3) (b)]:

During the year under review, four (4) meetings of the Board of Directors of the Company were held on June 26, 2020, August

## 6. SHARE CAPITAL

### (a) Changes in Capital structure of the Company

During the financial year 2020-21, there has been no change in the Capital Structure of the Company. There was no public issue, rights issue, bonus issue, sweat equity issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights or sweat equity shares. During the year under review no employee stock options were granted in accordance with ESOS scheme of the Company.

### (b) Status of Shares

As the members are aware, the Company's shares are compulsorily tradable in electronic form. Out of the total paid up capital representing 2,07,63,886 equity shares, the following equity shares of the Company are in dematerialized and physical form as on March 31, 2021:

29, 2020, November 12, 2020 and February 12, 2021. The attendance of Directors for the above meetings is given in the Corporate Governance Report that forms part of this annual report. The maximum interval between any two meetings did not exceeded 120 days except the gap between the meeting held on June 26, 2020 from previously held meeting for which relaxation was granted by Ministry of Corporate Affairs ("MCA") due COVID -19 outbreak vide General Circular No. 11/ 2020 dated 24th March, 2020.

The Detailed information of meetings of board of directors is given in the Corporate Governance Report annexed to this annual report.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors held on March 22, 2021 to review the performance of the Non-Independent Directors;



the Chairperson; the entire Board and its Committees thereof and; assess the quality, quantity and timelines of the flow of information between the Management and the Board.

## 9. DIRECTOR'S RESPONSIBILITY STATEMENT [SECTION 134 (3) (c) & 134(5)]

Pursuant to Section 134(5) of the Companies Act, 2013 (the "Act"), the Board of Directors, to the best of its knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts for the period ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 10. DETAILS OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT [SECTION 134 (3) (ca)]:

During the year under review, Statutory Auditor and Secretarial Auditor have not reported any incident of fraud under section 143(12) of the Act.

## 11. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS [SECTION 134 (3)(d)]

The Company has received and taken on record the declarations received from the Independent Directors of the

Company as required pursuant to section 149(7) of the Act stating that meet the criteria of independence as provided in section 149 (6) of the Act, as amended and Regulation 16(1) (b) of the SEBI Listing Regulations as amended.

The Board took on record the declaration and confirmation submitted by the independent directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under Regulation 25 of the SEBI Listing Regulations.

## 12. FAMILIARISATION PROGRAMME

In compliance with the requirements of the SEBI Listing Regulations, the Company has put in place a familiarisation programme for the Independent Directors to familiarise them with their roles, rights and responsibilities as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model and so on. The same is also available on the Company website [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors".

## 13. COMMITTEES OF THE BOARD

The Board of Directors has constituted various mandatory and non-mandatory Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting. The Board currently has the following Committees:

### (a) Audit Committee

The Audit Committee was constituted by our Board in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. The composition, quorum, terms of reference, function, powers, roles and scope are in accordance with Section 177 of the Act and the provisions of Regulation 18 of the SEBI Listing Regulations. All the members of the committee are financially literate and Mrs. Karunasree Samudrala, Chartered Accountant the Chairman of the Committee is an Independent Director and possesses the relevant financial expertise.

The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

**(b) Corporate Social Responsibility (CSR) Committee**

The Company believes in undertaking business in such a way that it leads to overall development of all stake holders and society. The Company considers social responsibility as an integral part of its business activities and endeavours to utilize allocable CSR budget for the benefit of society.

The CSR Committee has been constituted as required under the provisions of section 135 of the Act. The details regarding composition, objectives, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

The Committee formulated and recommended to the Board the CSR Policy. On the recommendations of the CSR Committee, the Board approved and adopted the CSR Policy of the Company. The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at: [http://www.apollo-micro.com/investor\\_relations/CSR-Policy.pdf](http://www.apollo-micro.com/investor_relations/CSR-Policy.pdf).

As per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, annual report on CSR is prepared and the same is enclosed as **Annexure-B** to this Report.

**(c) Stakeholder's Relationship Committee**

Stakeholder's Relationship Committee has been constituted by the Board in accordance with Section 178 (5) of the Act.

The details regarding composition, terms of references, powers, functions, scope, meetings, attendance of members and the status of complaints received during the year are included in Corporate Governance Report which forms part of the Annual Report.

**(d) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has been constituted by the Board in accordance with section 178 of the Act and Regulation 19 of SEBI Listing Regulations.

The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

Policy on Remuneration of Directors, KMPs and other employees

The Policy of the Company on remuneration of Directors, KMPs, Senior Management and other employees

including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 is made available on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors". The website link is [http://apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION\\_POLICY.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION_POLICY.pdf).

**(e) Risk Management Committee**

The Risk Management Committee was constituted pursuant to resolution of the Board, which has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework.

The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

**(f) Executive Committee of Directors & CFO**

The Executive Committee of Directors and Chief Financial Officer (CFO) ("Executive Committee") has been formed by the Board, under the provisions of Section 179(3) of the Act and rules made there under in order to have the timely and expeditious execution of routine financial matters.

The details regarding composition, terms of references, powers, responsibilities, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

**14. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE [SECTION 134 (3) (f)]:**

By the Statutory Auditor in their Report: has no qualification or adverse remarks

By Company Secretary in Practice in Secretarial Audit Report: has no qualification or adverse remarks except on reduction of promoter shareholding which was reduced by 1000000 shares and which was self-explanatory.

**15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 [SECTION 134 (3) (g)]**

During the financial year 2020-21, the Company has not given any loans or guarantees to any person or other bodies corporate or acquired securities of any other body corporate

as referred to in Section 186 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014. Further, the company has not made any investment during the period under review.

However, the Company has subscribed for 210940 equity shares of Ananya SIP RF Technologies Private Limited ("ASIP RF") amounting to Rs. 1,32,89,220/-, through which 51% stake in the ASIP RF has been acquired, in compliance with the provisions of Section of 179 (2) (e) of the Companies Act, 2013.

## 16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES [RULE 8(5)(iv) OF COMPANIES (ACCOUNTS) RULES, 2014]

Your Company has one (1) subsidiary company. During the year under review, M/s Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) has become the subsidiary of the Company by virtue of acquiring 51% stake in the aforementioned Company with effect from 3rd August, 2020. Further, the Company does not have any joint ventures/ Associate Companies during the year under review.

Pursuant to the provisions of Section 129, 134 and 136 of the Act read with rules made thereunder and Regulation 33 of the SEBI Listing Regulations the Company has prepared consolidated financial statements of the Company and a separate statement containing the salient features of financial statement of subsidiary in Form AOC-1 forms part of this Annual Report as **Annexure-C**.

The annual financial statements and related detailed information of the subsidiary companies shall be made available to the members of the holding and subsidiary company seeking such information on all working days during business hours. The financial statements of the subsidiary company shall also be kept for inspection by any members during working hours at the Company's registered office and that of the subsidiary company concerned.

In accordance with Section 136 of the Act, the audited financial statements, including consolidated financial statements and related information of the Company and audited accounts of its subsidiary, are available on website, [www.apollo-micro.com](http://www.apollo-micro.com). Pursuant to Section 134 of the Act read with rules made thereunder, the details of developments of subsidiary of the Company are covered in the Management Discussion and Analysis Report which forms part of this Report.

## 17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES [SECTION 134 (3) (h)]

All related party transactions entered into by the Company during the financial year 2020-21 were in the ordinary course of business and on arm's length basis and in compliance with the applicable provisions of the Act and the SEBI Listing Regulations. During the financial year under review, none of the transactions entered into with related parties were material as defined under the Act and SEBI Listing Regulations.

The particulars of contract or arrangements entered into by the Company, during the financial year 2020-21, with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto has been disclosed in Form No. AOC -2, attached to the Board's report as **Annexure-D**. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors".

## 18. RESERVES [SECTION 134 (3) (j)]

During the financial year 2020-21, the Board of Directors has not recommended transfer of any amount of profit to any reserves. Hence, the amount of profit for the financial year under review has been carried forward to the Statement of Profit and Loss.

## 19. DIVIDEND [SECTION 134 (3) (k)]

Please refer to the Supplemental Directors Report dated 12th August 2021 as stated in page no. 51.

## 20. DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI Listing Regulations mandates top 500 Listed Companies based on their market capitalization to formulate Dividend Distribution Policy. As per Regulation 43A of SEBI Listing Regulations, your company has voluntarily adopted the Dividend Distribution policy.

Accordingly, the policy was adopted to set out parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to the shareholders. The Policy is also available on the Company's website under the web link <http://apollo-micro.com/investors>. The Policy is also annexed herewith as **Annexure-E** to the Board's Report.

## 21. MATERIAL CHANGES AND COMMITMENTS, IF ANY [SECTION 134 (3) (I)]

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

## 22. CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [SECTION 134 (3) (m)]:

The Company continues its efforts to reduce and optimize the energy consumption at its manufacturing facility.

### A. Conservation of Energy

The operations of the company are not energy intensive. Adequate measures are taken to conserve and reduce the energy consumption like usage of LED Lights and power saving centralized air conditioners.

#### Research & Development

During the year under review, we have developed critical technologies. We have initiated the development of new technologies in Electro-mechanical actuators for various weapon platforms and also for Aircraft Landing

gear systems. This is going to reap huge benefits for the company's growth. We have started seeing the results in which some of the systems are used in trials and are successful and we foresee a huge market potential for these systems. It is important to mention the contributions of our Naval Systems group which has once again proven their mettle by re-configuring technologies for different platforms. They have also successfully participated in offshore sea trials of weapons which is a feather on cap to the existing contributions.

A new spectrum of technologies are developed which are state of the art, modular and competent enough to meet global requirements. These technologies are a strong foundations for upcoming business growth and sustenance and we foresee the results to hit into business by Fiscal 2023. We have spent Rs. 13,41,27,215/- towards our R&D activities in this Financial Year.

### B. Technical Absorption

The Company works on in house Technology.

### C. Foreign Exchange Earnings and Outgo:

Foreign Exchange outgo and earnings

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Value of imported raw-materials on CIF basis	Rs 21,04,43,678/-	Rs 16,65,88,143/-
Other Expenses: Foreign Travel Expenses	Rs 2,70,000/-	Rs 7,37,366/-
Earnings in foreign currency:		
FOB Value of Exports	--	--
For Services Rendered	--	--

## 23. ANNUAL EVALUATION ON PERFORMANCE [SECTION 134(3) (p)]:

Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors.

The Board is pleased to report that the result thereof show that the Company is well-equipped in the management as well as the governance aspects.

The Independent Directors at their separate meeting held on March 22, 2021 reviewed the performance of Non-Independent Directors (Executive & Non- Executive), Chairperson, performance of the Board as a whole and its various committees and also assessed the quality, quantity

and timelines of flow of information between the Company Management and the Board.

The Independent Directors expressed their satisfaction on the overall functioning and effectiveness of the Board, Committees and performance of individual Non-Independent Board members and the Chairman.

The Board (excluding the Independent Directors being evaluated) has evaluated the performance of the Independent Directors on parameters such as Knowledge, Experience, Integrity, Independence of judgment, adherence to Code of Conduct, Corporate Governance, Contribution, attendance & level of participation and fulfilment of Independence Criteria etc in accordance with the Company's "Policy for evaluation of Directors and Key Managerial Personnel and other employees".



The Board has expressed its satisfaction to the performance of the Independent Directors and appreciated the level of participation of Independent Directors.

#### **24. EMPLOYEE STOCK OPTIONS SCHEME [RULE 12(9) OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014]:**

The Company has in place the Employee Stock Option Scheme 2018 (ESOS-2018) to attract, reward, motivate and retain its employees, who have shown high levels of individual performance and for the unusual efforts, put in by them to improve the operational and financial performance of the Company, which ultimately contributes to the success of the Company.

During the financial year 2020-21, no grant of options was made to the employees of the company, under the ESOS scheme. The disclosures according to the provisions of the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2021 with regard to the Apollo Employee Stock Option Scheme 2018 (ESOS-2018) are annexed to this Report as **Annexure-F**.

#### **25. CHANGE IN THE NATURE OF BUSINESS [RULE 8(5) (ii) OF COMPANIES (ACCOUNTS) RULES, 2014]**

There is no change in the nature of the business of the Company during the financial year 2020-21.

#### **26. CHANGE IN THE DIRECTORS OR KEY MANAGERIAL PERSONNEL [RULE 8(5)(iii) & 8(5)(iii)(a) OF COMPANIES (ACCOUNTS) RULES, 2014]**

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations and Section 149 of the Companies Act, 2013. There is an optimum combination of Executive and Non-Executive Directors. The Company has 6 (six) Directors as on March 31, 2021. Out of the 6 (six) Directors 3 (three) are Executive Directors, 2(two) Non-Executive- Independent Directors and 1 (one) Non- Executive Non Independent Director.

During the financial year 2020-21, there were no appointments or resignation on the Board of the Company.

Pursuant to the provisions of the Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with the rules framed under the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

Ministry of Corporate Affairs vide its Notification number G.S.R. 804(E) dated October 22nd, 2019 had amended the Companies (Appointment and Qualification of Directors) Rules, 2014 and its amendment thereof requiring the registration of Independent Directors in the databank maintained by the Indian Institute of Corporate Affairs ("IICA") and passing the online proficiency self-assessment test conducted by the IICA within two(2) year from the date of inclusion of his/her name in the data bank.

-Mr. Raghupathy Goud Theegala, Independent Director has duly registered his name in the data bank of IICA w.e.f February 25, 2020 and the passing of the online proficiency self-assessment test is still pending. As per the the Companies (Appointment and Qualification of Directors) Rules, 2014 the date up to which proficiency test can be passed is February 24, 2022.

-Mrs. Karunasree Samudrala, Independent Director has duly registered her name in the data bank of IICA w.e.f February 25, 2020 and passed the online proficiency self-assessment test on April 10, 2020.

In opinion of the Board, they fulfill the conditions specified in the Act and the Rules made there under for the appointment as Independent Directors and are independent of the management.

The Independent Director's possess the relevant integrity, expertise, experience and proficiency.

During the year under review, the non-executive directors the Company had no pecuniary relationship or transactions with the Company other than sitting fees, commission, if any.

During the financial year 2020-21, there was no change in the Key Managerial Persons (KMP's) of the Company.

Retire by rotation

Mrs. Sri Lakshmi Reddy Vangeti (DIN: 02757567) retires by rotation at the ensuing 24th Annual General Meeting and being eligible, offers herself for reappointment.

Additional information on reappointment of Mrs. Sri Lakshmi Reddy Vangeti as director and as required under regulation 36 of the SEBI Listing Regulations is given in the Notice convening the forthcoming AGM.

#### **27. DEPOSITS [RULE 8(5) (v) OF COMPANIES (ACCOUNTS) RULES, 2014]**

The Company has not accepted any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unpaid

or unclaimed deposits as the Company has never accepted deposits within the meaning of the Act and the rules made there under.

## 28. SIGNIFICANT AND MATERIAL ORDERS [RULE 8(5) (vii) OF COMPANIES (ACCOUNTS) RULES, 2014]

During the financial year 2020-21, the Company hasn't received any significant and material orders that impact the going concern status and company's operations in future.

## 29. INTERNAL FINANCIAL CONTROLS [RULE 8(5)(viii) OF COMPANIES (ACCOUNTS) RULES, 2014]

The Company has kept in place adequate financial controls to check and control any defects and frauds in the Company. Adequate internal control systems commensurate with the nature of the Company's business, its size, and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Vigil Mechanism Policy and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

## 30. PARTICULARS OF EMPLOYEES

The information required under section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively, are given in **Annexure-G**, which forms part of this Report.

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company Secretary.

## 31. AUDITORS AND AUDIT REPORT

### (a) Statutory Auditors & their Reports

M/s. S T Mohite & Co. (FRN 011410S), Hyderabad were appointed as Statutory Auditors of the Company in the adjourned Annual General Meeting held on August 26, 2017 for a period of 5 Years and holds office until the conclusion of the 25th Annual General Meeting to be held in the calendar year 2022 (subject to ratification by the shareholders at each Annual General Meeting) on such remuneration as may be determined by the Board. Pursuant to notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi, requirement to place the matter relating ratification to appointment of Auditors by members at every Annual General Meeting is omitted.

Further, M/s. S T Mohite & Co. have confirmed their eligibility for their appointment as Statutory Auditors and the same are within the limits as specified in section 141 of the Companies Act, 2013 and have also confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

The statutory auditors' report is forming the part of this report. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. There are no specifications, reservations, adverse remarks on disclosure by the statutory auditors in their report. They have not reported any incident of fraud to the Board of the Company during the year under review.

### (b) Internal Auditors

As per the provisions of Section 138 of the Companies Act, 2013 and the rules made there under, the Board of Directors had appointed M/s Surya Pavan & Co, Chartered Accountants, Vijayawada (ICAI Firm Registration No. 015612S), as Internal Auditor to conduct the internal audit of the Company for the Financial Year 2020-21.

The Internal Audit Report for the Financial Year 2020-21 issued by M/s Surya Pavan & Co, Chartered Accountants, Vijayawada is submitted which is self-explanatory and do not call for any further explanation of the Board.

**(c) Cost Auditors**

As per Cost Audit applicability, cost compliance is not applicable for FY 2020-21 as the Company status is considered as "small enterprise" as per MSME guidelines/circular till 31st March, 2021. Hence, the maintenance of cost records as specified by the Central Government under sub section (1) of section 148 of the Act was not required.

**(d) Secretarial Auditors**

As per the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, the Board of Directors had appointed Mr. Venkatesh Reddy Datla, Practicing Company Secretary, Hyderabad (Membership No: 36504; CP No: 14074), as Secretarial Auditor to conduct the Secretarial audit of the Company for the Financial Year 2020-21.

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, issued by Mr. Venkatesh Reddy Datla, Practicing Company Secretary, in Form MR-3 for the financial year 2020-21 is annexed to the Board's Report as **Annexure-H**

The secretarial auditors' report is forming the part of this report. The observation with respect to compliance in the secretarial auditors' report is self-explanatory and do not call for any further comments. There are no specifications, reservations, adverse remarks on disclosure by the secretarial auditors' in their report. They have not reported any incident of fraud to the Board of the Company during the year under review.

Further, the Board has approved the re- appointment of Mr. Venkatesh Reddy Datla, Practicing Company Secretary, Hyderabad (Membership No: 36504; CP No: 14074) as the Secretarial Auditor of the Company for the Financial Year 2021-22.

**32. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report ("MD&A") for the year under review as stipulated under the SEBI Listing Regulations is presented in a separate section forming part of this Annual Report.

**33. REPORT ON CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013 and as stipulated under the SEBI Listing Regulations. A separate section titled Corporate Governance Report as **Annexure-I**

under the SEBI Listing Regulations along with a Corporate Governance Certificate from the Practicing Company Secretary in the **Annexure-J** and CFO Certification in compliance with Regulation 17(8) of SEBI Listing Regulations in the **Annexure-K** forms the part of this report.

**34. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit Functions reports to the Board including Audit Committee of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

**35. VIGIL MECHANISM**

The Company's Board of Directors, pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, has framed 'Whistle Blower Policy' for Directors and employees of the Company. The policy is to provide a mechanism, which ensures adequate safeguards to employees and Directors from any victimisation on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, and so on. The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is hosted on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors".

**36. INVESTORS EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to section 124 of the Act, Dividends that are unclaimed for a period of seven years are required to be transferred to the IEPF, established by the Government of India. During the year under review, there was no outstanding amount of unclaimed dividends which was liable to be transfer to the IEPF.

**37. HUMAN RELATIONS**

The Company continues to have cordial and harmonious relationship with its employees and thank all employees for their cooperation and the contribution towards harmonious relationship and progress of the company.

### 38. POLICY ON SEXUAL HARASSMENT

Your Company is committed to provide work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. The Company is also committed to promoting a work environment that is conducive to the professional growth of its employees and encourages equality of opportunity and will not tolerate any form of sexual harassment and to take all necessary steps to ensure that its employees are not subjected to any form of harassment.

Thus, in order to create a safe and conducive work environment the Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of women at workplace (prevention, Prohibition, & Redressal) Act, 2013.

Further, the Company has complied with provisions relating to constitution of Internal Complaints Committee ("ICC") under

Sexual Harassment of women at workplace (Prevention, Prohibition, & Redressal) Act, 2013. The Committee has been set up to redress complaints received regarding sexual harassment. The detail of the committee members is available on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors". All employees (permanent, contractual, trainees, temporary) are covered under this policy. During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 39. ACKNOWLEDGEMENTS

The Directors thank all customers, bankers, investors, shareholders, vendors and other stakeholders for their continued support and patronage during the year under review. The Board appreciates its employees for their efforts, hard work and dedication, which enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board  
**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: 29th June, 2021

Sd/-  
**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

Sd/-  
**Krishna Sai Kumar Addepalli**  
Whole Time Director (Operations)  
DIN: 03601692



## SUPPLEMENT TO BOARD'S REPORT

### DIVIDEND [SECTION 134 (3) (k)]

Your Directors have pleasure in recommending a dividend of 2.5% (Rs.0.25/- per Equity Share of face value of Rs.10/- each) on the fully paid up Equity Shares out of the profits of the Company for the financial year 2020-21. The said dividend, if approved by the shareholders, would result into a cash outflow of Rs 51,90,971.50/-.

The dividend pay-out for the year under review has been finalized in accordance with the dividend distribution policy of the company.

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: 12th August, 2021

Sd/-  
**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

Sd/-  
**Krishna Sai Kumar Addepalli**  
Whole Time Director (Operations)  
DIN: 03601692

# ANNEXURE-A

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on March 31, 2021

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

I	CIN	L72200TG1997PLC026556
ii	Registration Date	03/03/1997
lii	Name of the Company	Apollo Micro Systems Limited
iv	Category / Sub-Category of the Company	Company Limited by Shares Non-Government Indian Company
V	Address of the Registered Office and contact details	Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal, Hyderabad, Rangareddy, Telangana, India – 500 076 Phone: 91 40 27167000; Fax No. 91 40 27150820 Email id: cs@apollo-micro.com
Vi	Whether listed company	Yes
Vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited (Unit: Apollo Micro Systems Limited) SEBI Registration No: INR000001385 306, Right Wing, 3rd Floor, Amrutha Ville, Opp: Yashoda Hospital, Rajbhavan Road, Hyderabad – 500 082, Telangana, India. Tel: 040 4014 4582 Email: bsshyd@bigshareonline.com Website: www.bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Manufacture of electronic components	2610	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable section
1	ANANYA SIP RF TECHNOLOGIES PRIVATE LIMITED REGD OFFICE: PLOT NO. 38, SRISHTI BHAVAN, OLD GAYATRINAGAR JILLELGUDA, (PO) MEERPET, HYDERABAD- 500097, TELANGANA INDIA	U74990TG2015PTC097610	SUBSIDIARY	51%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):****i) Category-wise Share Holding:**

Category of Shareholder	No. of Shares held at the beginning of the year: 01/04/2020				No. of Shares held at the end of the year :31/03/2021				% Change
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	
A) Shareholding of Promoter and Promoter Group2									
(1) Indian									
a) INDIVIDUAL / HUFF									
b) Central / State government(s)	13271690	0	13271690	63.92	12271690	0	12271690	59.10	(4.82)
c) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
d) FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.00	0	0	0	0.00	0.00
e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
(i) GROUP COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
(ii) TRUSTS	0	0	0	0.00	0	0	0	0.00	0.00
(iii) DIRECTORS RELATIVES	10	0	10	0.00	10	0	10	0.00	0.00
SUB TOTAL (A)(1) :	13271700	0	13271700	63.92	12271700	0	12271700	59.10	(4.82)
(2) Foreign									
a) BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00	0.00
b) INDIVIDUAL	0	0	0	0.00	0	0	0	0.00	0.00
c) INSTITUTIONS	0	0	0	0.00	0	0	0	0.00	0.00
d) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
e) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A)(2) :	0	0	0	0.00	0	0	0	0.00	0.00
Non-institutions									
(i) ANY OTHERS (Specify)									
(ii) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A)(3) :	0	0	0	0.00	0	0	0	0.00	0.00
Total holding for promoters (A)=(A)(1) + (A)(2) + (A)(3)	13271700	0	13271700	63.92	12271700	0	12271700	59.10	(4.82)
B. Public Shareholding									
1. Institutions									
a) Central / State government(s)	0	0	0	0.00	0	0	0	0.00	0.00
b) FINANCIAL INSTITUTIONS / BANKS	71157	0	71157	0.34	0	0	0	0.00	(0.34)
c) MUTUAL FUNDS / UTI	898000	0	898000	4.32	459505	0	459505	2.21	(2.11)
d) VENTURE CAPITAL FUNDS	0	0	0	0.00	0	0	0	0.00	0.00
e) INSURANCE COMPANIES	0	0	0	0.00	0	0	0	0.00	0.00
f) FI'S	0	0	0	0.00	0	0	0	0.00	0.00
g) FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0	0	0	0.00	0.00
h) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
i) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
j) FOREIGN PORTFOLIO INVESTOR	809642	0	809642	3.90	802443	0	802443	3.86	(0.03)
k) ALTERNATE INVESTMENT FUND	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	1778799	0	1778799	8.57	1261948	0	1261948	6.08	(2.49)
2. Non-Institutions									
a) BODIES CORPORATE	292669	0	292669	1.41	139796	0	139796	0.67	(0.74)

Category of Shareholder	No. of Shares held at the beginning of the year: 01/04/2020				No. of Shares held at the end of the year :31/03/2021				% Change
	Demat	Physical	Total Shares	Total %	Demat	Physical	Total Shares	Total %	
b) INDIVIDUAL									
i) (CAPITAL UPTO TO Rs. 1 Lakh)	3177332	10008	3187340	15.35	5741082	10008	5751090	27.70	12.35
ii) (CAPITAL GREATER THAN Rs. 1 Lakh)	1511166	0	1511166	7.28	486113	0	486113	2.34	(4.94)
c) ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
i) HINDU UNDIVIDED FAMILY	191126	0	191126	0.92	242274	0	242274	1.17	0.25
ii) TRUSTS	6200	0	6200	0.03	1200	0	1200	0.01	(0.02)
iii) CLEARING MEMBER	87266	0	87266	0.42	199478	0	199478	0.96	0.54
iv) NON RESIDENT INDIANS (NRI)	337580	0	337580	1.63	310565	0	310565	1.50	(0.13)
v) DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00	0.00
vi) EMPLOYEE	100040	0	100040	0.48	99722	0	99722	0.48	(0.00)
vii) OVERSEAS BODIES CORPORATES	0	0	0	0.00	0	0	0	0.00	0.00
viii) UNCLAIMED SUSPENSE ACCOUNT	0	0	0	0.00	0	0	0	0.00	0.00
ix) IEPF	0	0	0	0.00	0	0	0	0.00	0.00
d) QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(2):-</b>	<b>5703379</b>	<b>10008</b>	<b>5713387</b>	<b>27.52</b>	<b>7220230</b>	<b>10008</b>	<b>7230238</b>	<b>34.82</b>	<b>7.31</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>7482178</b>	<b>10008</b>	<b>7492186</b>	<b>36.08</b>	<b>8482178</b>	<b>10008</b>	<b>8492186</b>	<b>40.90</b>	<b>4.82</b>
<b>C. Shares held by Custodians and against which Depository Receipts have been issued</b>									
a) SHARES HELD BY CUSTODIANS	0	0	0	0.00	0	0	0	0.00	0.00
i) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
ii) Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (C)(1) : (C)=(C)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C+D)</b>	<b>20753878</b>	<b>10008</b>	<b>20763886</b>	<b>100.00</b>	<b>20753878</b>	<b>10008</b>	<b>20763886</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change In shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Karunakar Reddy Baddam	1,32,71,690	63.92%	0	1,22,71,690	59.10%	8,00,000	(4.82)
2	Sri Lakshmi Reddy Vangeti *	10	Negligible	0	10	Negligible	0	Nil
	<b>Total</b>	<b>1,32,71,700</b>	<b>63.92%</b>	<b>0</b>	<b>1,22,71,700</b>	<b>59.10%</b>	<b>0</b>	<b>(4.82)</b>

\*Relative of Promoter-Form's part of Promoter Group



**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No	Name of the Promoter	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons(e.g. buy, sell, allotment, transfer)			Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	Number of Shares	Nature	No. of shares	% of total shares of the company
1	Karunakar Reddy Baddam	1,32,71,690	63.92	January 22, 2021	5,00,000	Decrease (off- market transfer) *	1,27,71,690	61.50%
				January 29, 2021	5,00,000	Decrease (off- market transfer) *	1,22,71,690	59.10%
				At the end of the year March 31, 2021			1,22,71,690	59.10
2	Sri Lakshmi Reddy Vangeti	10	Negligible	-	-	-	10	Negligible

