

# Unlocking the next phase

Powered by technology & research

Apollo Micro Systems Ltd  
Annual Report **2021-22**



## 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 forward-looking statement, whether as a result of new information, future events, or otherwise.

You can also find this report online on:  
<https://apollo-micro.com>



Or scan the above  
QR code to know  
more about us.

# Contents

## Corporate Overview

Know Us	02
Chairman's Message	04
Message from the Managing Director	06
Performance amidst challenges	08
Our business model	10
<i>On growth path</i>	
Maintain liquidity at all times	12
People first	14
CSR	16
Our Board of Directors	18
Our Leadership Team	20
Corporate Information	22

## Statutory Reports

Notice	24
Board's Report	37
Report on Corporate Governance	64
Management Discussion & Analysis	86

## Financial Statements

### Standalone

Independent Auditor's Report	93
Balance Sheet	104
Statement of Profit and Loss	105
Statement of Cash Flows	106
Statement of Changes in Equity	107
Notes of the Financial Statements	108

### Consolidated

Independent Auditor's Report	137
Balance Sheet	144
Statement of Profit and Loss	145
Statement of Cash Flows	146
Statement of Changes in Equity	148
Notes of the Financial Statements	149

# Unlocking the next phase

Powered by technology & research

At the core of healthy transformation lies an innate ability to rapidly evolve and change to new ways of existence. At Apollo Microsystems, we are adopting cutting-edge methods, utilising advanced tools and fortifying our technological capacity to build formidable strength. While we are determined to focus on emerging opportunities, we

are also leveraging our core capacities of research and development to unearth new frontiers of success.

Backed by our technological prowess and consistent innovation, we are catering to the needs of a diverse clientele and staying a step ahead of competition. Our stellar performance over the years have enabled us to strive for greater achievements and today, we remain poised to unlock the next phase of our growth story and cement our position in a dynamic industry.



# Know Us

Apollo Micro Systems (AMS) is among India's leading electronic, electro-mechanical, engineering designs, manufacturing and supplies company.

We design, develop and sell 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 sector companies. Our customised solutions are developed using common hardware and software technology IP's which can be re-configured to suit the end application and domain requirements of end customers.

Driven by a strong research and knowledge repository, AMS has carved out a niche in a complex industry landscape, delivering products that meet the dynamic needs of our consumers. Each systems and products undergo various stages of approvals right from design, prototyping, functional acceptance, manufacturing and qualification testing. As the systems are exclusively developed for a programme, the developed systems or products enjoy proprietary status in most of the programmes.



## Numbers that matter

₹ **24,319.11** Lakhs

Revenue from operations

₹ **4,641.11** Lakhs

EBITDA

₹ **1,461.95** Lakhs

Profit after tax

₹ **31,931.25** Lakhs

Net worth



## Our Solutions & Services

We offer custom built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers. Our decades of domain experience enable us to execute projects and orders that demand engineering and technology excellence.

### 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



### Services

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

# Chairman's Message



“

We are aware of the subdued performance in previous fiscal, largely challenged due to factors beyond our control. Especially now, when beyond the pandemic, the geopolitical tensions are also causing disruptions and volatility in economies across the world.

---

## Dear Shareholders,

It gives me immense pleasure to address you all once again, this time with a sense of comfort, as the pandemic continues to wane. I am happy that at AMS, our resilient business model has withstood the worst memory in a lifetime for many of us, that caused severe disruption to economies and humanity in last two years.

The humane and empathy shown by our entire teamwork epitomizes values and philosophies for what AMS stands for. I am proud of how the leadership and management team has guided the company, leading it to a sustainable growth path.

The next chapter of growth at AMS will be driven by multiple factors. First, our focus on scaling the business with a growing market share and adding new customers and participation in more Indigenous Defence Programmes. Our team has put a strategic approach that has strengthened our client engagement and added to business growth. Second, our research and development continue to be an integral part of our growth story. New products and services continue to be the bedrock our new order wins, marking

a significant improvement in already existing diverse product portfolio. Third, in our pursuit of sustained growth, we are also strengthening our Environment and Sustainability Growth commitments. Regular contributions in community development, growing investments in conservation of environment and building an inclusive, safe and engaging workplace continue to drive our strategic priorities.

We are aware of the subdued performance in previous fiscal, largely challenged due to factors beyond our control. Especially now, when beyond the pandemic, the geopolitical tensions are also causing disruptions and volatility in economies across the world. However, with national security being an important concern, demand for defence, avionics, naval combat systems and homeland security are on the rise. The government of India's resolute focus on 'Make in India' and building indigenous weapon systems within the country will contribute to business growth for your Company.

I therefore firmly believe that our strategy for success is strongly built on the foundation of our business model. Finally,

on behalf of the Board, I would like to thank all our stakeholders for their confidence in AMS. I would like to especially thank our employees for their hard work and commitment to serve our clients with unwavering focus.

Regards

**Raghupathy Goud Theegala**  
Chairman

## Message from the Managing Director



As a responsible business entity, we are strengthening our operations to align with global environment best practices.

---



## Dear Shareholders,

The fiscal year 2022 was a unique year, marked by several challenges. Even as the pandemic dampened the economic prospects and livelihoods to a large extent, we found ways to navigate these challenges and emerge stronger. The year did bring hope after Covid-19 caused downturn in 2020, largely driven by development and widespread deployment of Covid-19 vaccines despite the rise of new variants.

The global economy grew by 6.1% in 2021 according to International Monetary Fund (IMF). However, going forward, the growth will be volatile due to high energy prices and supply chain pressures that have escalated record inflation levels. Between 2021 and 2024, global growth is projected to have slowed by 2.7 percentage points—more than twice the deceleration between 1976 and 1979.

Domestically, the Indian economy registered a strong growth of 8.7% for FY22, after a contraction of 6.6% in the previous fiscal. Despite the uncertainties of Covid-19, supply chain disruptions and high inflation, the consumption levels have got back to pre-pandemic levels, backed by favourable government policies and high public expenditure on multiple sectors.

Amidst these challenging times, I am happy to report your company's remarkable performance during the fiscal. The revenue from operations stood at ₹ 24,319.11 lakhs against ₹ 20,307.21 lakhs in the previous year. The Earnings before Interest, Tax, Depreciation & Amortization ("EBITDA") also increased by 18.49% to ₹ 4,641.11 lakhs against ₹ 3,916.96 lakhs in the previous year. The Profit before Tax ("PBT") for the year under review stood at ₹ 2,025.76 lakhs as against ₹ 1,446.29 lakhs in the previous year. The

Net profit after tax of the Company for the year under review increased by 42.56% to ₹ 1,461.95 lakhs against ₹ 1,025.5 lakhs in the previous year.

In 2021-22, the Ministry of Defence has been allocated ₹ 4,78,196 crore. This includes expenditure on salaries of armed forces and civilians, pensions, modernisation of armed forces, production establishments, maintenance, and research and development organisations. The allocation to the Ministry of Defence is the highest (14%) among all ministries of the central government. According to the Stockholm International Peace Research Institute (SIPRI), India was the third-largest defence spender in absolute terms in 2019 (after USA and China). The USA spent more than India on defence, both in absolute terms, and as a percentage of GDP. China spent lower in terms of percentage of GDP, but its absolute expenditure on defence was 3.7 times that of India.

The recent amendments to procurement of Defense goods indigenously has also bolstered the growth of private companies present across multiple defence goods. Further, a penalty has been stipulated for not achieving the required indigenous content at a given stage although an alternative scope to make up the deficiency at a later stage has been provided. Undoubtedly, the present situation is far from satisfactory, particularly when the government aims at the harnessing of available expertise and capabilities of the private sector towards the national defence effort and its quest for self-reliance.

During the year, the construction of facility by Ananya SIP RF Private Limited (our subsidiary company) at Adibatla, Hyderabad was almost completed, with installation of plant and machinery

under progress. With an expenditure of ₹ 476.29 Lakhs till March 31, 2022, the said construction is in process. Your Company plans to take up RF related business activities through this plant. The commercial operations of this plant are expected to commence in the FY 2022-23.

As a responsible business entity, we are strengthening our operations to align with global environment best practices. We are building upon on renewable energy framework, focused on making a transition towards a better tomorrow. Your Company is also making sincere contribution across multiple intervention areas of education, healthcare and livelihood for the underprivileged people. During the year, your Company spent ₹ 47.97 Lakhs on CSR activities to deliver on its responsibilities.

In line with our philosophy of value creation for stakeholders, the Board of Directors has recommended dividend at ₹ 0.25 per equity share on the 2,07,63,886 equity shares of ₹ 10 each of the Company, for the year ended March 31, 2022.

In the end, I would like to take this opportunity to express my appreciation to our employees, for their unwavering commitment towards organisational goals. I also take this opportunity to thank all our stakeholders – the Central, State and local governments, our customers, investors, regulators, lenders, suppliers and advisors – for their continued support. I look forward to another exciting year of growth and excellence.

Regards

**Karunakar Reddy Baddam**  
Managing Director

# Performance amidst challenges

## Revenue from Operations

(Rs in lakhs)

FY 2021-22		24,319.11
FY2020-21		20,307.20
FY2019-20		24,590.41
FY2018-19		26,297.53
FY2017-18		22,046.13

## Profit after tax

(Rs in lakhs)

FY 2021-22		1,461.95
FY2020-21		1,025.49
FY2019-20		1,401.12
FY2018-19		2,911.85
FY2017-18		1,916.65

## Earnings per share

(Rs)

FY 2021-22		7.04
FY2020-21		4.94
FY2019-20		6.75
FY2018-19		14.03
FY2017-18		12.46

## EBITDA

(Rs in lakhs)

FY 2021-22		4,641.11
FY2020-21		3,916.96
FY2019-20		5,026.08
FY2018-19		5,165.52
FY2017-18		4,953.03

## Net Worth

(Rs in lakhs)

FY 2021-22		31,931.25
FY2020-21		30,520.86
FY2019-20		29,591.52
FY2018-19		28,192.67
FY2017-18		25,558.81

## ROCE

(%)

FY 2021-22		4.68
FY2020-21		3.4
FY2019-20		3.3
FY2018-19		6.8
FY2017-18		6.9

## Five years at a glance

(All amounts in ₹ Lakhs, except number of shares, ratios and where otherwise stated)

	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Statement of Profit and Loss</b>					
Revenue from operations	24,319.11	20,307.21	24,590.41	26,297.53	22,046.14
EBIDTA	4,641.11	3,916.96	5,026.08	5,165.53	4,953.03
Depreciation	897.65	869.02	989.54	619.51	649.85
Finance costs	1,717.70	1,601.66	1,510.45	1,276.04	1,207.38
<b>Profit before exceptional items and tax</b>	<b>2,025.76</b>	<b>1,446.29</b>	<b>2,526.09</b>	<b>3,269.98</b>	<b>3,217.73</b>
Exceptional items	-	-	-	-	121.92
<b>Profit before tax</b>	<b>2,025.76</b>	<b>1,446.29</b>	<b>2,526.09</b>	<b>3,269.98</b>	<b>3,095.81</b>
Tax expenses	563.81	420.79	1,124.96	358.13	1,179.16
<b>Profit after tax</b>	<b>1,461.95</b>	<b>1,025.50</b>	<b>1,401.13</b>	<b>2,911.85</b>	<b>1,916.65</b>
EBIDTA / Revenue	19.08%	19.29%	20.44%	19.64%	22.47%
PBT / Revenue	8.33%	7.12%	10.27%	12.43%	14.04%
PAT / Revenue	6.01%	5.05%	5.70%	11.07%	8.69%
<b>Balance sheet</b>					
Share capital	2,076.39	2,076.39	2,075.89	2,075.89	2,076.39
Reserves and surplus	29,854.86	28,444.47	27,515.63	26,116.79	23,482.42
Share warrants	-	-	-	-	-
<b>Networth</b>	<b>31,931.25</b>	<b>30,520.86</b>	<b>29,591.52</b>	<b>28,192.68</b>	<b>25,558.81</b>
Non-current liabilities	-	-	-	-	-
Long-term liabilities and provisions	155.54	109.77	74.54	94.46	475.65
Deferred tax liability	1,977.09	1,621.80	1,319.72	944.39	1,212.12
Current liabilities	25,766.28	20,749.68	15,525.90	15,833.17	19,098.90
<b>Total liabilities</b>	<b>59,830.16</b>	<b>53,002.11</b>	<b>46,511.68</b>	<b>45,064.71</b>	<b>46,345.48</b>
Non-current assets	-	-	-	-	-
Gross fixed assets	12,932.44	8,368.12	7,675.63	5,842.47	3,946.91
Accumulated depreciation	4,395.67	3,511.99	2,649.49	1,661.95	1,042.44
Unallocated expenditure pending capitalisation	-	-	-	-	-
<b>Net fixed assets</b>	<b>8,536.77</b>	<b>4,856.13</b>	<b>5,026.14</b>	<b>4,180.52</b>	<b>2,904.47</b>
Capital work in progress	2,453.23	4,993.59	3,652.32	2,834.80	2,869.17
Other net intangible assets	17.56	24.08	8.03	-	-
Investments	132.89	132.89	-	-	-
Other non-current assets	43.38	93.07	-	-	259.15
<b>Current assets</b>	<b>48,646.33</b>	<b>42,902.35</b>	<b>37,825.19</b>	<b>38,049.39</b>	<b>40,312.69</b>
<b>Total assets</b>	<b>59,830.16</b>	<b>53,002.11</b>	<b>46,511.68</b>	<b>45,064.71</b>	<b>46,345.48</b>
Return on capital employed	4.68%	3.4%	3.3%	6.8%	6.9%
Debt / equity	0.87	0.74	0.57	0.60	0.81
Current ratio	1.89	2.07	2.44	2.40	2.11
Per share					
Book value per share - Rs.	153.78	146.99	142.51	135.78	123.09
Earnings per share (basic) - Rs.	7.04	4.94	6.75	14.03	12.46
Earnings per share (dilluted) - Rs.	7.04	4.94	6.75	14.02	12.08
Dividend per share - Rs.	0.25	0.25	0.50	1.00	-
<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>2,07,63,886</b>

# Our business model

At AMS, we set ambitious goals to deliver profitable and sustainable growth. Our niche business model helps deliver consistent value to all stakeholders in an environmentally, economical and responsible manner.

## Our fundamental pillars



### 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

Our operations are

**AS 9100D and ISO 9001:2015**  
certified

Our Design team is

**CEMILAC**  
Certified to design and develop  
airworthy products

## Our business drivers



### Business development:

We are a DRDO approved partner , adhering to demands of government and private players



### Design:

Expertise in hardware, software, engineering design including building a prototype



### Project execution:

The team meticulously plans the schedules, timelines, documents and evaluation process.



### Delivery and Post-delivery:

The team carries out detailed factory evaluation tests (FATs) including integration testing and ground support equipment (GSE), warranty and extended support.



### Robust financials:

The team carries out detailed factory evaluation tests (FATs) including integration testing and ground support equipment (GSE), warranty and extended support.



### Passionate workforce:

Our employees comprise ofskilful, committed, and determined employees

## Value we create

**Customers:**

We continue to earn the trust of our customers by delivering superior quality products and solutions

**Investors:**

Creating wealth for investors with consistent financial performance and business growth

**2.5%**

Dividend payout in FY22

**Community:**

Focus on creating an impact on the community with multiple projects within the area of operations

**₹ 47.97 Lakhs**

Spent towards CSR activities

**People:**

Regular training and development programs to provide sustained opportunities for career growth

**₹ 809.04 lakhs**

Employee benefit expenses in FY22

## How are we shaping our future

**We are continuously striving to improve and scale up our operations to accelerate returns for our stakeholders**

During FY22, we streamlined our business, integrating operations to improve client offering

In addition, we remained focused on scaling up our business. Our robust R&D and digitised process, backed by automation continue to improve our margins and profitability.



On growth path

## Maintain liquidity at all times

At AMS, we believe that a sustainable business is a manifestation of free cash flows, moderate debt and increased profitability. We are working to enhance our cash flows through prudent cash flow management and building a healthy receivables portfolio. Further, we endeavor to strengthen our balance sheet through reduction of debt with regular repayment. Currently, our debt equity ratio stands at 0.87.

**₹ 24,319.11 Lakhs**

Revenue from operations

## Stepping up technological capabilities

At the heart of our industry, technology continues to play a critical role. At AMS, we have positioned ourselves to leverage our deep domain expertise to build future-ready products that meet the dynamic customer needs. We continue to strengthen the use of digital platforms for technological empowerment of our execution and R&D team. Going forward, the Company expects to widen its digital capabilities, engage more with digital partners and explore the use of artificial intelligence.





# People first

The company's ability to attract, develop, motivate, and retain talent is critical to business success. AMS has Focused tactical initiatives to retain talent using proactive as well as reactive initiatives; increased employee engagement.

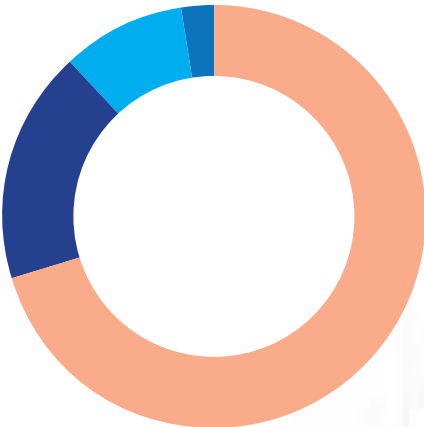


No of Employees



Male	206
Female	55
<b>Total</b>	<b>261</b>

Ages of Employees



20-35	184
36-45	46
46-55	25
56-65	6
<b>Total</b>	<b>261</b>





## CSR

The Company has spent ₹ 25.00 Lakhs through Arunodaya Trust for Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer within telangana and ₹ 22.97 Lakhs were spent through Development On Communication Arts & Culture Science Economic & Education Centre for Health, Education, Women and Children, Environment and Rural Development. The complete details are given in **Annexure A** to the Board's Report.







₹ 47.97 Lakhs

During the year under review the Company has spent its entire CSR obligation

## 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 Vaneti**  
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 37 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 25 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 21 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 22 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



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



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



**Mr. Venkateswara Rao Aluri**  
President - Marketing

**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.

**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 President - Marketing 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 Vangeti**

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 : <https://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

## Cost Auditors

G H Reddy & Associates,  
Cost Accountants  
#17-1-386/A/1, Malla Reddy Complex,  
Beside Sama Narasimha Reddy Gardens,  
Sagar Road, Champapet,  
Hyderabad - 500 079

## 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 Vangeti**

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](mailto:bsshyd@bigshareonline.com)  
Website: [www.bigshareonline.com](http://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 FIFTH (25th) Annual General Meeting ("AGM") of the Members of **Apollo Micro Systems Limited** ("the Company") will be held on TUESDAY the **20th SEPTEMBER 2022** at **12:30 P.M.** (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

## ORDINARY BUSINESS

### 1. Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2022, together with the Reports of the Board of Directors and, in this regard, the Auditors thereon and to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended 31st March, 2022 including the Audited Balance sheet as at 31st March, 2022; 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

### 2. Adoption of Audited Consolidated Financial Statements

To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2022 together with the Reports of the Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March, 2022 including the Audited Balance sheet as at 31st March, 2022; 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

### 3. Declaration of Dividend

To declare a final dividend on equity shares for the financial year ended as on 31st March, 2022 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 ₹ 0.25 (Twenty Five paise only) per equity share of ₹ 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, 2022 and the same be paid out of the profits of the Company."

### 4. Re-appointment of a Director

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 regard, to consider and if thought fit, to pass, with or without modification(s), 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."

### 5. Re-appointment of a Statutory Auditor

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

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. S.T.Mohite & Co, Chartered Accountants having Firm Registration No. 011410S be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a second term commencing from the conclusion of this Annual General Meeting till the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2027, to examine and audit the accounts of the

Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditor

**RESOLVED FURTHER THAT** the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

## SPECIAL BUSINESS

### 6. Ratification of Remuneration of Cost Auditors

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

**"RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses payable to M/s. G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number - 002110), who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the Financial Year ending March 31, 2023.

**RESOLVED FURTHER THAT** the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

### Notes:

1. Considering the ongoing Covid-19 pandemic and pursuant to General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021 General Circular No. 2/2022 dated May 5, 2022" and all other relevant circulars issued by the Ministry of Corporate Affairs (collectively referred to as 'MCA Circulars'), "Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13,

2022 issued by SEBI" the Company is convening the 25th 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, 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 situated at Plot No 128/A, Road No. 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad - 500076.

2. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended ('Act') setting out material facts concerning the business with respect to Item Nos. 5 and 6 forms part of this Notice. Additional information, pursuant to Regulation 36(3) and 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI Listing Regulations') and Secretarial Standard - 2 on General Meetings/issued by The Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished as an Annexure to the Notice.
3. **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.**
4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
5. Dispatch of Annual Report through Electronic Mode:

In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website <https://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)

6. 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.

7. 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)

8. 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 Corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

9. The Company has fixed **Friday, 9th September, 2022** as the 'Record Date' for determining entitlement of members to dividend for the financial year ended 31st March, 2022, if approved at the AGM.

10. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 10th September, 2022 to Tuesday, 20th September 2022 (both days inclusive) for the purpose of Annual General Meeting and for payment of dividend.

