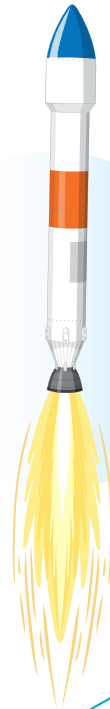
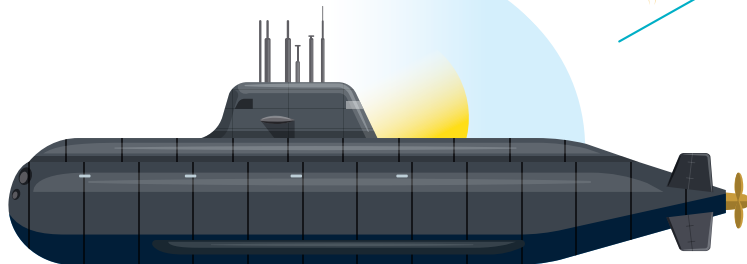


# EXPANDING BOUNDARIES.

Growth through Innovation and Excellence.



Annual Report **2023-24**  
Apollo Micro Systems Limited



# NAVIGATING THIS REPORT



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### REPORTING SCOPE AND BOUNDARY

This Report covers the reporting period between April 1, 2023, to March 31, 2024 and reflects our standalone/consolidated operations, unless stated otherwise. In this, we aspire to provide an incisive view of our performance and strategy across business segments. The content of this Report depicts both quantitative and qualitative disclosures on our performance.

### FORWARD-LOOKING STATEMENTS

This Report contains statements about expected future events and financials of Apollo Micro Systems Limited, which are forward-looking. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate and actual future results and events may differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update these forward-looking statements which reflect events or circumstances, after the publication of this document.

### PRECAUTIONARY APPROACH

We follow a precautionary approach towards minimising our operational impact on the environment. We have implemented best-in-class technology for our manufacturing operations to limit our ecological footprint, and we continue to enhance our efforts towards the same. At all our plants, we have implemented environment, health, and safety (EHS) management systems to monitor and address any concerns.

At Apollo Micro Systems Limited, we stand at the brink of a new phase in our growth journey.

Even as we address today's market needs, we are engaged in building our company for the future.

This is reflected in our mindset of expanding boundaries through product innovation and excellence.

In an era where challenges and opportunities continuously evolve, the ability to expand boundaries is not just a strategy, it's a necessity.

Thus, our commitment to grow through innovation and excellence has propelled us beyond conventional limits, allowing us to redefine what is possible in our industry.

Innovation lies at the core of our journey, driving us to explore new frontiers and develop cutting-edge solutions that

meet the ever-changing demands of our customers. It's the fusion of our vision and craftsmanship – the alchemy that helps transform our craftsmanship into cutting-edge solutions.

We focus on harnessing the power of technology, research, and creative thinking to unlock new potentials, ensuring that our products and services remain at the forefront of the industry.

Excellence, on the other hand, is the bedrock of our operations.

It is reflected in the precision of our manufacturing, the rigor of our quality standards, and the dedication of our team.

We understand that true growth is not just about making profits every year or reaching new heights, but also about maintaining the highest standards in everything we do.





# GROWTH THROUGH INNOVATION AND EXCELLENCE


**This** is not just a catch phrase at Apollo Micro Systems Limited.

**It** perfectly encapsulates our journey over the past year and sets the tone for our aspirations moving forward.

**For** nearly three decades, Apollo Micro Systems Limited has been a name synonymous with excellence and innovation in the Indian defence, space and homeland security industry.

**As** we turn the page to a bold new era, we are driven by a clear vision to transform ourselves and the conviction to consistently exceed expectations.

**As** we continue to push the limits, we remain steadfast in our belief that the fusion of innovation and excellence is the key to sustainable growth and long-term success.



AT APOLLO MICRO  
SYSTEMS, EXPANDING  
BOUNDARIES IS NOT JUST  
ABOUT GROWING OUR  
PRESENCE.