\* Note: The aforementioned 10,00,000 (Ten Lakh) equity shares of Mr. Karunakar Reddy Baddam were fraudulently transferred by the depository participant without his knowledge, consent and authorization. The legal action against the depository participant is initiated and criminal action against them is under contemplation.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on March 31, 2021:**

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND</b>				
	At the beginning of the year	6,80,946	3.28	6,80,946	3.28
	March 19, 2021- Decrease	(7,199)	(0.04)	6,73,747	3.24
	At the end of the year			6,73,747	3.24
<b>2.</b>	<b>SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND</b>				
	At the beginning of the year	8,98,000	4.32	8,98,000	4.32
	September 25, 2020- Decrease	(39,351)	(0.18)	8,58,649	4.14
	February 26, 2021- Decrease	(51,982)	(0.25)	8,06,667	3.89
	March 05, 2021- Decrease	(1,31,211)	(0.64)	6,75,456	3.25
	March 12, 2021- Decrease	(36,105)	(0.17)	6,39,351	3.08
	March 19, 2021- Decrease	(12,278)	(0.06)	6,27,073	3.02
	March 26, 2021- Decrease	(1,67,568)	(0.81)	4,59,505	2.21
	At the end of the year			4,59,505	2.21
<b>3.</b>	<b>JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND</b>				
	At the beginning of the year	1,28,678	0.62	1,28,678	0.62
	At the end of the year			1,28,678	0.62

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>4.</b>	<b>SUNEETA VARADRAYA KAMATH</b>				
	At the beginning of the year	1,00,000	0.48	1,00,000	0.48
	At the end of the year			1,00,000	0.48
<b>5.</b>	<b>GOVINDBHAI LALJIBHAI KAKADIA</b>				
	At the beginning of the year	Nil	0	Nil	0
	January 15, 2021-Increase	1,03,000	0.50	1,03,000	0.50
	February 19, 2021-Increase	1,000	0.00	1,04,000	0.50
	February 26, 2021-Decrease	(1,000)	(0.00)	1,03,000	0.50
	March 26, 2021-Decrease	(37,000)	(0.18)	66,000	0.32
	At the end of the year			66,000	0.32
<b>6.</b>	<b>SUDHIR KUMAR CHILUVERU</b>	10,000	0.05	10,000	0.05
	July 31, 2020- Increase	15,000	0.07	25,000	0.12
	August 28, 2020- Increase	5,000	0.02	30,000	0.14
	September 18, 2020- Decrease	(5,000)	(0.02)	25,000	0.12
	September 25, 2020- Increase	5,000	0.02	30,000	0.14
	November 06, 2020- Decrease	(5,000)	(0.02)	25,000	0.12
	March 05, 2021- Increase	10,000	0.05	35,000	0.17
	March 12, 2021- Increase	10,000	0.05	45,000	0.22
	March 26, 2021-Increase	5,000	0.02	50,000	0.24
	At the end of the year			50,000	0.24
<b>7.</b>	<b>GAWRAV SHARADCHANDRA SHINDE</b>				
	At the beginning of the year	10,615	0.05	1,0651	0.05
	April 03, 2020-Increase	67	0.00	10,682	0.05
	April 10, 2020-Increase	1,190	0.01	11,872	0.06
	April 17, 2020-Increase	23,687	0.16	35,559	0.17
	May 22, 2020-Increase	9,290	0.05	44,849	0.22
	June 12, 2020-Increase	215	0.00	45,064	0.22
	At the end of the year			45,064	0.22
<b>8.</b>	<b>ZERODHA BROKING</b>				
	At the beginning of the year	911	0.00	911	0.00
	April 3, 2020- Increase	2,617	0.02	3,528	0.02
	April 10, 2020-Increase	932	0	4,460	0.02
	April 17, 2020- Decrease	(698)	0	3,762	0.02
	April 24, 2020-Increase	4,925	0.02	8,687	0.04
	May 1, 2020-Decrease	(1,756)	(0.01)	6,931	0.03
	May 8, 2020-Increase	5,004	0.03	11,935	0.06
	May 15, 2020-Decrease	(1,125)	(0.01)	10,810	0.05
	May 22, 2020-Decrease	(2,720)	(0.01)	8,090	0.04
	May 29, 2020-Increase	11,249	0.05	19,339	0.09
	June 5, 2020-Decrease	(16,420)	(0.08)	2,919	0.01

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	June 12, 2020-Increase	1,158	0.01	4,077	0.02
	June 19, 2020-Increase	44,350	0.21	48,427	0.23
	June 26, 2020-Decrease	(19,305)	(0.09)	29,122	0.14
	June 30, 2020-Decrease	(19,218)	(0.09)	9,904	0.05
	July 3, 2020-Increase	202	0	10,106	0.05
	July 10, 2020-Decrease	(2,951)	(0.02)	7,155	0.03
	July 17, 2020-Increase	14,265	0.07	21,420	0.10
	July 24, 2020-Increase	26,483	0.13	47,903	0.23
	July 31, 2020-Decrease	(1,609)	(0.01)	46,294	0.22
	August 7, 2020-Decrease	(27,915)	(0.13)	18,379	0.09
	August 14, 2020-Increase	41,018	0.2	59,397	0.29
	August 21, 2020-Decrease	(37,515)	(0.18)	21,882	0.11
	August 28, 2020-Increase	26,080	0.12	47,962	0.23
	September 4, 2020-Decrease	(37,637)	(0.18)	10,325	0.05
	September 11, 2020-Increase	6,669	0.03	16,994	0.08
	September 18, 2020-Increase	73,342	0.36	90,336	0.44
	September 25, 2020-Decrease	(82,205)	(0.4)	8,131	0.04
	September 30, 2020-Decrease	(1,049)	(0.01)	7,082	0.03
	October 2, 2020-Decrease	(1,297)	0	5,785	0.03
	October 9, 2020-Increase	5,845	0.03	11,630	0.06
	October 16, 2020-Decrease	(6,667)	(0.04)	4,963	0.02
	October 23, 2020-Decrease	(973)	0	3,990	0.02
	October 30, 2020-Increase	4,556	0.02	8,546	0.04
	November 6, 2020-Increase	49,284	0.24	57,830	0.28
	November 13, 2020-Decrease	(9,970)	(0.05)	47,860	0.23
	November 20, 2020-Decrease	(40,233)	(0.19)	7,627	0.04
	November 27, 2020-Increase	39,711	0.19	47,338	0.23
	December 4, 2020-Decrease	(28,403)	(0.14)	18,935	0.09
	December 11, 2020-Increase	5,994	0.03	24,929	0.12
	December 18, 2020-Decrease	(6,244)	(0.03)	18,685	0.09
	December 25, 2020-Decrease	(6,715)	(0.03)	11,970	0.06
	December 31, 2020-Increase	1,994	0.01	13,964	0.07
	January 1, 2021-Increase	4,012	0.02	17,976	0.09
	January 8, 2021-Increase	48,979	0.23	66,955	0.32
	January 15, 2021-Decrease	(15,499)	(0.07)	51,456	0.25
	January 22, 2021-Decrease	(36,619)	(0.18)	14,837	0.07
	January 29, 2021-Decrease	(8,062)	(0.04)	6,775	0.03
	February 5, 2021-Increase	13,935	0.07	20,710	0.10
	February 12, 2021-Increase	10,932	0.05	31,642	0.15
	February 19, 2021-Increase	13,244	0.07	44,886	0.22
	February 26, 2021-Decrease	(23,552)	(0.12)	21,334	0.10
	March 5, 2021-Increase	15,628	0.08	36,962	0.18
	March 12, 2021-Decrease	(25,649)	(0.13)	11,313	0.05
	March 19, 2021-Increase	9,869	0.05	21,182	0.10

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	March 26, 2021-Increase	3,194	0.02	24,376	0.12
	March 31, 2021-Increase	13,189	0.06	37,565	0.18
	At the end of the year			37,565	0.18
<b>9.</b>	<b>OVERSKUD MULTI ASSET MANAGEMENT PRIVATE LIMITED</b>				
	At the beginning of the year	8,700	0.04	8,700	0.04
	April 10, 2020-Increase	300	0.00	9,000	0.04
	April 17, 2020-Decrease	(3,500)	(0.01)	5,500	0.03
	April 24, 2020-Decrease	(4,000)	(0.01)	1,500	0.01
	May 01, 2020-Increase	500	0.00	2,000	0.01
	May 08, 2020-Decrease	(1,900)	(0.01)	100	0.00
	May 15, 2020-Increase	500	0.00	600	0.00
	May 22, 2020-Increase	29,400	0.14	30,000	0.14
	June 19, 2020-Decrease	(2,500)	(0.01)	27,500	0.13
	June 26, 2020-Decrease	(2,500)	(0.01)	25,000	0.12
	At the end of the year			25,000	0.12
<b>10.</b>	<b>SRINIVAS PAREPALLY</b>				
	At the beginning of the year	25,000	0.12	25,000	0.12
	At the end of the Year			25,000	0.12

Note: Reasons for increase / decrease unless stated, may be trade / transfer

**(i) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer)			Cumulative Shareholding till end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total Shares of the company
1.	Karunakar Reddy Baddam Managing Director	1,32,71,690	63.92	January 22, 2021	5,00,000	Decrease (off- market transfer)	1,27,71,690	61.50%
				January 29, 2021	5,00,000	Decrease (off- market transfer)	1,22,71,690	59.10%
2.	Sri Lakshmi Reddy Vangeti Non-Executive Director	10	Negligible	-	-	-	10	Negligible
3.	Krishna Sai Kumar Addepalli Whole Time Director (Operations)	42,310	0.20	-	-	-	42,310	0.20

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons (e.g. buy, sell, allotment, transfer)			Cumulative Shareholding till end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total Shares of the company
4.	Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	50,000	0.24	September 18, 2020	20	Buy (market purchase)	50,020	0.24
				October 09, 2020	10	Buy (market purchase)	50,030	0.24
				October 16, 2020	50	Buy (market purchase)	50,080	0.24
				December 18, 2020	02	Buy (market purchase)	50,082	0.24
5.	Raghupathy Goud Theegala Independent Director	Nil	Nil	-	-	-	Nil	Nil
6.	Karunasree Samudrala Independent Director	Nil	Nil	-	-	-	Nil	Nil
7.	Sudarshan Chiluvuru Chief Financial Officer (CFO)	1900	0.01	December 11, 2020	1900	Sell (Market sale)	Nil	Nil
				March 05, 2021	1000	Buy (Market Purchase)	1000	0.01
				March 26, 2021	500	Buy (Market Purchase)	1500	0.01
8.	Chaitanya Vitta Siva Shankar Company Secretary & Compliance Officer	750	Negligible	-	-	-	750	Negligible

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2021:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	82,82,96,941	-	-	82,82,96,941
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34,025	-	-	34,025
<b>Total (i+ii+iii)</b>	<b>82,83,30,966</b>	<b>-</b>	<b>-</b>	<b>82,83,30,966</b>
<b>Change in Indebtedness during the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
• Addition	57,71,99,270	58,23,300	-	58,30,22,570
• Reduction	(25,46,20,585)	-	-	(25,46,20,585)
<b>Net Change</b>	<b>32,25,78,685</b>	<b>58,23,300</b>	<b>-</b>	<b>32,84,01,985</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,15,08,75,626	58,23,300	-	1,15,66,98,926
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	640	-	-	640
<b>Total (i+ii+iii)</b>	<b>1,15,08,76,266</b>	<b>58,23,300</b>	<b>-</b>	<b>1,15,66,99,566</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in Rs.)
		Karunakar Reddy Baddam (Managing Director)	Chandrapati Venkata Siva Prasad (Whole Time Director- Technical)	Krishna Sai Kumar Addepalli (Whole Time Director- Operations)	
1.	Gross salary (IT Act)				
	a) Salary	1,19,78,400	23,28,850	23,78,400	1,66,85,650
	(b) Value of perquisites	-	-	-	-
	(c) Profits in lieu of salary	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5.	Others, please specify- Provident Fund Contribution	21,600	21,150	21,600	64,350
	<b>Total</b>	<b>1,20,00,000</b>	<b>23,50,000</b>	<b>24,00,000</b>	<b>1,67,50,000</b>

Overall Ceiling as per the Act Rs. 161.38 Lakhs (being the 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) and Rs 80.69 Lakhs (being the 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013).

As per the shareholder's resolution passed at the 22nd Annual General Meeting of the Company dated 30th September 2019 the Company shall pay a minimum remuneration of Rs. 1,20,00,000/- p.a. to the Managing Director of the Company in compliance with the Schedule V of the Companies Act 2013.

Further the remuneration paid to Managing Director and Whole-time Directors is in within the limits and in compliance with the provisions of Schedule V, Part II, Section II (A) of the Companies Act, 2013.

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (in Rs.)
1.	<b>Independent Directors</b>	<b>Raghupathy Goud Theegala (Independent Director)</b>	<b>Karunasree Samudrala (Independent Director)</b>	
	Sitting Fee for attending board / committee meetings	1,60,000	1,40,000	3,00,000
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	<b>1,60,000</b>	<b>1,40,000</b>	<b>3,00,000</b>
2.	<b>Other Non-Executive Directors</b>	<b>Sri Lakshmi Reddy Vangeti (Non- Executive Director)</b>		
	Fee for attending board / committee meetings	Nil		
	Commission	-		
	Others, please specify	-		
	<b>Total (2)</b>	<b>Nil</b>		
	<b>Total (B)= (1+2)</b>	<b>3,00,000</b>		
	<b>Total Managerial Remuneration (A+B)</b>	<b>1,70,50,000</b>		

**C. Remuneration to key managerial personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Key managerial personnel other than MD/Manager/WTD		Total Amount (in Rs.)
<b>1.</b>	<b>Independent Directors</b>	<b>Sudarshan Chiluveru</b> <b>Chief Financial Officer (CFO)</b>	<b>Chaitanya Vitta Siva Shankar</b> <b>Company Secretary &amp; Compliance Officer</b>	
1.	Gross salary (IT Act)			
	(a) Salary	15,86,250	3,96,450	19,80,298
	(b) Value of perquisites	-	-	-
	(c) Profits in lieu of salary	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5.	Others, please specify- Provident Fund Contribution	-	21,150	21,150
	<b>Total</b>	<b>15,86,250</b>	<b>4,17,600</b>	<b>20,03,850</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of The Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. Other officers in Default</b>					
Penalty					
Punishment			NIL		
Compounding					

For and on behalf of the Board  
**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date : 29th June, 2021

Sd/-  
**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

Sd/-  
**Krishna Sai Kumar Addepalli**  
Whole Time Director (Operations)  
DIN: 03601692

# ANNEXURE-B

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY AS PER RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

- Brief outline on CSR Policy of the Company: On the recommendations of the Corporate Social Responsibility Committee, the Board approved and adopted the Corporate Social Responsibility Policy of the Company. The Company adopt projects, activities or programmes under one or more of the activities as prescribed under Schedule VII of the Companies Act, 2013, as amended from time to time and in accordance with the Corporate Social Responsibility Policy. During the year under review the Board approved the revised CSR Policy of the Company in accordance with the Companies Amendment Act 2019, Companies Amendment Act, 2020 & Companies (CSR Policy) Amendment Rules, 2021. The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at: <https://apollo-micro.com/wp-content/uploads/2017/12/CSR-POLICY.pdf>

### 2. Composition of CSR Committee:-

Sr. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Karunakar Reddy Baddam	Chairman, Non-Independent, Managing Director	3	3
2.	Mr. Raghupathy Goud Theegala	Member, Independent Non-Executive Director	3	3
3.	Mrs. Sri Lakshmi Reddy Vangeti	Member, Non-Independent, Non-Executive Director	3	0

- Provide the web-link where Composition of CSR committee, CSR Policy approved by the board are disclosed on the website of the company.

Composition of the CSR committee shared above and is available on the Company's website on: <https://apollo-micro.com/wp-content/uploads/2021/03/committees-of-board-and-others12022021.pdf>

CSR Policy: <https://apollo-micro.com/wp-content/uploads/2017/12/CSR-POLICY.pdf>

- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

As per the sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 the requirement of Impact assessment of CSR project is not applicable.

- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
-	-	NIL	NIL

6. Average net profit of the company as per section 135(5): Rs 29,89,37,266/-

Financial Year	Profit before tax (in Rs)
2019-20	25,26,09,201
2018-19	32,24,29,555
2017-18	32,17,73,041
<b>TOTAL</b>	<b>89,68,11,797</b>
Average of the PBT	29,89,37,266

7. (a) Two percent of average net profit of the company as per section 135(5): Rs 59,78,745/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year (7a-7b+7c): Rs 59,78,745/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs 48,17,045/-	Rs 11,61,700/-	29th April 2021	-	Nil	-

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration number
1.	Renovation of Govt. School	(ii)	Yes	Telangana Gudur	1 year	Rs 11,61,700/-	Nil	Rs 11,61,700/-	Yes	- -
	Total					Rs 11,61,700/-	Nil	Rs 11,61,700/-		

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(11)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name CSR registration number
1.	Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer	(i)	Yes	Telangana Hyderabad	Rs 50,00,000/-	No	Arunodaya Trust Registration in progress

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
2.	Organization of Medical Camps & free food distribution	(i)	No	Andhra Pradesh	Guntur	Rs 30,00,000/-	No	Suraksha Old Age Health & society	Registration in progress
3.	Organization of Medical & Health Camps	(i)	No	Andhra Pradesh	Guntur, Ongole & others	Rs 20,00,000/-	No	Global Helping Hands Inc.	Registration in progress
4.	Covid Support-Ration Distribution	(i)	Yes	Telangana	Hyderabad	Rs 5,00,000/-	Yes	N.A	N.A
Total						Rs 1,05,00,000/-			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year 2020-21 (8b+8c+8d+8e): Rs 48,17,045/-

Note: During the year under review, the total expenditure made by the Company towards CSR amounts to Rs 1,05,00,000/- which fulfils the Company's unspent CSR obligation for the previous Financial Year 2019-20 of Rs 56,82,955/- and remaining amount of Rs 48,17,045/- pertains for the FY 2020-21. Further, the unspent CSR obligation for the FY 2020-21 of Rs 11,61,700/- pertaining to the ongoing project approved during the financial year as mentioned herein above (para 8(b)) has been duly transferred to Company's CSR unspent account. Our Company has not made any provisions in the books of accounts for the financial year 2015-16 and petition for compounding with appropriate authorities has been filed.

(g) Excess amount for set off, if any

Sr. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs 59,78,745/-
(ii)	Total amount spent for the Financial Year	Rs 48,17,045/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer.	
1.	2019-20	Nil	Rs 56,82,955/-	-	Nil	-	Nil
Total			Rs 56,82,955/-				



(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in Rs.).	(7) Amount spent on the project in the reporting Financial Year (in Rs.).	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project - Completed / Ongoing.
	-	-	-	-	Nil	Nil	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(a) Date of creation or acquisition of the capital asset(s): None

(b) Amount of CSR spent for creation or acquisition of capital asset: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

The Company has spent the CSR liability in full except to the extent of Rs 11,61,700/- which has been designated towards ongoing project and the said amount has been transferred to a separate bank account opened for that purpose.

Place: Hyderabad  
Date: 29th June, 2021

Sd/-  
**KARUNAKAR REDDY BADDAM**  
Chairman of the CSR Committee cum Managing Director of the Company  
DIN: 00790139

# ANNEXURE-C

## FORM AOC-1

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014 relating to subsidiaries/associate companies/joint ventures

Sr. No	Particulars	Details
1.	Name of the subsidiary Company	Ananya SIP RF Technologies Private limited (CIN: U74990TG2015PTC097610)
2.	Date of becoming subsidiary	August 03, 2020
3.	Start date of accounting period of subsidiary	April 01, 2020
4.	End date of accounting period of subsidiary	March 31, 2021
5.	Reporting Currency	INR
6.	Exchange Rate	N. A
7.	Share Capital	Rs 41,35,570
8.	Reserve and Surplus	Rs 1,61,85,867
9.	Total Assets	Rs 3,05,86,205
10.	Total Liabilities	Rs 3,05,86,205
11.	Investments	Nil
12.	Turnover	Nil
13.	Profit before/(loss) Tax	(Rs 61,631)
14.	Provision for Tax	Nil
15.	Profit after/(loss) Tax	(Rs 61,631)
16.	Proposed Dividend	Nil
17.	% of Shareholding	51%
18.	Country	India

Note:

- Names of subsidiaries which are yet to commence operations- M/s Ananya SIP RF Technologies Private Limited is yet to commence its business operations
- Names of subsidiaries which have been liquidated or sold during the year- Not Applicable

## ANNEXURE-D

## FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis:** There were no contracts or arrangements or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.
- Details of contracts or arrangements or transactions at Arm's length basis:** The details of contracts or arrangements or transactions at arm's length basis entered into during the year ended March 31, 2021 are as follows:

Name of the Related Party and Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (in Rs.)	Date(s) of approval by the Board/ Shareholders, if any	Amount paid as advances, if any
Mr. Karunakar Reddy Baddam Managing Director	Remuneration	Continuous transaction	Remuneration paid Rs 1,20,00,000	Continuous transaction	-
Mr. Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	Remuneration	Continuous transaction	Remuneration paid Rs 23,50,000	Continuous transaction	-
Mr. Krishna Sai Kumar Addepalli Whole Time Director(Operations)	Remuneration	Continuous transaction	Remuneration paid Rs 23,89,342	Continuous transaction	-
Mr. Karunakar Reddy Baddam- Managing Director	Rent Paid	Continuous transaction	Rent Paid Rs 8,40,000	Continuous transaction	-
Ananya Sip RF Technologies Private Limited Subsidiary Company	Investments	the Company has subscribed for 210940 equity shares of Ananya SIP RF Technologies Private Limited ("ASIP RF") through which 51% stake in the ASIP RF has been acquired, in compliance with the provisions of Section of 179 (2) (e) of the Companies Act, 2013	Rs. 1,32,89,220/-	1st February 2020	-

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: 29th June, 2021

Sd/-  
**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

Sd/-  
**Krishna Sai Kumar Addepalli**  
Whole Time Director (Operations)  
DIN: 03601692

# ANNEXURE-E

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed in their annual reports and on their websites.

As per Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, APOLLO MICRO SYSTEMS LIMITED has voluntarily adopted Dividend Distribution policy at its Board of Directors Meeting held on 24th November 2017 being the effective date of policy.

#### Objective

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

The Board of Directors (Board) may consider declaration of interim dividend depending upon the cash flow situation of the Company. The dividend distribution shall be as per the recommendations of the Board and shall always be decided at an annual general meeting of shareholders in case of final dividend. Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

### 2. POLICY

Declaration and payment of Dividend In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised

and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b).

#### A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The Board shall consider the following various circumstances like current year's profit, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend. The dividend payout decision of the Board depends upon the following financial parameters, internal and external factors:

##### Financial parameters and Internal Factors:

- i. Operating cash flow of the Company;
- ii. Profit earned during the year;
- iii. Profit available for distribution;
- iv. Accumulated Profits;
- v. R & D Expenditure
- vi. Free Reserves;
- vii. Earnings Per Share (EPS);
- viii. Working capital requirements;
- ix. Capital expenditure requirement;
- x. Business expansion and growth;
- xi. Likelihood of crystalization of contingent liabilities, if any;
- xii. Up gradation of technology and physical infrastructure;
- xiii. Creation of contingency fund;

- xiv. Acquisition of business;
- xv. Cost of Borrowing; and
- xvi. Past dividend payout ratio / trends.

**External Factors:**

- i. Economic environment;
- ii. Capital markets;
- iii. Global conditions;
- iv. Statutory provisions and guidelines; and
- v. Dividend payout ratio of competitors.

**B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY EXPECT DIVIDEND**

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The Board of Directors of the Company will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors and declare Dividend in any financial year. The Dividend including Interim Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits and free reserves of any previous financial year(s) in accordance with provisions of the Companies Act, 2013 and Regulations, as applicable.

**C. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY NOT EXPECT DIVIDEND**

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation;
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow;
- iii. Requirement of higher working capital for the purpose of business of the Company; and
- iv. In the event of loss or inadequacy of profit.

**D. UTILIZATION OF THE RETAINED EARNINGS**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Infrastructure enhancement;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

**E. MANNER OF DIVIDEND PAYOUT**

In case of final dividend: i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company. ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company. iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law. In case of interim dividend: i. Interim dividend, if any, shall be declared by the Board. ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend. iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws. iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

**F. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES**

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The Policy shall be suitably modified at the time of issue of any new class of shares depending upon the nature and guidelines thereof.



#### 4. NON APPLICABILITY OF POLICY

The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders;
- Issue of Bonus Shares by the Company; and
- Buyback of Securities.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

#### 5. POLICY REVIEW AND AMENDMENTS

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other

regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws. Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

##### 1. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.apollo-micro.com](http://www.apollo-micro.com) under section "Investors". The website link is <http://apollo-micro.com/wp-content/uploads/2017/12/DIVIDNED-DECLARATION-POLICY.pdf>


##### 2. DISCLAIMER

This document does not solicit investments in the Company's securities and further is not an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

## ANNEXURE-F

## DISCLOSURE WITH RESPECT TO APOLLO EMPLOYEES STOCK OPTIONS SCHEME – 2018 ("ESOS – 2018") OF THE COMPANY AS AT MARCH 31, 2021

Sr. No	Particulars	ESOS-2018
A.	Disclosures in terms of the relevant Indian Accounting Standards, as prescribed from time to time	No disclosure for the year under review
B.	Diluted Earnings Per Share (EPS) on issue of Shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33, as prescribed from time to time	N.A
C.	(i) Description and general terms and conditions of ESOS	
	(a) Date of shareholder's approval	December 26, 2018 Shareholders' approval was obtained through Postal Ballot Process.
	(b) Total number of options approved under ESOS	10,00,000 (Ten Lakh Only)
	(c) Vesting requirements	Options granted under ESOS – 2018 would vest not less than 1 year and may spread over a period of 4 years from the Grant Date of such Options. The Nomination and Remuneration committee is empowered to implement and decide the vesting schedule to suit the needs of the organization from time to time.
	(d) Exercise price or pricing formula	To be decided upfront at the time of Grant of Options subject to a minimum price of par value.
	(e) Maximum term of options granted	5 years from the respective date of vesting of Options
	(f) Source of shares (primary, secondary or combination)	Secondary Market Acquisition
	(g) Variation in terms of options	None
	(ii) Method used to account for ESOS - Intrinsic or fair value	Fair Value
	(iii) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	N.A
	(iv) Option movement during the financial year ended on March 31, 2021	
	Number of options outstanding at the beginning of the period	5,000 (Five Thousand Only)
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
	Loan repaid by the Trust during the year from exercise price received	NIL
	Number of options outstanding at the end of the year	Nil

Sr. No	Particulars	ESOS-2018
	Number of options exercisable at the end of the year	Nil
	Loan repaid by the Trust during the year by sale of Equity Shares held in accordance with Regulation 3(12) of the SEBI (Share Based Employee Benefits) Regulations, 2014	Rs. 5,80,000/-
	(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Nil
	(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	 During the Year under review no Grant of options were made
	(a) senior managerial personnel;	
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	
	(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	
	(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	During the year under review no grant of options were made, hence no value of options determined.
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	N.A
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	N.A
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	N.A
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	N.A

### Details of the Company's Employee's Trust: Apollo Employees Foundation ("Trust")

The details inter-alia, in connection with transactions made by the Trust meant for the purpose of administering the ESOS - 2018 are as under:

#### (i) General information

Sr. No	Particulars	Details
1	Name of the Trust	Apollo Employees Foundation
2	Details of the Trustee(s)	1. Srisailam Aerpula, Managing Trustee 2. Shiva Shankar Rampally, Trustee 3. Varsha Jain, Trustee
3	Amount of loan disbursed by company, during the year	Nil
4	Amount of loan outstanding (repayable to company) as at the end of the year	Rs 20,000 (Rupees Twenty Thousand only)
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

#### (ii) Brief details of transactions in shares by the Trust

Sr. No	Particulars	Details
1	Number of shares held at the beginning of the year	5,000 Equity shares (Five Thousand Only)
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid-up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
3	Number of shares transferred to the employees / sold along with the purpose thereof: Equity Shares held by trust sold off in accordance with Regulation 3(12) of the SEBI (Share Based Employee Benefits) Regulations, 2014	5,000 Equity shares (Five Thousand Only)
4	Number of shares held at the end of the year.	Nil

#### (iii) In case of secondary acquisition of shares by the Trust

Sr. No	Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
1	Held at the beginning of the year	5,000 (Five Thousand Only) & 0.02%
2	Acquired during the year	Nil
3	Sold during the year	5,000 (Five Thousand Only) & 0.02%
4	Transferred to the employees during the year	Nil
5	Held at the end of the year	Nil

# ANNEXURE-G

## Particulars of remuneration and other Disclosures

### A. Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of managerial personnel) Rules, 2014.

The ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company and the percentage increase in remuneration of each Director and Key Managerial Personnel (KMP), for the financial year 2020-21 are as under:

Sl. No.	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	Nil	66.14
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	12.95
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	Nil	13.23
4.	Raghupathy Goud Theegala	Independent Director	Nil	N.A
5.	Sri Lakshmi Reddy Vangeti#	Non- Executive Director	Nil	N.A
6.	Karunasree Samudrala	Independent Director	Nil	N.A
7.	Sudarshan Chiluveru	Chief Financial Officer	Nil	N.A
8.	Chaitanya Vitta Siva Shankar	Company Secretary & Compliance Officer	Nil	N.A

# Voluntarily waived to receive the sitting fees and commission.

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the period under review is provided in the above table. Independent Directors were paid only sitting fees for attending meeting on Board/ Committees during the financial year under review. Hence, their ratio to MRE has been shown as Not Applicable.
- The Median Remuneration of Employees was Rs 1,81,440/- per annum for the FY 2020-21. As compared to the financial year 2019-20 MRE has been increased by 8.2%
- The Number of Permanent employees on the Rolls of the company as on March 31, 2021 were 280.
- average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration of employees excluding KMPs: 26%

Average increase in remuneration of KMPs: Nil

KMP salary increases are decided based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks.