11. Subject to the provisions of the Act, the dividend as recommended by the Board of Directors for the financial year 2021-22, 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, 9th September, 2022** 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, 9th September, 2022** the 'Record Date'.

12. 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 be the first to become due for transfer to IEPF in September, 2027. The Final Dividend declared for the financial year 2020-21 would be the first to become due for transfer to IEPF in September, 2028. 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, Final Dividend declared for the financial year 2019-20 and Final Dividend declared for the financial year 2020-21 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.

13. 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.
14. 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 9th September, 2022 to email id [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The same will be replied by the Company suitably.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website <https://apollo-micro.com/investors/>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Bigshare in case the shares are held in physical form.
17. 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, 9th September, 2022**. 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 on or before 11:59 p.m. IST on **Friday, 9th September, 2022**.
18. The Company's Registrar and Transfer Agent for its share registry work (Physical and Electronic) is **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)
19. 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.**
20. 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.

**21. 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.**

22. 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.

23. The result declared along with the Scrutinizer's Report shall be placed on the Company's website <https://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.

**24. CDSL e-Voting System – For e-voting and Joining Virtual meetings.**

- a. 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.
- b. 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 and May 05, 2020 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.

- c. 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 at least 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.
- d. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- e. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- f. 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 <https://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).
- g. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circulars as stated above.

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

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The **e-voting period** begins on **Thursday, 15th September, 2022 (09:00 A.M. IST)** and ends on **Monday, 19th September, 2022 (05:00 P.M. IST)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date** (record date) of **9th September, 2022** 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 shareholder

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.

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (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 above said 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 Depository</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> </ol>

Type of shareholders	Login Method
	<p>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></p> <p>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 Provider</p>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<p>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.</p> <p>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></p> <p>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</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</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 above mentioned 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 <b>CDSL</b>	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 toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	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

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (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	<p>Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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)	<p>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.</p> <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 <Company Name> (in our case, select "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) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**(xvii) 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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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 mandatory 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) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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 9th September 2022, 11:59 P.M. mentioning their name, demat account number/folio number, email id, mobile number at company email id [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 9th September 2022, 11:59 P.M. mentioning their name, demat account number/folio number, email id, mobile number at the company email id [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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



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

1. 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.**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. **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 toll free no. 1800 22 55 33

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, MarathonFuturex, 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 toll free no. 1800 22 55 33.

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

Place: Hyderabad  
Date: 12th August 2022

Sd/-  
**Vitta Chaitanya Siva Shankar**  
Company Secretary and Compliance Officer

## Apollo Micro Systems Limited

### 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 (48Years)
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.

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

### ITEM 5: RE-APPOINTMENT OF A STATUTORY AUDITOR

At the Adjourned Twentieth Annual General Meeting held on August 26, 2017 Members approved the appointment of M/s. S T Mohite & Co., Chartered Accountants (Registration number 011410S), as Statutory Auditors of the Company, to hold office till the conclusion of the 25th AGM of the Company to be held in the year 2022.

Considering M/s. S T Mohite & Co's performance as auditors of the Company during their present tenure, the Audit Committee of the Company, after due deliberations and discussions, recommended to the Board re-appointment of M/s. S T Mohite & Co as statutory auditors of the Company for a second term of 5 (five) years to hold office from the conclusion of 25th AGM till the conclusion of the 30th AGM of the Company to be held in the year 2027.

Based on recommendations of the Audit Committee, the Board of Directors at their meeting held on 23rd July, 2022, approved the re-appointment of M/s. S T Mohite & Co, as the Statutory Auditors of the Company for a second term of 5 (five) years i.e. from the conclusion of 25th AGM till the conclusion of 30th AGM to be held in the year 2027. The re-appointment is subject to approval of the shareholders of the Company.

The Audit Committee and the Board of Directors considered the following factors in recommending the re-appointment of M/s. S T Mohite & Co as the Statutory Auditors of the Company:

- Performance of M/s. S T Mohite & Co as Statutory Auditors of the Company during their present tenure;
- Experience of the firm in handling audits of various listed Companies;
- Competence of the leadership and of the audit team of the firm in conducting the audit of the financial statements of the Company;
- Ability of the firm to seamlessly scale and understand the Company's operations, systems and processes; and

M/s. S T Mohite & Co has consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The proposed remuneration to be paid to M/s. S T Mohite & Co, for FY 2022-23 is ₹ 5 Lakhs (Rupees Five Lakhs) (plus applicable taxes and reimbursement of out-of-pocket expenses). The Audit Committee and the Board is of the view that ₹ 5 Lakhs (Rupees Five Lakhs) is reasonable audit fee considering the size and scale of the Company.

The remuneration to be paid to Statutory Auditors for the remaining term i.e. from FY 2023-24 through FY 2026-27 (till the conclusion of the 30th AGM of the Company to be held in the year 2027), shall be mutually agreed between the Board of Directors and the Statutory Auditors, from time to time.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives are concerned or interested whether financially or otherwise in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the Resolution set forth in Item No. 5 for the approval of the Members as Ordinary Resolution.

### ITEM 6: RATIFICATION OF REMUNERATION OF COST AUDITORS

In terms of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to undertake the audit of its cost records for products covered under the Companies (Cost Records and Audit) Rules, 2014 to be conducted by a Cost Accountant in practice.

In compliance with the above, the Audit Committee of the Company at its meeting held on 28th May, 2022 considered the appointment of M/s. G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for FY 2022-23. At the said meeting, the Audit Committee also considered the remuneration of ₹1.5 lakh (Rupees One lakh Fifty Thousand only) (plus applicable taxes and reimbursement of out-of-pocket expenses) payable to the Cost Auditors for FY 2022-23.

## Apollo Micro Systems Limited

In making the decision on the appointment and remuneration of the Cost Auditors, the Audit Committee considered the Cost Auditors' performance during the previous year in examining and verifying the accuracy of the cost accounting records maintained by the Company. Accordingly, the Audit Committee recommended to the Board, the appointment of M/s. G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for FY 2022-23 at a remuneration of ₹1.5 lakh (Rupees One lakh Fifty Thousand only) (plus applicable taxes and reimbursement of out-of-pocket expenses).

The Board, on the recommendation of the Audit Committee approved the appointment of M/s. G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for the FY 2022-23. The Board, also on the recommendations of the Audit Committee approved the remuneration of ₹1.5 lakh (Rupees One lakh Fifty Thousand only) (excluding applicable taxes and reimbursement of out-of-pocket expenses) payable to Cost Auditors for FY 2022-23.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board must be ratified by the Members of the Company.

The consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2023.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested whether financially or otherwise in the Resolution mentioned at Item No. 6 of the Notice.

The Board recommends the Resolution set forth in Item No. 6 for the approval of the Members as Ordinary Resolution.

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

Place: Hyderabad  
Date: 12th August 2022

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



# Board's Report

To the Members,

The Directors are pleased to present you the 25th Annual Report of Apollo Micro Systems Limited ("the Company or AMS") along with the audited financial statements for the financial year ended 31st March, 2022.

## 1. FINANCIAL RESULTS

The audited financial statements of the Company as on 31st March, 2022 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 31st March, 2022 and the corresponding figures for the Financial Year ended 31st March, 2021 are as under:**

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Standalone		Consolidated	
	Current year (2021-22)	Previous year (2020-21)	Current year (2021-22)	Previous year (2020-21)
Revenue from Operations	24,319.11	20,307.21	24,319.11	20,307.21
Other Income	75.90	63.57	75.94	63.86
<b>Total Revenue</b>	<b>24,395.01</b>	<b>20,370.78</b>	<b>24,395.05</b>	<b>20,371.07</b>
Cost of materials Consumed	19,988.75	15,941.91	19,988.75	15,941.91
Changes in inventories of finished goods, WIP, stock- in –trade	(1,876.06)	(858.36)	(1,876.06)	(858.36)
Employee Benefit Expenses	977.04	853.66	977.04	853.66
Other Expenses	664.17	516.60	664.74	517.49
Financial charges	1,717.70	1,601.66	1,717.80	1,601.68
Depreciation	897.65	869.02	897.65	869.02
<b>Profit or Loss Before exceptional and extraordinary items and tax</b>	<b>2,025.76</b>	<b>1,446.29</b>	<b>2,025.13</b>	<b>1,445.67</b>
Exceptional Items	-	-	-	-
<b>Profit or Loss Before tax (PBT)</b>	<b>2,025.76</b>	<b>1,446.29</b>	<b>2,025.13</b>	<b>1,445.67</b>
Tax Expenses: a) Current Tax	208.66	121.65	208.46	121.45
b) Earlier Tax Adjustments	-	-	-	-
c) Deferred Tax	355.15	299.14	355.15	299.14
<b>Total Tax Expense</b>	<b>563.81</b>	<b>420.79</b>	<b>563.61</b>	<b>420.59</b>
<b>Net Profit or Loss After Tax (NP)</b>	<b>1,461.95</b>	<b>1,025.50</b>	<b>1,461.52</b>	<b>1,025.08</b>
<b>Earnings Per Share (Basic)</b>	<b>7.04</b>	<b>4.94</b>	<b>7.04</b>	<b>4.94</b>
<b>Earnings Per Share (Diluted)</b>	<b>7.04</b>	<b>4.94</b>	<b>7.04</b>	<b>4.94</b>

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

The financial statements for the year ended 31st March, 2022 and 31st March, 2021 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.

## 2. COMPANY'S PERFORMANCE

During the year under review FY 2021-22, the standalone performance of your company was reported as under:

The revenue from operations is ₹ 24,319.11 lakhs against ₹ 20,307.21 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been increased by 18.49% to ₹ 4,641.11 lakhs against ₹ 3,916.96 lakhs in the previous year. The Profit before Tax ("PBT") for the year under review is ₹ 2,025.76 lakhs as against ₹ 1,446.29 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 42.56% to ₹ 1,461.95 lakhs against ₹ 1,025.50 lakhs in the previous year. The Earning per Share of the Company for the year under review is ₹ 7.04 per share basic & diluted.

The key aspect of your Company's consolidated performance during the FY 2021-22 are as follows:

The revenue from operations is ₹ 24,319.11 lakhs against ₹ 20,307.21 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been increased by 18.49% to ₹ 4,640.58 lakhs against ₹ 3,916.37 lakhs in the previous year. The Profit before Tax ("PBT") for the year under review is ₹ 2,025.13 lakhs as against ₹ 1,445.67 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 42.58% to ₹ 1,461.52 lakhs against ₹ 1,025.08 lakhs in the previous year. The Earning per Share ("EPS") of the Company for the year under review is ₹ 7.04 per share basic & diluted.

## 3. COVID-19 IMPACT FY 2021-22

The COVID-19 pandemic has once again given a hit to the economy. In the first three months of FY 2022, the second wave of the pandemic inundate India's medical infrastructure. The subsequent wave has led to the unprecedented health crisis and has disrupted economic activities and global trade and 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, the Company dealt with the pandemic by continuing to focus on operational excellence, marketing strategies, and keeping its employees and community at the core of it.

The health and safety of employees and the communities in which the Company operates continue to be the foremost priority of the Company. To mitigate the risks and challenges faced by the Company during the pandemic, the Company

enhanced safety and hygiene norms at offices, implemented work from home, staggered shift timings for safety of employees and leveraged digital platforms for its day-to-day operations. Amid the pandemic, the Company launched a vaccination drive for its employees and their families to ensure the safety and well-being of the associates and their families.

## 4. BUSINESS OUTLOOK

Today we are in a globalised economy an unprecedented hit to all the countries at once is a rare phenomenon and is not witnessed anytime post World War-II. Globally everyone has started accepting the fact that we have to live with the new changes that are adapted post pandemic. These changes have given some good results for some industries and has hit badly for process oriented industries. Globally there is a shift towards digital era, there is a growing automotive sector in electric power train, the challenges posed due to military aggressions in certain countries has forced many nations to increase their military spend all these changes falling at once and many other reasons has brought acute challenges in semiconductor industry.

## 5. CREDIT RATING

During the year under review, your Company has obtained the Credit Rating from Acuite Rating & Research Limited ("credit rating agency") to its ₹ 195.00 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.

## 6. SHARE CAPITAL

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

During the financial year 2021-22, 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 31st March, 2022:

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialized form in CDSL	44,47,460	21.42
2.	Held in dematerialized form in NSDL	1,63,16,418	78.58
3.	Physical	8	negligible
	<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)]

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website at <https://apollo-micro.com/wp-content/uploads/2022/08/5-ANNUAL-RETURN-2021-22.pdf>.

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

During the year under review, Six (6) meetings of the Board of Directors of the Company were held on 29th June, 2021, 12th August, 2021, 30th September, 2021, 11th November, 2021, 14th February, 2022 and 25th March 2022. 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 29th June, 2022 from previously held meeting for which relaxation was granted by Ministry of Corporate Affairs ("MCA") due COVID -19 outbreak vide its General Circular No. 08/2021 dated 03rd May, 2021.

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 28th March, 2022 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:

- in the preparation of the annual accounts for the period ended 31st March, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- the directors have prepared the annual accounts on a going concern basis;
- 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;
- 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, Secretarial Auditor and the Cost 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. There has been no change in the circumstances affecting their status as independent directors of the Company.

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 <https://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: <https://apollo-micro.com/wp-content/uploads/2017/12/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-A** 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 <https://apollo-micro.com> under the section "Investors". The website link is [https://apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION\\_POLICY.pdf](https://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. Secretarial Audit Report is attached to this report as **Annexure-B**

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

During the financial year 2021-22, the Company has given loan to Ananya SIP RF Technologies Private Limited, subsidiary Company (details mentioned below) and has not given any 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.

During the year under review, the Company has given a loan of ₹ 370.04 lakhs to Ananya SIP RF Technologies Private Limited, subsidiary company." The loan is repayable on demand with interest free for first year of disbursement and subject to interest at 9.8% p.a. thereafter

However, the Company has subscribed for 2,10,940 equity shares of Ananya SIP RF Technologies Private Limited ("ASIP RF") amounting to ₹ 132.89 Lakhs on 3rd August 2020, Physical Performance 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. M/s Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) is 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, <https://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 2021-22 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 2021-22, 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 <https://apollo-micro.com> under the Section "Investors".

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

During the financial year 2021-22, 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)]

Your Directors have pleasure in recommending a dividend of 2.5% (₹ 0.25 per Equity Share of face value of ₹10/- each) on the fully paid up Equity Shares out of the profits of the Company for the financial year 2021-22. The said dividend, if approved by the shareholders, would result into a cash outflow of ₹ 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.

## 20. DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI Listing Regulations mandates top 1000 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 <https://apollo-micro.com/wp-content/uploads/2017/12/DIVIDNED-DECLARATION-POLICY.pdf>. The Policy is also annexed herewith as Annexure-E to the Board's Report.

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

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, our team has worked relentlessly on various import substitution technologies under Make in India. The Naval Systems Group engineers have worked next generation Homming Platforms for Weapons and Under Water Mines, which has shown remarkable results till date and further development and feature enhancement is in progress. Our Aerospace Engineering Group has started development of small endurance Drones for varied applications like surveillance, Agriculture, Land Survey and other applications, the systems are sold to few customers

, further testing and trials are being carried out on the drones and full-fledged commercial launch will be done in FY23 after obtaining necessary approvals. Our Aerospace Engineering Group has developed next generation Rotary actuators which are extremely state of the art, and we have indigenously developed motors also in these actuators, which makes these technologies fully Make in India. In this Financial Year we have spent Rs 1,474.92 Lakhs towards R&D activities.

**B. Technical Absorption**

The Company works on in house Technology.

**C. Foreign Exchange Earnings and Outgo:**

Foreign Exchange outgo and earnings

Particulars	Year ended 31st March, 2022 (Amount in Lakhs)	Year ended 31st March, 2021 (Amount in Lakhs)
Value of imported raw-materials on CIF basis	₹ 989.70	₹ 2,104.44
Other Expenses: Foreign Travel Expenses	Nil	₹ 2.70
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 Director

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 28th March, 2022 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 Director

**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 2021-22, 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 and Sweat Equity") Regulations, 2021 as on 31st March, 2022 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 2021-22.

## 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 31st March, 2022. 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. The Chairman of the Company is a non executive independent director.

During the financial year 2021-22, the Board of Directors has reappointed,

- Mr. Karnukar Reddy Baddam as the Managing Director of the Company for a further period of 5 years with effect from 1st April 2022 to 31st March 2027.
- Mr. Addepalli Krishna Sai Kumar as the Whole time director (operations) for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.
- Mr. Chandrapati Venkata Siva Prasad as the Whole time director (Technical) for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.
- Mr. Raghupathy Goud Theegala as the Independent Director for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.

Further in compliance with SEBI Listing Regulations, consent of the share holders has been taken within 3 months through postal ballot on 11th May 2022.

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 25th February, 2020 and passed the online proficiency self-assessment test on 22nd February 2022.
- Mrs.Karunasree Samudrala, Independent Director has duly registered her name in the data bank of IICA w.e.f 25th February, 2020 and passed the online proficiencyself-assessment test on 10th April, 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 2021-22, 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 25th 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 thereunder.

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

During the financial year 2021-22, the Company hasn't received any significant and material orders that impact the going concern status and company's operations in future. During the year under review, there were no applications made or proceedings pending in the name of the Company under IBC, 2016

## 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.

In terms of the provisions of the Companies Act, 2013, an audit firm acting as the statutory auditor of a company is eligible to be appointed as statutory auditors for two terms of five years each. The first term of M/s. S T Mohite & Co as statutory auditors of the Company expires at the conclusion of the 25th AGM of the Company scheduled to be held on 20th September, 2022. Considering their performance as auditors of the Company during their present tenure, the Audit Committee of the Company, after due deliberation and discussion, recommended the re-appointment of M/s. S T Mohite & Co as statutory auditors of the Company for a second term of five years to hold office from the conclusion of the 25th AGM to be held on 20th September, 2022 through the conclusion of the 30th AGM of the Company to be held in the year 2027. Further, the remuneration to be paid to Statutory Auditors for FY 2022-23 is ₹ 5 Lakhs plus out of pocket expenses and applicable taxes and the remuneration for the remaining tenure of their second term as Statutory Auditors shall be mutually agreed between the Board of Directors and M/s. S T Mohite & Co, from time to time.

The above proposal forms part of the Notice of the AGM for your approval.

The report of the Statutory Auditor forms part of this Annual Report and Annual Accounts 2021-22. The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors did not report any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

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.

### (b) Internal Auditors

As per the provisions of Section 138 of the Companies Act, 2013 and the rules made thereunder, 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 2021-22.

The Internal Audit Report for the Financial Year 2021-22 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

In terms of Section 148 of the Act, the Company is required to maintain cost records and have the audit of its cost records conducted by a Cost Accountant. Cost records are prepared and maintained by the Company as required under Section 148(1) of the Act.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s G H Reddy & Associates, Cost Accountants (Firm Registration Number – 002110) for the year ending March 31, 2023. M/s. G H Reddy & Associates have experience in the field of cost audit.

The Board, also on the recommendations of the Audit Committee approved the remuneration of ₹1.5 lakh (Rupees One lakh Fifty Thousand only) (excluding applicable taxes and reimbursement of out-of-pocket expenses) payable to Cost Auditors for FY 2022-23. The same is placed for ratification of Members and forms part of the Notice of the AGM.

#### (d) Secretarial Auditors

As per the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, 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 2021-22.

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 2021-22 is annexed to the Board's Report as Annexure-B. The secretarial auditors' report is forming part of this report and there are no qualifications, observations, adverse remarks in the said Report.

Further, the Board has approved the re- appointment of Mr. Venkatesh Reddy Datla, Practicing Company Secretary, Hyderabad (Membership No: 36504; CP No: 14074; PR No. 1831/2022) as the Secretarial Auditor of the Company for the Financial Year 2022-23.

## 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-B** under the SEBI Listing Regulations along with a Corporate Governance Certificate from the Practicing Company Secretary in the **Annexure-I** and CFO Certification in compliance with Regulation 17(8) of SEBI Listing Regulations in the **Annexure-J** 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 <https://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 <https://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: 23rd July, 2022

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

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

# ANNEXURE-A

## 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 Act amendments from time to time. 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

Sl. 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

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

6. Average net profit of the Company as per section 135(5): ₹ 2,398.89 Lakhs

Financial Year	Profit before tax (in ₹ Lakhs)
2018-19	3,224.29
2019-20	2,526.09
2020-21	1,446.28
<b>TOTAL</b>	<b>7,196.67</b>
Average of the PBT	2,398.89

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 47.97 Lakhs
- (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): ₹ 47.97 Lakhs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	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.
₹ 47.97 Lakhs	Nil	-	-	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		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
				State	District						Name CSR Registration number
- Nil -											

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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
1.	Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer	(i)	Yes	Telangana	Hyderabad	₹ 25.00 Lakhs	No	Arunodaya Trust	CSR00012742

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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
4.	Health, Education, Women and Children, Environment and Rural Development	(ii) and (iii)	No	Manipur	Bishnupur	₹ 22.97 Lakhs	No	Development On Communication Arts & Culture Science Economic & Education Centre	CSR00004860
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 2021-22 (8b+8c+8d+8e): ₹ 47.97 Lakhs

Note: During the FY 2020-21 and amount of ₹ 11.61 Lakhs has been designated towards ongoing project approved. During the current financial year as mentioned herein above (para 8(b)) an amount of ₹ 10.00 Lakhs has been spent and the remaining amount of ₹ 1.61 Lakhs is being maintained in the said designated account (in a separate bank account opened for this purpose).