It is about  
addressing the  
present but  
investing  
in the future

It is about  
**enunciating a  
clarity of where the  
company is headed**

It is about creating  
a Balance Sheet  
that empowers the  
company to **think  
big and different**

It is about  
broad-basing  
to build a more  
sustainable business

It is about catering  
a wide range  
of industries to  
address a larger  
market opportunity

It is about voluntarily  
raising the bar  
and **responding to  
a higher calling**

It is about playing  
for the best  
but **de-risking  
for the unforeseen**

It is about seeking  
opportunities  
in chaos  
and turbulence.

At Apollo Micro Systems, expanding boundaries and exceeding expectations is our commitment that makes us a company that stakeholders trust.

# WHO WE ARE

**Apollo Micro Systems Limited is a Hyderabad based company engaged in the business of electronic, electro-mechanical, engineering designs, manufacturing and supply**

We specialise in the design, development and sale of high-performance, mission and time critical solutions to Defence, Space and Home Land Security for the Ministry of Defence, government controlled public sector undertakings and private sectors.

We also offer custom built COTS (Commercially off-the shelf) solutions based on specific requirements for defence and space customers.

We bring together the right people, the right technology and the right partners to create innovative products and solutions that deliver positive impact and address some of the most urgent and complex challenges of national safety.

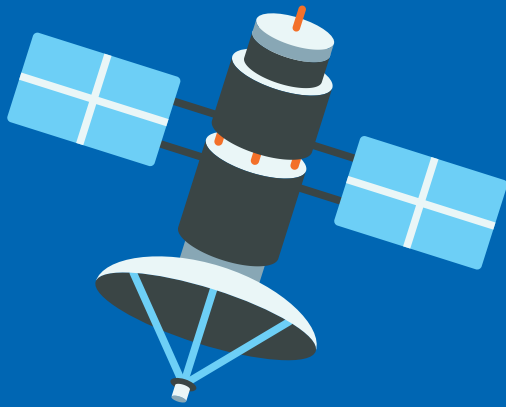
## APOLLO MICRO SYSTEMS LIMITED IS

**More than a mere corporate identity.**  
A business entity who embodies the spirit of innovation.

**More than a mere pursuit of profits.**  
A business entity which focuses on sustainable growth backed by innovation and excellence.

**More than a manufacturer and provider of defence equipment and services.**  
A business entity who has evolved as a solution provider.





# Mission

**“Convert Your Concepts into Reality”**

Mission statement reflects our desire to realize the concepts of our customer using state-of-the-art technologies and developing innovative technologies for application based on hardware and software. We configure our technologies for different applications to realize customer requirements.

# Vision

To emerge as a world-class company and a unique solution provider with “Total Solutions Under One Roof”.

## Our business segments

### Product based solutions

We are one of India’s leading manufacturer and seller of a varied range of product solutions, catering to a diverse customer base across a wide range of industries.

### Service based solutions

We provide a wide range of custom-built COTS (Commercially off-the shelf) solutions based on specific requirements to defence and space customers.

## WE ARE DRIVEN BY

# Our values



### Knowledge

We are a knowledge driven company. We have regularly invested and would continue to invest in processes, practices and products to reinforce competitive advantage and create a niche for ourselves.



### Responsibility

We take responsibility for our actions. We communicate and listen to our customers to understand what they expect from us. By making sustained investments in technology and infrastructure, we intend to ensure business sustainability.



### Value creation

We will continue to focus on creating value by scaling prudently, enhancing asset utilization, strategic business acquisitions or tie-ups, and gaining a larger share of the client’s requirement.



### Entrepreneurialism

We encourage new ideas and are open to change. We’re always looking for new opportunities to create value and find smarter and safer ways of working.



### Customisation

We have reoriented our business strategy to focus on developing products customised around customers’ needs to build enduring relationships, create business sustainability and garner superior realisations.



### Integrity

We have the courage to do what’s right and transform ourselves as per the need of the hour, even when it’s hard. We would continue to focus on working efficiently, focus on what’s important, avoid unnecessary complexity, and look for simple yet pragmatic solutions.

FIVE WORDS...

# THAT DEFINES APOLLO MICRO SYSTEMS LIMITED



CREDIBLE

**One** of India's oldest and leading electronic, electro-mechanical, engineering designs, manufacturing, and supplies company.