- The Company affirms that remuneration is as per the Remuneration Policy of the Company.



# ANNEXURE-H

## SECRETARIAL AUDIT REPORT

UDIN: A036504C000539567

To  
The Members  
**APOLLO MICRO SYSTEMS LIMITED**  
CIN L72200TG1997PLC026556  
Registered office:  
Plot No 128/A, Road No. 12, BEL Road,  
IDA Mallapur, Uppal Mandal,  
Hyderabad, Rangareddi, Telangana, India – 500076

My report of even date, for the financial year 2021-21 is to be read along with this letter.

### Management's Responsibility:-

1. It is the responsibility of the management of the Company to maintain Secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Auditor's Responsibility:-

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis of our opinion.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.

### Disclaimer:-

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Place: Hyderabad  
Date: June 29, 2021

Sd/-  
**Datla Venkatesh**  
CP. No.: 14074

## FORM NO MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March, 2021

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
**APOLLO MICRO SYSTEMS LIMITED**

CIN L72200TG1997PLC026556

Registered office:

Plot No 128/A, Road No. 12, BEL Road,  
IDA Mallapur, Uppal Mandal,  
Hyderabad, Rangareddi, Telangana, India – 500076.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by APOLLO MICRO SYSTEMS LIMITED (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I, hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2021 complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [Applicable only to the extent of Foreign Direct Investment]

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) and as amended from time to time:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011,\*
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; \*
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - g) The other regulations of the Securities and Exchange Board of India as may be applicable to the Company.
- vi. The Management of the Company has identified and confirmed the following laws as applicable to the Company:-
  - i. The Payment of Wages Act, 1936
  - ii. The Minimum Wages Act, 1948
  - iii. The Employees Provident Fund and Misc. Provisions Act,

1952

- iv. The Employees State Insurance Act, 1948
- v. The Income Tax Act, 1961
- vi. The Payment of Gratuity Act, 1972
- vii. The Finance Act, 1944
- viii. The Insurance Act, 1938 [As Amended By Insurance (Amendment) Act, 2002]
- ix. The Payment of Bonus Act, 1965
- x. The Negotiable Instruments Act 1881
- xi. The Water (Prevention & Control of Pollution) Act 1974 and rules there under
- xii. The Air (Prevention & Control of Pollution) Act 1981 and rules there under
- xiii. The Environment (Protection) Act, 1986
- xiv. The Customs Act, 1962
- xv. The Factories Act, 1948
- xvi. The Workmen's Compensation Act, 1923
- xvii. The Telangana Shops And Establishments Act, 1988
- xviii. The Goods and Services Tax Act, 2016
- xix. The Trade Marks Act, 1999
- xx. The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
- xxi. The Foreign Trade Policy 2009-14

I have also examined compliance with the applicable clauses of the following:-

- I. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
- II. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;

During the period under review, the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc.

I Further report:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The Board's composition is in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were

sent seven days in advance and/or obtained/ratified in the subsequent meetings for shorter notices, if any, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All the decisions of the Board and Committees thereof were carried out with requisite majority.

I Further report that based on the review of compliance mechanism established by the company and on the basis of the compliance certificates issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the company which is commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:-

- As informed, the company has responded appropriately to notices received from the statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

I further report that during the audit period, except as mentioned below there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc.

*It has been observed that the Promoter Share Holding of the Company for the quarter ended March 31, 2021 is different from the quarter ended December 31, 2020. The Share Holding of Mr. Karunakar Reddy Baddam, the Promoter of the Company ("Promoter") has been reduced by 1000000 (Ten Lakhs) Shares.*

*The following is the explanation and information provided by the Company as received from the Promoter in respect of difference/reduction of 1000000 (Ten Lakhs) Shares held by him:*

*The Promoter claimed that the 1000000 (Ten Lakhs) Shares held by him have been reduced from his demat account fraudulently without his consent, knowledge and intimation, which constitutes to the act of fraud, cheating and forgery. Further, the Promoter through the Annual Disclosure made under Regulation 30(1) and 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 has informed the Stock Exchanges regarding the said difference in shareholding and a FIR vide No. 219/2021 dated 24-June-2021 with Begumpet Police Station, Hyderabad has been filed under section(s) 420, 468, 471 of IPC against the persons who committed for the fraud as a legal action. Thus, in view of facts mentioned by the Promoter, the Company has not made disclosure under Regulation 7(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as it is not applicable.*

Place: Hyderabad  
Date: June 29, 2021

Sd/-  
**Datla Venkatesh**  
CP. No.: 14074

## ANNEXURE-I

# REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE PHILOSOPHY

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the report contains the details of Corporate Governance systems and processes at Apollo Micro Systems Limited ("APOLLO" or "the Company").

Transparency and accountability are the two basic tenets of Corporate Governance which are integral part of our business and endeavor to ensure fairness for every stakeholder- our customers, investors, vendors and the communities wherever we operate. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. At APOLLO, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business. We always seek to ensure that our performance is driven by integrity, value and ethics. Responsible corporate conduct is integral to the way we do our business.

We, at APOLLO, ensure that we evolve and follow the corporate governance guidelines and best practices. The norms and processes of Corporate Governance reflect our commitment to disclose timely and accurate information regarding our financial and operational performance, as well as the Company's leadership and governance structure.

Our Board is responsible for shaping the long-term vision and policy approach to steadily elevate the quality of governance in our organisation. At APOLLO, we firmly believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance to bring objectivity and transparency in the Management. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

The Company believes that sustainable and long term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society and contribution in economic growth.

The Company is in compliance with the conditions of corporate governance as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 & amendment thereof ("SEBI (LODR) Regulations, 2015"), as applicable.

## BOARD OF DIRECTORS

### a) Composition of Board

The Board of Directors of the Company is the highest governance authority within the management structure of the Company. Further, the Board of Directors of the Company is totally committed to the best practices within the Company for effective corporate governance practices. The Board regularly reviews and updates corporate governance practices to accommodate developments within the market place in general and the business in particular.

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's Corporate Governance philosophy.

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals. The Board currently comprises of 6 (six) Directors. The Chairman of the Company is Non Executive Independent Director. Out of the total strength, 2 (two) (i.e. 1/3rd) are Non Executive Independent Directors (including one woman Independent Director). The composition of the Board of Directors of the Company is in conformity with the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 ('the Act').

The composition and category of Directors on Board of the Company and directorships or committee memberships across other Companies are as follows:

<b>I. Composition of Board of Directors</b>						
<b>Sl. No.</b>	<b>Name of the Director and DIN</b>	<b>Designation</b>	<b>Date of appointment in the current term</b>	<b>Date of cessation</b>	<b>No of Directorship in other Public Limited Companies (Name of the Company)#</b>	<b>Number of Chairperson / memberships in Audit/ Stakeholder Committee(s) in other Public Limited Companies (Name of the Company) ##</b>
1	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	01-04-2017	-	-	-
2	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	21-08-2017	-	-	-
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	21-08-2017	-	-	-
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	01-04-1999	-	-	-
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive - Independent Director CUM Chairman	21-08-2017	-	-	-
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	29-05-2018	-	1 (Independent Director- Roopa Industries Limited)	1 (Roopa Industries Limited)

# excludes directorships in associations, private limited companies, LLP, foreign companies, companies registered under Section 8 of the Act, Government Bodies and Alternate Directorships

## Represents Chairpersonships/Memberships of Audit and Stakeholders Relationship Committees in listed/debt-listed/unlisted public limited companies

None of the Directors on the Board is a Director in more than 8 listed entities. None of the Directors held directorship in more than 20 Indian companies, with not more than 10 public limited companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairperson of more than 5 Committees across all the public companies in which he/she is a Director. All the Directors have made the requisite disclosures regarding committee positions held by them in other companies.

#### **b) Appointment/Re-appointment of Director(s)**

- During the financial year 2020-21 ("year under review"), there has been no new appointment on the Board of the Company.
- As per the provisions of the Companies Act, 2013, one-third of the Directors retires by rotation and, if eligible, seeks re-appointment at the AGM of shareholders. Mrs. Sri Lakshmi Reddy Vangeti (DIN: 02757567) will

retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended her re-appointment.

#### **c) Board Meetings, Procedure & Attendance**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. The Board / Committee Meetings notices is circulated to the Board and the Committee members well in advance, in accordance with the statutory provisions. Agenda papers are sent to the Directors generally one week before the meeting to facilitate meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda.

In order to transact some urgent business, which may come up after circulation agenda papers, the same is placed before the Board by way of Special Agenda item.



During the year under review, the Board met 4 (Four) times. Details of Board meetings held along with directors attendance is provided in the table below. Further The maximum interval between any two meetings did not exceeded 120 days except the gap between the meeting held on June 26, 2020 from previously held meeting for which relaxation was granted by Ministry of Corporate Affairs ("MCA") due COVID -19 outbreak vide General Circular No. 11/ 2020 dated 24th March, 2020. Directors attending the meeting actively participated in the deliberations at these meetings. The 23rd (Twenty Third) Annual General Meeting (AGM) of the Company was held on Friday the 25th September, 2020.

Sl. No	Name of the Director and DIN	Designation	Attendance at the Meeting held on				No. of meetings attended	Attendance at the 23rd AGM (25th September, 2020)
			26th June, 2020	29th August, 2020	12th November, 2020	12th February, 2021		
1	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	✓	✓	✓	✓	4	✓
2	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	✓	✓	✓	✓	4	✓
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	✓	✓	✓	✓	4	✓
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	✓	Leave of Absence	Leave of Absence	Leave of Absence	1	Leave of Absence
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive -Independent Director CUM Chairman	✓	✓	✓	✓	4	✓
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	✓	✓	✓	✓	4	✓

In case of business exigencies or urgency of matters, resolutions are also passed by way of circulation. The resolutions passed by the Circulation are ratified by the Board in the immediately succeeding meeting of the Board, held after the passing of resolution by circulation.

#### d) Independent Directors Meeting

During the year under review, the meeting of Independent Directors of the Company was held on March 22, 2021 where at the following items as enumerated under Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015 were discussed:

- Review of performance of the Board and Committees as a whole;
- Review of performance of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors; Non-Independent Directors (Executive & Non- Executive)
- Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### e) Board Independence

All the Independent Directors have confirmed that they meet the criteria of independence as prescribed under Section 149(6) of the Act, rules made there under read with Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015. In terms of Regulation 25(8) of the SEBI (LODR) Regulations, 2015, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in the Act and the SEBI (LODR) Regulations, 2015 and are independent of the management. The Board has expressed its satisfaction to the performance of the Independent Directors and appreciated the level of participation of Independent Directors. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act").

#### f) Disclosure of relationships between directors inter-se;

Except Mr. Karunakar Reddy Baddam, Managing Director and Mrs. Sri Lakshmi Reddy Vangeti inter se relationship none of the other Directors are related.

**g) Matrix setting out Skills/ Expertise/ Competence as Identified by the Board**

The composition of the Board comprises of Directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation. The Members of the Board are eminent persons with the considerable professional expertise and experience. Detailed profile of the Directors is available on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com).

The core skills/ competencies identified by the Board, as required in the context of the Company's business are Corporate governance & management, business leadership, financial expertise & Banking, marketing & business development, understanding & experience in relation to company's business and technology development & innovations.

In the table below, the areas of expertise/ competencies of individual Director's are highlighted:

Name of Director	Area of skills/ expertise					
	Corporate Governance & Management	Business Leadership	Financial Expertise/ Banking	Marketing & Business Development	Understanding & Experience in Relation to Company's Business	Technology Development & Innovations
Mr. Karunakar Reddy Baddam	✓	✓	✓	✓	✓	✓
Mr. Venkata Siva Prasad Chandrapati	✓	-	-	-	✓	✓
Mr. Krishna Sai Kumar Addepalli	✓	✓	✓	✓	✓	✓
Mrs. Sri Lakshmi Reddy Vangeti	✓	✓	-	-	✓	-
Mr. Raghupathy Goud Theegala	✓	✓	✓	-	✓	-
Mrs. Karunasree Samudrala	✓	✓	✓	-	✓	-

Note - Each Director may possess varied combinations of skills/ expertise within the described set of parameters and it is not necessary that all Directors possess all skills/ expertise listed therein.

**h) Information provided to the Board**

The Board has unrestricted access to all Company related information including that of our employees. Directors have separate and independent access to the officers of the Company. The Board was presented with the information broadly on all suggested matters in terms of Regulation 17 of the SEBI (LODR) Regulations, 2015.

The Company has an effective post Board meeting follow up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board. The Board has established procedures to periodically review Compliance pertaining to all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any. The Board takes note of the quarterly/ half yearly/ yearly compliances made under the SEBI (LODR) Regulations, 2015, from time to time.

**i) Familiarization Programme**

The Company has a familiarisation programme for its Independent Directors. The objective of the programme is to familiarise the Independent Directors to enable them to understand the Company, its operations, business, industry and environment in which it functions and the

regulatory environment applicable to it. In compliance with the requirements of the SEBI (LODR) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of familiarization programmes arranged for the Independent Directors have been disclosed on the website of the company [www.apollo-micro.com](http://www.apollo-micro.com)

**j) Detailed reasons for the resignation of the Independent Director before the expiry of his tenure and confirmation**

During the year under review, none of the Independent Directors tendered their resignation from the Board of the Company.

**BOARD COMMITTEES**

The Board Committees play a crucial and vital role in ensuring sound Corporate Governance practices and have been constituted as per the requirement of the Companies Act 2013 and SEBI (LODR) Regulations, 2015. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles. The minutes of the meetings of all Committees are placed before the

Board for noting. The Board Committees request special invitees to join the meeting, as and when considered appropriate.

Apart from the constitution of mandatory Committees, the Board also formed the non- mandatory committees to handle and take decisions, with respect to the routine nature business activities at appropriate times and effectively, in the ambit of their scope.

The Committees of the Board are as follows:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Stakeholders Relationship Committee
- d) Corporate Social Responsibility Committee
- e) Risk Management Committee
- f) Executive Committee of Board of Directors and CFO

**a) Audit Committee**

The Company has adequately qualified and independent Audit Committee. The Audit Committee acts as a link among the Management, the Statutory Auditors, Internal Auditors and the Board of Directors to oversee the financial reporting process of the Company. The Audit Committee of the Company was constituted on August 26, 2017 and subsequently reconstituted from time to time to comply with statutory requirement.

The composition Audit Committee is as follows:

Sl. No.	Name & Designation	Category
1.	Karunasree Samudrala, Chairman	Non-Executive - Independent Director
2.	Raghupathy Goud Theegala, Member	Non-Executive - Independent Director
3.	Addepalli Krishna Sai Kumar, Member	Executive Director

The Company Secretary & Compliance Officer of the Company acts as the Secretary of the Committee.

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other

services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions;
  - vii. modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any,

including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. To review the compliance of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 by the Company and verifying that the systems for internal control are adequate and are operating effectively, at least once in a Financial Year."
21. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Audit Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. During the year under review, the Audit Committee met 6 (Six) times on 26th June 2020, 29th August 2020, 12th November 2020, 8th February 2021, 12th February 2021, 22nd March 2021. The details of member's attendance at the Audit Committee Meetings during the financial year 2020-21 are as under:

Name & Designation	No of Meetings attended
Karunasree Samudrala, Chairman	6
Raghupathy Goud Theegala, Member	6
Addapalli Krishna Sai Kumar, Member	5

The meetings of Audit Committee are also attended by the Chief Financial Officer, Company Secretary & Compliance

Officer, Statutory Auditors and Internal Auditor as special invitees. The Board of Directors review and take note of the minutes of the Audit Committee Meetings at its subsequent Board Meetings.

## b) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration committee of the Company was constituted on August 26, 2017 and subsequently reconstituted from time to time to comply with statutory requirement.

The Committee comprises of three Non- Executive Directors. The composition of Nomination & Remuneration Committee is as follows:

Sl. No.	Name & Designation	Category
1.	Karunsree Samudrala, Chairman	Non-Executive - Independent Director
2.	Sri Lakshmi Reddy Vangeti, Member	Non-Executive – Non Independent Director
3.	Raghupathy Goud Theegala, Member	Non-Executive - Independent Director

The Company Secretary & Compliance Officer of the Company acts as the Secretary of the Committee.

The Committee meets periodically as and when required. Except executive directors, no other director draws remuneration from the Company.

The terms of reference of the Nomination & Remuneration Committee, inter alia, includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees;
2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
6. To extend or continue the term of appointment of the independent director, on the basis of the report of

performance evaluation of independent directors.

The Nomination and Remuneration Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

During the year under review, the Nomination and Remuneration Committee met 2 (two) times on 26th June 2020; and 22nd March 2021

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2020-21 are as follows:

Name & Designation	No of Meetings attended
Karunasree Samudrala, Chairman	2
Sri Lakshmi Reddy Vangeti, Member	1
Raghupathy Goud Theegala, Member	2

The meetings of Nomination and Remuneration Committee are also attended by the Company Secretary & Compliance Officer.

The Board of Directors review and take note of the minutes of the Nomination & Remuneration Committee Meetings at its subsequent Board Meetings.

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Committee have developed parameterized feedback forms as per Company's policy for evaluation of directors and key managerial personnel and other employees, for the evaluation of the Independent Directors of the Company.

#### c) STAKEHOLDERS GRIEVANCE/ RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company was constituted on August 26, 2017. The composition of the Stakeholders Relationship Committee is as follows:

Sl. No.	Name & Designation	Category
1.	Raghupathy Goud Theegala, Chairman	Non-Executive - Independent Director
2.	Karunakar Reddy Baddam, Member	Managing Director
3.	Venkata Siva Prasad Chandrapati, Member	Executive Director

The Company Secretary & Compliance Officer of the Company act as the Secretary of the Committee.

The terms of reference, powers and scope of the Stakeholders'

Relationship Committee of our Company include:

1. To look into the redressal of grievances of shareholders, debenture holders and other security holders;
2. To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
3. To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
4. To carry out any other function as prescribed under the SEBI (LODR) Regulations, 2015 as and when amended from time to time.

The Stakeholders Relationship Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

During the year under review, the Stakeholders Relationship Committee met once on 30th March 2021 to process the request from the shareholder to pay the unpaid/ unclaimed dividend declared by the Company for the FY 2019-20 which has not been credited to them due to incorrect bank details, non -presentation of Demand received.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2020-21 are as follows:

Name & Designation	No of Meetings attended
Raghupathy Goud Theegala, Chairman	1
Karunakar Reddy Baddam, Member	1
Venkata Siva Prasad Chandrapati, Member	1

The meetings of Stakeholders Relationship Committee are also attended by the Company Secretary & Compliance Officer.

The Board of Directors review and take note of the minutes of the Stakeholders Relationship Committee Meetings at its subsequent Board Meetings.

- (a) Name of non-executive director heading the committee: Mr. Raghupathy Theegala- Non executive Director
- (b) Name and designation of compliance officer: Mr. Vitta Chaitanya Siva Shankar, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (LODR) Regulations, 2015.

- (c) The details of complaints received and resolved during the Financial Year ended March 31, 2021 are given in the table below:

Complaints outstanding as on April 1, 2020	Nil
Complaints received during the year ended March 31, 2021	Nil
Complaints resolved during the year ended March 31, 2021	Nil
Complaints pending as on March 31, 2021	Nil

Further, the other requests received from the shareholders during the year under review were duly addressed.

#### d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company was constituted on February 24, 2017 and subsequently reconstituted from time to time to comply with statutory requirement.

The composition of the Corporate Social Responsibility Committee is as follows:

Sl. No.	Name & Designation	Category
1.	Karunakar Reddy Baddam, Chairman	Executive Director
2.	Raghupathy Goud Theegala, Member	Non-Executive-Independent Director
3.	Sri Lakshmi Reddy Vangeti, Member	Non-Executive - Non Independent Director

The Company Secretary & Compliance Officer of the Company act as the Secretary of the Committee.

Terms of reference of the Committee includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII as amended from time to time;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) subject to the limit provided under Section 135 of the Companies Act;
- To monitor the corporate Social Responsibility Policy of our Company from time to time;
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;

- Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

During the year under review, the Corporate Social Responsibility Committee met 3 (Three) times on 12th February, 2021, 19th March 2021, 30th March 2021

The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the financial year 2020-21 are as follows:

Name & Designation	No of Meetings attended
Karunakar Reddy Baddam, Chairman	3
Raghupathy Goud Theegala, Member	3
Sri Lakshmi Reddy Vangeti, Member	-

The meetings of Corporate Social Responsibility Committee are also attended by the Company Secretary & Compliance Officer.

The Board of Directors review and take note of the minutes of the Corporate Social Responsibility Committee Meetings at its subsequent Board Meetings.

#### e) RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company was constituted on February 24, 2017 and subsequently reconstituted from time to time to comply with statutory requirement.

The Composition of the Risk Management Committee of the Company is as follows:

Sl. No.	Name & Designation	Category
1.	Venkata Siva Prasad Chandrapati, Chairman	Executive Director
2.	Karunakar Reddy Baddam, Member	Executive Director
3.	Karunasree Samudrala, Member	Non- Executive-Independent Director

The Company Secretary and Compliance Officer of the Company act as the secretary of the Committee.

The terms of reference and role of the Risk Management Committee of our Company include the following:

- To recommend risk management plan to the Board for implementation;



2. To monitor and review the risk management plan;
3. To lay down procedures to inform Board members about the risk assessment and minimization procedures;
4. To develop and implement the risk management policy for the company, identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company; and
5. To perform such other functions which are appropriate and necessary to manage the risk.

During the year under review, the Risk Management Committee met once on March 30, 2021

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2020-21 are as follows:

Name & Designation	No of Meetings attended
Venkata Siva Prasad Chandrapati, Chairman	1
Karunakar Reddy Baddam, Member	1
Karunasree Samudrala, Member	1

The meeting of Risk Management Committee is also attended by the Company Secretary & Compliance Officer.

The Board of Directors review and take note of the minutes of the Risk Management Committee Meeting at its subsequent Board Meeting.

#### f) Executive Committee of Directors & CFO

The Executive Committee of Directors and CFO ("Executive Committee") has been constituted by the Board for routine financial matters on November 01, 2018. The Committee functions within the ambit of the delegated authority by the Board. The delegation of authority to the committee is in accordance with the provisions of Section 179(3) (d) and proviso's, explanations made there under read with the Companies (Meetings of Board and its Powers) Rules, 2014.

The Composition of the Executive Committee of the Company is as follows:

Sl. No.	Name & Designation	Directorship/Other
1.	Karunakar Reddy Baddam, Chairman	Managing Director

2.	Venkata Siva Prasad Chandrapati, Member	Whole Time Director (Technical)
3.	Addepalli Krishna Sai Kumar, Member	Whole Time Director (Operations)
4.	Sudarshan Chiluvuru, Member	Chief Financial Officer (CFO)

The Company Secretary and Compliance Officer of the Company act as the secretary of the Executive Committee.

The terms of reference of the Executive Committee of the Company includes the following:

#### A. Powers of Executive Committee

The Executive Committee shall have the following powers:

1. The power of Board under the provisions of Section 179(3)(d) of the Companies Act 2013 be delegated to this Committee subject to the following conditions:
  - a. The Subjected facility must be an existing facility.
  - b. Only modifications in the facility can be done.
  - c. Aggregate Limits of such facilities can be increased not more than the double of the existing limits in one financial year. If the limit going to be increased is more than the double of the existing then approval of Board is required.
  - d. In respect of dealings between company and its bankers, the exercise by the Committee the power specified herein shall mean the arrangement made by the company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit or other accounts by means of which the arrangement so made is actually availed of.
  - e. The decision of the Chairman of the committee is final irrespective of opposition raised by the members of the committee.
  - f. To open the new bank account and close the non-operating bank accounts or the accounts opened for specific purpose of the company from time to time. (inserted w.e.f 14th August, 2019)

**B. Responsibilities of Executive Committee**

- To act within the scope of delegated authority.
- To place all such decisions, resolutions passed and discussions including the minutes of the meetings before the Board of Directors in its very next board meeting that is to be held post the Committee meeting.

During the year under review, the Executive Committee met 2 (two) times i.e. on 14th May 2020 and 18th March, 2021.

Sl. No.	Name & Designation	No of Meeting attended
1.	Karunakar Reddy Baddam, Chairman	2
2.	Venkata Siva Prasad Chandrapati, Member	2
3.	Krishna Sai Kumar Addepalli, Member	1
4.	Sudarshan Chiluveru, Member	2

The meetings of the Executive Committee are also attended by the Company Secretary & Compliance Officer.

The Board of Directors review and take note of the minutes of the Executive Committee Meetings at its subsequent Board Meetings.

Non Executive Directors including Independent Directors do not have any pecuniary relationships or transactions with the Company except the sitting fees they are getting for attending the board/committee meeting and dividend on shares held by him/her, if any. The compensation payable to the Independent Directors is limited to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board & Committee meeting(s). The independent directors were paid sitting fees of Rs. 20,000/- on per day basis for attending the meetings of the Board of Directors or Committees, during the financial year 2020-21.

**b) Criteria of making payments to Non-Executive Directors**

The Non-executive Independent Directors of the Company only getting the sitting fees for attending Board/Committee meeting and the reimbursement of expenses for attending for Board and Committee meetings.

**c) Disclosure with respect to Remuneration**

The Remuneration of Executive Directors is decided by the Board of Directors, subject to the approval of shareholders, based on recommendation of Nomination and Remuneration Committee.

During the year under review, there is no revision in remuneration paid to Directors of the Company.

Details of remuneration paid to Directors of the Company for the financial year ended March 31, 2021 are as follows-

**DIRECTORS REMUNERATION****a) All pecuniary relationship or transactions of the Non-Executive Directors**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager						TOTAL
		Karunakar Reddy Baddam (Managing Director)	Chandrapati Venkata Siva Prasad (Whole Time Director- Technical)	Krishna Sai Kumar Addepalli (Whole Time Director- Operations)	Raghupathy Goud Theegala (Independent Director)	Karunasree Samudrala (Independent Director)	Sri Lakshmi Reddy Vangeti (Non-Executive Director)	
1.	Gross salary (IT Act)							
	(a) Salary	1,19,78,400	23,28,850	23,78,400	-	-	Nil	1,66,85,650
	b) Value of	-	-	-				
	(c) Profits in lieu of salary	-	-	-				
2.	Stock Option	-	-	-	-	-	Nil	-
3.	Sweat Equity	-	-	-	-	-	Nil	-
4.	Commission	-	-	-	-	-	Nil	-
	- as % of profit	-	-	-				
	- others, specify...	-	-	-				

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager						TOTAL
		Karunakar Reddy Baddam (Managing Director)	Chandrapati Venkata Siva Prasad (Whole Time Director- Technical)	Krishna Sai Kumar Addepalli (Whole Time Director- Operations)	Raghupathy Goud Theegala (Independent Director)	Karunasree Samudrala (Independent Director)	Sri Lakshmi Reddy Vangeti (Non-Executive Director)	
5.	Others, please specify- Provident Fund Contribution	21,600	21,150	21,600	-	-	Nil	64,350
6	Sitting Fee for attending board / committee meetings	-	-	-	1,60,000	1,40,000	Nil	3,00,000
	<b>Total</b>	1,20,00,000	23,50,000	24,00,000	1,60,000	1,40,000	Nil	<b>1,70,50,000</b>

The Company has entered service agreement with executive directors and there is no severance fees involved for any of its directors of the Company. The Company also has issued appointment letter to Non-Executive independent director as prescribed by the companies Act and applicable regulations. The Company has not granted any stock option to any of its directors during the year under review.