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 47.97 Lakhs
(ii)	Total amount spent for the Financial Year	₹ 47.97 Lakhs
(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 ₹ Lakhs).	Date of transfer.	
- Nil -							

(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 ₹ Lakhs).	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project - Completed / Ongoing.
1.	CSR 01/2020-21	Renovation of Govt. School	2020-21	3 years	₹ 11.61 Lakhs	₹ 10.00 Lakhs	₹ 10.00 Lakhs	Ongoing

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): Not applicable.

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

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

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

Place: Hyderabad  
Date: 23rd July, 2022



## ANNEXURE-B

## SECRETARIAL AUDIT REPORT

UDIN: A036504D000672579

## FORM NO MR-3

## SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March, 2022

[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, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2022, generally complied with the statutory provisions listed hereunder 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, 2022 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
- xxii. Information Technology Act, 2000

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 was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

- 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 under review, 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.

Sd/-

**Datla Venkatesh**

CP. No.: 14074

PR No.: 1831/2022

Place: Hyderabad

Date: July 23, 2022

# Annexure to Secretarial Audit Report

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 is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. 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.

Place: Hyderabad  
Date: July 23, 2022

Sd/-  
**Datla Venkatesh**  
CP. No.: 14074  
PR No.: 1831/2022

## 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 Details of subsidiaries

S. 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	1st April, 2021
4.	End date of accounting period of subsidiary	31st March, 2022
5.	Reporting Currency	INR
6.	Exchange Rate	N. A
7.	Share Capital	₹ 41.35 Lakhs
8.	Reserve and Surplus	₹ 161.23 Lakhs
9.	Total Assets	₹ 591.41 Lakhs
10.	Total Liabilities	₹ 591.41 Lakhs
11.	Investments	Nil
12.	Turnover	Nil
13.	Profit before/(loss) Tax	(₹ 0.63)
14.	Provision for Tax	Nil
15.	Profit after/(loss) Tax	(₹ 0.63)
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

**Note:** There are no associate or joint venture companies.

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

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

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

Place: Hyderabad  
Date: 23rd July, 2022

# 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 31st March, 2022, 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 31st March, 2022 are as follows:

Name of the Related Party and Nature of Relationship	Nature of contracts / Arrangement / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value	Date(s) of approval by the Board/ Shareholders, if any	Amount paid as advances, if any
Ananya Sip RF Technologies Private Limited Subsidiary Company	Loans & Advances	On demand	The loan to subsidiary is repayable on demand with interest free for first year of disbursement and subject to interest at 9.8% p.a. thereafter. The amount of Loan provided is ₹ 370.04 Lakhs	Share Holders approval on 28th September 2021 and Board meeting approval on 29th August 2021	-
Mr. Karunakar Reddy Baddam Managing Director	Remuneration	Continuous transaction	Remuneration paid ₹ 120.00 Lakhs	Continuous transaction	-
Mr. Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	Remuneration	Continuous transaction	Remuneration paid ₹ 24.00 Lakhs	Continuous transaction	-
Mr. Krishna Sai Kumar Addepalli Whole Time Director(Operations)	Remuneration	Continuous transaction	Remuneration paid ₹ 24.00 Lakhs	Continuous transaction	-
Mr. Karunakar Reddy Baddam-Managing Director	Rent Paid	Continuous transaction	Rent Paid ₹ 8.40 Lakhs	Continuous transaction	-
Mr. Chiluveru Sudarshan - Chief Financial Officer (Key Managerial Personnel)	Remuneration	Continuous transaction		Continuous transaction	-
Mr. Vitta Chaitanya Siva Shankar – Company Secretary (Key Managerial Person)	Remuneration	Continuous transaction		Continuous transaction	-

For and on behalf of the Board  
APOLLO MICRO SYSTEMS LIMITED

Sd/-  
Karunakar Reddy Baddam  
Managing Director  
DIN: 00790139

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

Place: Hyderabad  
Date: 23rd July, 2022



# 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. Upgradation 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.

**6. DISCLOSURES**

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

**7. 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 31ST MARCH, 2022

Sl. 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	26th December, 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 31st March, 2022	
	Number of options outstanding at the beginning of the period	Nil
	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
	Number of options exercisable at the end of the year	Nil

Sl. No	Particulars	ESOS-2018
	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	Nil
	(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

Sl. 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	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



## Apollo Micro Systems Limited

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

Sl. No.	Particulars	Details
1	Number of shares held at the beginning of the year	Nil
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:	Nil
4	Number of shares held at the end of the year.	Nil

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

Sl. 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	Nil
2	Acquired during the year	Nil
3	Sold during the year	Nil
4	Transferred to the employees during the year	Nil
5	Held at the end of the year	Nil

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

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

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

Place: Hyderabad  
 Date: 23rd July, 2022

## 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 2021-22 are as under:

Sl. No.	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	Nil	70.78
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	14.16
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	Nil	14.16
4.	Raghupathy Goud Theegala	Independent Director	Nil	N.A
5.	Sri Lakshmi Reddy Vanjeti#	Non- Executive Director	Nil	N.A
6.	Karunasree Samudrala	Independent Director	Nil	N.A
7.	Sudarshan Chiluveru	Chief Financial Officer	Nil	-
8.	Chaitanya Vitta Siva Shankar	Company Secretary & Compliance Officer	55%	-

# 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 ₹ 1.69 Lakhs per annum for the FY 2021-22. As compared to the financial year 2020-21 MRE has been decreased by 6.35%
- The Number of Permanent employees on the Rolls of the company as on 31st March, 2022 were 260.
- 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: 15%  
Average increase in remuneration of KMPs: 25%  
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.

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

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

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

Place: Hyderabad  
Date: 23rd July, 2022

## ANNEXURE-H

# 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 Disclosures 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:

I. Composition of Board of Directors						
Sl. No.	Name of the Director and DIN	Designation	Date of appointment in the current term	Date of cessation	No of Directorship in other Public Limited Companies (Name of the Company) <sup>#</sup>	Number of Chairperson / memberships in Audit/ Stakeholder Committee(s) in other Public Limited Companies (Name of the Company) <sup>##</sup>
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)

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

<sup>##</sup> 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 2021-22, the Board of Directors has reappointed,

- Mr. Karnukar Reddy Baddam as the Managing Director of the Company for a further period of 5 years with effect from 1st April 2022 to 31st March 2027.
- Mr. Addepalli Krishna Sai Kumar as the Whole time director (operations) for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.

- Mr. Chandrapati Venkata Siva Prasad as the Whole time director (Technical) for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.
- Mr. Raghupathy Goud Theegala as the Independent Director for a further period of 5 years with effect from 22nd August 2022 to 21st August 2027.

Further in compliance with SEBI Listing Regulations, consent of the share holders has been taken within 3 months through postal ballot on 11th May 2022.

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 6 (Six) 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 29th June, 2022 from previously held meeting for which relaxation was granted by Ministry of Corporate Affairs ("MCA") due COVID -19 outbreak vide its General Circular No. 08/2021 dated 03rd May, 2021. Directors attending the meeting actively participated in the deliberations at these meetings. The 24th (Twenty Fourth) Annual General Meeting (AGM) of the Company was held on Tuesday the 28th September, 2021.

Sl. No.	Name of the Director and DIN	Designation	Attendance at the Meeting held on						No. of meetings attended	Attendance at the 24th AGM 28th September 2021
			29th June, 2021	12th August, 2021	30th September, 2021	11th November, 2021	14th February, 2022	25th March 2022		
1	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	✓	✓	✓	✓	✓	✓	6	✓
2	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	✓	✓	Leave of Absence	✓	✓	✓	5	✓
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	✓	✓	✓	✓	Leave of Absence	✓	5	✓
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	Leave of Absence	Leave of Absence	✓	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	✓	✓	✓	✓	✓	✓	6	✓
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	✓	✓	✓	✓	✓	✓	6	✓

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 28th March, 2022 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)



- c) 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 <https://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 <https://apollo-micro.com>

**j) Detailed reasons for the resignation of the Independent Director before the expiry of his/her 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:

Sr. 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 5 (Five) times on 29th June 2021, 12th August 2021, 30th September 2021, 11th November 2021 and 14th February 2022. The details of member's attendance at the Audit Committee Meetings during the financial year 2021-22 are as under:
- | Name& Designation                   | No of Meetings attended |
|-------------------------------------|-------------------------|
| Karunasree Samudrala, Chairman      | 5                       |
| Raghupathy Goud Theegala, Member    | 5                       |
| Addepalli 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:

Sr. 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 12th August 2021 and 14th February 2022

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2021-22 are as follows:

Name& Designation	No of Meetings attended
Karunasree Samudrala, Chairman	2
Sri Lakshmi Reddy Vangeti, Member	-
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:

Sr. 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 3rd August, 2021 to process the request from the shareholder for Demat of shares.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2021-22 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 31st March, 2022 are given in the table below:

Complaints outstanding as on April 1, 2021	Nil
Complaints received during the year ended March 31, 2022	Nil
Complaints resolved during the year ended March 31, 2022	Nil
Complaints pending as on March 31, 2022	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:

Sr. 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:

1. 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;
2. 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;
3. To monitor the corporate Social Responsibility Policy of our Company from time to time;
4. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company;
5. 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 29th June 2021, 11th October 2021 and 31st January 2022



The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the financial year 2021-22 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:

Sr. 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:

1. 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 14th February 2022

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2021-22 are as follows:

Name & Designation	No of Meeting 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:

Sr. 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**

- a. To act within the scope of delegated authority.
- b. 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 6 (Six) times i.e. on 23rd April 2021, 21st May 2021, 10th June 2021, 16th September 2021, 3rd December 2021 and 10th January 2022.

Sr. No.	Name & Designation	No of Meeting attended
1.	Karunakar Reddy Baddam, Chairman	6
2.	Venkata Siva Prasad Chandrapati, Member	6
3.	Krishna Sai Kumar Addepalli, Member	5
4.	Sudarshan Chiluveru , Member	5

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.

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

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 2021-22.

**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 31st March, 2022 are as follows-

(Amounts in ₹ Lakhs)								
Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Raghupathy Goud Theegala (Independent Director)	Karunasree Samudrala (Independent Director)	Sri Lakshmi Reddy Vangeti (Non-Executive Director)	TOTAL
		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	₹ 119.78	₹ 23.78	₹ 23.78	-	-	Nil	₹ 167.35
	(b) Value of perquisites	-	-	-				
	(c) Profits in lieu of salary	-	-	-				
2.	Stock Option	-	-	-	-	-	Nil	-
3.	Sweat Equity	-	-	-	-	-	Nil	-
4.	Commission							
	- as % of profit	-	-	-	-	-	Nil	-
	- others, specify...		-	-				
5.	Others, please specify- Provident Fund Contribution	₹ 0.22	₹ 0.22	₹ 0.22	-	-	Nil	₹ 0.66
6.	Sitting Fee for attending board / committee meetings	-	-	-	₹ 1.8	₹ 1.20	Nil	₹ 3.00
	Total	₹ 120.00	₹ 24.00	₹ 24.00	₹ 1.8	₹ 1.2	Nil	₹ 1.71

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 <https://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 31st March, 2022, 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 31st March, 2022.

Date: 23rd July, 2022  
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
28th September 2021	Members	through Video Conferencing ("VC") / Other AudioVisual Means ("OAVM")	12:30 P.M. (IST)	2
25th September, 2020	Members	through Video Conferencing ("VC") / Other AudioVisual 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.

<https://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	20th September 2022 (originally called on 10th September 2022 and rescheduled to 20th September 2022) Time: 12:30 A.M. Venue: Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
b) Financial Year	April 1, 2022- 31st March, 2022
c) Record Date	9th September 2022
d) Book closure Date	10th September 2022 to 20th September 2022
e) Dividend payment date	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 20th October 2022

## Apollo Micro Systems Limited

<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>	<p>The Corporate Identity Number allotted by the Ministry of Corporate Affairs (MCA) is L72200TG1997PLC026556</p>
<b>i) Listing Fees</b>	<p>The Listing fee for the year 2021-22 has been paid to the above stock exchanges.</p>
<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: <a href="mailto:bsshyd@bigshareonline.com">bsshyd@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> 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>	<p>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 31st March, 2022.</p>
<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 31st March, 2022 there are only 1 shareholders holding 8 equity shares in physical form, which represent negligible percentage of the total holdings of the Company. The remaining 99.99% 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 2021-22 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-21</td><td>110.45</td><td>86.00</td><td>110.45</td><td>86.50</td></tr><tr><td>May-21</td><td>122.75</td><td>99.30</td><td>122.80</td><td>99.00</td></tr><tr><td>Jun-21</td><td>124.55</td><td>109.30</td><td>124.80</td><td>109.20</td></tr><tr><td>Jul-21</td><td>126.00</td><td>111.00</td><td>125.95</td><td>110.00</td></tr><tr><td>Aug-21</td><td>132.15</td><td>98.50</td><td>132.30</td><td>98.70</td></tr><tr><td>Sep-21</td><td>130.60</td><td>111.10</td><td>130.85</td><td>111.50</td></tr><tr><td>Oct-21</td><td>128.00</td><td>112.00</td><td>127.20</td><td>112.80</td></tr><tr><td>Nov-21</td><td>130.00</td><td>104.00</td><td>129.90</td><td>104.40</td></tr><tr><td>Dec-21</td><td>179.55</td><td>108.00</td><td>179.80</td><td>107.70</td></tr><tr><td>Jan-22</td><td>190.85</td><td>137.00</td><td>190.90</td><td>137.65</td></tr><tr><td>Feb-22</td><td>150.50</td><td>114.20</td><td>147.00</td><td>114.05</td></tr><tr><td>Mar-22</td><td>129.60</td><td>109.35</td><td>129.00</td><td>113.05</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-21	110.45	86.00	110.45	86.50	May-21	122.75	99.30	122.80	99.00	Jun-21	124.55	109.30	124.80	109.20	Jul-21	126.00	111.00	125.95	110.00	Aug-21	132.15	98.50	132.30	98.70	Sep-21	130.60	111.10	130.85	111.50	Oct-21	128.00	112.00	127.20	112.80	Nov-21	130.00	104.00	129.90	104.40	Dec-21	179.55	108.00	179.80	107.70	Jan-22	190.85	137.00	190.90	137.65	Feb-22	150.50	114.20	147.00	114.05	Mar-22	129.60	109.35	129.00	113.05
Months	BSE (in Rs.)		NSE (in Rs.)																																																																			
	High	Low	High	Low																																																																		
Apr-21	110.45	86.00	110.45	86.50																																																																		
May-21	122.75	99.30	122.80	99.00																																																																		
Jun-21	124.55	109.30	124.80	109.20																																																																		
Jul-21	126.00	111.00	125.95	110.00																																																																		
Aug-21	132.15	98.50	132.30	98.70																																																																		
Sep-21	130.60	111.10	130.85	111.50																																																																		
Oct-21	128.00	112.00	127.20	112.80																																																																		
Nov-21	130.00	104.00	129.90	104.40																																																																		
Dec-21	179.55	108.00	179.80	107.70																																																																		
Jan-22	190.85	137.00	190.90	137.65																																																																		
Feb-22	150.50	114.20	147.00	114.05																																																																		
Mar-22	129.60	109.35	129.00	113.05																																																																		

p) Shareholding as on 31st March, 2022

a) Distribution of shareholding as on 31st March, 2022

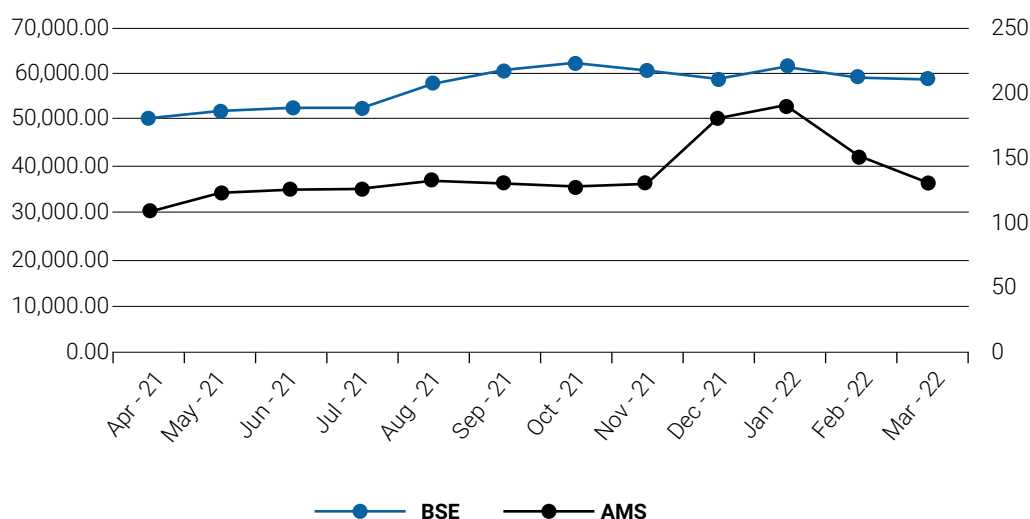
No of shares		No of shareholders	% of total	Share amount (in "Rs")	% of total
1	5000	46594	95.1247	33721980	16.2407
5001	10000	1375	2.8072	10906730	5.2527
10001	20000	567	1.1576	8677360	4.1791
20001	30000	172	0.3511	4435030	2.1359
30001	40000	80	0.1633	2865720	1.3801
40001	50000	52	0.1062	2489030	1.1987
50001	100000	87	0.1776	6446260	3.1046
100001	999999999	55	0.1123	138096750	66.5081
Total		48982	100.00	207638860	100

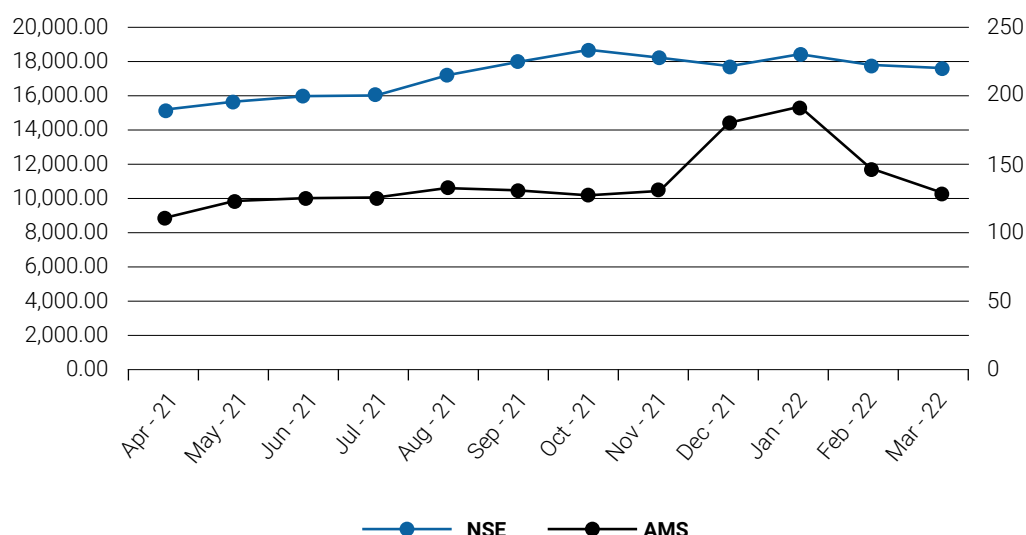
b) Category wise shareholding pattern as on 31st March, 2022

Category	Total No. of Shares	% of holding
Promoter & Promoter Group	12271700	59.10
Foreign Portfolio Investor	363623	1.75
Clearing Member	71682	0.35
Corporate Bodies	225332	1.09
Mutual Fund	-	-
Non Resident Indian (NRI)	415109	2.00
Employee	98033	0.47
Public	7317207	35.24
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**

<b>r) Foreign currency risk and hedging activities</b>	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				
<b>s) Commodity price risk and commodity hedging activities</b>	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.				
<b>t) Plant Locations</b>	Apollo Micro Systems Limited #Plot No 128/A, Road No. 12, Bel Road Ida Mallapur, Uppal Mandal, Hyderabad – 500 076 Telangana, India				
<b>u) Credit Rating</b>	<p>a) Domestic Rating: During the year under review, your Company has obtained the Credit Rating from Acuite Rating &amp; Research Limited (“credit rating agency”) to its ₹ 195.00 Crores Line of Credit (short term &amp; long term) of the Company which is as follows:</p> <table> <tr> <td>Long-Term Rating</td><td>ACUITE BBB- (pronounced ACUITE triple B MINUS)</td></tr> <tr> <td>Short-Term Rating</td><td>ACUITE A3 (pronounced ACUITE A three)</td></tr> </table> <p>The outlook on the long-term rating has been assigned as “Stable” by the credit rating agency.</p> <p>b) International Rating: Nil</p> <p>Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 your Company has intimated to the stock exchanges where the share are listed.</p>	Long-Term Rating	ACUITE BBB- (pronounced ACUITE triple B MINUS)	Short-Term Rating	ACUITE A3 (pronounced ACUITE A three)
Long-Term Rating	ACUITE BBB- (pronounced ACUITE triple B MINUS)				
Short-Term Rating	ACUITE A3 (pronounced ACUITE A three)				

**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](mailto:cs@apollo-micro.com)  
Website: <https://apollo-micro.com>

**Registrar and Transfer Agents:**

**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](mailto:bsshyd@bigshareonline.com)  
Website: [www.bigshareonline.com](http://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 [https://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_related\\_party\\_transactions.pdf](https://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 <https://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) Subsidiaries**

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies.

The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

The Company does not have any material subsidiary company.

**f) 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.

**g) The Company has adopted Material Events Policy which is uploaded on the website of the Company at**

[https://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_disclosure\\_of\\_material\\_events.pdf](https://apollo-micro.com/wp-content/uploads/2017/09/policy_on_disclosure_of_material_events.pdf)

**h) Details of the familiarisation programmes imparted to the Independent Directors are available on the website of the Company <https://apollo-micro.com> under the sections "Investors".**

**i) The Company has put in place succession plan for appointment to the Board and to senior management.**

**j) 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).**

**k) Certificate for transfer of Shares and Reconciliation of Share Capital**

Pursuant to Regulation 40(9) of the SEBI (LODR) Regulations, 2015, certificates on 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.

**l) 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.

**m) CEO/CFO certification**

The Chief Financial Officer (CFO) has furnished a Certificate to the Board for the year ended on 31st March, 2022 in compliance with Regulation 17(8) of SEBI Listing Regulations, which is annexed to Annual Report.

**n) 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,**



**o) 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

**p) 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.

**q) 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.

**r) 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>

**s) 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 "The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, read with amendments from time to time. The code is also available on the website of the company <https://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.

**t) 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, 2021	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 31st March, 2022	1	50

The voting rights on the shares outstanding in the suspense account as on 31st March, 2022 shall remain frozen till the rightful owner of such shares claims the shares.

**u) 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 <https://apollo-micro.com/wp-content/uploads/2019/09/REVISED-Workplace-Sexual-Harassment-Policy-apollo-micro-systems-limited.pdf>

# ANNEXURE-I

## CERTIFICATE ON CORPORATE GOVERNANCE

UDIN: A036504D000672581

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 on March 31, 2022, 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, 2022.

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.

Date: July 23, 2022  
Place: Hyderabad

Sd/-  
**DATLA VENKATESH**  
CP. No.: 14074  
PR No.: 1831/2022

## ANNEXURE-J

## 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 31st March, 2022 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**

Date: July 23, 2022

Place: Hyderabad

Sd/-

**Sudarshan Chiluveru**

Chief Financial Officer

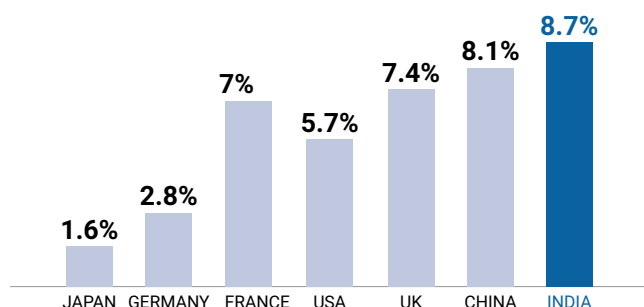
# Management Discussion and Analysis

## Indian Economy

In 2021-22, the Indian economy bounced back registering a strong GDP growth of 8.7% as against a contraction of 7.3% in the previous fiscal. The health crisis posed by second wave of the pandemic was more severe than the first wave, but the economic impact was muted as against 2020-21. The mass vaccinations program, ease of restrictions and post-pandemic opening-up and government's monetary and fiscal measures enabled India to recoup the economic losses. Additionally, private consumption remained strong throughout the year and exports witnessed strong growth, growing to 43.1% to \$416.3 billion<sup>1</sup> due to strong external demand, and higher oil prices, that benefited petroleum exports<sup>1</sup>.

India is the third largest economy on PPP basis as per World Bank. It is projected to fare better than peers with an impressive estimated growth of 7.3% in 2022-23. According to various leading research institutions, Indian economy has the potential to deliver the highest GDP CAGR globally in the medium term amongst large economies aided by various structural policy measures taken by the Indian government<sup>2</sup>. However despite the optimistic growth outlook headwinds from Russia Ukraine war continue to throw challenges in the near term with the elevating commodity and crude oil prices thereby leading to deteriorating the inflation outlook.

## Annual GDP Growth Rate



Source: IMF, NSO

## Global defence industry

The defense market consists of sales of air-based, sea-based and land-based military equipment by entities (organizations, sole traders and partnerships) that produce air-based, sea-based and land-based military equipment including support and auxiliary equipment such as radar, satellites, sonars, and other auxiliary equipment or maintain, repair and overhaul defense equipment.

Asia Pacific was the largest region in the defense market in 2021. Western Europe is expected to be the fastest growing region in the forecast period. The regions covered in the defense market report are Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, and Africa.

With a compound annual growth rate (CAGR) of 6.8 percent, it is predicted that the size of the global defence industry would increase from \$452.69 billion in 2021 to \$483.47 billion in 2022. The market's expansion is largely attributable to the companies' restructuring of their business processes and recovery from the COVID-19 effect, which had previously resulted in restrictive containment measures like social isolation, remote work, and the closure of commercial activities that created operational difficulties. A CAGR of 5.8 is anticipated to bring the defence market to \$604.82 billion in 2026.<sup>3</sup>

## Indian aerospace and defence industry

The Aerospace and Defence sector in India is at a turning point, given the modernisation and indigenization programmes being undertaken by all the three services of one of the largest military forces in the world. India is one of the biggest importers of weapons and defence platforms, so the three services have collectively taken it upon themselves to be the forerunners of "Make in India" for the hardware and infrastructure being incorporated into their fold. They are supported by specialised inter-service commands and institutions.

The "Make in India" (also known as "Aatmanirbhar Bharat") programme of the Indian government has made significant efforts to advance the establishment of an indigenous manufacturing infrastructure supported by the necessary research and

<sup>1</sup><https://www.crisil.com/en/home/our-analysis/reports/2022/05/crisil-insights-indian-economy-widening-deficits-in-a-slowdown.html>

<sup>2</sup><https://www.indiainfoline.com/company/home-first-finance-company-india-ltd/management-discussions/71865>

development ecosystem. The government of India had also designated the aerospace and defence sector as a focus area for the programme. This is well demonstrated by the significant revisions made to the defence policy framework in 2020, which is now founded on the pillars of domestic manufacture and value addition. With India's space sector now open to private and foreign investment, this area may help create long-term prospects and collaborations by leveraging the connections between the space and defence industries.

### Growth prospects for defence sector

- Demand for defence equipment in India has been continually growing due to the ongoing territorial disputes.
- Over the last five years, India has been ranked among the top importers of defence equipment to gain technological advantages over rival countries such as China and Pakistan.
- The government is focusing on strengthening border infrastructure to enhance the country's security. In line with this, in June 2021, Defence Minister, Mr. Rajnath Singh announced the introduction of 63 bridges, established by Border Roads Organisation (BRO), in six states and two union territories (UTs).
- "Import Embargo" on 101 Military Items-Defence ministry plans to put 101 defence items (artillery guns and assault rifles) under import embargo to offer potential military hardware manufacturing opportunities to the Indian defence industry.
- Defence Production and Export Promotion Policy 2020- Government formulated the 'Defence Production and Export Promotion Policy 2020' to provide impetus to self-reliance in defence manufacturing under the 'Aatmanirbhar Bharat' scheme. The ministry aims to achieve a turnover of ₹ 1 lakh 75 thousand crore (US\$ 25 billion), including an export of ₹ 35 thousand crore (US\$ 5 billion) in the aerospace and defence goods and services by 2025.

### Growth prospects for Aerospace sector

India is seen as a vital geographic location and a sizable global market with high air by Boeing, Airbus, and other top OEMs. Manufacturers from all over the world are collaborating with Indian suppliers and small and medium companies to meet the needs of Tier 1 suppliers and create an ecosystem for the aerospace sector in the nation. Global players' active involvement is anticipated to significantly accelerate India's aerospace industry's expansion. Active participation of global players is anticipated to further boost growth of the aerospace industry in India.

### Indian Electronic System Design and Manufacturing

India is emerging as one of the largest markets for electronics product in the world with the increase in per capita disposable income, private consumption and declining electronics prices in the country. In addition, initiatives like 'Digital India', 'Make in India' and 'Startup India' programs are propelling an unprecedented growth in electronics manufacturing over the last few years. The ESDM sector plays a key role in the government's goal of generating US\$ 1 trillion of economic value from the digital economy by 2025. With the continuous rising demand, the demand for electronic products, the ESDM sector in India is predicted to reach US\$ 220 billion by 2025, rising at a 16.1% CAGR between 2019 and 2025.

### Policy support

- PLI Scheme-The Ministry of Electronics and Information Technology's (MeitY) PLI scheme for large-scale electronics production, which was introduced in April 2020, has had its existing five-year band (FY21-FY25) increased to six years (FY21-FY26). The ACC battery production represents one of the major economic opportunities. PLI scheme for the ACC battery would allow key domestic and international players to establish a competitive ACC battery plants in the region.
- The National Policy on Electronics (NPE) 2019- The policy seeks to position India as a global hub for ESDM by encouraging manufacturing capabilities in the country to develop key components, including chipsets, and creating an environment for the industry to compete on an international platform.
- Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECs)- It intends to offset disabilities in domestic manufacturing of electronic components and semiconductors to boost the electronics manufacturing ecosystem in the country. An incentive of 25% on capital expenditure pertaining to plant, machinery, equipment, associated utilities and technology, including R&D on reimbursement basis; up to US\$ 500 million is given over a period of eight years.

### Growth opportunities

**Local manufacturing of laptops and tablets-** According to ICRA, India has the potential to become a significant part of the global supply chain in electronics and become a hub for laptops and tablets by capturing 18% of the global exports. By 2025, these initiatives would have a potential production value of US\$ 100 billion and will also generate 5 lakh additional job opportunities.

<sup>3</sup><https://www.thebusinessresearchcompany.com/report/defense-global-market-report>



**Growing domestic handset manufacturing market-** The increasing domestic demand for handset manufacturing and government support policies have led India to build on its smartphone manufacturing capabilities. By 2025, it is estimated that the addressable market for OEMs (original equipment manufacturers) would reach ~₹ 10–11 lakh crore.

**Establishing quantum computing applications lab-** To accelerate quantum computing-led research & development and enable new scientific discoveries, the Ministry of Electronics and Information Technology (MeitY), in collaboration with Amazon Web Services (AWS), will establish a quantum computing applications lab in the country. The MeitY quantum computing applications lab will provide quantum computing as a service to government ministries and departments, researchers, scientists, academia and developers, to enable advances in areas such as manufacturing, healthcare, agriculture and aerospace engineering.

## Company Overview

Apollo Microsystems is an electronic, electro-mechanical, engineering designs, manufacturing and supplies company. It is involved in designing, developing and selling 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. The company has developed a huge repository of knowledge and technology base since inception which is also a strong base to outperform the competition and be abreast in the market. The Company has its participation in several Indigenous Missile programmes, underwater electronic warfare, underwater missiles, surface to air missiles, nuclear missile programmes, surface to surface missile programmes, indigenous submarine programmes, UAV's long and short endurance, ships, space programmes.

### Opportunities

- India has an ambitious policy to shift from being the world's largest importer of defence equipment to meeting the

majority of its needs through domestic production. This could include joint ventures with foreign firms. The Government is also focusing on weapon export and defence ground system which will benefit the company in the long run.

- Under the PLI (Production-Linked Incentive) scheme for drones and drone components, incentives totaling ₹ 120 crore are provided over the course of three fiscal years, which is over twice the aggregate revenue of all domestic drone manufacturers in FY 2020–21. This momentum will boost the defence industry for a couple of decades and thereby the company.

### Challenges

- With the rapidly changing technology and advancements the company has to keep up with the evolving landscape. If the company fails to anticipate and manage increasingly large and complex projects, it can lose in a competitive environment.
- Company's revenue depend largely on a limited number of customers, and revenue can decline if it loses a major customer.
- The Semiconductor industry is facing huge challenges followed by pandemic affect and global surge in EV market and IoT industry although this is temporary it would still continue to have an impact on ESDM sector

### Human resources

The Company's biggest asset 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 programs. As on 31st March 2022, the total employee count stood at 261.

## Risk Management

Risk	Definition	Mitigation Strategy	Outcome
Technological Risk	Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors	Establishment of focused business service units providing end-to-end transformational and operational solutions on leading technology platforms spanning advisory, migration and modernization and support of applications. 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 are one of the key USPs distinguishing it from its peers.	₹ 1,474.92 Lakhs invested in R&D activities

Risk	Definition	Mitigation Strategy	Outcome
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 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 summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments are given in the note 42 to the standalone financial statements
Employee Risk	The company's ability to attract, develop, motivate, and retain talent is critical to business success. The inability to hire and retain competent personnel may adversely affect the Company's operations.	AMS has Focused tactical initiatives to retain talent using proactive as well as reactive initiatives; increased employee engagement. It 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.	For the FY ended 31st March 2022, the Company is having 261 employees on its roles.
Quality Risk	Being in a defense industry, quality of product plays a predominant role in securing orders. 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)
Intense Competition	The Defence Electronics is one of the rapidly evolving and highly innovative industries, where competition is tough and rigorous. 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.

## Financial Review

### Review of Operations

During the year under review FY 2021-22, the standalone performance of your company was reported as under:

The revenue from operations is ₹ 24,319.11 lakhs against ₹ 20,307.21 lakhs in the previous year. The Earnings Before Interest,

Tax, Depreciation & Amortization ("EBITDA") has been increased by ₹ 18.49% to ₹ 4,641.11 lakhs against ₹ 3,916.96 lakhs in the previous year. The Profit before Tax ("PBT") for the year under review is ₹ 2,025.76 lakhs as against ₹ 1,446.29 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 42.56% to ₹ 1,461.95 lakhs against ₹ 1,025.5 lakhs in the previous year. The Earning per Share ("EPS") of the Company for the year under review is ₹ 7.04/- per share basic & diluted.

## Apollo Micro Systems Limited

The key aspect of your Company's consolidated performance during the FY 2021-22 are as follows:

The revenue from operations is ₹ 24,319.11 lakhs against ₹ 20,307.21 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been increased by ₹ 18.49% to ₹ 4,640.58 lakhs against ₹ 3,916.37 lakhs in the previous

year. The Profit before Tax ("PBT") for the year under review is ₹ 2,025.13 lakhs as against ₹ 1,445.67 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 42.58% to ₹ 1,461.52 lakhs against ₹ 1,025.08 lakhs in the previous year. The Earning per Share ("EPS") of the Company for the year under review is ₹ 7.04/- per share basic

### Financial Highlight

(Figures in ₹ lakhs)	FY 2021-22	FY 2020-21	YoY Change (in %)
Revenue from Operation	24,319.11	20,307.20	19.76
EBITDA	4,641.11	3,916.96	18.49
PBT	2,025.76	1446.28	40.07
PAT	1,461.95	1,025.49	42.56
Net worth	31,931.25	30,520.86	4.62

& diluted

### Key Ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required

Particulars	Numerator	Demominator	31 March 2022	31 March 2021	% change	Reason for variance
Current Ratio	Current Asset	Current Liabilities	1.89	2.07	(8.68)	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.87	0.74	18.62	
Debt Service Coverage Ratio	Earnings available for Debt Service	Debt Service	52.55	580.19	(90.94)	Due to increase in loans during the year
Return on Equity Ratio	Net Profit after taxes	Average Shareholder's Equity	4.68	3.41	37.22	Due to increase in profits during the year
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	0.69	0.70	(0.22)	
Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	1.59	1.33	19.39	
Trade Payable Turnover Ratio	Net Purchases	Average Trade Payable	2.39	2.31	3.83	
Net Capital Turnover Ratio	Net Sales	Average Working Capital	1.08	0.91	18.21	
Net Profit Ratio	Net Profit after Tax	Revenue from operation	6.01%	5.05%	19.04	
Return on Capital Employed Ratio	Earning Before Interest and Taxes	Average Capital Employed	0.11	0.09	16.29	
Return on Investment Ratio	Non operating income from investment	Average Investment	NA	NA	NA	

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:

### Internal control systems and adequacy

The Company has an Internal Financial Controls, commensurate with the size, scale, and complexity of the Company's operations. The Board of Directors of the Company is responsible for ensuring that Internal Financial Controls and that such control are adequate and operating effectively. The internal control framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies.

The Company's internal financial control framework is commensurate with the size and operations of the business and is in line with requirements of the Companies Act, 2013. The Company has laid down Standard Operating Procedures to guide the operations of each of its functions. Business heads are responsible to ensure compliance with these procedures

The scope and authority of the Internal Audit function is defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures, and policies of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls.

### THE DETAILS OF DEVELOPMENTS OF SUBSIDIARY OF THE COMPANY:

Your Company has one (1) subsidiary company. M/s Ananya SIP RF Technologies Private Limited (ASIP RF) (CIN: U74990TG2015PTC097610) is the subsidiary of the Company by virtue of acquiring 51% stake in the aforementioned Company with effect from 3rd August, 2020. During the financial year 2021-22, the Company has given loan to Ananya SIP RF Technologies Private Limited, subsidiary Company an amount of ₹ 370.04 Lakhs.

The construction of facility by ASIP RF at Adibatla, Hyderabad is almost completed. Installation of Plant and Machinery is going on. Till now it has spent an amount of ₹ 476.29 Lakhs in the said construction process. It is planned to take up RF related business activities through this plant. The commercial operations of this plant are expected to commence in the FY 2022-23.

### Disclaimer

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.



- # Standalone

## Financial Statements

# Independent Auditors' Report

## 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, 2022, 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, 2022 and its profit, total 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 ethical 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
<b>Contingent liabilities and provisions</b> Probable Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme. The Company had availed import duty exemption of ₹1.61crores 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. 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. Refer Note-29(ii)(b) to the Financial Statements	<b>Principal Audit Procedures</b> We evaluated and tested key controls in respect of this contingent liability and regulatory procedures which are found to be satisfactory for audit. 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> <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>



## Apollo Micro Systems Limited

### 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 standalone 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, 2020 ('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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 statements.
  - 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.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any

other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that

has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

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 as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule-V of the Act.