## CODE OF CONDUCT

In compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the Company has formulated and adopted a Code of Conduct for its Board of Directors and senior management personnel and has put the same on the company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors". The Code has been circulated to all members of the Board and Senior Management and they have affirmed the compliance of the same. A declaration signed by the Managing Director of the Company regarding affirmation of the compliance with the code of conduct by Board Members and Senior Management for the financial year ended March 31, 2021, is annexed herein below. Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

### Declaration as to adherence to the Code of Conduct

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2021.

Date: June 29, 2021  
Place: Hyderabad

Sd/-  
**Karunakar Reddy Baddam**  
Managing Director

## GENERAL BODY MEETINGS

### a) Annual General Meetings

The date, time and location of the Annual General Meetings held during the preceding 3 years and special resolutions passed thereat are as follows:

Date	Category	Venue	Time	No of Special Resolution
25th September, 2020	Members	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	11:00 A.M (IST)	-
30th September, 2019	Members	Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad-500016 Telangana, India	11:00 A.M (IST)	-
20th September, 2018	Members	KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, Red Hills, Hyderabad - 500 004, Telangana, India	09:00 A.M (IST)	-

### b) Whether special resolutions were put through postal ballot last year, details of voting pattern

During the year under review, no postal ballot has been conducted for passing any of the resolution.

### c) Whether any resolutions are proposed to be conducted through postal ballot

No Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting of the Company.

### d) Procedure for Postal Ballot

Prescribed procedure for postal ballot as per the provisions contained in this behalf in the Act read with rules made there under as amended from time to time shall be complied with whenever necessary.

[www.apollo-micro.com](http://www.apollo-micro.com) containing information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of conference calls/presentations to institutional investors or analysts etc. The contents of the said website are updated within 2 working days from the date of such change.

The quarterly and annual results are generally published in Business Standard (English edition) & Nava Telangana (In Telugu).

Further, the Company disseminates to the Stock Exchange (i.e. BSE Ltd (BSE) and National Stock Exchange of India Limited (NSE)), wherein its equity shares are listed, all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/ operations and for the information of the public at large.

## MEANS OF COMMUNICATION

In accordance with Regulation 46 of the SEBI (LODR) Regulations, 2015, the Company has maintained a functional website at

## GENERAL SHAREHOLDER INFORMATION

a) AGM: Day, Date, time and venue	28th September 2021 (originally called on 24th September 2021 and rescheduled to 28th September 2021) Time: 12:30 P.M. Venue: Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
b) Financial Year	April 1, 2020- March 31, 2021
c) Record Date	17th September 2021
d) Book closure Date	18th September 2021 to 28th September 2021

<b>e) Dividend payment date</b>	The dividend, if declared, shall be paid/credited to the respective bank account of shareholders / dividend demand draft shall be dispatched within a period 30 days from the date of declaration i.e. on or before 28th October 2021
<b>f) Listing of shares on Stock Exchanges</b>	<p>The Company's equity shares are Listed at:</p> <ol style="list-style-type: none"> <li>1. BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001 Stock Code: 540879</li> <li>2. National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 Symbol: APOLLO Series: EQ</li> </ol>
<b>g) Registered Office</b>	<p>The Company is registered in the state of Telangana, India</p> <p>The Registered office of the Company is situated at # Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal Hyderabad, Rangareddy Telangana 500 076, India</p>
<b>h) Corporate Identification Number</b>	The Corporate Identity Number allotted by the Ministry of Corporate Affairs (MCA) is L72200TG1997PLC026556
<b>i) Listing Fees</b>	The Listing fee for the year 2020-21 has been paid to the above stock exchanges.
<b>j) Registrar &amp; Share Transfer Agents of the Company for both physical and electronic mode of share transfers.</b>	<p>Bigshare Services Private Limited (Unit: Apollo Micro Systems Limited) 306, Right Wing, 3rd Floor, Amrutha Ville, Opp: Yashoda Hospital, Rajbhavan Road, Hyderabad – 500 082 Telangana, India. Tel : 040 4014 4582, Email: bsshyd@bigshareonline.com Website: www.bigshareonline.com SEBI Registration No.: INR000001385</p>
<b>k) Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and likely impact on equity.</b>	The Company has not issued any Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments during the year under review. There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2021.
<b>l) Share Transfer System</b>	<p>In terms of the SEBI (LODR) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from April 01, 2019, except in case of transmission or transposition of securities. Members holding shares in physical form are requested to dematerialise their holdings at the earliest. Transfers of equity shares in dematerialised form are effected through the depositories with no involvement of the Company.</p> <p>In case of other matters relating to Shares, Stakeholder's Relationship Committee meet as and when required to consider and attend Investors grievances and request for transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialization and rematerialization of shares, etc.</p> <p>During the year under review, the company hasn't received any request for transfer of shares held in physical form.</p>

m) Stock Code	<p>The stock code of the Company at BSE Ltd. 540879</p> <p>ISIN allotted by National Securities Depository Limited and Central Depository Services (India) Limited for Equity Shares <b>INE713T01010</b></p> <p>The Company’s shares are covered under the compulsory dematerialization list and are transferable through the depository system.</p>																																																																					
n) Dematerialisation of Shares	<p>Members are requested to convert their physical holdings to demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within a maximum period of twenty one days from the date of receipt, if the documents are clear in all respects. The demat security (ISIN) code for the equity share is INE713T01010.</p> <p>The Company’s shares are regularly traded on the ‘BSE Limited’ and ‘National Stock Exchange of India Limited’.</p> <p>During the year under no request for dematerialization of equity shares has been received from the shareholder of the Company.</p> <p>As on March 31, 2021 there are only 2 shareholders holding 10008 equity shares in physical form, which represent 0.05% of the total holdings of the Company. The remaining 99.95% of the holdings are held in dematerialized form.</p>																																																																					
o) Stock Performance	<p><b>Market price data:</b> The monthly high and low stock performance at the Stock Exchanges BSE and NSE during the year 2020-21 is as follows:</p> <table><tr><th rowspan="2">Months</th><th colspan="2">BSE (in Rs.)</th><th colspan="2">NSE (in Rs.)</th></tr><tr><th>High</th><th>Low</th><th>High</th><th>Low</th></tr><tr><td>Apr-20</td><td>71.70</td><td>43.20</td><td>71.85</td><td>43.00</td></tr><tr><td>May-20</td><td>95.70</td><td>68.10</td><td>95.55</td><td>66.85</td></tr><tr><td>Jun-20</td><td>120.05</td><td>82.60</td><td>120.90</td><td>82.15</td></tr><tr><td>Jul-20</td><td>142.70</td><td>101.60</td><td>142.90</td><td>102.05</td></tr><tr><td>Aug-20</td><td>134.00</td><td>119.90</td><td>134.40</td><td>119.95</td></tr><tr><td>Sep-20</td><td>131.75</td><td>105.30</td><td>131.90</td><td>108.05</td></tr><tr><td>Oct-20</td><td>117.50</td><td>104.50</td><td>118.00</td><td>104.15</td></tr><tr><td>Nov-20</td><td>123.90</td><td>97.00</td><td>123.70</td><td>98.00</td></tr><tr><td>Dec-20</td><td>134.70</td><td>108.30</td><td>134.80</td><td>108.25</td></tr><tr><td>Jan-21</td><td>155.20</td><td>117.50</td><td>155.90</td><td>118.70</td></tr><tr><td>Feb-21</td><td>126.50</td><td>94.65</td><td>126.75</td><td>94.50</td></tr><tr><td>Mar-21</td><td>118.40</td><td>89.00</td><td>118.40</td><td>89.50</td></tr></table> <p>[Source: This information is compiled from the historical data available on the websites of BSE and NSE]</p>	Months	BSE (in Rs.)		NSE (in Rs.)		High	Low	High	Low	Apr-20	71.70	43.20	71.85	43.00	May-20	95.70	68.10	95.55	66.85	Jun-20	120.05	82.60	120.90	82.15	Jul-20	142.70	101.60	142.90	102.05	Aug-20	134.00	119.90	134.40	119.95	Sep-20	131.75	105.30	131.90	108.05	Oct-20	117.50	104.50	118.00	104.15	Nov-20	123.90	97.00	123.70	98.00	Dec-20	134.70	108.30	134.80	108.25	Jan-21	155.20	117.50	155.90	118.70	Feb-21	126.50	94.65	126.75	94.50	Mar-21	118.40	89.00	118.40	89.50
Months	BSE (in Rs.)		NSE (in Rs.)																																																																			
	High	Low	High	Low																																																																		
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Mar-21	118.40	89.00	118.40	89.50																																																																		



p) Shareholding as on March 31, 2021

a) Distribution of shareholding as on March 31, 2021

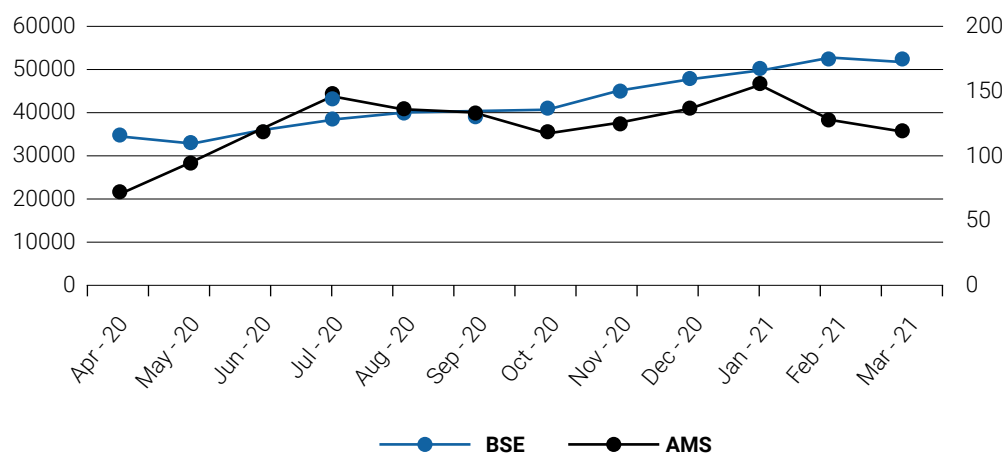
No of shares		No of shareholders	% of total	Share amount (in "Rs")	% of total
1	5000	39860	95.0496	31955860	15.3901
5001	10000	1198	2.8567	9538910	4.5940
10001	20000	509	1.2138	7631250	3.6753
20001	30000	135	0.3219	3365560	1.6209
30001	40000	60	0.1431	2122220	1.0221
40001	50000	36	0.0858	1713570	0.8253
50001	100000	92	0.2194	6875310	3.3112
100001	999999999	46	0.1097	144436180	69.5612
Total		41936	100.00	207638860	100

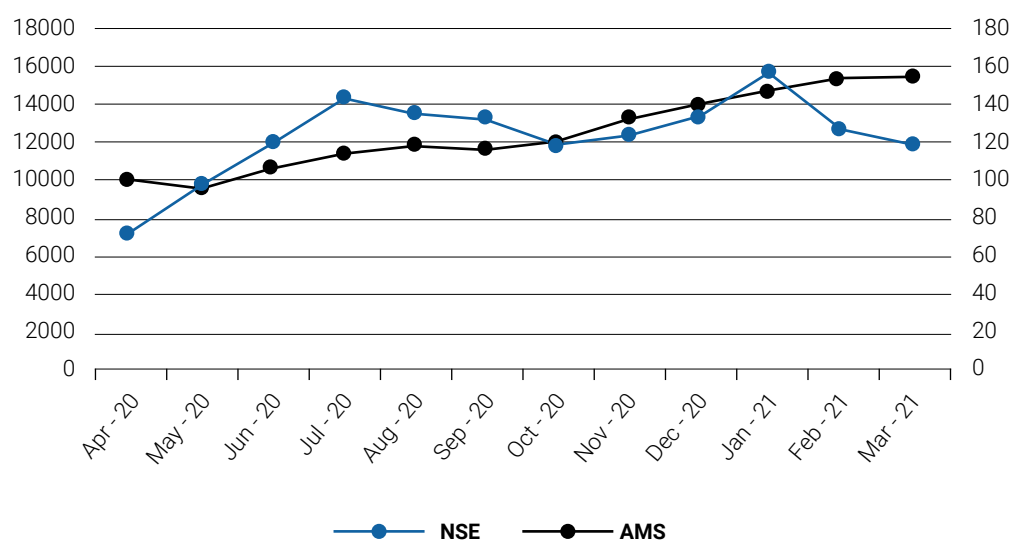
b) Category wise shareholding pattern as on March 31, 2021

Category	Total No. of Shares	% of holding
Promoter & Promoter Group	12271700	59.10
Foreign Portfolio Investor	802443	3.86
Clearing Member	199478	0.96
Corporate Bodies	139796	0.67
Mutual Fund	459505	2.21
Non Resident Indian (NRI)	310565	1.50
Employee	99722	0.48
Public	6479477	31.21
Trust	1200	0.01
Employee Trust	-	-
(Non-Promoter- Non Public)		
<b>Total</b>	<b>2,07,63,886</b>	<b>100.00</b>

q) Price Performance Compared to SENSEX and NIFTY 50

**BSE vs AMS**



**NSE vs AMS****r) Foreign currency risk and hedging activities**

The Company is exposed to foreign currency risk due to imports of components and circuits and export of mother boards. The Company had not indulged in currency hedging activities during the year under review

**s) Commodity price risk and commodity hedging activities**

The Company is exposed to commodity price risk as per nature of its business. The Company had not indulged into commodity hedging activities during the year under review.

**t) Plant Locations**

Apollo Micro Systems Limited  
#Plot No 128/A, Road No. 12, Bel Road Ida Mallapur, Uppal Mandal, Hyderabad – 500 076 Telangana, India

**u) Credit Rating**

**a) Domestic Rating:**

During the year under review your Company has obtained the Credit Rating from Acuite Rating & Research Limited ("credit rating agency") to Rs 157.50 Crores Line of Credit (short term & long term) of the Company which is as follows:

Long-Term Rating	ACUITE BBB- (pronounced ACUITE triple B MINUS)
Short-Term Rating	ACUITE A3 (pronounced ACUITE A three)

The outlook on the long-term rating has been assigned as "Stable" by the credit rating agency.

**b) International Rating: Nil**

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 your Company has intimated to the stock exchanges where the share are listed.

**v) Address for Correspondence**

**Registered Office of the Company:**

The Company Secretary  
APOLLO MICRO SYSTEMS LIMITED  
Plot No 128/A, Road No. 12, BEL Road  
IDA Mallapur, Uppal Mandal, Rangareddy  
Hyderabad – 500 076, Telangana, India  
Tel No.: +91 – 44 – 27167000  
Fax No.: +91 – 44 – 21750820  
Email: cs@apollo-micro.com  
Website: www.apollo-micro.com

**Registrar and Transfer Agents:**

BIGSHARE SERVICES PRIVATE LIMITED  
1st Floor, Bharat Tin Works Building,  
Opposite Vasant Oasis  
Makwana Road, Marol, Andheri (East)  
Mumbai – 400 059 Maharashtra, India  
Tel No.: +91 – 22 – 62638200  
Fax No.: +91 – 22 – 62638299  
Email: marketing@bigshareonline.com;  
Website: www.bigshareonline.com

For securities held in Demat form

The investors may write to their concerned Depository Participant(s) or the Registrar and Transfer Agents of the Company.

**OTHER DISCLOSURES**

**a) Related party transactions**

There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The Audit Committee of the Company reviews the Related Party Transactions ("RPT") periodically. All transactions entered into with related parties as defined under the Companies Act, 2013 and the SEBI (LODR) Regulations 2015 during the financial year were in ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties was in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Notes of Financial Statements, forming part of the Annual Report. Company has formulated a "Related Party Transaction Policy" to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy as considered and approved by the Board has been uploaded on the website of the Company at [www.apollo-micro.com](http://www.apollo-micro.com). The Audit Committee/ Board review's and amend this policy from time to time. The policy is uploaded on the website of the Company at [http://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_related\\_party\\_transactions.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/policy_on_related_party_transactions.pdf).

**b) Details of Non-compliance**

The Company has complied with the requirements of the Stock exchanges (NSE & BSE), SEBI and other statutory authorities on all matters relating to capital markets during the year under review. A report on the compliances on the applicable laws for the Company is placed before the Board on a quarterly basis for its review and consideration. There has been no instance of non-compliance with any legal requirements, nor have there been any penalties or strictures imposed by any stock exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**c) Whistle Blower Policy and Vigil Mechanism**

The Company is committed to adopt the best Corporate Governance Practices and to follow the highest possible moral, legal and ethical standards in the conduct of its business. In line with this commitment, Whistle blower Policy was designed to provide a mechanism for employees / Board Members and others to raise good faith concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct and to protect the individuals who take such actions from retaliation or any threat of retaliation.

The Whistleblower Policy and Vigil Mechanism ensure that strict confidentiality is maintained in such cases and no unfair treatment is meted out to a Whistleblower. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistleblowers. The Company affirms that no personnel have been denied access to the audit committee. The Whistle Blower Policy is uploaded on the website of the Company at <http://apollo-micro.com/wp-content/uploads/2017/09/WHISTLE-BLOWER-POLICY.pdf>

**d) Details of compliance with mandatory requirements and adoption of the discretionary requirements**

The Company has fully complied with the mandatory requirements of the Code of Corporate Governance as specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015. In addition, the Company has also adopted the following non mandatory requirements to the extent mentioned below:

- Separate posts of Chairman and Managing Director: The Company has maintained separate posts for Chairperson and Managing Director of the Company.
- Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

- The Company has voluntarily constituted the Risk Management Committee of the Company and adopted the Risk Management Policy which is uploaded on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors".

**e) Accounting treatment in preparation of financial statement**

In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.

- f) The Company has adopted Material Events Policy which is uploaded on the website of the Company at [http://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_disclosure\\_of\\_material\\_events.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/policy_on_disclosure_of_material_events.pdf)
- g) Details of the familiarisation programmes imparted to the Independent Directors are available on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) under the sections "Investors".
- h) The Company has put in place succession plan for appointment to the Board and to senior management.
- i) The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).
- j) **Certificate for transfer of Shares and Reconciliation of Share Capital**

Pursuant to Regulation 40(9) of the SEBI (LODR) Regulations, 2015, certificates on half-yearly basis, has been issued by the Company Secretary-in-Practice with respect to due compliance of share transfer formalities by the Company.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital of the Company and submitted the same to the BSE and NSE where the securities of the Company are listed within 30 days of the end of each quarter.

**k) Risk management**

The Company has established a risk management framework where in a Committee comprising of the senior executives of the Company has been established which periodically identify potential risks to the strategy of the Company and take effective measures to mitigate the same in the best possible manner. The Board is also periodically updated on the key risks, steps and processes initiated for reducing and, if feasible, eliminating various risks.

**l) CEO/CFO certification**

The Chief Financial Officer (CFO) has furnished a Certificate to the Board for the year ended on March 31, 2021 in compliance with Regulation 17(8) of SEBI Listing Regulations, which is annexed to Annual Report.

- m) The Company has complied with the requirements of Schedule V of Corporate Governance Report sub-para (2) to (10) of the Securities Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations, 2015,

**n) Corporate Governance Compliance Certificate**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations. It has obtained a Corporate Governance Certificate affirming the compliances from Practising Company Secretary, CS Datla Venkatesh and the same is annexed to Annual Report.

The Disclosure of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:

Sl. No.	Particulars	Regulation	Compliance Status Yes/No/NA
1.	Board of Directors	17	Yes
2.	Audit Committee	18	Yes
3.	Nomination and Remuneration Committee	19	Yes
4.	Stakeholders Relationship Committee	20	Yes
5.	Risk Management Committee	21	Yes
6.	Vigil Mechanism	22	Yes
7.	Related Party Transaction	23	Yes
8.	Subsidiaries of the Company	24	Yes
9.	Obligations with respect to Independent Directors	25	Yes
10.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes
11.	Other Corporate Governance requirements	27	Yes
12.	Website	46(2)(b) to (i)	Yes

**o) Certificate on Non-disqualification of Directors**

The Company has received a certificate from CS Datla Venkatesh, Company Secretary in Practice, confirming that none of the Directors of the Company is debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such authority from being appointed or continuing as Director of the Company. The Certificate is uploaded on the website of the Company in "Investor" section.

**p) Recommendations of the Committees of the Board**

During the year, the Board of Directors accepted all recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board of Directors.

**q) Total fees paid to Statutory Auditors**

The details of total fees for all services paid by the Company to the Statutory Auditors of the Company, is given below:

Particulars	Amount in Rs.
Statutory audit fee	Rs. 4,00,000/-
Tax audit fee (including other services)	Rs. 1,00,000/-
<b>Total</b>	<b>Rs. 5,00,000/-</b>

**r) Code of Conduct for Prevention of Insider Trading**

The Company has adopted the CODE OF INTERNAL PROCEDURES AND CONDUCT TO REGULATE, MONITOR AND REPORT OF TRADING BY INSIDERS under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company.

This Code has been revised in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020. The code is also available on the website of the company [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors" and the web link is

<https://apollo-micro.com/wp-content/uploads/2021/08/CODE-OF-INTERNAL-PROCEDURES-AND-CONDUCT-TO-REGULATE-MONITOR-AND-REPORT-OF-TRADING-BY-INSIDERSrevised.pdf>

Mr. Vitta Chaitanya Siva Shankar, Company Secretary, has been appointed as the 'Compliance Officer' for ensuring the compliance with and for the effective implementation of the Regulations and the Code across the Company.

**s) Equity shares in the suspense account**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2020	1	50
Shareholders who approached the Company for transfer of shares from suspense account during the year	-	-
Shareholders to whom shares were transferred from the suspense account during the year	-	-
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2021	1	50

The voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen till the rightful owner of such shares claims the shares.

**t) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has zero tolerance towards sexual harassment at the workplace. The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, & Redressal) Act, 2013 and rules made there under. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, trainees, temporary) are covered under this policy. During the year under review, there were no complaints pertaining to sexual harassment.

Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as at end of the financial year
Nil	Nil	Nil

The Workplace Sexual Harassment Policy of the Company is uploaded on the Company website at <http://apollo-micro.com/wp-content/uploads/2019/09/REVISED-Workplace-Sexual-Harassment-Policy-apollo-micro-systems-limited.pdf>



## ANNEXURE-J

### CERTIFICATE ON CORPORATE GOVERNANCE

UDIN: A036504C000539523

To  
The Members of  
**APOLLO MICRO SYSTEMS LIMITED**  
CIN L72200TG1997PLC026556

I have examined the compliance of the conditions of Corporate Governance by APOLLO MICRO SYSTEMS LIMITED ("the Company") for the financial year ended 31st March 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management and my examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with aforesaid Regulations and may not be suitable for any other purpose.

Date: June 29, 2021  
Place: Hyderabad

Sd/-  
**DATLA VENKATESH**  
CP. No.: 14074

## ANNEXURE-K

## CFO CERTIFICATION

I the undersigned, in my capacity as Chief Financial Officer of Apollo Micro Systems Limited ("the Company") to the best of my knowledge and belief certify that:

- A. I have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of my knowledge and belief, I state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. I further state that to the best of my knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. I am responsible for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. I have indicated to the auditors and the Audit committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**For Apollo Micro Systems Limited**

Sd/-

**Sudarshan Chiluveru**

Chief Financial Officer

Date: 29th June, 2021

Place: Hyderabad

# Management Discussion & Analysis

## Global Economy

The Global effect of the pandemic is estimated to have caused a 3.2% contraction of the world output in CY 2020, with advanced economies contracting 4.6% and Emerging Market & Developed Economies (EMDEs) contracting 2.1%. Many sectors such as travel, hospitality, transportation, aerospace, consumer discretionary and small enterprises were heavily impacted severely across the world. Disruption in the global supply chain and regional production network resulted in significant social and economic costs across communities, and countries. While industrial production undertook unscheduled and prolonged halt, the contact intensive sectors were disproportionately hit hard. . The policy makers across the globe responded with financial stimulus and unprecedented accommodative monetary policies to cushion the sinking economy of respective nations. The financial packages however differed across countries depending upon the economic strength. Many countries particularly the low income and developing countries entered the crisis with pre-existing structural imbalances in their economy coupled with high debts. A strong rally in equity markets driven by favourable policy rates benefitted high income earners and large countries. Demand for services around remote connectivity, cyber security, collaboration tools, digitized processes, automation and cloud adoption, progressively strengthened in the course of the year.

## Outlook

Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look

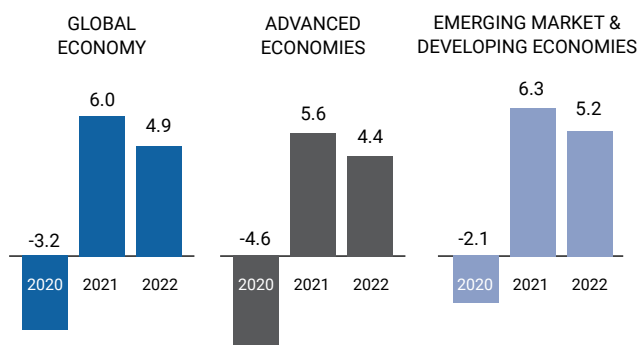
forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere. Amidst the uneven distribution of losses and resumption of normalisation in activities, the global economic growth is projected to grow by 6% in 2021. Recent price pressures for the most part reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high. Elevated inflation is also expected in some emerging market and developing economies, related in part to high food prices.

## Indian Economy

The Indian Economy has faced a challenging economic crisis over the fiscal year 2020-21, due to the Covid-19 pandemic. Virtually every economic activity was brought to a standstill with the imposition of lockdowns and forced closure of business operations, to prevent the spread of the infection. India's economy was gravely affected with the real GDP witnessing a decline of over 7.3 percent in FY2020-21<sup>2</sup>. Production was hampered to a great extent and it resulted in a subsequent derailment in the supply-chain. While contact intensive services and industries were hit hard, agriculture sector remained comparatively less affected.

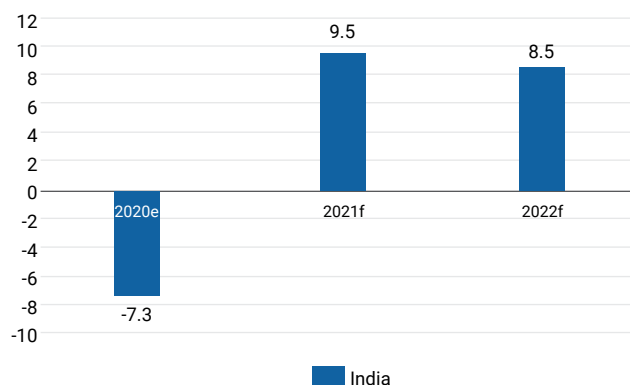
### WORLD ECONOMIC OUTLOOK UPDATE JULY 2021

#### GROWTH PROJECTIONS



### Real GDP

(Percentage change from previous year)



<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2021/07/27/world-economic-outlook-update-july-2021#>

<sup>2</sup> [http://mospi.nic.in/sites/default/files/press\\_release/Press%20Note\\_31-05-2021.pdf](http://mospi.nic.in/sites/default/files/press_release/Press%20Note_31-05-2021.pdf)

The economy received support from significant policy actions by the central bank and the government. It helped to stimulate demand while fulfilling obligations for social security and economic opportunities for citizens. The central bank ensured liquidity, provided regulatory support in the form of moratorium on loans and maintained an accommodative monetary policy. The RBI pursued unconventional monetary policies to reduce interest rates through open market operations, asset buy back and Government securities acquisition program (G-Sec). The government also offered fiscal stimulus package, promoted the notion of a self-reliant economy and developed initiatives for promoting 'Make in India' initiatives. The budget for FY22 echoes the government's commitment to move towards infrastructure led development, which is expected to boost private investments and accelerate economic recovery in the days ahead.

### Outlook

The country faced significant challenging circumstances due to the Covid-19 pandemic in FY 2020-21. The Indian economy is poised to build back better and stronger, with several key factors in play like heightened awareness & readiness to combat Covid-19 challenges and the aggressive vaccination drives across the country. Instrumental in this resilient comeback will be a strong revival in investment growth supported by the AtmaNirbhar Bharat Mission and a massive boost to infrastructure and capital expenditure provided for in the Union Budget 2021-22. The recently announced economic relief package is expected to further oil the wheels of the capex cycle via implementation of the PLI scheme and streamlining of processes for Public-Private Partnership (PPP) Projects and Asset Monetization. Consumption sentiment is expected to pick up with further enhancement of employment support under Aatma Nirbhar Bharat Rozgar Yojana (ANBRY) and wider BharatNet digitisation coverage. Maintaining a rapid pace of the vaccination drive and quickly bridging health care infrastructure gaps across both urban and rural areas would emerge as the most sustainable stimulus for durable recovery of the Indian economy.