5. As stated in Note 13(e) to the financial statements the final dividend proposed in the previous year (FY 2020-21), declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable"

Place: Hyderabad

Date: 20th May,2022

ICAI UDIN:22015635AJVCOZ1028

# Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Apollo Micro Systems Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

Sl. No.	Ref to CARO	Report by Independent Auditors		
1	3(i)	<b>Property, Plant and Equipment and Intangible Assets:</b>		
	3(i)(a) A	The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.-		
	3(i)(a) B	The Company has maintained proper records showing full particulars of intangible assets.		
	3(i)(b)	According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has a regular program of physical verification of its Property, Plant and Equipment, and right-of-use assets so to cover all the 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)	The title deeds of all the immovable properties (where the company is the lessee and there is lease agreement duly executed in favour of the lessee) as disclosed in note 4 on property, plant and equipment to the standalone financial statements, are held in the name of the company.		
	3(i)(d)	According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year. Accordingly the reporting under clause 3(i)(d) is not applicable to the company.		
	3(i)(e)	According to the information and explanation given to us and on the basis of our examination of the records of the Company, no Proceeding have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988( 45 of 1988 as amended in 2016) and rules made thereunder.		
2	3(ii)	<b>Inventories</b>		
	3(ii) (a)	The inventories have 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 and there are no material discrepancies on such verification.		
	3(ii) (b)	During the year, the company has been sanctioned working capital limits in excess of ₹5crores, in aggregate, from banks on the basis of security of current assets. The company has filed quarterly returns or statements with such banks, which are in agreement with the books of accounts/ stock registers.		
	3(iii)(a)	Loans to parties covered by Sec.189 of the Companies Act,2013 ('the Act' )  According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has made investments in its subsidiary company and given a loan to its subsidiary. The company has not provided any security or corporate guarantees (other than guarantees and securities provided by the company to its bankers against working capital/ other loans. The aggregate amount during the year and balance outstanding as at balance sheet date with respect to loan to subsidiary and to parties other than subsidiary are as per table given below:		
₹ in lakhs				
<b>Particulars</b>		<b>Guarantees ₹</b>	<b>Securities ₹</b>	<b>Loans ₹</b>
a) Aggregate amount granted/provided during year:				
– Subsidiaries		–	–	370.04
– Joint Ventures		–	–	–
– Associates		–	–	–
– Others		–	–	2.53

## Apollo Micro Systems Limited

Sl. No.	Ref to CARO	Report by Independent Auditors																								
		<div>₹ in lakhs</div> <table><tr><th>Particulars</th><th>Guarantees ₹</th><th>Securities ₹</th><th>Loans ₹</th></tr><tr><td>b) Balance outstanding as on balance sheet date in respect of the above:</td><td></td><td></td><td></td></tr><tr><td>– Subsidiaries</td><td>–</td><td>–</td><td>370.04</td></tr><tr><td>– Joint Ventures</td><td>–</td><td>–</td><td>–</td></tr><tr><td>– Associates</td><td>–</td><td>–</td><td>–</td></tr><tr><td>– Others</td><td>–</td><td>–</td><td>14.94</td></tr></table> <p>Note: The above loan is included in note 11 to balance sheet under loans and advances</p>	Particulars	Guarantees ₹	Securities ₹	Loans ₹	b) Balance outstanding as on balance sheet date in respect of the above:				– Subsidiaries	–	–	370.04	– Joint Ventures	–	–	–	– Associates	–	–	–	– Others	–	–	14.94
Particulars	Guarantees ₹	Securities ₹	Loans ₹																							
b) Balance outstanding as on balance sheet date in respect of the above:																										
– Subsidiaries	–	–	370.04																							
– Joint Ventures	–	–	–																							
– Associates	–	–	–																							
– Others	–	–	14.94																							
3(iii)(b)		In respect of aforesaid loan, the terms and conditions are as authorised by the members and as per information and explanation provide by company to us, the loan granted is not prejudicial to the company's interest.																								
3(iii)(c)		According to the information and explanation given to us, the loan to subsidiary is repayable on demand with interest free for first year of disbursement and subject to interest at 9.8% p.a. thereafter. Since repayment schedule is not fixed, our commenting on regularity of payment of interest and repayment of principal does not arise and accordingly provisions of clause 3(iii)(c) are not applicable to the company for the period under review.																								
3(iii)(d)		There are no over dues in respect of interest payment or repayment of principal. Accordingly the provision of clause 3(iii)(d) are not applicable to the company for the period under review.																								
3(iii)(e)		According to the information and explanation given to us there are no renewal or extension or grant of fresh loan to settle over dues which has fallen due during the year. Accordingly the provision of clause 3(iii)(e) are not applicable to the company for the period under review.																								
3(iii)(f)		The loan to subsidiary given during the year is repayable on demand and aggregate amount of such loan is as under.																								
		<table><tr><th>Particulars</th><th>All Parties ₹</th><th>Promoters ₹</th><th>Related parties ₹</th></tr><tr><td>Repayable on demand</td><td>384.98</td><td>–</td><td>370.04</td></tr><tr><td>No terms or repayment terms are specified</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Percentage of to the total loans granted</td><td>100%</td><td>–</td><td>96.12%</td></tr></table>	Particulars	All Parties ₹	Promoters ₹	Related parties ₹	Repayable on demand	384.98	–	370.04	No terms or repayment terms are specified	–	–	–	Percentage of to the total loans granted	100%	–	96.12%								
Particulars	All Parties ₹	Promoters ₹	Related parties ₹																							
Repayable on demand	384.98	–	370.04																							
No terms or repayment terms are specified	–	–	–																							
Percentage of to the total loans granted	100%	–	96.12%																							
		The above loan is included in note 11 to balance sheet(Loans and advances)																								
4	3(iv)	<b>Loans, guarantees, securities to and investments in other companies</b> According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has complied with section 185 and 186 of the Companies Act and the Company has complied with the provisions of Section 186 of the Act, in relation to loans given and investments made.																								
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 or amounts during the year as per provisions of Section 73 or 76 of the Act and any other relevant provisions of the Act and the relevant Rules framed thereunder. Accordingly, provisions of clause 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> Pursuant to the rules made by the Central Government of India, the company is required to maintain cost records as specified under section148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.																								
7	3(vii)	<b>Statutory Dues</b>																								

Sl. No.	Ref to CARO	Report by Independent Auditors										
	3(vii)(a)	<p>According to the information and explanations given to us and on the basis of our examination of the record of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues have been deposited during the year by the Company with the appropriate authorities though there has been slight delays in few cases on some occasions excepting payment of income tax deducted during the year.</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable except ₹ 54.86 lakhs in case of income tax deducted at source which is outstanding for more than six months from the date they become payable as on last day of the financial year.</p>										
8	3(vii)(b)	<p>Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2022 on account of disputes are given below:</p> <table><tr><th>Nature of Statue</th><th>Nature of dues</th><th>Forum where the dispute is pending</th><th>Forum where the dispute is pending</th><th>Amount ₹ lakhs</th></tr><tr><td>The Income Tax Act, 1961</td><td>Income Tax</td><td>Commissioner of Income-tax (Appeals)</td><td>AY 2015-16</td><td>10.62</td></tr></table>	Nature of Statue	Nature of dues	Forum where the dispute is pending	Forum where the dispute is pending	Amount ₹ lakhs	The Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	AY 2015-16	10.62
Nature of Statue	Nature of dues	Forum where the dispute is pending	Forum where the dispute is pending	Amount ₹ lakhs								
The Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	AY 2015-16	10.62								
	3(viii)	<p>According to the information and explanation given to us and on the basis of our examination of the records of the Company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961(43 of 1961). Accordingly, provisions of clause 3 (viii) of the Order are not applicable to the Company for the year under review.</p>										
9	3(ix)	<b>Defaults in repayments to any lender</b>										
	3(ix)(a)	<p>According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year. Accordingly, provisions of clause 3 (ix)(a) of the Order are not applicable to the Company for the year under review.</p>										
	3(ix)(b)	<p>According to the information and explanation given to us and on the basis of our audit proceedings, we report that the Company has not been declared a wilful defaulter by any banker financial institution or government or government authority. Accordingly, provisions of clause 3 (ix)(b) of the Order are not applicable to the Company for the year under review.</p>										
	3(ix)(c)	<p>According to the information and explanation given to us by the management, the Company has not obtained any term loans. Accordingly, provisions of clause 3 (ix)(c) of the Order are not applicable to the Company for the year under review.</p>										
	3(ix)(d)	<p>According to the information and explanation given to us and on an examination of the balance sheet of the Company and we report that, no funds raised on short-term basis have been utilized for long term purposes by the Company. Accordingly, provisions of clause 3 (ix)(d) of the Order are not applicable to the Company for the year under review.</p>										
	3(ix)(e)	<p>According to the information and explanation given to us and on an examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, provisions of clause 3 (ix)(e) of the Order are not applicable to the Company for the year under review.</p>										
	3(ix)(f)	<p>According to the information and explanation given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable for the period under review.</p>										
10	3(x)	<b>Initial public offer/further offer</b>										



## Apollo Micro Systems Limited

Sl. No.	Ref to CARO	Report by Independent Auditors
	<b>3(x) (a)</b>	The Company has not raised moneys by way of initial public offer (including debt instruments) during the year. Accordingly, provisions of clause 3 (x)(a) of the Order are not applicable to the Company for the year under review.
	<b>3(x) (b)</b>	According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of share or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (x)(b) of the Order are not applicable to the Company for the year under review.
<b>11</b>	<b>3(xi)</b>	<b>Frauds by or on the company</b>
	<b>3(xi) (a)</b>	During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company, noticed or reported during the year, nor have we been informed of any such case by the management.
	<b>3(xi) (b)</b>	According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
	<b>3(xi) (c)</b>	According to the information and explanation given to us The company has not received any whistle blower complaints during the year. Accordingly, provisions of clause 3 (xi)(c) of the Order are not applicable to the Company for the year under review.
<b>12</b>	<b>3(xii)</b>	<b>Nidhi company</b>
		According to the information and explanations given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act and Accordingly, provisions of clause 3 (xii) of the Order are not applicable to the Company for the year under review.
<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, 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 standalone financial statements as required by the applicable Indian Accounting Standards.
<b>14</b>	<b>3(xiv)</b>	<b>Internal Audit System</b>
	<b>3(xiv)(a)</b>	Based on information and explanations provided to us and our audit procedures, In our opinion the Company has an internal audit system commensurate with the size and the nature of its business.
	<b>3(xiv)(b)</b>	We have not considered the internal audit report for the year, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedure.
<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, the company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Sec 192 of the Act, are not applicable to the Company for the year.
<b>16</b>	<b>3(xvi)</b>	<b>Registration u/s 45-IA of RBI Act, 1934</b>
	<b>3(xvi)(a)</b>	According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable for the year under review.
	<b>3(xvi)(b)</b>	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 Accordingly, clause 3(xvi) of the Order is not applicable.
	<b>3(xvi)(c)</b>	The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
	<b>3(xvi)(d)</b>	According to the information and explanation provided to us during the course of audit. the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
<b>17</b>	<b>3(xvii)</b>	<b>Cash losses</b>
		The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding the financials year.
<b>18</b>	<b>3(xviii)</b>	<b>Resignation of the statutory auditors</b>
		There has been no resignation of the statutory auditors of the Company during the year

Sl. No.	Ref to CARO	Report by Independent Auditors
19	3(xix)	According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20	3(xx)(a)	The Company has spent the amount of Corporate Social responsibilities for the year as required u/s 135(5) of the Act. Accordingly, provisions of clause 3 (xx) of the Order are not applicable to the Company for the year under review.
	3(xx)(b)	The unspent amount as on last date of financial years in respect of earlier years' ongoing project has been transferred to special account in compliance with section 135(6) of the said Act.
21	3(xxi)	The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause 3(xxi) has been included in this report.

Place: Hyderabad

Date: 20th May, 2022

ICAI UDIN:22015635AJVCOZ1028

# Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Apollo Micro Systems Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company 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 ("ICAI"). 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 the 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 with reference to financial statements 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 control system with

reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over to 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 standalone 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 Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial

control with reference to financial statements 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 Company has, 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 March 31,

2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad  
Date: 20th May, 2022

ICAI UDIN:22015635AJVCOZ1028

# Standalone Balance Sheet

as at 31 March, 2022

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	8,536.77	4,856.13
(b) Capital work-in-progress	4	2,453.23	4,993.59
(c) Other intangible assets	4	17.56	24.08
(d) Financial assets			
(i) Investments	5	132.89	132.89
e) Other Non-Current assets	6	43.38	96.53
		<b>11,183.83</b>	<b>10,103.22</b>
<b>2 Current assets</b>			
(a) Inventories	7	29,615.56	22,569.30
(b) Financial assets			
(i) Trade receivables	8	13,640.78	16,949.84
(ii) Cash and cash equivalents	9	16.78	12.69
(iii) Other bank balances	10	1,588.55	1,327.30
(iv) Loans	11	384.98	12.41
(c) Other current assets	12	3,399.68	2,027.35
		<b>48,646.33</b>	<b>42,898.89</b>
<b>TOTAL ASSETS</b>		<b>59,830.16</b>	<b>53,002.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(i) Equity share capital	13	2,076.39	2,076.39
(ii) Other equity	14	29,854.86	28,444.47
<b>Total equity</b>		<b>31,931.25</b>	<b>30,520.86</b>
<b>2 LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	67.14	26.86
(b) Deferred tax liabilities (net)	16	1,977.09	1,621.80
(c) Provisions	17	88.40	82.91
		<b>2,132.63</b>	<b>1,731.57</b>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15	11,453.02	11,506.83
(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		12,793.14	7,829.81
(iii) Other financial liabilities	19	856.32	731.33
(b) Other current liabilities	20	174.49	269.26
(c) Current tax liabilities (net)	21	463.85	402.81
(d) Provisions	17	25.47	9.65
<b>TOTAL LIABILITIES</b>		<b>25,766.28</b>	<b>20,749.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,830.16</b>	<b>53,002.11</b>
Corporate information & significant accounting policies	1-3		

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: 22015635AJVCOZ1028

Place: Hyderabad

Date: 28 May 2022

For and on behalf of the Board of Directors

**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 Profit and Loss

for the year ended 31 March, 2022

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I Revenue from operations	22	24,319.11	20,307.21
II Other income	23	75.90	63.57
<b>III Total income</b>		<b>24,395.01</b>	<b>20,370.78</b>
<b>IV Expenses</b>			
Cost of materials consumed	24	19,988.75	15,941.91
Changes in inventories and work in progress	25	(1,876.06)	(858.36)
Employee benefits expense	26	977.04	853.66
Depreciation expense	27	897.65	869.02
Finance costs	28	1,717.70	1,601.66
Other expenses	29	664.17	516.60
<b>Total expenses</b>		<b>22,369.25</b>	<b>18,924.49</b>
<b>V Profit before tax (III-IV)</b>		<b>2,025.76</b>	<b>1,446.29</b>
VI Exceptional items		-	-
<b>VII Profit before tax</b>		<b>14,46,28,707</b>	<b>25,26,09,201</b>
<b>VI Tax expense</b>			
Current tax	30	208.66	121.65
Deferred tax		355.15	299.14
Total tax expense		563.81	420.79
<b>VII Profit for the year (V-VI)</b>		<b>1,461.95</b>	<b>1,025.50</b>
<b>VIII Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/ (losses) on defined benefit plan		0.49	10.11
Income-tax effect thereon	30	(0.14)	(2.94)
<b>Other comprehensive income for the year, net of tax</b>		<b>0.35</b>	<b>7.16</b>
<b>IX Total comprehensive income for the year</b>		<b>1,462.29</b>	<b>1,032.66</b>
<b>X Earnings per equity share</b>	40		
Basic and diluted (₹)		7.04	4.94
Corporate information & significant accounting policies	1-3		

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: 22015635AJVCOZ1028

**Place: Hyderabad****Date: 28 May 2022**

For and on behalf of the Board of Directors

**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, 2022

(All amounts in ₹ Lakhs, 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>		
Profit before tax	2,025.76	1,446.29
Adjustments		
Depreciation and amortisation	897.65	869.02
Interest income	(70.60)	(63.57)
Finance costs (including fair value change in financial instruments)	1,717.70	1,601.66
Re-measurement gains on defined benefit plans	0.49	10.11
<b>Operating profit before working capital changes</b>	<b>4,571.00</b>	<b>3,863.51</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
– Trade receivables	3,309.06	(3,401.92)
– Inventories	(7,046.26)	(1,774.68)
– Loans - current	(372.57)	5.92
– Other assets - current	(1,372.33)	185.87
– Other assets - non current	–	–
Adjustment for (increase)/decrease in operating liabilities		
– Trade payables	4,963.33	2,136.18
– Other financial liabilities - current	124.99	(51.62)
– Other current liabilities	(94.77)	125.51
– Provisions	21.31	(5.54)
<b>Cash generated from operations</b>	<b>4,103.76</b>	<b>1,083.23</b>
Income taxes paid	(147.62)	(317.55)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,956.14</b>	<b>765.68</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	(1,978.26)	(2,149.40)
Investment in Subsidiaries	–	(132.89)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(261.25)	(88.46)
Interest received (finance income)	70.60	63.57
<b>Net cash used in investing activities</b>	<b>(2,168.91)</b>	<b>(2,307.19)</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	–	0.50
Dividend Paid	(51.91)	(103.82)
(Repayment) /Proceeds from borrowings (net)	(13.53)	3,250.38
Interest paid	(1,717.70)	(1,601.66)
<b>Net cash provided by financing activities</b>	<b>(1,783.14)</b>	<b>1,545.40</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>4.08</b>	<b>3.89</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12.70</b>	<b>8.79</b>
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>16.78</b>	<b>12.69</b>
Cash and cash equivalents comprise: (Refer Note 9)		
Cash on hand	14.66	10.82
Balances with banks:		
– in current accounts	2.12	1.87
	<b>16.78</b>	<b>12.69</b>

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: 22015635AJVCOZ1028

Place: Hyderabad

Date: 28 May 2022

For and on behalf of the Board of Directors

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, 2022

## a. Equity Share Capital

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	No. of shares	Amount
Balance as at 01 April 2020	2,07,63,886	2,076.39
Add: Issued during the year	–	–
Balance as at 31 March 2021	2,07,63,886	2,076.39
Add: Issued during the year	–	–
Balance as at 31 March 2022	2,07,63,886	2,076.39

## b. Other equity

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Reserves and Surplus		OCI	Total
	Securities premium	Retained earnings		
At 01 April, 2020	16,537.57	10,955.50	22.56	27,515.63
Profit for the year	–	1,025.50	7.16	1,032.66
Additions during the year	–	–	–	–
Share issue expenses	–	–	–	–
Dividend Paid	–	(103.82)	–	(103.82)
At 31 March 2021	16,537.57	11,877.18	29.73	28,444.47
Profit for the year	–	1,461.95	0.35	1,462.29
Additions during the year	–	–	–	–
Share issue expenses	–	–	–	–
Dividend Paid	–	(51.91)	–	(51.91)
Balance as of 31 March 2022	16,537.57	13,287.22	30.07	29,854.86

Corporate information & significant accounting policies

1-3

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: 22015635AJVCOZ1028

Place: Hyderabad

Date: 28 May 2022

For and on behalf of the Board of Directors

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

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 1 General Information

Apollo Micro Systems Private Limited ("AMS" or "the Company") was incorporated on 03 March, 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. It 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 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), as 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.

All amounts are in Indian ₹ lakhs except share data, unless otherwise stated.

### 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 Critical accounting judgements and key sources of estimation

In the application of the Company's accounting policies, 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 31 March 2022 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.

### 2.4 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.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

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 Group

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS:

### 3.2 Revenue recognition

Revenue from goods and services is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/right of return, using the expected value method.

### 3.3 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

If the leases are for short period of less than 12 months, the lease arrangement are not recognised.

### 3.4 Foreign currency Transactions

Transaction in foreign currency are translated in functional currency using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of recognised in statement of profit and loss and reported within foreign exchange gain/(losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

### 3.5 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.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 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.

## 3.6 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.

## 3.7 Property, plant and equipment (PPE)

### Tangible assets and intangible assets

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.

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".

## 3.8 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

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

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 (years)
Buildings	30
Plant and Machinery	15
Vehicles	8
Tools and Spares	15
Furniture and fixtures	10
Computers	3
Office equipment	5
Electrical equipment	10
Othe Intangible assets	5

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.

## 3.9 Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as tangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

Tangible assets relating to products in development are subject to impairment testing at each reporting date. All other tangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for tangible assets with a finite useful life are reviewed at each reporting date.

## 3.10 Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising upon derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed

## 3.11 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



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

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.

## 3.12 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.

## 3.13 Impairment of financial and non financial assets

### i) Impairment of financial assets

Non-financial assets other than inventories, deferred tax asset and non-current asset classified as held for sale are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset recoverable amount. The recoverable amount is higher of the asset's or Cash-Generating Unit' (CGU) fair value is less cost of disposal and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets

When carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### ii) Impairment of non- financial assets:

In accordance with IND-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instrument measured at FVOCI

Loss allowances on receivable from customers are measured following the 'simplified approach' at an amount equal to the life time ECL, at each reporting

date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined is have a low credit risk at the reporting date."

## 3.14 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 (like contribution to provident fund, ESI)

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-Gratuity

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.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 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."

## 3.15 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

## 3.16 Contingent liabilities and 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.

## 3.17 Financial instruments

### 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;

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

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

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.