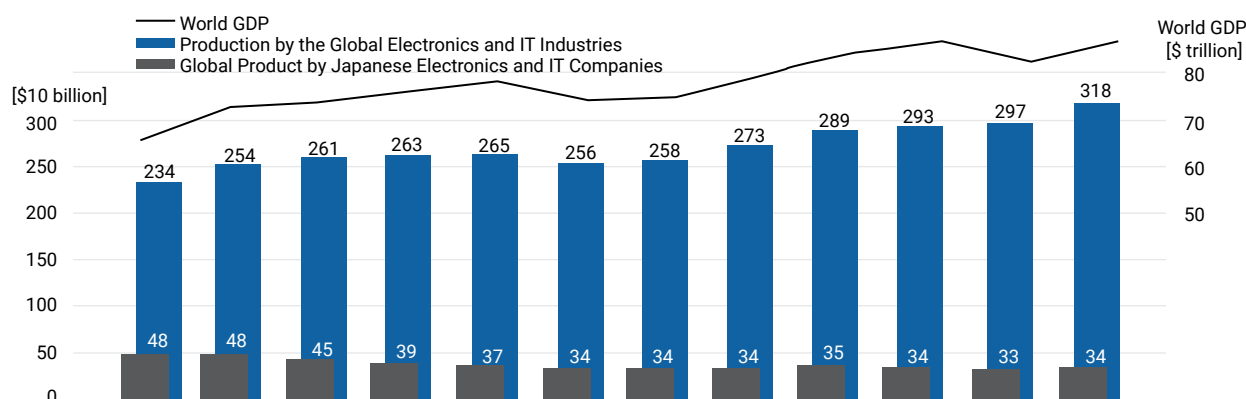
### Electronic Sector - Overview

Global Economies has been pulled into a period of uncertainty and volatility due to the Covid-19 pandemic. Production in the global electronics industry is estimated to increase 7% year on year in 2021 to record USD 3,175.6 billion<sup>3</sup>. The positive growth is expected to continue on the back of greater demand for solution services and electronic components and devices as countries around the world adapt remote and contactless technologies in a bid to stop the spread of Covid-19.

The coronavirus pandemic caused a drastic fall in demand for electronic devices and technologies. Over the course of the year, the infrastructure development through advancements in telework has given rise to the sales of computer and related technologies. Due to the increased demand in improved telecommunication networks, more semiconductors were needed to beef up data centers faced with spiking telecommunications volumes. Further, more sophisticated data utilization required more solution services.

The demand for electronics hardware in India is expected to reach USD 400 billion by FY2024. This presents a huge opportunity and a great incentive to boost electronic production. Electronics manufacturing is expected to increase at annual rate of 30% between 2020-25 and clock Rs.1.15 lakh crore additional production during this period.<sup>4</sup> Increasing domestic demand, rising disposable incomes, the Digital India initiative, growing manufacturing costs in other developing economies and escalated consumption patterns in the Middle East and emerging countries are driving global demand, thereby contributing to the growth of the Electronics Sector in India. Post pandemic many multinationals and international companies are looking towards other countries as an alternate for producing their electronic products in which India has a better chance. Although the rising crisis of delays in semiconductors is a serious concern in present times, yet this would be a temporary phase but for future growth this shift in production bases from China is a gift to Indian ESDM sector and industries need to gear up for a breakout

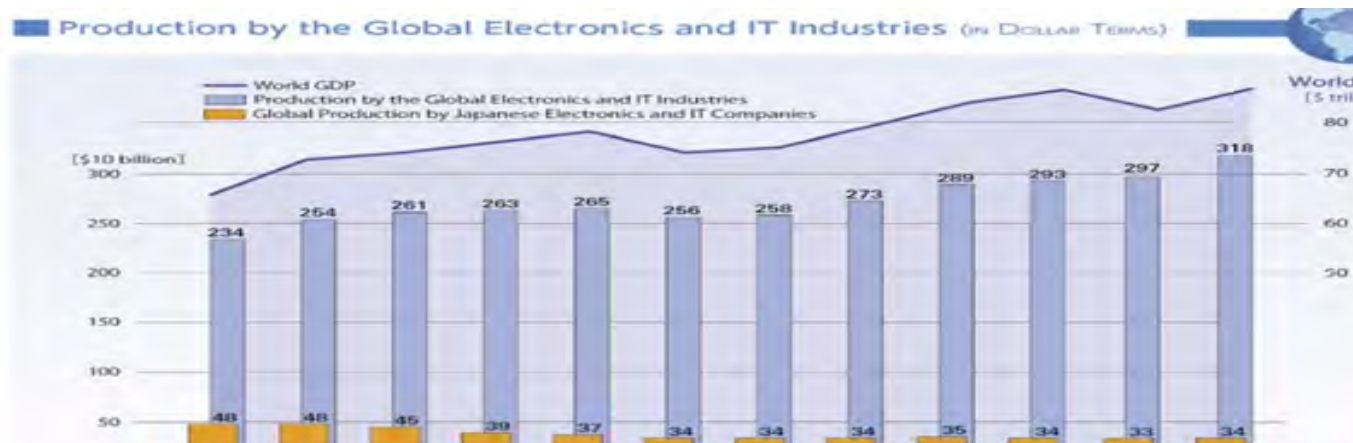
Production by the Global Electronics and IT Industries (in Dollar Terms)



<sup>3</sup> <https://www.jeita.or.jp/english/press/2020/1216.pdf>

<sup>4</sup> <https://www.ibef.org/download/Consumer-Durables-May-2021.pdf>

of this future potential. The ecosystem for large scale manufacturing is emerging and Government of India is also encouraging such initiatives by companies by introducing PLI schemes. It is also welcoming gesture that Indian Govt is looking forward to release a special PLI scheme for MSME sector, which would further enhance the potential and unlock the opportunities in Indian ESDM Sector.



## Electronic Systems Design and Manufacturing (ESDM)

India has witnessed a substantial spike in the demand of electronic products in the last few years; this is mainly attributed to India's position as the second-largest mobile phone manufacturer globally and surge in the internet penetration rate. The ESDM market in India is anticipated to increase at a CAGR of 16.1% between 2020 and 2025, owing to strong demand, supportive government policies and increased digitalization. Also, the ESDM sector plays an important part in the government's mission for generating USD 1 trillion of economic value from the digital economy by 2025. With various government initiatives aiming to boost domestic manufacturing, India has already begun to experience initial growth with boosted production and assembly activities across various ESDM products. Factors such as expanding end-user base, promising start-up ecosystem, strong policy support and rising FDI inflows are driving the ESDM sector<sup>5</sup>.

### Growth Drivers

- Policy Support to promote Electronics Manufacturing and initiatives such as "Make in India", "Digital India" as well as skill development programs
- Introduction of PLI scheme by Government of India for large

scale manufacturers in various sectors and especially ESDM sector is also a big growth driver in years to come to unlock the opportunities which are untapped or unexplored for long period.

- Presence of a large consumer base, along with the rollout of 5G and industrial use of Internet of Things (IoT) technology
- Promising increase in FDI inflows, rising prominence as third-largest start-up ecosystem and presence of an ever advancing robust research & development (R&D) ecosystem

### Strategic Electronics

The global market for strategic electronics is estimated to grow at a CAGR of 4% to reach USD 422 billion by 2032 with the US occupying the largest market share. The Growth in demand for electronics in Indian A&D is driven by modernization of weapon platforms, introduction of state-of-art weapons by the three armed forces, impact of indigenization and Make in India initiative. The demand pool is highly dispersed emanating from more than 45 individual entities operating through more than 100 institutions. It is primarily led by Ministry of Defense, Ministry of Home Affairs & Civil Avionics. Strategic electronics market size in India is estimated to grow at a CAGR of 7% to reach USD 15 billion by 2032, based on already classified plans and orders across various

<sup>5</sup> <https://www.ibef.org/download/Electronics-System-Design-Manufacturing-ESDM-May-2021.pdf>

<sup>6</sup> <https://www.eletimes.com/indigenous-strategic-electronics>

<sup>7</sup> A report by IBEF on Indian Electronics System Design & Manufacturing (ESDM)

programs. Civil avionics which has traditionally been untouched by Indian players is expected to generate demand worth USD 10 billion over the next 12 years<sup>6</sup>.

According to a report from consultancy firm, Roland Berger, in partnership with two industry associations, the National Association of Software & Services Companies (NASSCOM) and India Electronics and Semiconductor Association (IESA), India's aerospace and defence industry is expected to consume electronics worth US\$ 70-72 billion in the next decade, as the country rapidly modernises its military by embracing new technologies. About US\$ 53-54 billion will be for electronics acquired as part of platforms (i.e., at the Tier 1 and Tier 2 levels). Demand for electronics worth US\$ 17-18 billion is expected from projects that are traditionally called system-of-systems (non-platform based) applications.

### Industrial Electronics

Industrial electronics is mostly used in process control equipment, test and measuring equipment, power electronics equipment, automation and analytical instruments. These technologies are significantly gaining ground as modernization, automation and robotics continue to design the future of operations and processes. The industrial electronics sector is witnessing growth due to enhanced digitization and robotics applications in advanced industrial processes. Further, the impetus on Smart Cities and IoT will bring the focus and demand back to smart and automation electronics.

### Government Reforms and Policies to support ESDM

- In May 2021, the cabinet, chaired by the Prime Minister, Mr. Narendra Modi, approved a proposal by the Department of Heavy Industries and Public Enterprises to implement the production-linked incentive (PLI) scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage' to achieve manufacturing capacity of 50 GWh (Giga Watt Hour) of ACC and 5 GWh of 'Niche' ACC, with an outlay of Rs. 18,100 crore (US\$ 2.47 billion)<sup>7</sup>.
- The Union Budget 2021-22 provides Rs. 9,720.66 crore (US\$ 1.33 billion) for the Ministry of Electronics and Information Technology (MeitY)<sup>7</sup>. An allocation of Rs. 9,274.66 crore (US\$ 1.27 billion) is made for revenue expenditures, and Rs. 446 crore (US\$ 61.34 million) is made for capital expenditures<sup>7</sup>.
- As a result of initiatives such as "Make in India" and "Digital India", the EoDB has improved significantly. The total budget allocated for the "Digital India" programme in 2021-22 is Rs. 6,806.33 crores (US\$ 936.19 million)<sup>7</sup>.
- India's Cellular and Electronics Association (ICEA) proposed 2% RODTEP rate on smartphones, 2.4% for feature phones, 2% for tablets, 3.4% for battery chargers, and 1.8% for battery packs in January 2021<sup>7</sup>.
- By December 2020, the Government of India inked an expression of interest (EoI) to establish or expand existing semiconductor wafer/device fabrication (FAB) and/or acquisition facilities in the country.
- Towards accelerating quantum computing-led research and development as well as enabling new scientific discoveries, the Ministry of Electronics and Information Technology (MeitY) will established a quantum computing applications lab with Amazon Web Services (AWS).
- On November 11, 2020, the Union Cabinet approved the production-linked incentive scheme (PLI) in 10 key sectors (including electronics and white goods) with the aim of improving India's manufacturing capability, exports, and promoting the initiative "Atmanirbhar Bharat."
- On December 02, 2020, 'Hubli ESDM Exchange' (HEX), an incubation centre for the development of electronic device design (ESDM), backed and funded by the state government's Karnataka Innovation & Technology Services (KITS) and managed by the India Electronics & Semiconductor Association (IESA), was launched at the KLE Tech Park of the KLE Technical University (KLETU) in Hubballi.
- According to the Department of Electronics, IT, BT, Science & Technology, Rs. 3.2 crore (US\$ 433.46 thousand) has been approved for three years<sup>7</sup>.



## APOLLO MICRO SYSTEMS LIMITED

- The Union Budget 2020-21 allocates US\$ 920 million to the Ministry of Electronics and Information Technology (MeitY)<sup>7</sup>. Revenue expenditure allocation for the allocated budget is USD 870 million, while capital expenditure allocation is USD 50 million<sup>7</sup>.
- A total of Rs. 40,000 crore (US\$ 5.44 billion) will be disbursed under the product-linked incentive scheme in October 2020 to 16 electronics companies including 10 mobile phone manufacturers<sup>7</sup>.
- 100% Foreign Direct Investment (FDI) is allowed in the ESDM sector through the automatic route. For electronic items for defence, FDI up to 49% is allowed under automatic route, and above 49%, government approval is required.

### Company Overview

Incorporated in 1985, Apollo Micro Systems Limited (AMS) is a pioneer in design, development, assembly and testing of Custom Built Electronics and Electro- mechanical solutions. The Company

offers high performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors. It also offers custom built COTS (Commercially off-the shelf) solutions to the Defence and Space sector, based on their needs.

### Review of Operations

During the year under review (FY 2020-21), your company reported the revenue from operations of Rs 2,03,07,20,827/- against Rs 2,45,90,41,260/- in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been reduced by Rs 22.07% to Rs 39,16,96,314/- against Rs 50,26,08,398/- in the previous year. The Profit before Tax ("PBT") for the year under review is Rs 14,46,28,707/- as against Rs 25,26,09,201/- in the previous year. The Net profit of the Company for the year under review has been reduced by 26.81% to Rs 10,25,49,737/- against Rs 14,01,12,777/- in the previous year. The Earning per Share ("EPS") of the Company for the year under review is Rs 4.94/- per share basic& diluted.

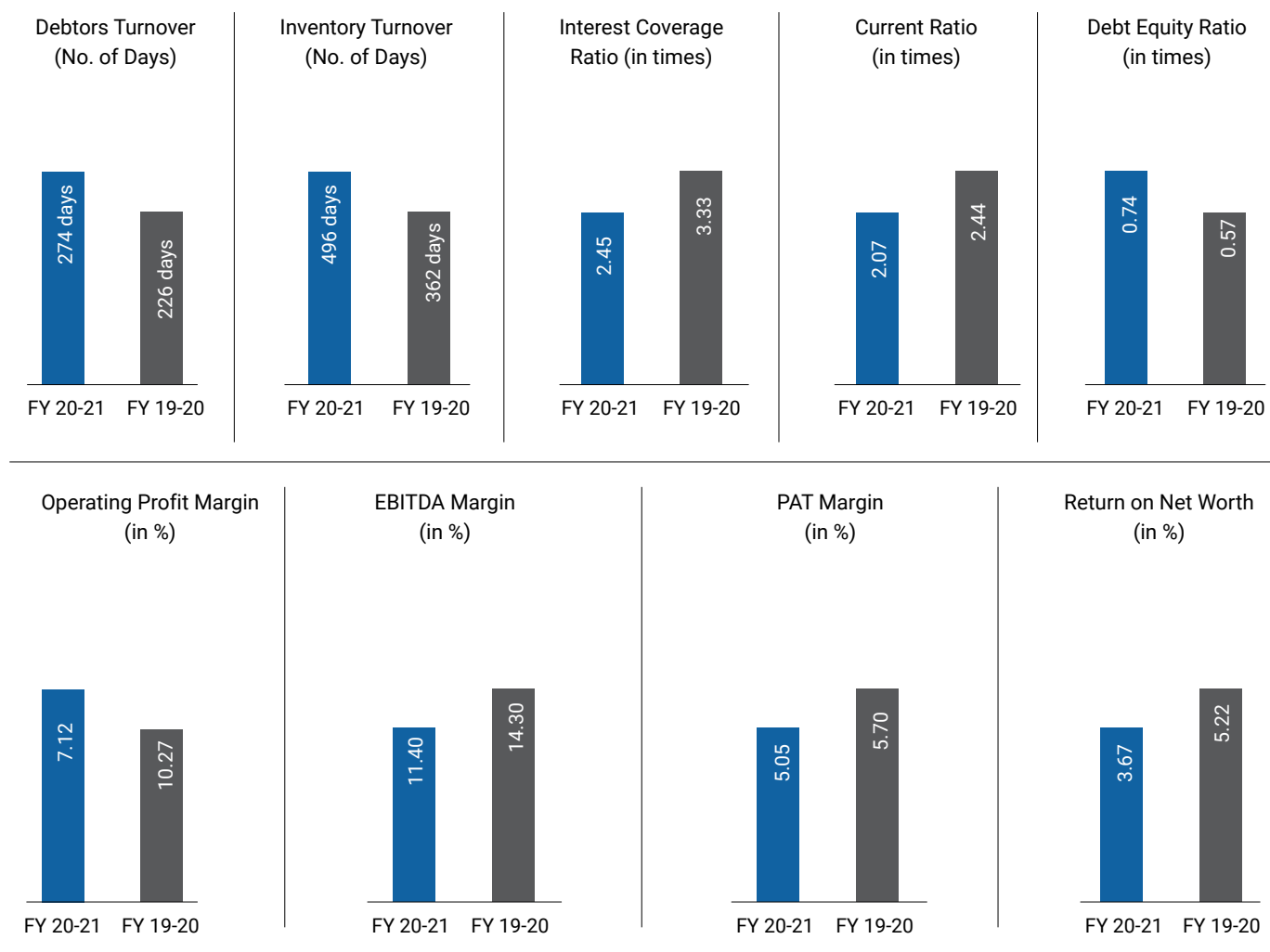
### Financial Highlight

(Figures in Rs. lakhs)	FY 2020-21	FY 2019-20	YoY Change (in %)
Revenue from Operation	20,307.20	24,590.41	-17.42
EBITDA	3,916.96	5,026.08	-22.07
PBT	1446.28	2526.09	-42.75
PAT	1,025.49	1,401.12	-26.81
Networth	30,520.86	29,591.52	3.14

**Key Ratios**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor. The key financial ratios are given below:

Ratios	FY 2020-21	FY 2019-20
Debtors Turnover (no. of days)	274.08	226.21
Inventory Turnover (no. of days)	496.42	361.64
Interest Coverage Ratio (in times)	2.45	3.33
Current Ratio (in times)	2.07	2.44
Debt Equity Ratio (in times)	0.74	0.57
Operating Profit Margin (in %)	7.12%	10.27%
EBITDA Margin (in %)	11.40%	14.30%
PAT Margin (in %)	5.05%	5.70%
Return on Net Worth (in %)	3.67%	5.22%

**Ratios**

## Human Resource

The Company's biggest assets is its employees' skills, competencies and commitment that empowers it to grow and expand its operations. It strives to build an open, inclusive and diverse workplace wherein employees can grow and thrive. The Company also significantly investment towards upgrading the skill and knowledge of its employees, as per changing industry dynamics, by organising various training and development program. As on 31st March 2021, the total employee count stood at 280.

### Risk Management

Risk	Definition	Mitigation Strategy	Outcome
<b>Technological Risk</b>	The technological landscape is constantly evolving and the failure to adopt new technology can have a severe impact on business sustainability and profitability.	The Company's R&D team constantly monitors changes in the technological landscape, enabling the Company to efficiently adopt new technologies and upgrade existing ones to meet customer requirements. Moreover, the state-of-the-art technologies available with the Company is one of the key USPs distinguishing it from its peers. The company has also aggressively started to invest in commercial technologies and Dual Use technologies as potential growth driver in years to come. In this process, the company is strategically entering partnerships with global OEMs to introduce new products and produce new products in Security surveillance market as a part of this initiative and has significantly invested in these products in this financial year and would continue to release new products in the similar lines. The company has also announced that its foraying into medical electronics field and several products are shortlisted for development to explore both domestic and international markets as Health, wellness and medical industry is growing rapidly post pandemic.	Rs. 13,41,27,215/- invested in R&D activities

Risk	Definition	Mitigation Strategy	Outcome
<b>Liquidity Risk</b>	Liquidity crunch may occur due to the lack of cash and inadequacy to meet working capital requirement. It may lead to a temporary slowdown of the Company's operations	The company has a healthy inflow of orders from new and existing customers on account of its strong R&D facilities. Thus, the Company has sufficient cash and cash equivalent balance to meet the working capital requirements and mitigate any unforeseen short-term obligations.	The company will be releasing several products for Dual usage and commercial technologies to improve its cash flows further and maintain a healthy liquidity for further enhancing its new vertical growth
<b>Employee Risk</b>	The inability to hire and retain competent personnel may adversely affect the Company's operations.	AMS has developed a strong HR team with a focus on retaining top talent. To improve the productivity and skills of the employees, the Company regularly conducts technical and managerial skill development programmes.	The company is also foraying into opening a finishing school and Learning centre to train employees and interns in technical and soft skills and Project management skills which would further be a good move in preparing leaders in the company for next decades and also a good conducive environment for young talent to get retained.
<b>Quality Risk</b>	Inability to meet quality standards might have an adverse impact on the Company's reputation and may lead to loss of revenue.	To ensure the quality of products, the Company regularly conducts stringent quality checks and follows a Quality Assurance Plan for every product. The company's operations are ISO 9001:2015 and CEMILAC certified, validating its credibility as a trusted manufacturer. The Company has obtained AS 9100D Certification (based on and including ISO 9001:2015) for implementation of Quality Management System at the organization based on global standards which is applied in the Design, Development and Manufacturing of Electronics, Mechanical & Electromechanical systems/ sub- systems for Defense, Space, Naval, Aerospace, Aviation applications.	AS 9100D Certificate (based on and including ISO 9001:2015)
<b>Intense Competition</b>	The Defence ESDM sector consists of small as well as established players. This could affect pricing and have an adverse effect on business, financial condition and results of operations.	AMS is an established player in its industry and is backed by strong technological competencies, superior service offerings, experienced leadership team and top management, enabling the company to retain an edge over its peers	Over 3 decades of experience in the industry and a strong management team with an average experience of 30 years.

### Subsidiary Company:

Your Company has one (1) subsidiary company. During the year under review, M/s Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) has become the subsidiary of the Company by virtue of acquiring 51% stake in the aforementioned Company with effect from 3rd August, 2020.

Ananya SIP RF Technologies Private Limited is constructing its manufacturing plant at Plot no 9, Sy No. 656/A, Adibatla village, RR Dist, Telangana. As on March 31, 2021, the Capital work-in progress Rs. 2,27,53,029/- and is yet to commence its commercial operations. It is expected that during the FY2021-22 Ananya SIP RF Technologies Private Limited commence its commercial operations.

### Internal Control and its adequacy

To monitor and manage the risks, the company needs to have a system based approach which is already inherent in the company's operation backed by a stringent internal control system. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit Functions reports to the Audit Committee and the Board. The Internal Audit's main objective is to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. Based on the report of internal audit function, process

owners undertake corrective action in their respective areas and thereby strengthen the controls. The detailed Internal Audit Report of Internal Auditor is placed before the Audit Committee for its review and advice.

### Cautionary Statement

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented,

unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions are made, relying on available internal and

external information, which are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.



# FINANCIAL STATEMENTS



# Independent Auditors' Report

To  
The Members of Apollo Micro Systems Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Apollo Micro Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key audit matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Key Audit Matters:

Key Audit Matter	Auditor's Response
Contingent liabilities and provisions	Principal Audit Procedures
Probable Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme	We evaluated and tested key controls in respect of this contingent liability and regulatory procedures which are found to be satisfactory for audit
The Company had availed import duty exemption of Rs.1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme (the Scheme). As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. This is a Contingent Liability which depends on performance of the export obligation by the company with in the time period permitted.	Our procedure included the following: <ul style="list-style-type: none"> <li>We have perused the terms of Export Obligation under Zero Duty EPCG Scheme</li> <li>We have verified the amount of duty exemption availed under the scheme</li> <li>We have also verified the value and the period with in which export obligation to be fulfilled and extension of period approved by the Regulatory Authority</li> </ul>

Key Audit Matter	Auditor's Response
<p>The probability or provision for the contingent liability involves high degree of judgment and estimates by the management and hence the contingent liability is considered as a key audit matter</p> <p>Refer Note-29(ii)(b) to the Financial Statements</p>	<ul style="list-style-type: none"> <li>• We have also evaluated the significant judgment made by the management in its ability to perform the export obligations with in the period permitted for making provision as per requirement.</li> <li>• The management expressed their proposals to have a quarterly review from next financial year for any likelihood and magnitude of any liability to be provided.</li> <li>• The management also agreed to review and provide for during next financial year</li> </ul>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ('Ind AS') and other accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of

the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement

that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in 'Annexure-A' a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that :
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure-B'.

3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

**4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:**

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with provisions of Section II of Part-II of Schedule-III of the Act. The remuneration paid to any director is within the limit laid down under Section 197 of the Act and relevant provisions of Schedule III to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**for S.T.Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner

Place: Hyderabad  
Date: 29th June, 2021

Membership No.: 015635  
UDIN:21015635AAAADE1997

# Annexure A to the Independent Auditors' Report

With reference to Annexure A as referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of the company on the standalone financial statement for the year ended 31 March 2021, we report the following:

Sl. No.	Ref to CARO	Report by Independent Auditors
1	3(i)	<b>Fixed Assets</b>
	3(i)(a)	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	3(i)(b)	The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified on annual basis. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
	3(i)(c)	According to the information and explanations given to us and the records examined by us and based on the examination of sale deeds, conveyance deeds, encumbrance certificates verified by us, we report that the title deeds comprising all the immovable properties of lands, buildings which are free hold, are in the name of the company as at the balance sheet date.,
2	3(ii)	<b>Inventories</b>
		As explained to us, the inventories has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. There were no material discrepancies noticed on verification between the physical stock and the book records.
3	3(iii)	<b>Loans to parties covered by Sec.189 of the Companies Act,2013 ('the Act' )</b>
		According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to body corporate, firms, Limited Liability Firms or other parties covered in the register required to be maintained under section 189 of the Act. Accordingly the provisions of the clause 3 (iii) of the Order are not applicable to the Company for the year under review.
4	3(iv)	<b>Loans ,guarantees, securities to and investments in other companies</b>
		In our opinion and according to the information and explanation given to us, the company has no transactions for compliance as per the provisions of Sections 185 and 186 of the Act.
5	3(v)	<b>Acceptance of deposits</b>
		In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year as per provisions of Section 73 or 76 of the Act and the relevant Rules framed thereunder. Accordingly the provisions of the Para 3 (v) of the Order are not applicable to the Company for the year under review.
6	3(vi)	<b>Maintenance of cost records</b>
		According to the information and explanations given us, the maintenance of cost records prescribed by the Central Government under section 148(1) of the Act read with Cost Audit Rules is not applicable to the company. Accordingly Para 3(vi) of the Order is not applicable to the Company for the year under review.
7	3(vii)	<b>Statutory Dues</b>
	3(vii)(a)	<p>According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Goods and Service Tax, Customs Duty, Cess and other material statutory dues have been generally deposited, barring some aberrations, during the year by the Company with the appropriate authorities. There are delays in remitting Tax deducted amounts from payees and also no payment in respect of tax liability accepted for earlier years.</p> <p>According to the information and explanations given to us, total undisputed amounts of Rs. 2,64,38,998/- outstanding and payable in respect of income Tax and tax deducted at source in arrears as at March 31, 2021 for a period of more than six months from the date they became payable .</p>

Sl. No.	Ref to CARO	Report by Independent Auditors
	<b>3(vii)(b)</b>	According to the information and explanation given to us, there are no dues of statutory dues of Income tax, sales tax, Service tax, Goods and Service tax, Customs duty, Excise duty, Value added tax, cess and other dues that have not been deposited by the Company on account of any disputes.
<b>8</b>	<b>3(viii)</b>	<b>Defaults in repayments to Financial Institutions/Banks/Debenture holders</b> In our opinion and according to the information and explanation given to us, the Company has not defaulted in the payment/repayments of loans or borrowings to the banks.
<b>9</b>	<b>3(ix)</b>	<b>Initial public offer/further offer</b> In our opinion and according to the information and explanation given to us, the company has not made, during the year under review, any initial public offer or further public offer of securities (including debt instruments) or the term loans during the year and accordingly the provisions of Para 3(ix) of the Order is not applicable for the company.
<b>10</b>	<b>3(x)</b>	<b>Frauds by or on the company</b> In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
<b>11</b>	<b>3(xi)</b>	<b>Managerial Remuneration</b> In our opinion and according to the information and explanation given to us based on the examination of the records of the Company, the company has paid/provided managerial remuneration which is within the amount permitted under Section II of Part II of Schedule-V of the Act as permitted by provisions of Section 197 of the Act.
<b>12</b>	<b>3(xii)</b>	<b>Nidhi company</b> In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act and hence paragraph 3(xii) of the Order is not applicable to the company.
<b>13</b>	<b>3(xiii)</b>	<b>Transactions with Related parties</b> In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with provisions of section 177 and section 188 of the Act where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
<b>14</b>	<b>3(xiv)</b>	<b>Preferential allotment u/s 62 or private placement u/s 42 of the Act</b> In our opinion and according to the information and explanation given to us and based on our examination of the records, the Company has not made any preferential allotment of equity shares during the year. There is no private placement of shares by the company under section 42 of the Act during the year.
<b>15</b>	<b>3(xv)</b>	<b>Non-cash transactions with directors u/s 192 of the Act</b> In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, the company has not entered during the year into any non cash transactions with its Directors or persons connected to its Directors and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order are not applicable to the company.
<b>16</b>	<b>3(xvi)</b>	<b>Registration u/s 45-1A of Reserve Bank of India Act, 1934</b> According to the information and explanation given to us, the company is not required to be registered under section 45-1A of the Reserve bank of India Act, 1934 and hence paragraph 3(xvi) of the Order is not applicable to the company.

for **S.T.Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.: 015635  
UDIN:21015635AAAADE1997

Place: Hyderabad  
Date: 29th June, 2021



# Standalone Balance Sheet

as at 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	4	48,56,13,258	50,26,14,313
b) Capital work-in-progress	4	49,93,59,127	36,52,31,912
c) Other intangible assets	4	24,07,861	8,02,780
d) Financial assets			
Investments	5	1,32,89,220	-
e) Other Non-Current assets	6	93,06,678	-
		<b>1,00,99,76,144</b>	<b>86,86,49,005</b>
<b>2 Current assets</b>			
a) Inventories	7	2,25,69,29,521	2,07,94,61,676
b) Financial assets			
Trade receivables	8	1,69,49,83,804	1,35,47,91,601
Cash and cash equivalents	9	12,68,843	8,80,071
Other bank balances	10	13,27,30,291	12,38,83,795
Loans	11	13,56,367	19,47,946
c) Other current assets	12	20,29,66,417	22,15,53,755
		<b>4,29,02,35,244</b>	<b>3,78,25,18,843</b>
<b>TOTAL ASSETS</b>		<b>5,30,02,11,388</b>	<b>4,65,11,67,848</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	13	20,76,38,860	20,75,88,860
Other equity	14	2,84,44,47,308	2,75,15,63,221
<b>Total equity</b>		<b>3,05,20,86,168</b>	<b>2,95,91,52,081</b>
<b>2 LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	15	26,85,880	88,591
b) Deferred tax liabilities, net	16	16,21,80,051	13,19,71,561
c) Provisions	17	82,91,436	73,65,699
		<b>17,31,57,367</b>	<b>13,94,25,851</b>
<b>3 Current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	15	1,15,06,82,872	82,82,42,375
ii) Trade payables:-	18		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		78,29,80,835	56,93,62,672
iii) Other financial liabilities	19	7,31,32,950	7,82,94,980
b) Other current liabilities	20	2,69,25,934	1,43,74,796
c) Current tax liabilities, net	21	4,02,80,636	5,98,70,466
d) Provisions	17	9,64,625	24,44,626
<b>TOTAL LIABILITIES</b>		<b>2,07,49,67,853</b>	<b>1,55,25,89,916</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,30,02,11,388</b>	<b>4,65,11,67,848</b>
Summary of significant accounting policies	1-3		
Notes to Financial Statements	4-47		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

for **S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

Place: Hyderabad

Date: 29 June, 2021

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluvuru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

# Standalone Statement of Profit and Loss

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
I Revenue from operations	22	2,03,07,20,827	2,45,90,41,260
II Other income	23	63,56,545	1,59,57,933
<b>III Total income</b>		<b>2,03,70,77,373</b>	<b>2,47,49,99,193</b>
<b>IV Expenses</b>			
Cost of materials consumed	24	1,59,41,91,148	1,92,18,00,418
Changes in inventories and work in progress	25	(8,58,36,056)	(12,06,94,406)
Employee benefits expense	26	6,86,15,701	7,62,44,152
Depreciation expense	27	8,69,01,827	9,89,54,464
Finance costs	28	16,01,65,780	15,10,44,733
Other expenses	29	6,84,10,265	9,50,40,631
<b>Total expenses</b>		<b>1,89,24,48,666</b>	<b>2,22,23,89,991</b>
<b>V Profit before tax and exceptional items</b>		<b>14,46,28,707</b>	<b>25,26,09,201</b>
VI Exceptional items		-	-
<b>VII Profit before tax</b>		<b>14,46,28,707</b>	<b>25,26,09,201</b>
<b>VIII Tax expense</b>			
Current tax	30	1,21,64,758	3,80,14,414
Earlier tax adjustments		-	3,68,56,052
Deferred tax	30	2,99,14,212	3,76,25,958
Total tax expense		4,20,78,970	11,24,96,424
<b>IX Profit for the year</b>		<b>10,25,49,737</b>	<b>14,01,12,777</b>
<b>X Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/ (losses) on defined benefit plan		10,10,572	(3,22,119)
Income-tax effect	30	(2,94,279)	93,800
<b>Other comprehensive income for the year, net of tax</b>		<b>7,16,293</b>	<b>(2,28,319)</b>
<b>XI Total comprehensive income for the year</b>		<b>10,32,66,030</b>	<b>13,98,84,459</b>
<b>XII Earnings per equity share (nominal value of INR 10) in INR</b>	40		
Basic		4.94	6.75
Diluted		4.94	6.75
Summary of significant accounting policies	1-3		
Notes to Financial Statements	4-47		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAADE1997

**Place: Hyderabad****Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluveru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

# Standalone Statement of Cash Flows

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	14,46,28,707	25,26,09,201
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	8,69,01,827	9,89,54,464
Finance income (including fair value change in financial instruments)	(63,56,545)	(1,59,57,933)
Finance costs (including fair value change in financial instruments)	16,01,65,780	15,10,44,733
Re-measurement gains on defined benefit plans	10,10,572	(3,22,119)
<b>Operating profit before working capital changes</b>	<b>38,63,50,340</b>	<b>48,63,28,347</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	(34,01,92,204)	33,83,61,660
Inventories	(17,74,67,845)	(35,06,54,932)
Loans - current	5,91,579	73,12,523
Other assets - current	1,85,87,338	(11,39,10,102)
Other assets - non current	-	-
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	21,36,18,163	19,90,54,647
Other financial liabilities - current	(51,62,030)	(3,94,86,853)
Other current liabilities	1,25,51,138	(22,23,825)
Provisions	(5,54,264)	22,83,558
<b>Cash generated from operations</b>	<b>10,83,22,215</b>	<b>52,70,65,022</b>
Income taxes paid	(3,17,54,589)	(5,79,58,385)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,65,67,626</b>	<b>46,91,06,638</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	(21,49,39,746)	(26,60,71,491)
Investment in Subsidiary Companies	(1,32,89,220)	-
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(88,46,496)	6,32,47,683
Interest received (finance income)	63,56,545	1,59,57,933
<b>Net cash used in investing activities</b>	<b>(23,07,18,917)</b>	<b>(18,68,65,875)</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	50,000	-
Dividend Paid	(1,03,81,943)	-
(Repayment) /Proceeds from borrowings, net	32,50,37,786	(20,92,58,934)
Interest paid	(16,01,65,780)	(15,10,44,733)
<b>Net cash provided by financing activities</b>	<b>15,45,40,063</b>	<b>(36,03,03,668)</b>

# Standalone Statement of Cash Flows

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Net increase in cash and cash equivalents (I+II+III)</b>	3,88,772	(7,80,62,905)
<b>Cash and cash equivalents at the beginning of the year</b>	8,80,071	7,89,42,976
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>12,68,843</b>	<b>8,80,071</b>
Cash and cash equivalents comprise:		
Cash on hand	10,82,276	5,55,806
Balances with banks:		
- in current accounts	1,86,567	3,24,265
	<b>12,68,843</b>	<b>8,80,071</b>

## Notes:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS-7 "Statement of Cash Flows.
2. Previous Year's figures have been regrouped/rearranged to confirm to the current years presentation, wherever necessary.

Summary of significant accounting policies	1-3
Notes to Financial Statements	4-47

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

**Place: Hyderabad**

**Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluveru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

# Standalone Statement of Changes in Equity

for the year ended March 31, 2021

## a. Equity Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	No. of shares	Amount
<b>Balance as at April 1, 2019</b>	<b>2,07,63,886</b>	<b>20,76,38,860</b>
Add: Issued during the year	-	-
Less : Fully paid up shares purchased by ESOP Trust but not allotted to employees	(5,000)	(50,000)
<b>Balance as at March 31, 2020</b>	<b>2,07,58,886</b>	<b>20,75,88,860</b>
Add: Issued during the year	-	-
<b>Balance as at March 31, 2021</b>	<b>2,07,63,886</b>	<b>20,76,38,860</b>

## b. Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Reserves and Surplus		Total
	Securities premium	Retained earnings	
<b>At April 1, 2019</b>	<b>1,65,37,56,663</b>	<b>95,79,22,100</b>	<b>2,61,16,78,763</b>
Profit for the year	-	14,01,12,777	14,01,12,777
Additions during the year	-	-	-
Share issue expenses	-	-	-
Dividend Paid	-	-	-
<b>Other comprehensive income</b>			-
Re-measurement gains/ (losses) on defined benefit plans		(3,22,119)	(3,22,119)
Income-tax effect		93,800	93,800
<b>At March 31, 2020</b>	<b>1,65,37,56,663</b>	<b>1,09,78,06,558</b>	<b>2,75,15,63,221</b>
Profit for the year		10,25,49,737	10,25,49,737
Additions during the year	-	-	-
Share issue expenses	-	-	-
Dividend Paid	-	(1,03,81,943)	(1,03,81,943)
<b>Other comprehensive income</b>			
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-	10,10,572	10,10,572
Income-tax effect	-	(2,94,279)	(2,94,279)
<b>Balance as of 31 March 2021</b>	<b>1,65,37,56,663</b>	<b>1,19,06,90,644</b>	<b>2,84,44,47,307</b>

Summary of significant accounting policies

3

Notes to Financial Statements

4-47

The accompanying notes are an integral part of the financial statements.

As per our report of even date

for and on behalf of the Board of Directors of

for S.T.Mohite &amp; Co

Apollo Micro Systems Limited

Chartered Accountants

CIN: L72200TG1997PLC026556

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**
**Karunakar Reddy Baddam**

Partner

Managing Director

Membership No.: 015635

DIN: 00790139

UDIN:21015635AAAAD1997

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Place: Hyderabad**
**Sudarshan Chiluvuru**

Chief Financial Officer

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

**Date: 29 June, 2021**

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 1 General Information

Apollo Micro Systems Private Limited ("AMS") was incorporated on March 03, 1997. It got converted in to public limited company with effect from April 01, 2017. The Register office of the company is situated at Plot No. No.128/A, Road No-12, BEL Road, IDA Mallapur, Uppal Mandal, Rangareddy Dist-500076. AMS is in to the supply of Electronics and Electro-mechanical systems and components including Design, Research & Development of systems which are used in Missile Programmes(weapon Systems Electronics), Underwater Missile programmes(weapon Systems Electronics), Avionic Systems, Ship Borne Systems, Submarine Systems, etc. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

## 2 Basis of preparation of financial statements

### 2.1 Statement of Compliance

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. These financial statements comply with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were authorised for issue by the Company's Board of Directors on June 29, 2021.

Details of the accounting policies are included in Note 3.

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;

- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

### 2.3 Functional currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupees except share data, unless otherwise stated.

### 2.4 Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

#### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

#### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

## 2.5 Critical accounting judgements and key sources of estimation

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

### *Provision and contingent liability*

On an on going basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

### *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

## 2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3 Significant accounting policies

### 3.1 New Standards adopted by the Company

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

#### **Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provided a new definition to the word material as follows:

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material had no impact on the standalone financial statements of the Company.

## Amendments Ind AS 116: COVID-19 related rent concessions

Ind AS 116 has been amended to provide limited relief to lessees in respect of rent concessions arising due to COVID-19 pandemic.

No relief has been allowed to the lessors.

The amendments provide a practical expedient that lessees may elect to not treat any rent concessions, provided by lessors as a direct consequence of COVID-19 pandemic, as lease modifications. However, to be eligible for this relief:

- the revised consideration for the lease should be less than or equal to the lease consideration immediately before the change;
- the rent concession should be for a period that does not extend beyond 30 June 2021 (for example, lease rents are reduced for a period up to 30 June 2021 and increased for periods thereafter); and
- there should be no substantial modification to the other terms and conditions of the lease.

Lessee should apply the amendments for annual reporting periods beginning on or after 1 April 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019.

The aforesaid amendments had no impact on the standalone financial statements of the Company.

## 3.2 Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

The company's revenues are derived from sale of goods and services.

- Revenue from sale of goods is recognized where control is transferred to the company's customers at the time of receipt of goods by the customers.
- Service income, is recognized as and when the underlying services are performed. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognized over the expected period that related services are to be performed.
- Dividend income is accounted for when the right to receive the income is established.
- Difference between the sale price and carrying value of investment is recognized as profit or loss on sale / redemption on investment on trade date of transaction.
- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 3.3 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability,

reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 3.4 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

## 3.5 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 3.6 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### *Deferred tax*

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3.7 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

## 3.8 Treasury Shares

The Company has created an Employee Stock Option Plan Trust (ESOP Trust) for providing share-based payment to its employees. The Company uses the trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company allots shares to the ESOP Trust or acquires shares from the open market. The Company treats the ESOP trust as its extension and shares held by ESOP Trust are treated as treasury shares. Share options exercised during the reporting period are satisfied with treasury shares. The consideration paid for treasury shares including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

## 3.9 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 3.10 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

## 3.11 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings	30 years
Plant and Machinery	15 years
Electrical Equipment	10 years
Office Equipment	5 years
Computers	3 years
Furniture and Fixtures	10 years
Vehicles	8 years
Tools and Spares	15 years

Depreciation on additions is provided on a pro-rata basis from

the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

## 3.12 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

## 3.13 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

## 3.14 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

## 3.15 Government grants

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

## 3.16 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 3.17 Employee benefits

### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past

service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

The Company's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

### Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

### Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 3.20 Financial instruments



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

## b. Classification and Subsequent measurement

### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised

cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## 3.21 Financial instruments (continued)

Transfers of financial assets to third parties in transactions that do not qualify for De-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on De-recognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on De-recognition is also recognised in profit or loss.

## c. De-recognition

### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

rewards of the transferred assets, the transferred assets are not derecognised.

## Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss statement.

### d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

## Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 4 Property, plant and equipment

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Free hold Land	Plant & Machinery	Vehicles	Property, plant and machinery				Building	Electrical Fittings	Total	Intangible assets	Capital work in progress	
				Testing Tools & Instruments	Furniture & Fixtures	Computers & Software	Office Equipment					Testing Tools & Instruments	Civil work in progress
<b>Cost</b>													
<b>At April 1, 2019</b>	1,50,85,175	3,05,94,278	83,84,624	35,44,75,206	74,07,676	4,89,47,546	49,51,562	10,83,80,042	60,21,232	58,42,47,340	-	26,11,94,862	2,22,84,856
Additions	-	-	8,12,459	14,56,06,319	46,56,623	24,94,206	4,31,005	2,93,15,210	-	18,33,15,822	10,03,475	24,19,85,980	70,30,354
Deletions	-	-	-	-	-	-	-	-	-	-	-	13,79,48,930	2,93,15,210
<b>At March 31, 2020</b>	1,50,85,175	3,05,94,278	91,97,083	50,00,81,525	1,20,64,299	5,14,41,752	53,82,567	13,76,95,252	60,21,232	76,75,63,162	10,03,475	36,52,31,912	0
Additions	-	29,95,430	66,950	6,44,15,346	5,43,281	8,60,729	3,66,897	-	-	6,92,48,633	22,57,220	13,41,27,215	-
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2021</b>	<b>1,50,85,175</b>	<b>3,35,89,708</b>	<b>92,64,033</b>	<b>56,44,96,871</b>	<b>1,26,07,580</b>	<b>5,23,02,481</b>	<b>57,49,464</b>	<b>13,76,95,252</b>	<b>60,21,232</b>	<b>83,68,11,796</b>	<b>32,60,695</b>	<b>49,93,59,127</b>	<b>0</b>
<b>Accumulated depreciation</b>													
<b>At April 1, 2019</b>	-	1,37,87,211	31,75,679	7,18,79,387	26,41,098	4,03,23,426	32,88,395	2,75,29,497	35,70,388	16,61,95,081	-	-	-
Charge for the year	-	30,42,079	15,36,521	7,69,87,668	19,31,687	60,95,134	8,45,354	76,80,802	6,34,524	9,87,53,769	2,00,695	-	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	-	1,68,29,290	47,12,200	14,88,67,055	45,72,785	4,64,18,560	41,33,749	3,52,10,299	42,04,911	26,49,48,850	2,00,695	-	-
Charge for the year	-	28,18,853	11,65,458	6,60,04,364	19,78,577	34,75,261	6,28,821	97,09,396	4,68,957	8,62,49,688	6,52,139	-	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2021</b>	-	1,96,48,143	58,77,659	21,48,71,419	65,51,361	4,98,93,822	47,62,571	4,49,19,695	46,73,868	35,11,98,537	8,52,834	-	-
<b>Carrying amount</b>													
<b>At April 1, 2019</b>	1,50,85,175	1,68,07,067	52,08,945	28,25,95,818	47,66,578	86,24,120	16,63,168	8,08,50,545	24,50,844	41,80,52,260	-	26,11,94,862	2,22,84,856
<b>At March 31, 2020</b>	1,50,85,175	1,37,64,988	44,84,883	35,12,14,470	74,91,514	50,23,191	12,48,818	10,24,84,953	18,16,321	50,26,14,313	8,02,780	36,52,31,912	0
<b>At March 31, 2021</b>	<b>1,50,85,175</b>	<b>1,39,41,565</b>	<b>33,86,374</b>	<b>34,96,25,452</b>	<b>60,56,219</b>	<b>24,08,659</b>	<b>9,86,894</b>	<b>9,27,75,557</b>	<b>13,47,364</b>	<b>48,56,13,258</b>	<b>24,07,861</b>	<b>49,93,59,127</b>	<b>0</b>

## Notes

- Depreciation is Calculated as per Straight Line Method based on useful life of assets as indicated in Schedule-II of The Companies Act, 2013 and Note.3.11
- All Properties Plant and Equipments are under Charge Created by the company for the loans availed.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 5 Non-Current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Investment in Equity Instruments:		
Investment in Equity Shares of subsidiary		
(Unquoted) fully paid up and carried at cost		
210940 (31.03.2020: Nil) Equity shares of Rs.10/- each	1,32,89,220	-
Note:		
i) Aggregate value of quoted investments and market value	-	-
ii) Aggregate value of unquoted investments	1,32,89,220	-
	<b>1,32,89,220</b>	<b>-</b>

## 6 Other Non-Current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Capital advances	93,06,678	-
	<b>93,06,678</b>	<b>-</b>

## Current assets

### 7 Inventories

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Raw material and stores	78,08,31,803	68,92,00,014
Work in progress	1,08,55,53,134	98,81,52,070
Finished goods	39,05,44,584	40,21,09,592
	<b>2,25,69,29,521</b>	<b>2,07,94,61,676</b>

### 8 Trade receivables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Unsecured, considered good	1,69,49,83,804	1,35,47,91,601
	<b>1,69,49,83,804</b>	<b>1,35,47,91,601</b>
Less: Allowance for doubtful receivables	-	-
	<b>1,69,49,83,804</b>	<b>1,35,47,91,601</b>

\*Represents margin money deposits against bank guarantees and letter of credits.



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 9 Cash and cash equivalents

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Balances with banks:		
- in current accounts	1,86,567	3,24,265
Cash on hand	10,82,276	5,55,806
	<b>12,68,843</b>	<b>8,80,071</b>

## 10 Other Bank balances

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Term deposits with Banks with original maturities of more than 3 months and less than 1 year*	13,26,75,249	12,38,83,795
<b>Earmarked balances with banks:</b>		
Unpaid dividend account (Earmarked for Dividend payment)	55,042	-
	<b>13,27,30,291</b>	<b>12,38,83,795</b>

\*Represents margin money deposits against bank guarantees and letter of credits.

## 11 Loans (Unsecured, considered good unless otherwise stated)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Current		
Security deposits with regulatory authorities and others	13,56,367	19,47,946
	<b>13,56,367</b>	<b>19,47,946</b>

## 12 Other current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<i>Unsecured, considered good</i>		
Advances other than capital advances		
Advances for materials	15,25,37,340	16,88,04,544
Advances for expenses	12,42,290	9,11,600
Salary advances	4,32,520	7,99,234
Prepaid expenses	45,34,476	39,20,602
Balances with Government Departments	4,42,19,791	4,71,17,775
	<b>20,29,66,417</b>	<b>22,15,53,755</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 13 Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Authorised</b>		
27,000,000 (March 31, 2020: 27,000,000) equity shares of Rs.10/- each	27,00,00,000	27,00,00,000
<b>Issued, subscribed and fully paid-up</b>		
20,763,886 (March 31, 2020: 20,758,886) equity shares of Rs.10/- each fully paid-up	20,76,38,860	20,76,38,860
Less: Equity Shares of Rs.10/- each fully paid up issued to ESOP Trust but not allotted to employees	-	(50,000)
Adjusted : Issued, Subscribed and Paid up Share Capital	20,76,38,860	20,75,88,860

### (a) Reconciliation of shares outstanding at the beginning and end of the reporting year

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021		31-03-2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Less: Equity shares of Rs. 10/- each fully paid-up issued to ESOP Trust but not allotted to employees.	-	-	(5,000)	(50,000)
Outstanding at the end of the year	2,07,63,886	20,76,38,860	2,07,58,886	20,75,88,860

### (b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Company

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021		31-03-2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Baddam Karunakar Reddy*	1,22,71,690	59.10%	1,32,71,690	63.92%

\*Note: Out of 1,32,71,690 shares 10,00,000 shares were fraudulently transferred to unauthorised person. The share holder has informed to the Company that he has initiated legal proceedings against the accused for such unauthorised transfer.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 14 Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Securities premium</b>		
Balance at the beginning of the year	1,65,37,56,663	1,65,37,56,663
Add: Premium on fresh issue	-	-
Less: Share issue expenses	-	-
<b>Balance at the end of the year</b>	<b>1,65,37,56,663</b>	<b>1,65,37,56,663</b>
<b>Retained earnings</b>		
Opening balance	1,09,78,06,558	95,79,22,100
Profit/(loss) for the year	10,25,49,737	14,01,12,777
Other comprehensive income	7,16,293	(2,28,319)
Less: Dividend Paid	(1,03,81,943)	-
Less: Transfers to general reserve	-	-
<b>Closing balance</b>	<b>1,19,06,90,644</b>	<b>1,09,78,06,558</b>
<b>Total other equity</b>	<b>2,84,44,47,307</b>	<b>2,75,15,63,221</b>

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

## 15 Borrowings

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
Vehicle loans	-	88,591
Unsecured loans		
<b>From others - Intercompany Loans (Refer Note below)</b>	26,85,880	-
	<b>26,85,880</b>	<b>88,591</b>
Note: The Company has taken Intercompany loan from Profectus Capital Limited in March, 2021. The loan is repayable in 48 instalments from May, 2021 to July, 2024. The loan carries an interest rate of 12.05%.		
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand (Refer Note below)		
- Overdraft from State Bank of India	37,59,72,199	34,82,68,453
- Overdraft from ICICI Bank	-	25,32,63,014
- Overdraft from HDFC Bank	21,44,49,585	-
- Overdraft from Axis Bank	36,15,47,391	17,67,28,231
- Intercompany Loans	15,00,00,000	-
- Line of credit from National Small Industries Corporation against raw material purchases	4,87,13,697	4,99,82,677
<b>Total current borrowings</b>	<b>1,15,06,82,872</b>	<b>82,82,42,375</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 15 Borrowings (Contd..)

### Notes: Loans repayable on demand:

- i) Overdraft from State Bank of India is repayable on demand and the loan carries an interest rate of 11.90%.
- ii) Overdraft from HDFC Bank is repayable on demand and the loan carries an interest rate of 11.75%.
- iii) Overdraft from Axis Bank is repayable on demand and the loan carries an interest rate of 10.50%.
- iv) Loan from Intercorporates is repayable on demand and the loan carries an interest rate of 9.50%.
- v) Raw Material Assistance from National Small Industries Corporation is extended against Bank Guarantee.
- vi) The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of Inventories, Assignment of Book Debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercompany loan Equitable Mortgage of Land & Building. The Loans are further recovered by personal guarantee of a promoter director in his individual capacity.

## 16 Deferred tax liabilities, net

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Deferred tax liability		
- Tangible and Intangible assets	16,48,75,416	13,48,28,327
- Research and development	-	-
<b>Total</b>	<b>16,48,75,416</b>	<b>13,48,28,327</b>
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	26,95,365	28,56,767
<b>Total</b>	<b>26,95,365</b>	<b>28,56,767</b>
<b>Deferred tax liability, net</b>	<b>16,21,80,051</b>	<b>13,19,71,561</b>

## 17 Provisions

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Non-Current</b>		
Provision for employee benefits		
- Gratuity (refer note 35)	82,91,436	73,65,699
	<b>82,91,436</b>	<b>73,65,699</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer note 35)	1,41,686	3,02,862
- Leave Encashment	8,22,939	21,41,764
	<b>9,64,625</b>	<b>24,44,626</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 18 Trade payables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 36)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	78,29,80,835	56,93,62,672
	<b>78,29,80,835</b>	<b>56,93,62,672</b>

## 19 Other financial liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Current maturities of long-term debts	33,30,804	47,16,610
Creditors for capital goods	94,17,923	1,35,74,681
Employee salaries & Leave encashment payable	64,47,586	54,02,897
Directors remuneration payable	9,02,771	10,36,084
Expenses payable	5,29,78,823	5,35,64,708
Unpaid Dividend	55,042	-
	<b>7,31,32,950</b>	<b>7,82,94,980</b>

## 20 Other liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Current</b>		
Advance received from customers	86,58,154	47,76,450
Statutory liabilities	1,82,67,780	95,98,347
	<b>2,69,25,934</b>	<b>1,43,74,796</b>

## 21 Current tax liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Current</b>		
Provision for Income tax	1,21,64,758	3,80,14,414
Earlier Tax payable	2,81,15,878	2,43,56,052
Less: Advance tax	-	(25,00,000)
	<b>4,02,80,636</b>	<b>5,98,70,466</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 22 Revenue from operations

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Sale of products	1,93,28,65,412	2,36,69,45,887
Sale of services	9,78,55,415	9,20,95,373
	<b>2,03,07,20,827</b>	<b>2,45,90,41,260</b>

## 23 Other income

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Interest income	63,56,545	1,59,57,933
	<b>63,56,545</b>	<b>1,59,57,933</b>

## 24 Cost of materials consumed

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Opening stock of raw materials and stores	68,92,00,014	45,92,39,488
Add: Purchases	1,55,94,62,471	2,06,01,69,796
Add: other Incidental Cost	12,63,60,467	9,15,91,148
	2,37,50,22,951	2,61,10,00,432
Less : Closing Stock of Raw Materials and Consumables	78,08,31,803	68,92,00,014
	<b>1,59,41,91,148</b>	<b>1,92,18,00,418</b>

## 25 Changes in inventories and Work in progress

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Closing stock</b>		
Finished goods	39,05,44,584	40,21,09,592
Work in process	1,08,55,53,134	98,81,52,070
<b>Total (A)</b>	<b>1,47,60,97,718</b>	<b>1,39,02,61,662</b>
<b>Opening stock</b>		
Finished goods	40,21,09,592	33,56,65,367
Work in process	98,81,52,070	93,39,01,889
<b>Total (B)</b>	<b>1,39,02,61,662</b>	<b>1,26,95,67,256</b>
<b>(Increase) / Decrease in Inventories and work in progress (B-A)</b>	<b>(8,58,36,056)</b>	<b>(12,06,94,406)</b>



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 26 Employee benefits expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Salaries, wages and bonus	6,15,65,124	6,80,54,461
Contribution to provident and other funds	32,65,163	35,36,294
Gratuity Expense	17,75,134	18,27,425
Staff welfare expenses	20,10,280	28,25,972
	<b>6,86,15,701</b>	<b>7,62,44,152</b>

## 27 Depreciation expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Depreciation of tangible assets	8,69,01,827	9,89,54,464
	<b>8,69,01,827</b>	<b>9,89,54,464</b>

## 28 Finance costs

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Interest on vehicle loans	38,833	10,31,003
Interest on working capital loans	10,71,23,917	9,72,17,319
Bank charges and commissions	5,16,65,560	3,92,73,108
Foreign exchange fluctuations	13,37,470	42,60,610
Interest on Income Tax paid	-	92,62,693
	<b>16,01,65,780</b>	<b>15,10,44,733</b>

## 29 Other expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Managerial remuneration	1,67,50,000	1,80,74,193
Business development expenses	12,47,281	1,00,99,090
Consultancy charges	71,77,451	84,22,174
Tour and travelling	49,67,642	1,25,83,347
Power and fuel	39,06,379	36,58,282
Rent	19,42,000	17,55,000
Insurance	43,38,535	23,34,679
Filing Fee	7,300	12,100
Conveyance	22,08,723	29,43,087
Office maintenance	20,97,538	34,47,987
Repairs and maintenance	30,71,526	39,96,577
Printing and stationery	16,30,546	22,47,453
Communication expenses	12,30,949	15,40,536
Advertisement	3,09,380	10,24,967
Late Delivery Charges	26,19,304	1,25,61,469
Audit fees	5,00,000	5,00,000

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 29 Other expenses (Contd..)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Rates and taxes	6,55,172	4,27,773
Corporate social responsibility expenses (See Note.34)	1,05,00,000	51,50,000
Security charges	6,13,617	3,52,171
Vehicle maintenance	15,41,553	15,69,718
Donations	70,900	11,95,121
Computer maintenance	7,24,471	8,44,909
Director Sitting fee	3,00,000	3,00,000
	<b>6,84,10,265</b>	<b>9,50,40,631</b>

## 30 Tax expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Current income tax:		
Current income tax charge	1,21,64,758	3,80,14,414
Earlier tax adjustments	-	3,68,56,052
Deferred tax:		
Relating to originating and reversal of temporary differences	2,99,14,212	3,76,25,958
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>4,20,78,970</b>	<b>11,24,96,424</b>

## Deferred tax related to items considered in OCI during the year

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Re-measurement gains/ (losses) on defined benefit plan	(2,94,279)	93,801
<b>Income tax charge to OCI</b>	<b>(2,94,279)</b>	<b>93,801</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 31 Contingent liabilities and commitments (to the extent not provided)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	As at 31-Mar-21	As at 31-Mar-20
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (See Note:1 below)	1,14,09,747	1,61,23,349
(b) Outstanding Guarantees and Counter Guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Govt Authorities and Others	15,42,47,334	28,60,38,802
ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed and not provided for;	66,44,610	-
(b) Liability for Import Duty refund for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note:2 below)	1,61,11,184	1,61,11,184

### Notes:

- 1) The Income Tax Department has raised demands on the Company in respect of past years in spite of payments already made by the company. The Company has submitted/submitted proof of payments made for removal of claims against the company. Pending removal of demands, the company has not acknowledged as amount payable.
- 2) The Company had availed import duty exemption of Rs.1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme. As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. The Company has recognized a contingent liability as this depends on performance of the export obligation by the company with in the time period permitted.