## 3.18 Financial instruments

Transfers of financial assets to third parties in transactions that do not qualify for derecognition 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

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 derecognition 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

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

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. Derecognition

### 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 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."

## 3.19 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

#### 4 Property, plant and equipment

(All amounts in ₹ Lakhs, except share data and where otherwise stated)													
Particulars	Property, plant and machinery							Capital work in progress					
	Free hold Land	Building	Plant & Machinery	Vehicles	Testing Tools & Instruments	Furniture & Fixtures	Computers & Software	Office Equipment	Electrical Fittings	Total	Intangible assets	Testing Tools & Instruments	Civil work in progress
<b>Cost</b>													
<b>At 01 April 2020</b>	150.85	1,376.95	305.94	91.97	5,000.82	120.64	514.42	53.83	60.21	7,675.63	10.03	3,652.32	-
Additions	-	-	29.95	0.67	644.15	5.43	8.61	3.67	-	692.49	22.57	1,341.27	-
Deletions										-	-	-	-
<b>At 31 March 2021</b>	150.85	1,376.95	335.90	92.64	5,644.97	126.08	523.02	57.49	60.21	8,368.12	32.61	4,993.59	-
Additions	-	-	44.57	109.77	4,428.13	6.23	3.20	9.61	-	4,601.52	-	1,474.92	-
Deletions	-	-	37.20	-	-	-	-	-	-	37.20	-	4,015.28	-
<b>At 31 March 2022</b>	150.85	1,376.95	343.27	202.41	10,073.10	132.30	526.23	67.10	60.21	12,932.44	32.61	2,453.23	-
<b>Accumulated depreciation</b>													
<b>At 01 April 2020</b>	-	352.10	168.29	47.12	1,488.67	45.73	464.19	41.34	42.05	2,649.49	2.01	-	-
Charge for the year	-	97.09	28.19	11.65	660.04	19.79	34.75	6.29	4.69	862.50	6.52	-	-
Less: Adjustments										-	-	-	-
<b>At 31 March 2021</b>	-	449.20	196.48	58.78	2,148.71	65.51	498.94	47.63	46.74	3,511.99	8.53	-	-
Charge for the year	-	87.70	29.79	26.26	710.14	16.98	9.54	7.21	3.50	891.13	6.52	-	-
Less: Adjustments	-	-	7.45	-	-	-	-	-	-	7.45	-	-	-
<b>At 31 March 2022</b>	-	536.90	218.82	85.03	2,858.85	82.50	508.48	54.84	50.24	4,395.67	15.05	-	-
<b>Carrying amount</b>													
<b>At 31 March 2021</b>	150.85	927.76	139.42	33.86	3,496.25	60.56	24.09	9.87	13.47	4,856.13	24.08	4,993.59	-
<b>At 31 March 2022</b>	150.85	840.05	124.45	117.38	7,214.25	49.80	17.75	12.26	9.97	8,536.77	17.56	2,453.23	-

## Notes

- a) All the properties are existed in the name of Company and the titles deeds of properties are held in the name of the Company.
- b) 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:3.8
- c) 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, 2022

## 4 Property, plant and equipment (Contd..)

### Capital Work in Progress (CWIP) ageing schedule

#### A. CWIP ageing as on 31 March 2022

##### (a) CWIP ageing schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in Progress	1,474.92	978.31	–	–	2,453.23
Projects temporarily suspended	–	–	–	–	–

##### (b) CWIP overdue completion schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	To be completed in				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	–	–	–	–	–

There are no projects which are overdue

#### B. CWIP ageing as on 31 March 2021

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in Progress	1,341.27	2,419.86	1,232.46	–	4,993.59
Projects temporarily suspended	–	–	–	–	–

##### (b) CWIP overdue completion schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	To be completed in				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	–	–	–	–	–

There are no projects which are overdue

## 5 Non-current assets

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Investment in Equity Instruments:</b>		
<b>Investment in Equity Shares of subsidiary</b>		
(Unquoted) fully paid up and carried at cost		
210940 (As st March 31,2021: 210940) Equity shares of ₹.10/- each	132.89	132.89
Note:		
i) Aggregate carrying value of unquoted investments	132.89	132.89
	<b>132.89</b>	<b>132.89</b>

## 6 Other non-current assets

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Capital advances	43.38	96.53
	<b>43.38</b>	<b>96.53</b>



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## Current assets

### 7 Inventories

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Raw material and stores	12,978.52	7,808.32
Work in progress	12,170.63	10,855.53
Finished goods	4,466.41	3,905.45
	<b>29,615.56</b>	<b>22,569.30</b>

### 8 Trade receivables

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Unsecured, considered good	13,640.78	16,949.84
	<b>13,640.78</b>	<b>16,949.84</b>
Less: Allowance for doubtful receivables	–	–
	<b>13,640.78</b>	<b>16,949.84</b>

\* Refer Note 8(a) for ageing of trade receivables

#### 8(a) Trade Receivable ageing schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of payment -					
		31 March 2022					
		< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed Trade receivables - considered good	–	8,933.34	1,706.71	2,088.02	689.40	223.30	13,640.78
(ii) Undisputed Trade Receivables – considered doubtful	–	–	–	–	–	–	–
(iii) Disputed Trade Receivables considered good	–	–	–	–	–	–	–
(iv) Disputed Trade Receivables considered doubtful	–	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>8,933.34</b>	<b>1,706.71</b>	<b>2,088.02</b>	<b>689.40</b>	<b>223.30</b>	<b>13,640.78</b>

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of payment -					
		31 March 2021					
		< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed Trade receivables -considered good	–	10,598.58	4,239.09	1,316.91	794.65	0.60	16,949.84
(ii) Undisputed Trade Receivables – considered doubtful	–	–	–	–	–	–	–
(iii) Disputed Trade Receivables considered good	–	–	–	–	–	–	–
(iv) Disputed Trade Receivables considered doubtful	–	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>10,598.58</b>	<b>4,239.09</b>	<b>1,316.91</b>	<b>794.65</b>	<b>0.60</b>	<b>16,949.84</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 9 Cash and cash equivalents

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Balances with banks:		
– in current accounts	2.12	1.87
Cash on hand	14.66	10.82
	<b>16.78</b>	<b>12.69</b>

## 10 Other Bank balances

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Term deposits with Banks (original maturities of more than 3 months and less than 1 year)*	1,587.92	1,326.75
Unpaid dividend account (Earmarked for Dividend payment)	0.62	0.55
	<b>1,588.55</b>	<b>1,327.30</b>

\*Represents margin money deposits against bank guarantees and letter of credits.

## 11 Loans (Unsecured, considered good unless otherwise stated)

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Loan to Related parties		
Loan to Subsidiary	370.04	–
Loan to others		
Security Deposits with regulatory authorities and others	14.94	12.41
	<b>384.98</b>	<b>12.41</b>

## 12 Other current assets

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<i>Unsecured, considered good</i>		
Other Advances		
For materials	2,254.56	1,525.36
For expenses	33.39	10.12
Salary	9.69	4.33
Prepaid expenses	90.26	45.34
Balances with Government Departments	1,011.78	442.20
	<b>3,399.69</b>	<b>2,027.35</b>

## 13 Share Capital

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Authorised</b>		
27,000,000 (March 31, 2021: 27,000,000) equity shares of ₹.10/- each	<b>2,700.00</b>	<b>2,700.00</b>
<b>Issued, subscribed and fully paid-up</b>		
20,763,886 (March 31, 2021: 20,763,886) equity shares of ₹.10/- each fully paid-up	2,076.39	2,076.39
Total	<b>2,076.39</b>	<b>2,076.39</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 13 Share Capital (Contd..)

### (a) Reconciliation of shares outstanding at the beginning and end of the reporting year

(All amounts in ₹ Lakhs, 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	2,076.39	2,07,63,886	2,076.39
Issued during the year	–	–	–	–
Outstanding at the end of the year	2,07,63,886	2,076.39	2,07,63,886	2,076.39
Outstanding at the end of the year	2,07,63,886	2,076.39	2,07,63,886	2,076.39

### (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 ₹ Lakhs, 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%	1,22,71,690	59.10%

Note:

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

### d) Details of Shares held by promoters :-

As at 31 March 2022

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
Baddam Karunakar Reddy	1,22,71,690	–	1,22,71,690	59.10%	–
<b>Total</b>	<b>1,22,71,690</b>		<b>1,22,71,690</b>		

As at 31 March 2021

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
Baddam Karunakar Reddy*	1,32,71,690	(10,00,000)	1,22,71,690	59.10%	(4.82)
<b>Total</b>	<b>1,32,71,690</b>		<b>1,22,71,690</b>		

\*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, 2022

## 13 Share Capital (Contd..)

### e) Details of dividend paid

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Dividends on Equity Shares declared and paid</b>		
Paid Final Dividend for the financial year 2020-21 ₹ 0.25 per share (₹.0.50 per share for the financial year 2019-20)	51.91	103.82

## 14 Other equity

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Securities premium</b>		
Balance at the beginning of the year	16,537.57	16,537.57
Add: Premium on fresh issue	–	–
Balance at the end of the year	16,537.57	16,537.57
<b>Retained earnings</b>		
<b>Balance at the beginning of the year</b>	11,870.02	10,955.50
Add: Profit/(loss) for the year	1,461.95	1,018.34
Less: Dividend Paid	(51.91)	(103.82)
Balance at the end of the year	13,280.05	11,870.02
<b>Other comprehensive income</b>		
Balance at the beginning of the year	29.73	22.56
Add: Profit/(loss) for the year	0.35	7.16
<b>Balance at the end of the year</b>	<b>30.07</b>	<b>29.73</b>
<b>Total other equity</b>	<b>29,847.69</b>	<b>28,437.31</b>

- a) Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.
- b) Retained earnings represent prior years undistributed earnings after taxes.

## 15 Borrowings

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
Vehicle loans (refer note below)	67.14	–
Unsecured loans	–	26.86
<b>Intercompany Loans</b>	<b>67.14</b>	<b>26.86</b>
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand or over draft from		
– State Bank of India	3,844.77	3,759.72
– HDFC Bank	2,495.78	2,144.50
– Axis Bank	2,959.27	3,615.47
– Intercompany loans	1,663.97	1,500.00
– Line of credit from National Small Industries Corporation against raw material purchases	489.23	487.14
<b>Total current borrowings</b>	<b>11,453.02</b>	<b>11,506.83</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 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 Inter corporates 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 Inter corporate 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 ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Deferred tax liability		
– Tangible and Intangible assets	2,010.25	1,648.75
<b>Total</b>	<b>2,010.25</b>	<b>1,648.75</b>
Deferred tax asset	–	–
– Tangible and Intangible assets	–	–
– Provision allowed under tax on payment basis	33.16	26.95
<b>Total</b>	<b>33.16</b>	<b>26.95</b>
<b>Deferred tax liability (net)</b>	<b>1,977.09</b>	<b>1,621.80</b>

## 17 Provisions

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Non-Current</b>		
Provision for employee benefits		
– Gratuity (refer note 36)	88.40	82.91
	<b>88.40</b>	<b>82.91</b>
<b>Current</b>		
Provision for employee benefits		
– Gratuity (refer note 36)	22.08	1.42
– Leave encashment	3.39	8.23
	<b>25.47</b>	<b>9.65</b>

## 18 Trade payables

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Trade payables		
– Dues of micro enterprises and small enterprises (refer note 37)	–	–
– Dues of creditors other than micro enterprises and small enterprises	12,793.14	7,829.81
	<b>12,793.14</b>	<b>7,829.81</b>

Refer note 18(a) for ageing of trade payables

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 18(a) Trade payables ageing schedule

Outstanding for following periods from due date of payment for 31st March 2022

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) Undisputed dues- Others	-	11,824.99	476.26	53.10	438.79	12,793.14
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>11,824.99</b>	<b>476.26</b>	<b>53.10</b>	<b>438.79</b>	<b>12,793.14</b>

Outstanding for following periods from due date of payment for 31st March 2021

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) Undisputed dues- Others	-	7,120.77	199.06	494.78	15.20	7,829.81
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>7,120.77</b>	<b>199.06</b>	<b>494.78</b>	<b>15.20</b>	<b>7,829.81</b>

## 19 Other financial liabilities

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Current maturities of long-term debts (refer note 15)	54.33	33.31
Creditors for capital goods	97.53	94.18
Employee related payables	70.39	64.48
Directors remuneration payable	7.97	9.03
Provision for expenses	625.48	529.79
Unpaid Dividend	0.63	0.55
	<b>856.32</b>	<b>731.33</b>

## 20 Other liabilities

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
Advance from customers	44.86	86.58
Statutory remittances	129.63	182.68
	<b>174.49</b>	<b>269.26</b>



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 21 Current tax liabilities

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
Provision for income tax	208.66	121.65
Pertaining to earlier years	255.18	281.16
	<b>463.85</b>	<b>402.81</b>

## 22 Revenue from operations

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Sale of products	24,143.39	19,328.65
Sale of services	175.73	978.55
	<b>24,319.11</b>	<b>20,307.21</b>

## 23 Other income

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Interest income	70.60	63.57
Profit on sale of Property, plant and equipment	5.30	–
	<b>75.90</b>	<b>63.57</b>

## 24 Cost of materials consumed

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Opening stock of raw materials and stores	7,808.32	6,892.00
Add: Purchases	24,692.28	15,594.62
Add: other incidental cost	466.67	1,263.60
	<b>32,967.27</b>	<b>23,750.23</b>
Less : Closing Stock of raw materials and consumables	12,978.52	7,808.32
Consumption	<b>19,988.75</b>	<b>15,941.91</b>

## 25 Changes in inventories and Work in progress

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Closing stock</b>		
Finished goods	4,466.41	3,905.45
Work in process	12,170.63	10,855.53
<b>Total (A)</b>	<b>16,637.04</b>	<b>14,760.98</b>
<b>Opening stock</b>		
Finished goods	3,905.45	4,021.10
Work in process	10,855.53	9,881.52
<b>Total (B)</b>	<b>14,760.98</b>	<b>13,902.62</b>
<b>(Increase) / Decrease in Inventories and work in progress (B-A)</b>	<b>(1,876.06)</b>	<b>(858.36)</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 26 Employee benefits expense

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Salaries and wages	730.33	615.65
Contribution to provident and other funds	60.91	50.40
Managerial remuneration	168.00	167.50
Staff welfare expenses	17.80	20.10
	<b>977.04</b>	<b>853.66</b>

## 27 Depreciation and amortization expense

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Depreciation of tangible assets	891.13	862.50
Amortisation of intangible assets	6.52	6.52
	<b>897.65</b>	<b>869.02</b>

## 28 Finance costs

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Interest on		
Vehicle loans	4.40	0.39
Working capital loans	1,136.64	1,071.24
Bank charges and commissions	563.76	516.66
Foreign exchange fluctuations	12.91	13.37
	<b>1,717.70</b>	<b>1,601.66</b>

## 29 Other expenses

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Business development expenses	13.38	12.47
Consultancy charges	55.05	71.77
Travel and Conveyance	113.51	71.76
Power and fuel	43.32	39.06
Rent	19.21	19.42
Insurance	52.42	43.39
Filing Fee	0.18	0.07
Office maintenance	41.14	20.98
Repairs and maintenance	63.51	53.38
Printing and stationery	17.84	16.31
Communication expenses	10.01	12.31
Advertisement	3.25	3.09
Late delivery charges	151.95	26.19
Audit fees (refer note 34)	5.00	5.00
Rates and taxes	4.42	6.55
Corporate social responsibility expenses (refer note.35)	57.98	105.00
Security charges	7.83	6.14
Donations	2.18	0.71
Directors sitting fee	2.00	3.00
	<b>664.17</b>	<b>516.60</b>

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 30 Tax expenses

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Current income tax charge	208.66	121.65
Deferred tax:	355.15	299.14
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>563.81</b>	<b>420.79</b>

## Deferred tax related to items considered in OCI during the year

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Re-measurement gains/ (losses) on defined benefit plan	(0.14)	(2.94)
<b>Income tax charge to OCI</b>	<b>(0.14)</b>	<b>(2.94)</b>

## 31 Contingent liabilities and commitments (to the extent not provided)

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (refer note (a) below)	363.96	350.75
(b) Outstanding Guarantees and Counter Guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Government Authorities and Others	1,683.15	1,573.44
ii) Commitments:	Nil	Nil
(a) Estimated amount of contracts remaining to be executed and not provided for;	Nil	Nil
(b) Liability for import duty refund for non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note:b below)	161.11	161.11

### Notes:

- (a) The Income tax department 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.
- (b) The Company availed import duty exemption of ₹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 obtained approval from the concerned Authorities for fulfilling the export obligations. Given the nature, the Company has recognized this as a contingent as it depends on performance of the export obligation.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 32 Related party disclosures

As required under Ind AS 24, the following are the related parties identified, transactions with such related parties during the year ended 31 March 2022 and balance as on that date are given below:

### Related party Transactions

Name of the Parties	Relation as on 31 March 2022
Ananya SIP RF Technologies Private Limited	Subsidiary Company
Baddam Karunakar Reddy	Managing Directors (Key Management Personnel)
Apollo Food & Beverages Private Limited	Director has significant influence
Addepalli Krishna Sai Kumar	Whole-time Director (Key Management Personnel)
Chiluveru Sudarshan	Chief Financial Officer (Key Management Personnel)
Chandrapati Venkata Siva Prasad	Whole-time Director (Key Management Personnel)
Vitta Chaitanya Siva Shankar	Company Secretary

#### a. Transactions during the year:

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Name of the party	Nature of Transaction	For the year ended 31 March 2022	For the year ended 31 March 2021
Baddam Karunakar Reddy	Remuneration	120.00	120.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	16.20	15.86
Chandrapati Venkata Siva Prasad	Remuneration	24.00	23.50
Vitta Chaitanya Siva Shankar	Remuneration	6.13	4.18
Ananya SIP RF Technologies Private Limited	Loans & Advances	370.04	–
Ananya SIP RF Technologies Private Limited	Investments	–	132.89

a) The details of remuneration paid to key managerial personnel are provided in note 26

b) On the Equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.91 lakhs (2020-21: ₹66.58 lakhs).

#### b. Outstanding balances:

(All amounts in ₹ Lakhs, 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)	2.20	9.64
Remuneration payable to:	11.39	9.75
Baddam Karunakar Reddy	5.06	5.46
Addepalli Krishna Sai Kumar	2.37	1.83
Chiluveru Sudarshan	2.81	0.46
Chandrapati Venkata Siva Prasad	0.54	1.74
Vitta Chaitanya Siva Shankar	0.61	0.26

#### 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.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 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 ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit fee	4.00	4.00
Tax Audit fee	1.00	1.00
Other Services	0.00	0.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

## 35 Disclosure related to Corporate Social Responsibility (CSR)

1

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
i Amount required to be spent by the Company during the year (2% of PAT: ₹ in lakhs)	47.98	59.79
ii Amount of expenditure incurred for during the year	47.98	59.79
iii Amount of expenditure incurred for previous year	10.00	45.21
iv Total of previous year shortfall	11.62	56.83
v Shortfall at the end of the year	1.62	11.62
vi Reason for shortfall	Unspent amount pertaining to the on going project and expenditure incurred subsequent month	

### 2 Unspent amount

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
i Unspent amount of earlier years	11.62	56.83
ii Liability for the current year	47.98	59.79
iii Amount Spent during the year	(57.98)	(105.00)
<b>Amount unspent/(over spent)</b>	<b>1.62</b>	<b>11.62</b>

The unspent CSR obligation for the FY 2020-21 of ₹1.62/- 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 Standalone financial statements

for the year ended March 31, 2022

## 35 Disclosure related to Corporate Social Responsibility (CSR) (Contd..)

### 3 Break up of CSR expenditure under various heads of expenses is as below:

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Nature of expenditure constituting CSR expenditure	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	25.00	100.00
ii) Promotion of Education	32.98	
	–	5.00
<b>Total</b>	<b>57.98</b>	<b>105.00</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 ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Opening balance</b>	88.79	81.87
Service cost	15.12	12.54
Interest cost	5.99	5.57
Benefits paid	–1.30	–0.97
Actuarial loss/(gain)	4.67	–10.22
<b>Closing balance</b>	<b>113.27</b>	<b>88.79</b>
Present value of projected benefit obligation at the end of the year	113.27	88.79
Fair value of plan assets at the end of the year	3.39	4.45
Net liability recognised in the balance sheet	109.88	84.33
Non-Current	88.40	82.91
Current	22.08	1.42

### Gratuity

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Expenses recognised in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Service cost	15.12	12.54
Interest cost	5.69	5.21
<b>Gratuity</b>	<b>20.81</b>	<b>17.75</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	5.32	(10.14)
Return on plan assets greater (less) than discount rate	0.02	0.03
<b>Total expenses routed through OCI</b>	<b>5.34</b>	<b>(10.11)</b>



# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 36 Gratuity (Contd..)

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Principal assumptions	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	7.17%	6.80%
Escalation rate	6.00%	6.00%
Attrition rate	3.00%	3.00%

### Sensitivity analysis

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Discounts	For the year ended 31 March 2022	For the year ended 31 March 2021
+ 1% change in rate of discounting	9.93	10.32
- 1% change in rate of discounting	-8.26	-8.58
+ 1% change in salary increase	17.04	15.77
- 1% change in salary increase	-13.23	-12.19

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.

## 37 Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
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 Scheme (ESOS)

Pursuant to ESOS Scheme approved by members in December 2018, the Company constituted a trust. However. During the year ended 31 March 2022 the trust has not made any acquisition from secondary market. Accordingly, disclosure of 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 current year

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 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 ₹ 19.21 (₹ 19.42 Previous Year) are recognised as an expense on a straight-line basis over the lease term.

## 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 ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit for the year	1,462	1,025
<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	2,07,63,886
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic and diluted (₹)	7.04	4.94

## 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 ₹ Lakhs, except share data and where otherwise stated)

S No	Name of Investee	Relation	No of Shares	₹Lakhs
1	Ananya SIP RF Technologies Private Limited	51% Subsidiary	210940	132.89

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 42 Accounting Ratios

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Numerator	Demominator	31 March 2022	31 March 2021	% change	Reason for variance
Current Ratio	Current Asset	Current Liabilities	1.89	2.07	(8.68)	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.87	0.74	18.62	
Debt Service Coverage Ratio	Earning available for Debt Service	Debt Service	52.55	580.19	(90.94)	Due to increase in loans during the year
Return on Equity Ratio	Net Profit after taxes	Average Shareholder's Equity	4.68	3.41	37.22	Due to increase in profits during the year
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	0.69	0.70	(0.22)	
Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	1.59	1.33	19.39	
Trade Payable Turnover Ratio	Net Purchases	Average Trade Payable	2.39	2.31	3.83	
Net Capital Turnover Ratio	Net Sales	Average Working Capital	1.08	0.91	18.21	
Net Profit Ratio	Net Profit after Tax	Revenue from operation	6.01%	5.05%	19.04	
Return on Capital Employed Ratio	Earning Before Interest and Taxes	Average Capital Employed	0.11	0.09	16.29	
Return on Investment Ratio	Non operating income from investment	Average Investment	NA	NA	NA	

## 43 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, 2022 and March 31, 2021. 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 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, 2022 and March 31, 2021."

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

## 43 Financial risk management objectives and policies (Contd..)

### 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 ₹ Lakhs, except share data and where otherwise stated)		
Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>31 March 2022</b>		
INR	+1%	(116)
INR	-1%	116
<b>31 March 2021</b>		
INR	+1%	(116)
INR	-1%	116

### 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, 2022

## 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 ₹ Lakhs, 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 31 March 2022</b>						
Borrowings	11,453.02	13.58	40.74	67.14	–	11,574.48
Trade payables	12,793.14	–	–	–	–	12,793.14
<b>Year ended 31 March 2021</b>						
Borrowings	11,506.83	8.33	24.98	26.86	–	11,567.00
Trade payables	7,829.81	–	–	–	–	7,829.81

## 44 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 31 March 2022 and 31 March 2021 was as follows:

(All amounts in ₹ Lakhs, except share data and where otherwise stated)		
Particulars	31 March 2021	31 March 2020
Total equity attributable to the equity shareholders of the Company	31,931.25	30,520.86
As a percentage of total capital	73.4%	72.5%
Long term borrowings including current maturities	121.47	60.17
Short term borrowings	11,453.02	11,506.83
<b>Total borrowings</b>	<b>11,574</b>	<b>11,567</b>
As a percentage of total capital	26.6%	27.5%
Total capital (equity and borrowings)	43,505.73	42,087.85

## 45 Additional Regulatory Information:

- (1) The Title Deeds of the immovable property of the company are held in the name of the company.
- (2) The property Plant and Equipment and Intangible assets held with the company are not subjected to any revaluation during the year
- (3) The Company has not granted any loans or Advances in the nature of Loans to Promoters, Directors, KMPs and other related parties excluding Subsidiary company.
- (4) The Company is not holding any Benami property and no proceeding has been initiated or pending against the company.