## 32 Related party disclosures

As required under Ind AS 24, Related Party Disclosures, the following are the related parties identified, transactions with such related parties during the year ended 31st March, 2021 and balance as on that date are given below:

### Related party Transactions

1 Related Parties	Transactions during the year
<b>1.1 Subsidiary Company</b>	
Ananya SIP RF Technologies Private Limited	Yes
<b>1.2 Person has control or significant influence on the Company</b>	
Baddam Karunakar Reddy	Yes
<b>1.3 Entities controlled by Baddam Karunakar Reddy</b>	
Apollo Food & Beverages Private Limited	No
<b>1.4 Key Managerial Personal</b>	
Baddam Karunakar Reddy-Managing Director	Yes
Addepalli Krishna Sai Kumar-Whole-time Director	Yes
Chiluveru Sudarshan-Chief Financial Officer	Yes
Chandrapati Venkata Siva Prasad-Whole-time Director	Yes
Vitta Chaitanya Siva Shankar-Company Secretary	Yes

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 32 Related party disclosures (Contd..)

### a. Transactions during the year:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Name of the party	Nature of Transaction	For the year ended 31.03.2021	For the year ended 31.03.2020
Baddam Karunakar Reddy	Remuneration	1,20,00,000	1,33,60,310
	Rent	8,40,000	8,40,000
	Loan repaid	-	49,00,000
Addepalli Krishna Sai Kumar	Remuneration	24,00,000	23,89,342
Chiluveru Sudarshan	Remuneration	15,86,250	13,98,226
Chandrapati Venkata Siva Prasad	Remuneration	23,50,000	23,89,342
Vitta Chaitanya Siva Shankar	Remuneration	4,17,600	4,04,166
Ananya SIP RF Technologies Private Limited	Investments	1,32,89,220	-

\*Does not include insurance, which is paid for the Company as a whole and gratuity as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

### b. Outstanding balances:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Rent to Key Managerial Personnel	9,64,250	1,89,000
Remuneration to Key Managerial Personnel	9,75,463	10,36,084

### c) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

## 33 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Electromechanical components and systems and allied components and services' and the sole geographical segment is 'India'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

## 34 Payment to auditors include

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
Statutory audit fee	4,00,000	4,00,000
Tax Audit fee	1,00,000	1,00,000
Other Services	-	-
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 35 Disclosure related to Corporate Social Responsibility (CSR)

- 1 As per Section 135 read with Section 198 of Companies Act, 2013, the amount required to be spent towards CSR works out to Rs.59,78,745/- for financial year 2020-21 (based on 2% of average net profits of preceding three financial years). The Board of Directors had allocated a budget of Rs.56,82,955 for the year 2019-20 and Rs.48,17,045/- for the financial year 2020-21, against which the company has spent an amount of Rs.59,78,745 during the current year. An amount of Rs.11,61,700 remained unspent.

The unspent CSR obligation for the FY 2020-21 of Rs 11,61,700/- pertaining to the on going project approved during the financial year and has been duly transferred to Company's CSR unspent account.

- 2 Break up of CSR expenditure under various heads of expenses is as below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Nature of expenditure constituting CSR expenditure	31 March 2021	31 March 2020
i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water {Sch VII (i)}	1,00,00,000	10,00,000
ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. {Sch VII (ii)}	-	41,50,000
iii) Covid Support-Ration Distribution	5,00,000	-
<b>Total</b>	<b>1,05,00,000</b>	<b>51,50,000</b>

- 3 Unspent amount

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
1 Unspent amount of earlier years	56,82,955	48,16,433
2 Liability for the current year	59,78,745	60,16,522
3 Amount Spent during the year	(1,05,00,000)	(51,50,000)
<b>Amount unspent/(over spent)</b>	<b>11,61,700</b>	<b>56,82,955</b>

## 36 Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Opening balance</b>	<b>81,86,745</b>	<b>70,67,031</b>
Service cost	12,53,672	13,02,054
Interest cost	5,56,699	5,40,628
Benefits paid	(96,923)	(1,10,769)
Actuarial loss/(gain)	(10,21,682)	(6,12,199)

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 36 Gratuity (Contd..)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Closing balance</b>	<b>88,78,511</b>	<b>81,86,745</b>
Present value of projected benefit obligation at the end of the year	88,78,511	81,86,745
Fair value of plan assets at the end of the year	4,45,388	5,18,184
Net liability recognised in the balance sheet	84,33,123	76,68,561
Long term provision	82,91,436	73,65,699
Short term provision	1,41,686	3,02,862

(All amounts in Indian Rupees, except share data and where otherwise stated)

Expenses recognised in statement of profit and loss	31-Mar-21	31-Mar-20
Service cost	12,53,672	13,02,054
Interest cost	5,21,462	5,25,371
<b>Gratuity cost</b>	<b>17,75,134</b>	<b>18,27,425</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	(10,13,676)	(4,92,191)
Return on plan assets greater (less) than discount rate	3,104	(38,256)
<b>Total expenses routed through OCI</b>	<b>(10,10,572)</b>	<b>(5,30,447)</b>

(All amounts in Indian Rupees, except share data and where otherwise stated)

Assumptions	31-Mar-21	31-Mar-20
Discount rate	6.80% p.a.	6.80% p.a.
Future salary increases	6.00% p.a.	6.00% p.a.
Employee turnover		

A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Assumptions	31-Mar-21	31-Mar-20
Effect of + 1% change in rate of discounting	10.32	10.51
Effect of - 1% change in rate of discounting	-8.58	-8.74
Effect of + 1% change in rate of salary increase	15.77	15.85
Effect of - 1% change in rate of salary increase	-12.19	-12.2

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 37 Dues to Micro, small and medium enterprises

The Company is required to furnish required details under section 22(i) to clause (v) of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT) read with Para FV of General Instructions for balancesheet in Division II of Schedule III to the Companies Act, 2013 (the Act). As per the said regulations required information in respect of MSMED entities are, as per information submitted by the suppliers to the company, furnished below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	Nil	Nil
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end;	Nil	Nil
c) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
d) Principal payment made to suppliers registered under the MSMED Act, beyond the appointed day during the year;	Nil	Nil
e) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
f) Interest due and payable for the year amount of interest accrued and remaining unpaid at the end of each year towards suppliers registered under MSMED Act, for payments already made; and	Nil	Nil
g) Further interest remaining due and payable for even in succeeding years.	Nil	Nil

The above information is compiled based on information available with the company, certified by management and relied upon by the auditors.

## 38 Employee Stock Option Plan

The Company has constituted a trust for ESOS to employees and obtained approval from member by way of postal ballot including remote E-Voting held on 24th December, 2018. The trust as on 31.03.2021 has no acquisition from secondary market. The furnishing details like ESOS outstanding at the beginning of the year, option granted, exercised and outstanding at the end of the year are not applicable for the year.

## 39 Leases

Effective 1st April 2019, the Company adopted Ind AS 116, Leases. This standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. There is no significant impact of the standard on the financial results of the Company. The Company has not recognized any right to use asset nor lease liability on account of this standard.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases amounting to INR 19,42,000 (INR 17,55,000 Previous Year) are recognised as an expense on a straight-line basis over the lease term.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 40 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
Profit for the year attributable to equity share holders	10,25,49,737	14,01,12,777
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	2,07,63,886	2,07,58,886
Weighted average number of equity shares outstanding during the year – diluted	2,07,63,886	2,07,63,270
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic (₹)	4.94	6.75
Earnings per share of par value ₹ 10 – diluted (₹)	4.94	6.75

## 41 Disclosure Under Section 186 (4) of the Act.

The Company has not made any loans, securities or guarantees. The Company has made investments in equity shares of Subsidiary during the year as per details given below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

S No	Name of Investee	Relation	No of Shares	Cost Rs.
1	Ananya SIP RF Technologies Private Limited	51% Subsidiary	210940	1,32,89,220

## 42 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 42 Financial risk management objectives and policies (Contd..)

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

### Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>March 31, 2021</b>		
INR	+1%	(1,15,66,996)
INR	-1%	1,15,66,996
<b>March 31, 2020</b>		
INR	+1%	(83,30,476)
INR	-1%	83,30,476

## b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend and based on the analysis has not provided any provision for expected credit losses on trade receivables.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 42 Financial risk management objectives and policies (Contd..)

### c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(All amounts in Indian Rupees, except share data and where otherwise stated)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended March 31, 2021</b>						
Borrowings	1,15,06,82,872	8,32,701	24,98,103	26,85,880	-	1,15,66,99,556
Trade payables	78,29,80,835	-	-	-	-	78,29,80,835
<b>Year ended March 31, 2020</b>						
Borrowings	82,82,42,375	11,79,153	35,37,458	88,591	-	83,30,47,576
Trade payables	56,93,62,672	-	-	-	-	56,93,62,672

## 43 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2021 and March 31, 2020 was as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Total equity attributable to the equity shareholders of the Company	3,05,20,86,168	2,95,91,52,081
As a percentage of total capital	72.5%	78.0%
Long term borrowings including current maturities	60,16,684	48,05,201
Short term borrowings	1,15,06,82,872	82,82,42,375
<b>Total borrowings</b>	<b>1,15,66,99,556</b>	<b>83,30,47,576</b>
As a percentage of total capital	27.5%	22.0%
Total capital (equity and borrowings)	4,20,87,85,724	3,79,21,99,657

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2021

## 44 Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which are applicable from April 1, 2020.

**45** Confirmations were sent to parties from whom amounts are due/receivables by balance as on 31st March, 2021. Due to COVID-19 lockdown situation responses from most of the parties were not received till date of approval of financial statements.

## 46 Prior year comparatives

The figures of the previous year have been regrouped/rearranged, where necessary, to conform with the current year's classification.

**47** The figures have been rounded off to nearest rupee.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

**Place: Hyderabad**

**Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluveru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765



# **CONSOLIDATED FINANCIAL STATEMENTS**

# Independent Auditors' Report

To  
The Members Apollo Micro Systems Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated financial statements of Apollo Micro Systems Limited (the 'Parent Company') and its Subsidiary (the Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

### Key audit matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Key Audit Matters

Key Audit Matter	Auditor's Response
Contingent liabilities and provisions	Principal Audit Procedures
Probable Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme	We evaluated and tested key controls in respect of this contingent liability and regulatory procedures which are found to be satisfactory for audit
The Company had availed import duty exemption of Rs.1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme (the Scheme). As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. This is a Contingent Liability which depends on performance of the export obligation by the company with in the time period permitted.	Our procedure included the following:
The probability or provision for the contingent liability involves high degree of judgment and estimates by the management and	<ul style="list-style-type: none"> <li>We have perused the terms of Export Obligation under Zero Duty EPCG Scheme</li> <li>We have verified the amount of duty exemption availed under the scheme</li> <li>We have also verified the value and the period with in which export obligation to be fulfilled and extension of period approved by the Regulatory Authority</li> </ul>



Key Audit Matter	Auditor's Response
hence the contingent liability is considered as a key audit matter Refer Note-29(ii)(b) to the Financial Statements	<ul style="list-style-type: none"> <li>• We have also evaluated the significant judgment made by the management in its ability to perform the export obligations with in the period permitted for making provision as per requirement.</li> <li>• The management expressed their proposals to have a quarterly review from next financial year for any likelihood and magnitude of any liability to be provided.</li> <li>• The management also agreed to review and provide for during next financial year</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Consolidated Financial Statements

The Parent Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the entities included in the Group are responsible for

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Parent Company, as aforesaid.

In preparing the Consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these

## Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Parent Company and Subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated

financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditor's regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

The consolidated financial statements also include the financial statements / financial information of one subsidiary, which has been audited by us.

Our opinion on the above consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. the consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Parent Company and its subsidiaries taken on record by the Board of Directors of respective companies, none of the directors of the Group Companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
    - i. The Consolidated financial statements disclose the impact of pending litigations on its financial position of the Group
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiaries incorporated in India.
  3. **With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:**

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid during the current year by the Parent Company and its subsidiaries, which are incorporated in India is in accordance with the provisions of section 197 and Schedule V of the Act. The remuneration paid to any director by the Parent Company and its subsidiaries, which are incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**for S.T.Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.: 015635  
UDIN:21015635AAAADE1997

Place: Hyderabad  
Date: 29th June, 2021

# Annexure 'A' to the Independent Auditor's Report

*(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Apollo Micro Systems Limited of even date)*

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the Consolidated financial statements of Apollo Micro Systems Limited ("the Parent Company") as of 31 March 2021, We have audited the internal financial controls over financial reporting of the Parent Company and its subsidiaries which are incorporated in India for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company and its subsidiaries which are incorporate in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company and its subsidiaries, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company and its subsidiaries which are incorporate in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent Company and its subsidiaries which are incorporate in India.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Parent Company and its subsidiary companies, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Parent Company and its subsidiaries which are incorporate in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for S.T.Mohite & Co**  
Chartered Accountants  
ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.: 015635  
UDIN:21015635AAAADE1997

Place: Hyderabad  
Date: 29th June, 2021

# Consolidated Balance Sheet

as at 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	4	49,07,81,032	50,26,14,313
b) Capital work-in-progress	4	52,21,12,156	36,52,31,912
c) Good will		1,89,328	-
d) Other intangible assets	4	24,07,861	8,02,780
e) Other Non-Current assets	5	1,19,06,012	-
		<b>1,02,73,96,389</b>	<b>86,86,49,005</b>
<b>2 Current assets</b>			
a) Inventories	6	2,25,69,29,521	2,07,94,61,676
b) Financial assets			
Trade receivables	7	1,69,49,83,804	1,35,47,91,601
Cash and cash equivalents	8	12,80,378	8,80,071
Other bank balances	9	13,27,30,291	12,38,83,795
Loans	10	13,60,721	19,47,946
c) Other current assets	11	20,30,16,417	22,15,53,755
		<b>4,29,03,01,133</b>	<b>3,78,25,18,843</b>
<b>TOTAL ASSETS</b>		<b>5,31,76,97,522</b>	<b>4,65,11,67,848</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	12	20,76,38,860	20,75,88,860
Other equity	13	2,84,44,35,728	2,75,15,63,221
Equity Attributable to Owners of the Company		3,05,20,74,588	2,95,91,52,081
Non Controlling Interest		72,53,056	-
<b>Total equity</b>		<b>3,05,93,27,644</b>	<b>2,95,91,52,081</b>
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14	26,85,880	88,591
b) Deferred tax liabilities, net	15	16,21,80,051	13,19,71,561
c) Provisions	16	82,91,436	73,65,699
		<b>17,31,57,367</b>	<b>13,94,25,851</b>
<b>3 Current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14	1,16,06,72,086	82,82,42,375
ii) Trade payables:-	17	-	-
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		78,29,80,835	56,93,62,672
iii) Other financial liabilities	18	7,33,61,217	7,82,94,980
b) Other current liabilities	19	2,69,73,041	1,43,74,796
c) Current tax liabilities, net	20	4,02,60,706	5,98,70,466
d) Provisions	16	9,64,625	24,44,626
<b>TOTAL LIABILITIES</b>		<b>2,08,52,12,510</b>	<b>1,55,25,89,916</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,31,76,97,522</b>	<b>4,65,11,67,848</b>
Summary of significant accounting policies	1-3		
Notes to Financial Statements	4-45		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

for S.T.Mohite &amp; Co

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sreenivasa Rao T Mohite

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

Place: Hyderabad

Date: 29 June, 2021

for and on behalf of the Board of Directors of

Apollo Micro Systems Limited

CIN: L72200TG1997PLC026556

Karunakar Reddy Baddam

Managing Director

DIN: 00790139

Sudarshan Chiluveru

Chief Financial Officer

Krishna Sai Kumar Addepalli

Director

DIN: 03601692

Chaitanya Siva Shankar Vitta

Company Secretary

Membership No: ACS49765

# Consolidated Statement of Profit and Loss

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
<b>I</b> Revenue from operations	21	2,03,07,20,827	2,45,90,41,260
<b>II</b> Other income	22	63,86,356	1,59,57,933
<b>III Total income</b>		2,03,71,07,183	2,47,49,99,193
<b>IV Expenses</b>			
Cost of materials consumed	23	1,59,41,91,148	1,92,18,00,418
Changes in inventories and work in progress	24	(8,58,36,056)	(12,06,94,406)
Employee benefits expense	25	6,86,15,701	7,62,44,152
Depreciation expense	26	8,69,01,827	9,89,54,464
Finance costs	27	16,01,68,471	15,10,44,733
Other expenses	28	6,84,99,015	9,50,40,631
<b>Total expenses</b>		<b>1,89,25,40,107</b>	<b>2,22,23,89,991</b>
<b>V Profit before tax and exceptional items</b>		<b>14,45,67,077</b>	<b>25,26,09,201</b>
<b>VI</b> Exceptional items		-	-
<b>VII Profit before tax</b>		<b>14,45,67,077</b>	<b>25,26,09,201</b>
<b>VIII Tax expense</b>			
Current tax	29	1,21,44,827	3,80,14,414
Earlier tax adjustments		-	3,68,56,052
Deferred tax	29	2,99,14,212	3,76,25,958
<b>Total tax expense</b>		<b>4,20,59,039</b>	<b>11,24,96,424</b>
<b>IX Profit for the year</b>		<b>10,25,08,037</b>	<b>14,01,12,777</b>
Other comprehensive income			
<b>X Items that will not be reclassified to profit or loss:</b>			
a) Re-measurement gains/ (losses) on defined benefit plan		10,10,572	(3,22,119)
b) Income-tax effect	29	(2,94,279)	93,800
Other comprehensive income for the year, net of tax (a+b)		7,16,293	(2,28,319)
<b>Total comprehensive income (7+8)</b>		<b>10,32,24,330</b>	<b>13,98,84,459</b>
<b>XI Net Profit / (loss) attributable to</b>			
a) Owners of the Company		10,25,38,157	-
b) Non controlling interest		(30,120)	-
<b>XII Other Comprehensive income attributable to</b>			
a) Owners of the Company		7,16,293	-
b) Non controlling interest		-	-
<b>XIII Total Comprehensive income attributable to</b>			
a) Owners of the Company		<b>10,32,54,450</b>	-
b) Non controlling interest		<b>(30,120)</b>	-
<b>XIV Earnings per equity share (nominal value of INR 10) in INR</b>	39		
Basic		4.94	6.75
Diluted		4.94	6.75
Summary of significant accounting policies	1-3		
Notes to Financial Statements	4-45		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

for **S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

Place: Hyderabad

Date: 29 June, 2021

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluvuru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765



# Consolidated Statement of Cash Flows

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>14,45,67,077</b>	<b>25,26,09,201</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	8,69,01,827	9,89,54,464
Finance income (including fair value change in financial instruments)	(63,86,356)	(1,59,57,933)
Finance costs (including fair value change in financial instruments)	16,01,68,471	15,10,44,733
Re-measurement gains on defined benefit plans	10,10,572	(3,22,119)
<b>Operating profit before working capital changes</b>	<b>38,62,61,590</b>	<b>48,63,28,347</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	(34,01,92,204)	33,83,61,660
Inventories	(17,74,67,845)	(35,06,54,932)
Loans - current	5,87,225	73,12,523
Other assets - current	1,85,37,338	(11,39,10,102)
Other assets - non current	-	-
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	21,07,18,860	19,90,54,647
Other financial liabilities - current	(49,33,763)	(3,94,86,853)
Other current liabilities	1,25,98,245	(22,23,825)
Provisions	(5,54,264)	22,83,558
<b>Cash generated from operations</b>	<b>10,55,55,182</b>	<b>52,70,65,022</b>
Income taxes paid	(3,17,54,589)	(5,79,58,385)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,38,00,593</b>	<b>46,91,06,638</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	(23,61,10,117)	(26,60,71,491)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(88,46,496)	6,32,47,683
Interest received (finance income)	63,86,356	1,59,57,933
<b>Net cash used in investing activities</b>	<b>(23,85,70,257)</b>	<b>(18,68,65,875)</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	8,31,200	-
Dividend Paid	(1,03,81,943)	-
(Repayment) /Proceeds from borrowings, net	33,48,66,038	(20,92,58,934)
Interest paid	(16,01,68,471)	(15,10,44,733)
<b>Net cash provided by financing activities</b>	<b>16,51,46,824</b>	<b>(36,03,03,668)</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>3,77,160</b>	<b>(7,80,62,905)</b>
Cash and cash equivalents at the beginning of the year	9,03,218	7,89,42,976
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>12,80,378</b>	<b>8,80,071</b>
<b>Note:</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	10,86,975	5,55,806

# Consolidated Statement of Cash Flows

for the year ended 31 March, 2021

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Balances with banks:		
- in current accounts	1,93,403	3,24,265
	<b>12,80,378</b>	<b>8,80,071</b>

## Note

- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS-7 "Statement of Cash Flows.
- Previous Year's figures have been regrouped/rearranged to confirm to the current years presentation, wherever necessary.

Summary of significant accounting policies	1-3
Notes to Financial Statements	4-45

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

**Place: Hyderabad**

**Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluvuru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

## a. Equity Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	No. of shares	Amount
<b>Balance as at April 1, 2019</b>	<b>2,07,63,886</b>	<b>20,76,38,860</b>
Add: Issued during the year	-	-
Less : Fully paid up shares purchased by ESOP Trust but not allotted to employees	(5,000)	(50,000)
<b>Balance as at March 31, 2020</b>	<b>2,07,58,886</b>	<b>20,75,88,860</b>
Add: Issued during the year	-	-
<b>Balance as at March 31, 2021</b>	<b>2,07,63,886</b>	<b>20,76,38,860</b>

## b. Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Reserves and Surplus		Total
	Securities premium	Retained earnings	
<b>At April 1, 2019</b>	<b>1,65,37,56,663</b>	<b>95,79,22,100</b>	<b>2,61,16,78,763</b>
Profit for the year	-	14,01,12,777	14,01,12,777
Additions during the year	-	-	-
Share issue expenses	-	-	-
Dividend Paid	-	-	-
<b>Other comprehensive income</b>			-
Re-measurement gains/ (losses) on defined benefit plans		(3,22,119)	(3,22,119)
Income-tax effect		93,800	93,800
<b>At March 31, 2020</b>	<b>1,65,37,56,663</b>	<b>1,09,78,06,558</b>	<b>2,75,15,63,221</b>
Profit for the year		10,25,38,157	10,25,38,157
Additions during the year	-	-	-
Share issue expenses	-	-	-
Dividend Paid	-	(1,03,81,943)	(1,03,81,943)
<b>Other comprehensive income</b>			
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-	10,10,572	10,10,572
Income-tax effect	-	(2,94,279)	(2,94,279)
<b>Balance as of 31 March 2021</b>	<b>1,65,37,56,663</b>	<b>1,19,06,79,065</b>	<b>2,84,44,35,728</b>

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

## b. Other equity (Contd..)

### Non-Controlling Interest

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Amount
Share Premium	54,38,701
Share Capital	20,26,170
Share of Pre-acquisition profit or ( loss )	(1,81,695)
Share of Pos-tacquisition profit or ( loss ) (49%)	(30,120)
	<b>72,53,056</b>

Summary of significant accounting policies 1-3

Notes to Financial Statements 4-45

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

**Place: Hyderabad**

**Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluvuru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 1 General Information

Apollo Micro Systems Private Limited ("AMS") was incorporated on March 03, 1997. It got converted in to public limited company with effect from April 01, 2017. The Register office of the company is situated at Plot No. No.128/A, Road No-12, BEL Road, IDA Mallapur, Uppal Mandal, Rangareddy Dist-500076. AMS is in to the supply of Electronics and Electro-mechanical systems and components including Design, Research & Development of systems which are used in Missile Programmes(weapon Systems Electronics), Underwater Missile programmes(weapon Systems Electronics), Avionic Systems, Ship Borne Systems, Submarine Systems, etc. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

## 2 Basis of preparation of financial statements

### 2.1 Statement of Compliance

These Consolidated financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. These Consolidated financial statements comply with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 ("the Act") (to the extent notified).

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated financial statements were authorised for issue by the Company's Board of Directors on June 29, 2021.

Details of the accounting policies are included in Note 3.

### 2.2 Basis of Consolidation

The Consolidated financial statements comprise the Financial Statements of Apollo Micro System Limited and its subsidiary company Ananya SIP RF Technologies Private Limited (together referred to as "the Group"). The subsidiary company was acquired by parent on 3rd August, 2020, and accordingly the consolidation was done. Consolidated financial statements were prepared on line by line for proportionate period.

All Intercompany transactions, balances, incomes and expenses are eliminated in proportionate on Consolidation

Following are the subsidiary companies as at 31st March, 2021 and the same are consolidated for the purpose of this Consolidated Financial Statements.

Name of the Company	Country of Incorporation	% of Holding as on 31st March, 2021	% of Holding as on 31st March, 2020
Ananya SIP RF Technologies Private Limited	India	51%	Nil

### 2.3 Basis of measurement

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;
- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;

- long term borrowings are measured at amortized cost using the effective interest rate method.

### 2.4 Functional currency

The Consolidated financial statements are presented in Indian rupees, which is the functional currency of the Group. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

All amounts are in Indian Rupees except share data, unless otherwise stated.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 2.5 Current and Non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

## 2.6 Critical accounting judgements and key sources of estimation

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions

about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

### Provision and contingent liability

On an on-going basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

## 2.7 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3 Significant accounting policies

### 3.1 New Standards adopted by the Group

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provided a new definition to the word material as follows:

‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material had no impact on the standalone financial statements of the Group.

Amendments Ind AS 116: COVID-19 related rent concessions

Ind AS 116 has been amended to provide limited relief to lessees in respect of rent concessions arising due to COVID-19 pandemic.

No relief has been allowed to the lessors.

The amendments provide a practical expedient that lessees may elect to not treat any rent concessions, provided by lessors as a direct

consequence of COVID-19 pandemic, as lease modifications. However, to be eligible for this relief:

- the revised consideration for the lease should be less than or equal to the lease consideration immediately before the change;
- the rent concession should be for a period that does not extend beyond 30 June 2021 (for example, lease rents are reduced for a period up to 30 June 2021 and increased for periods thereafter); and
- there should be no substantial modification to the other terms and conditions of the lease.

Lessee should apply the amendments for annual reporting periods beginning on or after 1 April 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019.

The aforesaid amendments had no impact on the standalone financial statements of the Group.

### 3.2 Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

The Group's revenues are derived from sale of goods and services.

- Revenue from sale of goods is recognized where control is transferred to the Group's customers at the time of receipt of goods by the customers.



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

- Service income, is recognized as and when the underlying services are performed. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognized over the expected period that related services are to be performed.
- Dividend income is accounted for when the right to receive the income is established.
- Difference between the sale price and carrying value of investment is recognized as profit or loss on sale / redemption on investment on trade date of transaction.
- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 3.3 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined

on the same basis as those of property, plant and equipment. Right of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## 3.4 Foreign currencies

In preparing the Consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

## 3.5 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

## 3.6 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### *Deferred tax*

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 3.7 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

## 3.8 Treasury Shares

The Group has created an Employee Stock Option Plan Trust (ESOP Trust) for providing share-based payment to its employees. The Group uses the trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Group allots shares to the ESOP Trust or acquires shares from the open market. The Group treats the ESOP trust as its extension and shares held by ESOP Trust are treated as treasury shares. Share options exercised during the reporting period are satisfied with treasury shares. The consideration paid for treasury shares including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

## 3.9 Property, plant and equipment

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

## 3.10 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

## 3.11 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Group uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into

account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings	30 years
Plant and Machinery	15 years
Electrical Equipment	10 years
Office Equipment	5 years
Computers	3 years
Furniture and Fixtures	10 years
Vehicles	8 years
Tools and Spares	15 years

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

## 3.12 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

## 3.13 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

## 3.14 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

## 3.15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Group receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

## 3.16 Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-

generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 3.17 Employee benefits

### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

### Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 3.19 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 3.20 Financial instruments

### a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through

profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### b. Classification and Subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## 3.21 Financial instruments (continued)

Transfers of financial assets to third parties in transactions that do not qualify for DE recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows

such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable interest rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on DE recognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses,



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on DE recognition is also recognised in profit or loss.

## c. De-recognition

### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss statement.

## d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle

them on a net basis or to realise the asset and settle the liability simultaneously.

## e. Impairment

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

## Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference

between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

## Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 4 Property, plant and equipment

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Free hold Land	Plant & Machinery	Property, plant and machinery							Total	Intangible assets	Capital work in progress	
			Vehicles	Testing Tools & Instruments	Furniture & Fixtures	Computers & Software	Office Equipment	Building	Electrical Fittings			Testing Tools & Instruments	Civil work in progress
Cost													
At April 1, 2019	1,50,85,175	3,05,94,278	83,84,624	35,44,75,206	74,07,676	4,89,47,546	49,51,562	10,83,80,042	60,21,232	58,42,47,340	-	26,11,94,862	2,22,84,856
Additions	-	-	8,12,459	14,56,06,319	46,56,623	24,94,206	4,31,005	2,93,15,210	-	18,33,15,822	10,03,475	24,19,85,980	70,30,354
Deletions	-	-	-	-	-	-	-	-	-	-	-	13,79,48,930	2,93,15,210
At March 31, 2020	1,50,85,175	3,05,94,278	91,97,083	50,00,81,525	1,20,64,299	5,14,41,752	53,82,567	13,76,95,252	60,21,232	76,75,63,162	10,03,475	36,52,31,912	0
Additions	51,67,774	29,95,430	66,950	6,44,15,346	5,43,281	8,60,729	3,66,897	-	-	7,44,16,407	22,57,220	13,41,27,215	2,27,53,029
Deletions	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	2,02,52,949	3,35,89,708	92,64,033	56,44,96,871	1,26,07,580	5,23,02,481	57,49,464	13,76,95,252	60,21,232	84,19,79,570	32,60,695	49,93,59,127	2,27,53,029
Accumulated depreciation													
At April 1, 2019	-	1,37,87,211	31,75,679	7,18,79,387	26,41,098	4,03,23,426	32,88,395	2,75,29,497	35,70,388	16,61,95,081	-	-	-
Charge for the year	-	30,42,079	15,36,521	7,69,87,668	19,31,687	60,95,134	8,45,354	76,80,802	6,34,524	9,87,53,769	2,00,695	-	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2020	-	1,68,29,290	47,12,200	14,88,67,055	45,72,785	4,64,18,560	41,33,749	3,52,10,299	42,04,911	26,49,48,850	2,00,695	-	-
Charge for the year	-	28,18,853	11,65,458	6,60,04,364	19,78,577	34,75,261	6,28,821	97,09,396	4,68,957	8,62,49,688	6,52,139	-	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2021	-	1,96,48,143	58,77,659	21,48,71,419	65,51,361	4,98,93,822	47,62,571	4,49,19,695	46,73,868	35,11,98,537	8,52,834	-	-
Carrying amount													
At April 1, 2019	1,50,85,175	1,68,07,067	52,08,945	28,25,95,818	47,66,578	86,24,120	16,63,168	8,08,50,545	24,50,844	41,80,52,260	-	26,11,94,862	2,22,84,856
At March 31, 2020	1,50,85,175	1,37,64,988	44,84,883	35,12,14,470	74,91,514	50,23,191	12,48,818	10,24,84,953	18,16,321	50,26,14,313	8,02,780	36,52,31,912	0
At March 31, 2021	2,02,52,949	1,39,41,565	33,86,374	34,96,25,452	60,56,219	24,08,659	9,86,894	9,27,75,557	13,47,364	49,07,81,032	24,07,861	49,93,59,127	2,27,53,029

## Notes

- Depreciation is Calculated as per Straight Line Method based on useful life of assets as indicated in Schedule-II of The Companies Act, 2013 and Note.3.11
- All Properties Plant and Equipments are under Charge Created by the company for the loans availed.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 5 Non-Current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
a) Other Non-Current assets		
Capital advances	1,19,06,012	-
	<b>1,19,06,012</b>	<b>-</b>

## Current assets

## 6 Inventories

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Raw material and stores	78,08,31,803	68,92,00,014
Work in progress	1,08,55,53,134	98,81,52,070
Finished goods	39,05,44,584	40,21,09,592
	<b>2,25,69,29,521</b>	<b>2,07,94,61,676</b>

## 7 Trade receivables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Unsecured, considered good	1,69,49,83,804	1,35,47,91,601
	<b>1,69,49,83,804</b>	<b>1,35,47,91,601</b>
Less: Allowance for doubtful receivables	-	-
	<b>1,69,49,83,804</b>	<b>1,35,47,91,601</b>

## 8 Cash and cash equivalents

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Balances with banks:		
- in current accounts	1,93,403	3,24,265
Cash on hand	10,86,975	5,55,806
	<b>12,80,378</b>	<b>8,80,071</b>

## 9 Other Bank balances

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Term deposits with Banks with original maturities of more than 3 months and less than 1 year*	13,26,75,249	12,38,83,795
<b>Earmarked balances with banks:</b>		
Unpaid dividend account (Earmarked for Dividend payment)	55,042	-
	<b>13,27,30,291</b>	<b>12,38,83,795</b>

\*Represents margin money deposits against bank guarantees and letter of credits

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 10 Loans (Unsecured, considered good unless otherwise stated)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Current</b>		
Security deposits with regulatory authorities and others	13,60,721	19,47,946
	<b>13,60,721</b>	<b>19,47,946</b>

## 11 Other current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<i>Unsecured, considered good</i>		
Advances other than capital advances		
Advances for materials	15,25,37,340	16,88,04,544
Advances for expenses	12,92,290	9,11,600
Salary advances	4,32,520	7,99,234
Prepaid expenses	45,34,476	39,20,602
Balances with Government Departments	4,42,19,791	4,71,17,775
	<b>20,30,16,417</b>	<b>22,15,53,755</b>

## 12 Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Authorised</b>		
27,000,000 (March 31, 2020: 27,000,000) equity shares of Rs.10/- each	<b>27,00,00,000</b>	<b>27,00,00,000</b>
<b>Issued, subscribed and fully paid-up</b>		
20,763,886 (March 31, 2020: 20,758,886) equity shares of Rs.10/- each fully paid-up	20,76,38,860	20,76,38,860
Less: Equity Shares of Rs.10/- each fully paid up issued to ESOP Trust but not allotted to employees	-	(50,000)
Adjusted : Issued, Subscribed and Paid up Share Capital	<b>20,76,38,860</b>	<b>20,75,88,860</b>

### (a) Reconciliation of shares outstanding at the beginning and end of the reporting year

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021		31-03-2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Less: Equity shares of Rs. 10/- each fully paid-up issued to ESOP Trust but not allotted to employees.	-	-	(5,000)	(50,000)
Outstanding at the end of the year	2,07,63,886	20,76,38,860	2,07,58,886	20,75,88,860

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 12 Share Capital (contd..)

### (b) Terms / rights attached to the equity shares

Equity shares of the Company have a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares in the Company

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021		31-03-2020	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy*	1,22,71,690	59.10%	1,32,71,690	63.92%

\*Note: Out of 1,32,71,690 shares 10, 00,000 shares were fraudulently transferred to unauthorised person. The Share holder has informed to the Company that he has initiated legal proceedings against the accused for such unauthorised transfer.

## 13 Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Securities premium</b>		
Balance at the beginning of the year	1,65,37,56,663	1,65,37,56,663
Add: Premium on fresh issue	-	-
Less: Share issue expenses	-	-
<b>Balance at the end of the year</b>	<b>1,65,37,56,663</b>	<b>1,65,37,56,663</b>
<b>Retained earnings</b>		
Opening balance	1,09,78,06,558	95,79,22,100
Profit/(loss) for the year	10,25,38,157	14,01,12,777
Other comprehensive income	7,16,293	(2,28,319)
Less: Dividend Paid	(1,03,81,943)	-
Less: Transfers to general reserve	-	-
<b>Closing balance</b>	<b>1,19,06,79,065</b>	<b>1,09,78,06,558</b>
<b>Total other equity</b>	<b>2,84,44,35,728</b>	<b>2,75,15,63,221</b>

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 14 Borrowings

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
Vehicle loans	-	88,591
Unsecured loans		
<b>From others - Intercompany Loans (Refer Note below)</b>	26,85,880	-
	<b>26,85,880</b>	<b>88,591</b>
Note: The Company has taken Intercompany loan from Profectus Capital Limited in March, 2021. The loan is repayable in 48 instalments from May, 2021 to July, 2024. The loan carries an interest rate of 12.05%.		
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand (Refer Note below)		
- Overdraft from State Bank of India	37,59,72,199	34,82,68,453
- Overdraft from ICICI Bank	-	25,32,63,014
- Overdraft from HDFC Bank	21,44,49,585	-
- Overdraft from Axis Bank	36,15,47,391	17,67,28,231
- Intercompany Loans	15,00,00,000	-
- Line of credit from National Small Industries Corporation against raw material purchases	4,87,13,697	4,99,82,677
Unsecured Borrowings:		
Loans Repayable on demand		
(i) 'from Related Parties		
- Loan from Director	2,20,962	-
- Inter Company Loans	-	-
(ii) 'from Others		
- Intercompany Loans	69,95,311	-
- advance from Customers	1,00,000	-
- Loan from Banks	26,72,941	-
<b>Total current borrowings</b>	<b>1,16,06,72,086</b>	<b>82,82,42,375</b>

### Notes: Loans repayable on demand:

- Overdraft from State Bank of India is repayable on demand and the loan carries an interest rate of 11.90%.
- Overdraft from HDFC Bank is repayable on demand and the loan carries an interest rate of 11.75%.
- Overdraft from Axis Bank is repayable on demand and the loan carries an interest rate of 10.50%.
- Loan from Intercompany is repayable on demand and the loan carries an interest rate of 9.50%.
- Raw Material Assistance from National Small Industries Corporation is extended against Bank Guarantee.
- The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of Inventories, Assignment of Book Debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercompany loan Equitable Mortgage of Land & Building. The Loans are further recovered by personal guarantee of a promoter director in his individual capacity.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 15 Deferred tax liabilities, net

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Deferred tax liability		
- Tangible and Intangible assets	16,48,75,416	13,48,28,327
- Research and development	-	-
<b>Total</b>	<b>16,48,75,416</b>	<b>13,48,28,327</b>
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	26,95,365	28,56,767
<b>Total</b>	<b>26,95,365</b>	<b>28,56,767</b>
<b>Deferred tax liability, net</b>	<b>16,21,80,051</b>	<b>13,19,71,561</b>

## 16 Provisions

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Non-Current</b>		
Provision for employee benefits		
- Gratuity (refer note 35)	82,91,436	73,65,699
	<b>82,91,436</b>	<b>73,65,699</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer note 35)	1,41,686	3,02,862
- Leave Encashment	8,22,939	21,41,764
	<b>9,64,625</b>	<b>24,44,626</b>

## 17 Trade payables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 35)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	78,29,80,835	56,93,62,672
	<b>78,29,80,835</b>	<b>56,93,62,672</b>



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 18 Other financial liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Current maturities of long-term debts	33,30,804	47,16,610
Creditors for capital goods	94,17,923	1,35,74,681
Employee salaries & Leave encashment payable	64,47,586	54,02,897
Directors remuneration payable	9,27,191	10,36,084
Expenses payable	5,31,82,670	5,35,64,708
Unpaid Dividend	55,042	-
	<b>7,33,61,217</b>	<b>7,82,94,980</b>

## 19 Other liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Current</b>		
Advance received from customers	86,58,154	47,76,450
Statutory liabilities	1,83,14,887	95,98,347
	<b>2,69,73,041</b>	<b>1,43,74,796</b>

## 20 Current tax liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Current</b>		
Provision for Income tax	1,21,44,827	3,80,14,414
Earlier Tax payable	2,81,15,878	2,43,56,052
Less: Advance tax	-	(25,00,000)
	<b>4,02,60,705</b>	<b>5,98,70,466</b>

## 21 Revenue from operations

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Sale of products	1,93,28,65,412	2,36,69,45,887
Sale of services	9,78,55,415	9,20,95,373
	<b>2,03,07,20,827</b>	<b>2,45,90,41,260</b>

## 22 Other income

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Interest income	63,86,356	1,59,57,933
	<b>63,86,356</b>	<b>1,59,57,933</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 23 Cost of materials consumed

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Opening stock of raw materials and stores	68,92,00,014	45,92,39,488
Add: Purchases	1,55,94,62,471	2,06,01,69,796
Add: other Incidental Cost	12,63,60,467	9,15,91,148
	2,37,50,22,951	2,61,10,00,432
Less : Closing Stock of Raw Materials and Consumables	78,08,31,803	68,92,00,014
	<b>1,59,41,91,148</b>	<b>1,92,18,00,418</b>

## 24 Changes in inventories and Work in progress

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
<b>Closing stock</b>		
Finished goods	39,05,44,584	40,21,09,592
Work in process	1,08,55,53,134	98,81,52,070
<b>Total (A)</b>	<b>1,47,60,97,718</b>	<b>1,39,02,61,662</b>
<b>Opening stock</b>		
Finished goods	40,21,09,592	33,56,65,367
Work in process	98,81,52,070	93,39,01,889
<b>Total (B)</b>	<b>1,39,02,61,662</b>	<b>1,26,95,67,256</b>
<b>(Increase) / Decrease in Inventories and work in progress (B-A)</b>	<b>(8,58,36,056)</b>	<b>(12,06,94,406)</b>

## 25 Employee benefits expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Salaries, wages and bonus	6,15,65,124	6,80,54,461
Contribution to provident and other funds	32,65,163	35,36,294
Gratuity Expense	17,75,134	18,27,425
Staff welfare expenses	20,10,280	28,25,972
	<b>6,86,15,701</b>	<b>7,62,44,152</b>

## 26 Depreciation expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Depreciation of tangible assets	8,69,01,827	9,89,54,464
	<b>8,69,01,827</b>	<b>9,89,54,464</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 27 Finance costs

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Interest on vehicle loans	38,833	10,31,003
Interest on working capital loans	10,71,23,917	9,72,17,319
Bank charges and commissions	5,16,68,251	3,92,73,108
Foreign exchange fluctuations	13,37,470	42,60,610
Interest on Income Tax paid	-	92,62,693
	<b>16,01,68,471</b>	<b>15,10,44,733</b>

## 28 Other expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Managerial remuneration	1,67,50,000	1,80,74,193
Business development expenses	12,47,281	1,00,99,090
Consultancy charges	71,77,451	84,22,174
Tour and travelling	49,67,642	1,25,83,347
Power and fuel	39,06,379	36,58,282
Rent	19,42,000	17,55,000
Insurance	43,38,535	23,34,679
Filing Fee	7,300	12,100
Conveyance	22,08,723	29,43,087
Office maintenance	20,97,538	34,47,987
Repairs and maintenance	30,71,526	39,96,577
Printing and stationery	16,30,546	22,47,453
Communication expenses	12,30,949	15,40,536
Advertisement	3,09,380	10,24,967
Late Delivery Charges	26,19,304	1,25,61,469
Audit fees	5,00,000	5,00,000
Rates and taxes	6,55,172	4,27,773
Corporate social responsibility expenses (See Note.34)	1,05,00,000	51,50,000
Security charges	6,13,617	3,52,171
Vehicle maintenance	15,41,553	15,69,718
Donations	70,900	11,95,121
Computer maintenance	7,24,471	8,44,909
Director Sitting fee	3,00,000	3,00,000
	<b>6,84,10,265</b>	<b>9,50,40,631</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 29 Tax expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Current income tax:		
Current income tax charge	1,21,44,827	3,80,14,414
Earlier tax adjustments	-	3,68,56,052
Deferred tax:		
Relating to originating and reversal of temporary differences	2,99,14,212	3,76,25,958
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>4,20,59,039</b>	<b>11,24,96,424</b>

## Deferred tax related to items considered in OCI during the year

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Re-measurement gains/ (losses) on defined benefit plan	(2,94,279)	93,801
<b>Income tax charge to OCI</b>	<b>(2,94,279)</b>	<b>93,801</b>

## 30 Contingent liabilities and commitments (to the extent not provided)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	As at 31-Mar-21	As at 31-Mar-20
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (See Note:1 below)	3,50,74,672	4,82,65,799
(b) Outstanding Guarantees and Counter Guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Govt Authorities and Others	15,73,44,358	15,42,47,334
ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed and not provided for;	-	66,44,610
(b) Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note:2 below)	1,61,11,184	1,61,11,184

### Note:

- 1) The Income Tax Department has raised demands on the Company in respect of past years in spite of payments already made by the company. The Company has submitted/submitted proof of payments made for removal of claims against the company. Pending removal of demands, the company has not acknowledged as amount payable.
- 2) The Company had availed import duty exemption of Rs.1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme. As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. The Company has recognized a contingent liability as this depends on performance of the export obligation by the company with in the time period permitted.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 31 Related party disclosures

As required under Ind AS 24, Related Party Disclosures, the following are the related parties identified, transactions with such related parties during the year ended 31st March, 2021 and balance as on that date are given below:

### Related party Transactions

1 Related Parties	Transactions during the year
1.1 Person has control or significant influence on the Company	
Baddam Karunakar Reddy	Yes
Satyanarayana Batchu	No
Venkata Subbarao Gupta Batchu	Yes
1.2 Entities controlled by above persons (1.2)	
Apollo Food & Beverages Private Limited	No
Ananya Sip Technologies Pvt Ltd	No
1.3 Key Managerial Personal	
Baddam Karunakar Reddy-Managing Director	Yes
Addepalli Krishna Sai Kumar-Whole-time Director	Yes
Chiluvuru Sudarshan-Chief Financial Officer	Yes
Chandrapati Venkata Siva Prasad-Whole-time Director	Yes
Vitta Chaitanya Siva Shankar-Company Secretary	Yes
Satyanarayana Batchu	No
Venkata Subbarao Gupta Batchu	Yes

#### a. Transactions during the year:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Name of the party	Nature of Transaction	For the year ended 31.03.2021	For the year ended 31.03.2020
Baddam Karunakar Reddy	Remuneration	1,20,00,000	1,33,60,310
	Rent	8,40,000	8,40,000
	Loan repaid	-	49,00,000
Addepalli Krishna Sai Kumar	Remuneration	24,00,000	23,89,342
Chiluvuru Sudarshan	Remuneration	15,86,250	13,98,226
Chandrapati Venkata Siva Prasad	Remuneration	23,50,000	23,89,342
Vitta Chaitanya Siva Shankar	Remuneration	4,17,600	4,04,166
Venkata Subbarao Gupta Batchu	Loan taken	60,000	1,60,962

\*Does not include insurance, which is paid for the Company as a whole and gratuity as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 31 Related party disclosures (Contd..)

### b. Outstanding balances:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Rent to Baddam Karunakar Reddy/Key Managerial Personnel	9,64,250	1,89,000
Remuneration to Baddam Karunakar Reddy/Key Managerial Personnel	9,75,463	10,36,084
Loan to Venkata Subbarao Gupta Batchu/Key Managerial Personnel		

### c) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

## 32 Segment information

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources on overall basis. The Group's sole operating segment is therefore 'Electromechanical components and systems and allied components and services' and the sole geographical segment is 'India'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

## 33 Payment to auditors include

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
Statutory audit fee	4,00,000	4,00,000
Tax Audit fee	1,00,000	1,00,000
Other Services	-	-
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>

## 34 Disclosure related to Corporate Social Responsibility (CSR)

- As per Section 135 read with Section 198 of Companies Act, 2013, the amount required to be spent towards CSR works out to Rs.59,78,745/- for financial year 2020-21 (based on 2% of average net profits of preceding three financial years). The Board of Directors had allocated a budget of Rs.56,82,955 for the year 2019-20 and Rs.48,17,045/- for the financial year 2020-21, against which the company has spent an amount of Rs.59,78,745 during the current year. An amount of Rs.11,61,700 remained unspent.

The unspent CSR obligation for the FY 2020-21 of Rs 11,61,700/- pertaining to the on going project approved during the financial year and has been duly transferred to Company's CSR unspent account.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 34 Disclosure related to Corporate Social Responsibility (CSR) (Contd..)

### 2 Break up of CSR expenditure under various heads of expenses is as below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Nature of expenditure constituting CSR expenditure	31-Mar-21	31-Mar-20
i i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water {Sch VII (i)}	1,00,00,000	10,00,000
ii ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. {Sch VII (ii)}	-	41,50,000
iii iii) Covid Support-Ration Distribution	5,00,000	-
<b>Total</b>	<b>1,05,00,000</b>	<b>51,50,000</b>

### 3 Unspent amount

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
1 Unspent amount of earlier years	56,82,955	48,16,433
2 Liability for the current year	59,78,745	60,16,522
3 Amount Spent during the year	(1,05,00,000)	(51,50,000)
<b>Amount unspent/(over spent)</b>	<b>11,61,700</b>	<b>56,82,955</b>

The unspent CSR obligation for the FY 2020-21 of Rs 11,61,700/- pertaining to the on going project approved during the financial year and has been duly transferred to Company's CSR unspent account.

## 35 Gratuity

The Group provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
<b>Opening balance</b>	<b>81,86,745</b>	<b>70,67,031</b>
Service cost	12,53,672	13,02,054
Interest cost	5,56,699	5,40,628
Benefits paid	(96,923)	(1,10,769)
Actuarial loss/(gain)	(10,21,682)	(6,12,199)
<b>Closing balance</b>	<b>88,78,511</b>	<b>81,86,745</b>
Present value of projected benefit obligation at the end of the year	88,78,511	81,86,745



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 35 Gratuity (Contd..)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
Fair value of plan assets at the end of the year	4,45,388	5,18,184
Net liability recognised in the balance sheet	84,33,123	76,68,561
Long term provision	82,91,436	73,65,699
Short term provision	1,41,686	3,02,862

(All amounts in Indian Rupees, except share data and where otherwise stated)

Expenses recognised in statement of profit and loss	31-Mar-21	31-Mar-20
Service cost	12,53,672	13,02,054
Interest cost	5,21,462	5,25,371
<b>Gratuity cost</b>	<b>17,75,134</b>	<b>18,27,425</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	(10,13,676)	(4,92,191)
Return on plan assets greater (less) than discount rate	3,104	(38,256)
<b>Total expenses routed through OCI</b>	<b>(10,10,572)</b>	<b>(5,30,447)</b>

(All amounts in Indian Rupees, except share data and where otherwise stated)

Assumptions	31-Mar-21	31-Mar-20
Discount rate	6.80% p.a.	6.80% p.a.
Future salary increases	6.00% p.a.	6.00% p.a.
<b>Employee turnover</b>		

**A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:**

(All amounts in Indian Rupees, except share data and where otherwise stated)

Assumptions	31-Mar-21	31-Mar-20
Effect of + 1% change in rate of discounting	10.32	10.51
Effect of - 1% change in rate of discounting	-8.58	-8.74
Effect of + 1% change in rate of salary increase	15.77	15.85
Effect of - 1% change in rate of salary increase	-12.19	-12.2

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 36 Dues to Micro, small and medium enterprises

The Group is required to furnish required details under section 22(i) to clause (v) of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT) read with Para FV of General Instructions for balance sheet in Division II of Schedule III to the Companies Act, 2013 (the Act). As per the said regulations required information in respect of MSMED entities are, as per information submitted by the suppliers to the Group, furnished below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	Nil	Nil
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end;	Nil	Nil
c) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
d) Principal payment made to suppliers registered under the MSMED Act, beyond the appointed day during the year;	Nil	Nil
e) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
f) Interest due and payable for the year amount of interest accrued and remaining unpaid at the end of each year towards suppliers registered under MSMED Act, for payments already made; and	Nil	Nil
g) Further interest remaining due and payable for even in succeeding years.	Nil	Nil

The above information is compiled based on information available with the Group, certified by management and relied upon by the auditors.

## 37 Employee Stock Option Plan

The Group has constituted a trust for ESOS to employees and obtained approval from member by way of postal ballot including remote E-Voting held on 24th December, 2018. The trust as on 31.03.2021 has no acquisition from secondary market. The furnishing details like ESOS outstanding at the beginning of the year, option granted, exercised and outstanding at the end of the year are not applicable for the year.

## 38 Leases

Effective 1st April 2019, the Group adopted Ind AS 116, Leases. This standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. There is no significant impact of the standard on the financial results of the Group. The Group has not recognized any right to use asset nor lease liability on account of this standard.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases amounting to INR 19,42,000 (INR 17,55,000 Previous Year) are recognised as an expense on a straight-line basis over the lease term.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 39 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table sets out the computation of basic and diluted earnings per share:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-21	31-Mar-20
Profit for the year attributable to equity share holders	10,25,08,037	14,01,12,777
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	2,07,63,886	2,07,63,886
Weighted average number of equity shares outstanding during the year – diluted	2,07,63,886	2,07,63,270
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic (₹)	4.94	6.75
Earnings per share of par value ₹ 10 – diluted (₹)	4.94	6.75

## 40 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 40 Financial risk management objectives and policies (Contd..)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

### Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>March 31, 2021</b>		
INR	+1%	(1,16,66,888)
INR	-1%	1,16,66,888
<b>March 31, 2020</b>		
INR	+1%	(83,30,476)
INR	-1%	83,30,476

### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend and based on the analysis has not provided any provision for expected credit losses on trade receivables.

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 40 Financial risk management objectives and policies (Contd..)

### c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(All amounts in Indian Rupees, except share data and where otherwise stated)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended March 31, 2021</b>						
Borrowings	1,16,06,72,086	8,32,701	24,98,103	26,85,880	-	1,16,66,88,771
Trade payables	78,29,80,835	-	-	-	-	78,29,80,835
<b>Year ended March 31, 2020</b>						
Borrowings	82,82,42,375	11,79,153	35,37,458	88,591	-	83,30,47,576
Trade payables	56,93,62,672	-	-	-	-	56,93,62,672

## 41 Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2021 and March 31, 2020 was as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2021	31 March 2020
Total equity attributable to the equity shareholders of the Company	3,05,93,27,644	2,95,91,52,081
As a percentage of total capital	72.4%	78.0%
Long term borrowings including current maturities	60,16,684	48,05,201
Short term borrowings	1,16,06,72,086	82,82,42,375
<b>Total borrowings</b>	<b>1,16,66,88,771</b>	<b>83,30,47,576</b>
As a percentage of total capital	27.6%	22.0%
Total capital (equity and borrowings)	4,22,60,16,415	3,79,21,99,657

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2021

## 42 Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which are applicable from April 1, 2020.

**43** Confirmations were sent to parties from whom amounts are due/receivables by balance as on 31st March, 2021. Due to COVID-19 lockdown situation responses from most of the parties were not received till date of approval of financial statements.

## 44 Prior year comparatives

The figures of the previous year have been regrouped/rearranged, where necessary, to conform with the current year's classification.

**45** The figures have been rounded off to nearest rupee.

As per our report of even date

**for S.T.Mohite & Co**

Chartered Accountants

ICAI Firm Registration Number: 011410S

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

UDIN:21015635AAAADE1997

**Place: Hyderabad**

**Date: 29 June, 2021**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sudarshan Chiluveru**

Chief Financial Officer

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

[illegible]



[illegible]

[illegible]





apollo microsystems

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**Apollo Micro Systems Limited**

(Formerly known as Apollo Micro Systems Private Limited)

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