# Notes forming part of the Standalone financial statements

for the year ended March 31, 2022

- (5) The Company has no transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey or any relevant provisions of Income Tax Act, 1961)
- (6) (A) The Company has not advanced or loaned or invested any funds in any other person(s) or entity(ies), including foreign entities (intermediaries) with understanding that the intermediary shall be directly or indirectly lend or invest in other person or entities on behalf of the company or provide any guarantee or security or the like to or on behalf of the company.
- (B) The Company has not received any funds from any person(s) or entity(ies), including foreign entities (funding party) with the understanding that company shall lend or invest in other person or entity identified in any manner by or on behalf of the funding party/ Ultimate beneficiary or provide any guarantee or security or the like on behalf of the funding party/ Ultimate beneficiary.
- (7) The Company is not declared as willful defaulter by any Bank or Financial Institutions or RBI or other lenders.
- (8) The Company has borrowings from Banks or Financial Institutions on the basis of security of Current Assets. Quarterly returns or Statement of Current Assets filed by the company with Banks or Financial Institutions are in agreement with the Books of Accounts.
- (9) There are no charges or satisfaction of charges yet to be registered with Registrar of Companies beyond the statutory period.
- (10) The company has no transactions and no relationship with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- (11) There are no Schemes of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- (12) The Company has not invested or traded in Crypto currency or Virtual Currency during the financial year

## 46 Prior year comparatives

Figures have been rounded off to nearest lakhs and previous year figures have been regrouped wherever necessary, to correspond with the current period classification/disclosure and there is no impact on total income and net profit.

## 47 Approval of financial statements

These financial statements were approved by the Board of Directors in their meeting held on May 28, 2022.

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: 22015635AJVCOZ1028

**Place: Hyderabad**

**Date: 28 May 2022**

For and on behalf of the Board of Directors

**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

## 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 subsidiaries (the Company and its two subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2022, 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 2022, 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
<b>Contingent liabilities and provisions</b> Probable Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme. The Company had availed import duty exemption of H1.61crores 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.	<b>Principal Audit Procedures</b> We evaluated and tested key controls in respect of this contingent liability and regulatory procedures which are found to be satisfactory for audit. 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> <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> </ul>

## Apollo Micro Systems Limited

Key Audit Matter	Auditor's Response
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. Refer Note-29(ii)(b) to the Financial Statements	<ul style="list-style-type: none"> <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 scepticism

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

We did not audit the financial statements / financial information of one foreign subsidiary, whose financial statements / financial information (before eliminating inter company balances) reflects total assets of H 1,994.12/- as at 31st March 2022, total revenues of H 6,441.63 /- and net cash inflows amounting to H 317.04/- for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Financial Statements also include the Group's share of net profit (including other comprehensive income) of H 375.29/- for the year ended 31 March 2022, as considered in the Consolidated Financial Statements, in respect of one foreign subsidiary, whose financial statements have been audited by other auditor, whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this

## Apollo Micro Systems Limited

subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Further, of this subsidiary located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in United States of America and which have been audited by other auditor under generally accepted auditing standards applicable in United States of America. The Parent Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in United States of America to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent Company's management.

Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

### 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 which are incorporated in India as on 31 March, 2022 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 31 March 2022 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 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
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 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.
  - iv. a. The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether

otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- b. The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries

which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- d. As stated in Note 12(e) to the financial statements the final dividend proposed in the previous year (FY 2020-21), declared and paid by the company during the year is in accordance with Section 123 of the Act, as applicable"

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Hyderabad  
Date: 20th May 2022

ICAI UDIN:22015635AJVBZV7877



# 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 2022, 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 incorporated 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 incorporated 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 incorporated 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 2022, based on the criteria for internal financial control over financial reporting 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.

Place: Hyderabad

Date: 20th May 2022

ICAI UDIN:22015635AJVBZV787

# Consolidated Balance Sheet

as at 31 March, 2022

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	8,588.45	4,907.81
(b) Capital work-in-progress	4	2,962.49	5,221.12
(c) Other intangible assets	4	17.56	24.08
(d) Goodwill		1.89	1.89
(e) Other Non-Current assets	5	53.88	122.52
		<b>11,624.27</b>	<b>10,277.42</b>
<b>2 Current assets</b>			
(a) Inventories	6	29,615.56	22,569.30
(b) Financial assets			
(i) Trade receivables	7	13,640.78	16,949.84
(ii) Cash and cash equivalents	8	34.33	12.80
(iii) Other bank balances	9	1,588.55	1,327.30
(iv) Loans	10	17.24	12.91
(c) Other current assets	11	3,399.80	2,027.40
		<b>48,296.26</b>	<b>42,899.56</b>
<b>TOTAL ASSETS</b>		<b>59,920.53</b>	<b>53,176.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	12	2,076.39	2,076.39
Other equity	13	29,854.62	28,444.36
Equity attributable to owners		31,931.01	30,520.75
Non controlling interest		72.22	72.53
<b>Total equity</b>		<b>32,003.23</b>	<b>30,593.28</b>
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14	67.14	26.86
b) Deferred tax liabilities (net)	15	1,977.09	1,621.80
c) Provisions	16	88.40	82.91
		<b>2,132.63</b>	<b>1,731.57</b>
<b>3 Current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14	11,456.23	11,606.72
ii) Trade payables:-	17		
– Dues of micro enterprises and small enterprises		–	–
– Dues of creditors other than micro enterprises and small enterprises		12,805.55	7,829.81
iii) Other financial liabilities	18	857.81	733.61
b) Other current liabilities	19	176.16	269.73
c) Current tax liabilities (net)	20	463.44	402.61
d) Provisions	16	25.47	9.65
<b>TOTAL LIABILITIES</b>		<b>25,784.67</b>	<b>20,852.13</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,920.53</b>	<b>53,176.98</b>
Corporate information and significant accounting policies	1-3		

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: 22015635AJVBZV7877

Place: Hyderabad

Date: 28 May 2022

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, 2022

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
I Revenue from operations	21	24,319.11	20,307.21
II Other income	22	75.94	63.86
III <b>Total income (I+II)</b>		<b>24,395.05</b>	<b>20,371.07</b>
IV <b>Expenses</b>			
Cost of materials consumed	23	19,988.75	15,941.91
Changes in inventories and work in progress	24	(1,876.06)	(858.36)
Employee benefits expense	25	977.04	853.66
Depreciation expense	26	897.65	869.02
Finance costs	27	1,717.80	1,601.68
Other expenses	28	664.74	517.49
<b>Total expenses</b>		<b>22,369.92</b>	<b>18,925.40</b>
V <b>Profit before tax (III-IV)</b>		<b>2,025.13</b>	<b>1,445.67</b>
VI Tax expense			
Current tax	29	208.46	121.45
Deferred tax		355.15	299.14
<b>Total tax expense</b>		<b>563.61</b>	<b>420.59</b>
VII <b>Profit for the year (V-VI)</b>		<b>1,461.52</b>	<b>1,025.08</b>
Other comprehensive income			
VIII Items that will not be reclassified to profit or loss:			
a) Re-measurement gains/ (losses) on defined benefit plan		0.49	10.11
b) Income-tax effect	29	(0.14)	(2.94)
IX <b>Total comprehensive income (VII+VIII)</b>		<b>1,461.87</b>	<b>1,032.24</b>
X Net Profit / (loss) attributable to			
a) Owners of the Company		1,461.83	1,025.38
b) Non controlling interest		(0.31)	(0.30)
XI Other Comprehensive income attributable to			
a) Owners of the Company		0.35	7.16
b) Non controlling interest		-	-
XII Total Comprehensive income attributable to			
a) Owners of the Company		1,462.18	1,032.54
b) Non controlling interest		(0.31)	(0.30)
XIII Earnings per equity share (nominal value of INR 10) in INR	39		
Basic and diluted (₹)		7.04	4.94
Corporate information and significant accounting policies	1-3		

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: 22015635AJVBZV7877

**Place: Hyderabad****Date: 28 May 2022**

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, 2022

(All amounts in ₹ Lakhs, 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>		
Profit before tax	2,025.13	1,445.67
Adjustments:		
Depreciation and amortisation	897.65	869.02
Finance income	(70.63)	(63.86)
Finance costs	1,717.80	1,601.68
(Profit)/Loss on Property, plant and equipments	(5.30)	–
Re-measurement gains on defined benefit plans	0.49	10.11
<b>Operating profit before working capital changes</b>	<b>4,565.13</b>	<b>3,862.61</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
– Trade receivables	3,309.05	(3,401.92)
– Inventories	(7,046.26)	(1,774.68)
– Loans - current	(4.33)	5.87
– Other assets - current	(1,372.40)	185.37
– Other assets - non current	68.64	(119.06)
Adjustment for (increase)/decrease in operating liabilities		
– Trade payables	4,975.75	2,107.19
– Other financial liabilities - current	124.20	(49.34)
– Other current liabilities	(93.57)	125.98
– Provisions	21.31	(5.54)
<b>Cash generated from operations</b>	<b>4,547.53</b>	<b>936.49</b>
Income taxes paid	(147.63)	(317.55)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,399.90</b>	<b>618.95</b>
<b>II. Cash flows from investing activities</b>		
Purchase of Property, plant and equipments	(2,342.89)	(2,242.04)
Sale of Property, plant and equipments	35.05	–
(Investments in)/ redemption of bank deposits - net	(261.25)	(88.46)
Interest Income	70.63	63.86
<b>Net cash used in investing activities</b>	<b>(2,498.45)</b>	<b>(2,266.64)</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	–	8.31
Dividend Paid	(51.91)	(103.82)
(Repayment) /Proceeds from borrowings (net)	(110.21)	3,348.66
Interest paid	(1,717.80)	(1,601.68)
<b>Net cash provided by financing activities</b>	<b>(1,879.92)</b>	<b>1,651.47</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>21.53</b>	<b>3.77</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12.80</b>	<b>9.03</b>
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>34.33</b>	<b>12.80</b>

# Consolidated Statement of Cash Flows

for the year ended 31 March, 2022

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Note:</b>		
Cash and cash equivalents comprise (refer note 8)		
Cash on hand	14.92	10.87
Balances with banks:		
– in current accounts	19.41	1.93
	<b>34.33</b>	<b>12.80</b>

## Note

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS-7 "Statement of Cash Flows.

Corporate information and significant accounting policies

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: 22015635AJVBZV7877

**Place: Hyderabad**

**Date: 28 May 2022**

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, 2022

## a. Equity Share Capital

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	No. of shares	Amount
Balance as at 01 April 2020	2,07,63,886	2,076.39
Add: Issued during the year	–	–
Balance as at 31 March 2021	2,07,63,886	2,076.39
Add: Issued during the year	–	–
Balance as at 31 March 2022	2,07,63,886	2,076.39

## b. Other equity

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Reserves and Surplus		OCI	Total
	Securities premium	Retained earnings		
At April 1, 2020	16,537.57	10,955.50	22.56	27,515.63
Profit for the year	–	1,025.38	7.16	1,032.54
Dividend Paid	–	(103.82)	–	(103.82)
At March 31, 2021	16,537.57	11,877.06	29.73	28,444.36
Profit for the year	–	1,461.83	0.35	1,462.18
Dividend Paid	–	(51.91)	–	(51.91)
Balance as of 31 March 2022	16,537.57	13,286.98	30.07	29,854.62

## Non-Controlling Interest

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	As on 31 March 2022	As on 31 March 2021
Share Premium	54.39	54.39
Share Capital	20.26	20.26
Share of Pre-acquisition profit or ( loss )	(1.82)	(1.82)
Share of Post-tacquisition profit or ( loss ) (49%)	–	–
Opening	(0.30)	–
Add: During the year profit or (loss)	(0.31)	(0.30)
Closing	72.22	72.53

Corporate information and significant accounting policies

1-3

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: 22015635AJVBZV7877

Place: Hyderabad

Date: 28 May 2022

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

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 1 Corporate Information

Apollo Micro Systems Private Limited ("AMS" or "the Company") was incorporated on 03 March 1997. It got converted in to public limited company with effect from 01 April 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), as 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.

All amounts are in Indian ₹ lakhs except share data, unless otherwise stated.

### 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 3 March, 2022 and the same are consolidated for the purpose of this Consolidated Financial Statements.

Name of the Company	Country of Incorporation	% of Holding as on 31 March 2022	% of Holding as on 31 March 2021
Ananya SIP RF Technologies Private Limited	India	51%	51%

### 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 Critical accounting judgements and key sources of estimation

In the application of the Group's accounting policies, 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:

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 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 31 March 2022 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.

## 2.5 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.
- 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:

### 3.2 Revenue recognition

Revenue from goods and services is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/right of return, using the expected value method.

### 3.3 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

If the leases are for short period of less than 12 months, the lease arrangement are not recognised.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 3.4 Foreign currency Transactions

Transaction in foreign currency are translated in functional currency using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of recognised in statement of profit and loss and reported within foreign exchange gain/(losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

## 3.5 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.

## 3.6 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.

## 3.7 Property, plant and equipment (PPE)

### Tangible assets and intangible assets

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

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

and Equipment.

## 3.8 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:

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".

Particulars	Useful life (year)
Buildings	30
Plant and machinery	15
Electrical equipment	10
Office equipment	5
Computers	3
Furniture and fixtures	10
Vehicles	8
Tools and Spares	15
Othe Intangible assets	5

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.

## 3.9 Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably; the product or process is technically and commercially feasible; future economic benefits are probable; and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditure on research and development eligible for capitalization are carried as tangible assets under development where such assets are not yet ready for their intended use.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized as expense in the statement of profit and loss as incurred.

Tangible assets relating to products in development are subject to impairment testing at each reporting date. All other tangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the statement of profit and loss.

The amortization period and the amortization method for tangible assets with a finite useful life are reviewed at each reporting date.

## 3.10 Intangible assets

Intangible assets including software licenses of enduring nature and contractual rights acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising upon derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed

## 3.11 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.

## 3.12 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.

## 3.13 Impairment of financial and non financial assets

### i) Impairment of financial assets:

Non-financial assets other than inventories, deferred tax asset and non-current asset classified as held for sale are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset recoverable amount. The recoverable amount is higher of the asset's or Cash-Generating Unit' (CGU) fair value is less cost of disposal and its value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets

When carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### ii) Impairment of non- financial assets:

In accordance with IND-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortized cost and debt instrument measured at FVOCI

Loss allowances on receivable from customers are measured following the 'simplified approach' at an amount equal to the life time ECL, at each reporting date. In respect of other financial assets such as debt securities and bank balances, the loss allowance is measured at 12 month ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined is have a low credit risk at the reporting date.

## 3.14 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 (like contribution to provident fund, ESI)

The Group's contributions to defined contribution plans are



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

charged to the income statement as and when the services are received from the employees.

## Defined benefit plans-Gratuity

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 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.

## 3.15 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows

at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

## 3.16 Contingent liabilities and 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.

## 3.17 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.



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

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 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.

## 3.18 Financial instruments

Transfers of financial assets to third parties in transactions that do not qualify for derecognition 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

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

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 derecognition 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. Derecognition

### 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.

## 3.19 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 4 Property, plant and equipment

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Free hold Land	Plant & Machinery	Vehicles	Property, plant and machinery					Total	Intangible assets	Capital work in progress	
				Testing Tools and Instruments	Furniture and fixtures	Computers	Office equipment	Building			Testing Tools and Instruments	Civil work in progress
<b>Cost</b>												
At 01 April 2020	150.85	305.94	91.97	5,000.82	120.64	514.42	53.83	1,376.95	60.21	7,675.63	10.03	3,652.32
Additions	51.68	29.95	0.67	644.15	5.43	8.61	3.67	-	-	744.16	22.57	1,341.27
Deletions	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2021	202.53	335.90	92.64	5,644.97	126.08	523.02	57.49	1,376.95	60.21	8,419.80	32.61	4,993.59
Additions	-	44.57	109.77	4,428.13	6.23	3.20	9.61	-	-	4,601.52	-	1,474.92
Deletions	-	37.20	-	-	-	-	-	-	-	37.20	-	4,015.28
At 31 March 2022	202.53	343.27	202.41	10,073.10	132.30	526.23	67.10	1,376.95	60.21	12,984.12	32.61	2,453.23
<b>Accumulated depreciation</b>												
At 01 April 2020	-	168.29	47.12	1,488.67	45.73	464.19	41.34	352.10	42.05	2,649.49	2.01	-
Charge for the year	-	28.19	11.65	660.04	19.79	34.75	6.29	97.09	4.69	862.50	6.52	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2021	-	196.48	58.78	2,148.71	65.51	498.94	47.63	449.20	46.74	3,511.99	8.53	-
Charge for the year	-	29.79	26.26	710.14	16.98	9.54	7.21	87.70	3.50	891.13	6.52	-
Less: Adjustments	-	7.45	-	-	-	-	-	-	-	7.45	-	-
At 31 March 2022	-	218.82	85.03	2,858.85	82.50	508.48	54.84	536.90	50.24	4,395.67	15.05	-
Carrying amount												
At 31 March 2021	202.53	139.42	33.86	3,496.25	60.56	24.09	9.87	927.76	13.47	4,907.81	24.08	2,27.53
At 31 March 2022	202.53	124.45	117.38	7,214.25	49.80	17.75	12.26	840.05	9.97	8,588.45	17.56	509.26

### 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.
- All the properties are existed in the name of Company and the titles deeds of properties are held in the name of the Company.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 4 Property, plant and equipment (Contd..)

### Capital Work in Progress (CWIP) ageing schedule

#### A. CWIP ageing as on 31 March 2022

##### (a) CWIP ageing schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

CWIP	Amounts in CWIP for a period of				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	1,474.92	978.31	–	–	2,453.23
Civil work in progress	281.73	227.53	–	–	509.26
Projects temporarily suspended	–	–	–	–	–

##### (b) CWIP overdue completion schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

CWIP	To be completed in				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	–	–	–	–	–

There are no projects which are overdue

#### B. CWIP ageing as on 31 March 2021

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

CWIP	Amounts in CWIP for a period of				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	1,341.27	2,419.86	1,232.46	–	4,993.59
Civil work in progress	227.53	–	–	–	227.53
Projects temporarily suspended	–	–	–	–	–

##### (b) CWIP overdue completion schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	To be completed in				Total
	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
Projects in Progress	–	–	–	–	–

There are no projects which are overdue

## 5 Non-Current assets

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
a) Other non-current assets		
Capital advances	53.88	122.52
	<b>53.88</b>	<b>122.52</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## Current assets

### 6 Inventories

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Raw material and stores	12,978.52	7,808.32
Work in progress	12,170.63	10,855.53
Finished goods	4,466.41	3,905.45
	<b>29,615.56</b>	<b>22,569.30</b>

### 7 Trade receivables

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Unsecured, considered good	13,640.78	16,949.84
	<b>13,640.78</b>	<b>16,949.84</b>
Less: Allowance for doubtful receivables	-	-
* Refer note 7(a) for ageing of trade receivables	<b>13,640.78</b>	<b>16,949.84</b>

### 7(a) Trade Receivable ageing schedule

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of payment - 31 March 2022					
		< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed Trade receivables - considered good	-	8,933.34	1,706.71	2,088.02	689.40	223.30	13,640.78
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8,933.34</b>	<b>1,706.71</b>	<b>2,088.02</b>	<b>689.40</b>	<b>223.30</b>	<b>13,640.78</b>

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	Outstanding for following periods from due date of payment - 31 March 2021					
		< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed Trade receivables - considered good	-	10,598.58	4,239.09	1,316.91	794.65	0.60	16,949.84
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>10,598.58</b>	<b>4,239.09</b>	<b>1,316.91</b>	<b>794.65</b>	<b>0.60</b>	<b>16,949.84</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 8 Cash and cash equivalents

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Balances with banks:		
– in current accounts	19.41	1.93
Cash on hand	14.92	10.87
	<b>34.33</b>	<b>12.80</b>

## 9 Other Bank balances

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Term deposits with Banks (original maturities of more than 3 months and less than 1 year*)	1,587.92	1,326.75
<b>Earmarked balances with banks:</b>	–	–
Unpaid dividend account (Earmarked for Dividend payment)	0.62	0.55
	<b>1,588.55</b>	<b>1,327.30</b>

\*Represents margin money deposits against bank guarantees and letter of credits.

## 10 Loans (Unsecured, considered good unless otherwise stated)

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
Security deposits with regulatory authorities and others	17.24	12.91
	<b>17.24</b>	<b>12.91</b>

## 11 Other current assets

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<i>Unsecured, considered good</i>		
Other advances		
For materials	2,254.56	1,525.37
For expenses	33.51	10.16
Salary	9.69	4.33
Prepaid expenses	90.26	45.34
Balances with Government Departments	1,011.78	442.20
	<b>3,399.80</b>	<b>2,027.40</b>

## 12 Share Capital

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Authorised</b>		
27,000,000 (March 31, 2021: 27,000,000) equity shares of ₹.10/- each	<b>2,700.00</b>	<b>2,700.00</b>
<b>Issued, subscribed and fully paid-up</b>	–	–
20,763,886 (March 31, 2021: 20,763,886) equity shares of ₹.10/- each fully paid-up	2,076.39	2,076.39
Issued, Subscribed and Paid up Share Capital	<b>2,076.39</b>	<b>2,076.39</b>



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 12 Share Capital (contd..)

### (a) Reconciliation of shares outstanding at the beginning and end of the reporting year

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022		31-03-2021	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	2,07,63,886	2,076.39	2,07,63,886	2,076.39
Issued during the year	–	–	–	–
Outstanding at the end of the year	2,07,63,886	2,076.39	2,07,63,886	2,076.39

### (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 ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022		31-03-2021	
	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%	1,22,71,690	59.10%

Note:

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

### d) Details of Shares held by promoters

As at 31 March 2022

Equity shares of ₹ 10 each fully paid

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
Baddam Karunakar Reddy	1,22,71,690	–	1,22,71,690	59.10%	–
<b>Total</b>	<b>1,22,71,690</b>		<b>1,22,71,690</b>		

As at 31 March 2021

Equity shares of ₹ 10 each fully paid

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
Baddam Karunakar Reddy*	1,32,71,690	(10,00,000)	1,22,71,690	59.10%	(4.82)
<b>Total</b>	<b>1,32,71,690</b>		<b>1,22,71,690</b>		

\*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 Consolidated financial statements

for the year ended March 31, 2022

## 12 Share Capital (contd..)

### e) Details of dividends

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Dividends on Equity Shares declared and paid</b>		
Paid Final Dividend for the financial year 2020-21 H 0.25 per share (H.0.50 per share for the financial year 2019-20)	51.91	103.82

## 13 Other equity

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Securities premium</b>		
Balance at the beginning of the year	16,537.57	16,537.57
Add: Premium on fresh issue	–	–
<b>Balance at the end of the year</b>	<b>16,537.57</b>	<b>16,537.57</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	11,877.06	10,955.50
Add: Profit for the year	1,461.83	1,025.38
Less: Dividend Paid	(51.91)	(103.82)
<b>Balance at the end of the year</b>	<b>13,286.98</b>	<b>11,877.06</b>
<b>Other comprehensive income</b>		
Balance at the beginning of the year	29.73	22.56
Profit/(loss) for the year	0.35	7.16
<b>Balance at the end of the year</b>	<b>30.07</b>	<b>29.73</b>
<b>Total other equity</b>	<b>29,854.62</b>	<b>28,444.36</b>

- a) Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.
- b) Retained earnings represent prior years undistributed earnings after taxes.

## 14 Borrowings

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
Vehicle loans (refer note below)	67.14	–
<b>Unsecured loans</b>		
– Inter corporate loans	–	26.86
	<b>67.14</b>	<b>26.86</b>
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand or over draft from		
– State Bank of India	3,844.77	3,759.72
– HDFC Bank	2,495.78	2,144.50
– from Axis Bank	2,959.27	3,615.47
– Inter corporate Loans	1,500.00	1,500.00
– Line of credit from National Small Industries Corporation against raw material purchases	489.23	487.14
– 'Oxyzo Financial Services Pvt Ltd	163.97	–

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 14 Borrowings (contd..)

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Unsecured Borrowings:</b>		
Loans Repayable on demand		
(i) 'From Related Parties	–	–
– Loan from Director	3.21	3.21
– from Parent Company	–	–
(ii) 'From Others		
– Intercompany Loans	–	69.95
– Loan from Banks	–	26.73
<b>Total current borrowings</b>	<b>11,456.23</b>	<b>11,606.72</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.

## 15 Deferred tax liabilities, net

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Deferred tax liability		
– Tangible and Intangible assets	2,010.25	1,648.75
<b>Total</b>	<b>2,010.25</b>	<b>1,648.75</b>
Deferred tax asset		
– Provision allowed under tax on payment basis	33.16	26.95
<b>Total</b>	<b>33.16</b>	<b>26.95</b>
<b>Deferred tax liability (net)</b>	<b>1,977.09</b>	<b>1,621.80</b>

## 16 Provisions

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Non-Current</b>		
Provision for employee benefits		
– Gratuity (refer note 35)	88.40	82.91
	<b>88.40</b>	<b>82.91</b>
<b>Current</b>		
Provision for employee benefits		
– Gratuity (refer note 35)	22.08	1.42
– Leave encashment	3.39	8.23
	<b>25.47</b>	<b>9.65</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 17 Trade payables

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Trade payables		
– Dues of micro enterprises and small enterprises (refer note 35)	–	–
– Dues of creditors other than micro enterprises and small enterprises	12,805.55	7,829.81
	<b>12,805.55</b>	<b>7,829.81</b>

## 17(a) Trade payables ageing schedule

Outstanding for following periods from due date of payment for 31 March 2022

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	–	–	–	–	–	–
(ii) Undisputed dues- Others	–	11,837.40	476.26	53.10	438.79	12,805.55
(iii) Disputed Dues - MSME	–	–	–	–	–	–
(iv) Disputed Dues - Others	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>11,837.40</b>	<b>476.26</b>	<b>53.10</b>	<b>438.79</b>	<b>12,805.55</b>

Outstanding for following periods from due date of payment for 31 March 2021

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Not Due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	–	–	–	–	–	–
(ii) Undisputed dues- Others	–	7,120.77	199.06	494.78	15.20	7,829.81
(iii) Disputed Dues - MSME	–	–	–	–	–	–
(iv) Disputed Dues - Others	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>7,120.77</b>	<b>199.06</b>	<b>494.78</b>	<b>15.20</b>	<b>7,829.81</b>

## 18 Other financial liabilities

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Current maturities of long-term debts (refer note 15)	54.33	33.31
Creditors for capital goods	97.53	94.18
Employee related payables	70.39	64.48
Directors remuneration payable	7.97	9.27
Provision for expenses	626.97	531.83
Unpaid dividend	0.63	0.55
	<b>857.81</b>	<b>733.61</b>

## 19 Other liabilities

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
Advance from customers	44.86	86.58
Statutory remittances	131.30	183.15
	<b>176.16</b>	<b>269.73</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 20 Current tax liabilities

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
Provision for income tax	208.46	121.45
Pertaining to earlier years	254.98	281.16
	<b>463.44</b>	<b>402.61</b>

## 21 Revenue from operations

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Sale of products	24,143.39	19,328.65
Sale of services	175.73	978.55
	<b>24,319.11</b>	<b>20,307.21</b>

## 22 Other income

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Interest income	70.63	63.86
Profit on sale of Property, plant and equipments	5.30	–
	<b>75.94</b>	<b>63.86</b>

## 23 Cost of materials consumed

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Opening stock of raw materials and stores	7,808.32	6,892.00
Add: Purchases	24,692.28	15,594.62
Add: other incidental cost	466.67	1,263.60
	32,967.27	23,750.23
Less : Closing Stock of raw materials and consumables	12,978.52	7,808.32
<b>Consumption</b>	<b>19,988.75</b>	<b>15,941.91</b>

## 24 Changes in inventories and Work in progress

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
<b>Closing stock</b>		
Finished goods	4,466.41	3,905.45
Work in process	12,170.63	10,855.53
<b>Total (A)</b>	<b>16,637.04</b>	<b>14,760.98</b>
<b>Opening stock</b>		
Finished goods	3,905.45	4,021.10
Work in process	10,855.53	9,881.52
<b>Total (B)</b>	<b>14,760.98</b>	<b>13,902.62</b>
<b>(Increase) / Decrease in inventories and work in progress (B-A)</b>	<b>(1,876.06)</b>	<b>(858.36)</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 25 Employee benefits expense

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Salaries and wages	730.33	615.65
Contribution to provident and other funds	60.91	50.40
Managerial remuneration	168.00	167.50
Staff welfare expenses	17.80	20.10
	<b>977.04</b>	<b>853.66</b>

## 26 Depreciation and amortization expense

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Depreciation of tangible assets	891.13	862.50
Amortisation of intangible assets	6.52	6.52
	<b>897.65</b>	<b>869.02</b>

## 27 Finance costs

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Interest on		
Vehicle loans	4.40	0.39
Working capital loans	1,136.64	1,071.24
Bank charges and commissions	563.85	516.68
Foreign exchange fluctuations	12.91	13.37
	<b>1,717.80</b>	<b>1,601.68</b>

## 28 Other expenses

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Business development expenses	13.38	12.47
Consultancy charges	55.05	71.77
Travel and Conveyance	113.55	71.76
Power and fuel	43.32	39.06
Rent	19.21	19.42
Insurance	52.42	43.39
Filing Fee	0.21	0.46
Office maintenance	41.14	20.98
Repairs and maintenance	63.51	53.38
Printing and stationery	17.84	16.31
Communication expenses	10.01	12.31
Advertisement	3.25	3.09
Late Delivery Charges	151.95	26.19
Audit fees (refer note 33)	5.50	5.50
Rates and taxes	4.42	6.55
Corporate social responsibility expenses (See Note.34)	57.98	105.00
Security charges	7.83	6.14
Donations	2.18	0.71
Director Sitting fee	2.00	3.00
	<b>664.74</b>	<b>517.49</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 29 Tax expenses

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Current income tax	208.46	121.45
Deferred tax:	355.15	299.14
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>563.61</b>	<b>420.59</b>

## Deferred tax related to items considered in OCI during the year

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31 March 2022	31 March 2021
Re-measurement gains/ (losses) on defined benefit plan	(0.14)	(2.94)
<b>Income tax charge to OCI</b>	<b>(0.14)</b>	<b>(2.94)</b>

## 30 Contingent liabilities and commitments (to the extent not provided)

(All amounts in ₹ lakhs, 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 (a) below)	363.96	350.75
(b) Outstanding Guarantees and Counter Guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Government Authorities and Others	1,683.15	1,573.44
ii) Commitments:	Nil	Nil
(a) Estimated amount of contracts remaining to be executed and not provided for;	Nil	Nil
(b) Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note (b) below)	161.11	161.11

### Note:

- The Income tax department 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.
- The Company availed import duty exemption of ₹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 obtained approval from the concerned Authorities for fulfilling the export obligations. Given the nature, the Company has recognized this as a contingent as it depends on performance of the export obligation.

## 31 Related party disclosures

As required under Ind AS 24, the following are the related parties identified, transactions with such related parties during the year ended 31 March, 2021 and balance as on that date are given below:

### Related party transactions

Name of the Parties	Relation as on 31 March 2022
Ananya SIP RF Technologies Private Limited	Subsidiary Company
Baddam Karunakar Reddy	Managing Directors (Key Management Personnel)
Satyanarayana Batchu	Directors (Key Management Personnel)



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 31 Related party disclosures (contd..)

Name of the Parties	Relation as on 31 March 2022
Venkata Subbarao Gupta Batchu	Directors (Key Management Personnel)
Raghupathy Goud Theegala	Directors (Key Management Personnel)
Apollo Food & Beverages Private Limited	Director has significant influence
Ananya Sip Technologies Pvt Ltd	Director has significant influence
Addepalli Krishna Sai Kumar	Whole-time Director (Key Management Personnel)
Chiluveru Sudarshan	Chief Financial Officer (Key Management Personnel)
Chandrapati Venkata Siva Prasad	Whole-time Director (Key Management Personnel)
Vitta Chaitanya Siva Shankar	Company Secretary (Key Management Personnel)

### a. Transactions during the year:

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Name of the party	Nature of Transaction	For the year ended 31 March 2022	For the year ended 31 March 2021
Baddam Karunakar Reddy	Remuneration	120.00	120.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	16.20	15.86
Chandrapati Venkata Siva Prasad	Remuneration	24.00	23.50
Vitta Chaitanya Siva Shankar	Remuneration	6.13	4.18
Venkata Subbarao Gupta Batchu	Loan taken	–	0.60

- a) The details of remuneration paid to key managerial personnel are provided in note 25
- b) On the Equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.91 lakhs (2020-21: 66.58 lakhs).

### b. Outstanding balances:

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent to Baddam Karunakar Reddy	2.20	9.64
<b>Remuneration payable to:</b>		
Baddam Karunakar Reddy	5.06	5.46
Addepalli Krishna Sai Kumar	2.37	1.83
Chiluveru Sudarshan	2.81	0.46
Chandrapati Venkata Siva Prasad	0.54	1.74
Vitta Chaitanya Siva Shankar	0.61	0.26
<b>Loan payable</b>		
Venkata Subbarao Gupta Batchu	3.21	3.21

### 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.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 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

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Statutory audit fee	4.00	4.00
Tax audit fee	1.00	1.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

## 34 Disclosure related to Corporate Social Responsibility (CSR)

1

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
i Amount required to be spent by the Company during the year (2% of PAT: H in lakhs)	47.98	59.79
ii Amount of expenditure incurred for during the year	47.98	59.79
iii Amount of expenditure incurred for previous year	10.00	45.21
iv Total of previous year shortfall	11.62	56.83
v Shortfall at the end of the year	1.62	11.62
vi Reason for shortfall	Unspent amount pertaining to the on going project and expenditure incurred subsequent month	

2 Unspent amount

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
i Unspent amount of earlier years	11.62	56.83
ii Liability for the current year	47.98	59.79
iii Amount Spent during the year	(57.98)	(105.00)
<b>Amount unspent/(over spent)</b>	<b>1.62</b>	<b>11.62</b>

The unspent CSR obligation for the FY 2020-21 of ₹1.62/- 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, 2022

## 34 Disclosure related to Corporate Social Responsibility (CSR) (Contd..)

### 3 Break up of CSR expenditure under various heads of expenses is as below:

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Nature of expenditure constituting CSR expenditure	For the year ended 31 March 2022	For the year ended 31 March 2021
i Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care.	57.98	100.00
ii Covid Support-Ration Distribution	–	5.00
<b>Total</b>	<b>57.98</b>	<b>105.00</b>

## 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 ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Opening balance</b>	88.79	81.87
Service cost	15.12	12.54
Interest cost	5.99	5.57
Benefits paid	(1.30)	(0.97)
Actuarial loss/(gain)	4.67	(10.22)
<b>Closing balance</b>	<b>113.27</b>	<b>88.79</b>
Present value of projected benefit obligation at the end of the year	113.27	88.79
Fair value of plan assets at the end of the year	3.39	4.45
Net liability recognised in the balance sheet	109.88	84.33
Non-Current	88.40	82.91
Current	22.08	1.42

### Gratuity:

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Expenses recognised in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Service cost	15.12	12.54
Interest cost	5.69	5.21
<b>Gratuity</b>	<b>20.81</b>	<b>17.75</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	5.32	(10.14)
Return on plan assets greater (less) than discount rate	0.02	0.03
<b>Total expenses routed through OCI</b>	<b>5.34</b>	<b>(10.11)</b>

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 35 Gratuity (Contd..)

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Principal assumptions	For the year ended 31 March 2022	For the year ended 31 March 2021
Discount rate	7.17%	6.80%
Escalation rate	6.00%	6.00%
Attrition rate	3.00%	3.00%

## Sensitivity analysis

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Discounts	For the year ended 31 March 2022	For the year ended 31 March 2021
+ 1% change in rate of discounting	9.93	10.32
- 1% change in rate of discounting	-8.26	-8.58
+ 1% change in salary increase	17.04	15.77
- 1% change in salary increase	-13.23	-12.19

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.

## 36 Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
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.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 37 ACCOUNTING RATIOS

**Note: Ratios**

(All amounts in ₹ Lakhs, except share data and where otherwise stated)

Particulars	Numerator	Demominator	31 March 2022	31 March 2021	% change	Reason for variance
Current Ratio	Current Asset	Current Liabilities	1.87	2.06	(8.96)	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.87	0.74	18.17	
Debt Service Coverage Ratio	Earning available for Debt Service	Debt Service	52.54	580.06	(90.94)	Due to increase in loans during the year
Return on Equity Ratio	Net Profit after taxes	Average Shareholder's Equity	4.67	3.41	37.08	Due to increase in profits during the year
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	0.69	0.70	(0.22)	
Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	1.59	1.33	19.39	
Trade Payable Turnover Ratio	Net Purchases	Average Trade Payable	2.39	2.31	3.77	
Net Capital Turnover Ratio	Net Sales	Average Working Capital	1.08	0.87	24.31	
Net Profit Ratio	Net Profit after Tax	Revenue from operation	6.01%	5.05%	19.06	
Return on Capital Employed Ratio	Earning Before Interest and Taxes	Average Capital Employed	0.11	0.09	16.31	
Return on Investment Ratio	Non operating income from investment	Average Investment	NA	NA	NA	

## 38 Employee Stock Option Scheme (ESOS)

Pursuant to ESOS Scheme approved by members in December 2018, the Group constituted a trust. However, During the year ended 31 March 2022 the trust has not made any acquisition from secondary market. Accordingly, disclosure of 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 current year

## 39 Leases

Effective 1 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 ₹ 19.21 (₹ 17.42 Previous Year) are recognised as an expense on a straight-line basis over the lease term.

## 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.

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 40 Earnings per share (Contd..)

The following table sets out the computation of basic and diluted earnings per share:

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit for the year	1,461.52	1,025.08
<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	2,07,63,886
<b>Earnings per share</b>		
Earnings per share of par value H 10 – basic and diluted (H)	7.04	4.94

## 41 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, 2022 and March 31, 2021. 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 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, 2022 and March 31, 2021.

#### 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

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:

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>31 March 2022</b>		
INR	+1%	(115.78)
INR	-1%	115.78
<b>31 March 2021</b>		
INR	+1%	(116.67)
INR	-1%	116.67

## 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.

## 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 ₹ lakhs, 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 31 March 2022</b>						
Borrowings	11,456.23	13.58	40.74	67.14	–	11,577.69
Trade payables	12,805.55	–	–	–	–	12,805.55
<b>Year ended 31 March 2021</b>						
Borrowings	11,606.72	8.33	24.98	26.86	–	11,666.89
Trade payables	7,829.81	–	–	–	–	7,829.81

## 42 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.



# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

## 42 Capital management (Contd..)

The capital structure as of March 31, 2022 and March 31, 2021 was as follows:

(All amounts in ₹ lakhs, except share data and where otherwise stated)

Particulars	31-Mar-22	31-Mar-21
Total equity attributable to the equity shareholders of the Company	32,003	30,593
As a percentage of total capital	73.4%	72.4%
Long term borrowings including current maturities	121	60
Short term borrowings	11,456	11,607
<b>Total borrowings</b>	<b>11,578</b>	<b>11,667</b>
As a percentage of total capital	26.6%	27.6%
Total capital (equity and borrowings)	43,581	42,260

## 43 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.

**44** Confirmations were sent to parties from whom amounts are due/receivables by balance as on 31st March, 2022.

## 45 Additional Regulatory Information:

- (1) The Title Deeds of the immovable property of the company are held in the name of the company.
- (2) The property Plant and Equipment and Intangible assets held with the company are not subjected to any revaluation during the year
- (3) The Company has not granted any loans or Advances in the nature of Loans to Promoters, Directors, KMPs and other related parties excluding Subsidiary company.
- (4) The Company is not holding any Benami property and no proceeding has been initiated or pending against the company.
- (5) The Company has no transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey or any relevant provisions of Income Tax Act, 1961)
- (6) (A) The Company has not advanced or loaned or invested any funds in any other person(s) or entity(ies), including foreign entities (intermediaries) with understanding that the intermediary shall be directly or indirectly lend or invest in other person or entities on behalf of the company or provide any guarantee or security or the like to or on behalf of the company.
- (B) The Company has not received any funds from any person(s) or entity(ies), including foreign entities (funding party) with the understanding that company shall lend or invest in other person or entity identified in any manner by or on behalf of the funding party/ Ultimate beneficiary or provide any guarantee or security or the like on behalf of the funding party/ Ultimate beneficiary.
- (7) The Company is not declared as willful defaulter by any Bank or Financial Institutions or RBI or other lenders.
- (8) The Company has borrowings from Banks or Financial Institutions on the basis of security of Current Assets. Quarterly returns or Statement of Current Assets filed by the company with Banks or Financial Institutions are in agreement with the Books of Accounts.
- (9) There are no charges or satisfaction of charges yet to be registered with Registrar of Companies beyond the statutory period.

Apollo Micro Systems Limited

# Notes forming part of the Consolidated financial statements

for the year ended March 31, 2022

(10) The company has no transactions and no relationship with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

(11) There are no Schemes of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

(12) The Company has not invested or traded in Crypto currency or Virtual Currency during the financial year

## 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 lakhs.

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: 22015635AJVBZV7877

**Place: Hyderabad**

**Date: 28 May 2022**

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





apollo microsystems

---

**Apollo Micro Systems Limited**

Plot No 128/A, Road No 12, BEL Road  
IDA Mallapur, Uppal Mandal  
Hyderabad- 500 076, Telangana, India.  
Phone: +91-40-27167000 – 99  
Fax: 91-40-27150820  
Email: [sales@apollo-micro.com](mailto:sales@apollo-micro.com)  
Website: <https://apollo-micro.com>

**CIN No: L72200TG1997PLC026556**