**Nearly** four decades of experience within the industry space.

**Established** in 1985, the Company is led by a team of experienced professionals.



LEADERSHIP

**Niche** business model, helping AMS to deliver consistent value to the stakeholders.

**Specialises** in the design, development, and sale of high-performance solutions that are critical for missions and time-sensitive operations.



PERVASIVE

**Portfolio** comprises products catering to the needs of a wide range of customers across various industries.

**Total** end-to-end engineering solutions under one roof.

**Creating** and deploying cutting-edge technologies.



EFFICIENT

**AMS's** manufacturing plant boasts a full-fledged ESS testing facility, and the inspection is in line with DGQA standards.

**The** Company has a state-of-the-art manufacturing facility located at Hyderabad spread across 55,000 sq. ft.

**AMS** actively invests an average of 7-8% of the revenue in R&D for developing and testing critical components under DRDO programmes.



DIFFERENTIATED

**Developing** high-performance and time-critical solutions for the Ministry of Defence, government-controlled public sector undertakings, and private sector companies.

**AMS** offers a wide range of products and services, including electronic manufacturing, PCB fabrication, embedded software and hardware design, printed circuit board assembly, concept-to-product development, host interface development, and custom-built electronic systems.



## NUMBERS THAT DEFINE APOLLO MICRO SYSTEMS

### Non-financial\*

**55,000**

sq. ft. State-of-the-art  
manufacturing facility

**39 + YEARS**

Enriching industry experience

**350 +**

Engaging workforce

**165 +**

Research and  
development (R&D) team

### Financial\*

**₹3,716.34**

million Revenue from operation, FY24

**₹316.69**

million PAT, FY24

**₹864.96**

million EBIDTA, FY24

**₹561.95**

million Cash profit, FY24

**8.52%**

PAT margin in FY24

**23.27%**

EBIDTA margin in FY24

\*All the figures are as of 31 March, 2024

# WHAT WE HAVE ON OFFER

We take great pride in the strength that comes from who we are, what we do, and the diverse range of products and services we provide. Driven by our exceptional R&D capabilities, deep industry expertise, and a thorough understanding of our customers' needs, we have carefully developed a wide range of specialized products and services in the defense and space sectors. Moreover, we offer customized solutions from our portfolio of Commercial Off-The-Shelf (COTS) innovations, thoughtfully tailored to meet the unique requirements of our valued defense and space clients. The innovation that we have brought with a cumulative four decades of technological experience is enabling us to transform into a complete Tier-I Original Equipment Manufacturer.

## PRODUCT BASED SOLUTIONS



### Avionic systems

On-board & ground support equipment for avionics



### Missile Defence systems

On-board electronic weapon systems and ground support equipment for missile systems



### Naval Defence 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



### Ground Defence Systems

AMS has gained specialized expertise in the development and manufacturing of rugged electronics for military applications.

## SERVICE BASED SOLUTIONS

Electronic manufacturing services

IT & Software services

Hardware designing

Electronic and Mechanical CAD

Weapon and platform integration

Embedded software design development & sustenance



## OUR ENGINEERING WORKFLOW



### Build-To-Spec (BTS)

Design, development, and manufacturing of complex on-board and ground based electronic systems, including software for Aerospace Defence & Space Sectors.



### Build-To-Print (BTP)

AMS offers electronic manufacturing services and box assembly services as a Built to Print Service.



### Engineering Designs

Engineering design services & precision machining services with state-of-the-art high speed CNC machines.



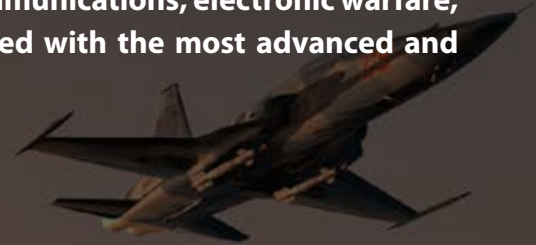
### Qualification Testing

Equipped with a full-fledged ESS facility and offers quality and testing services.

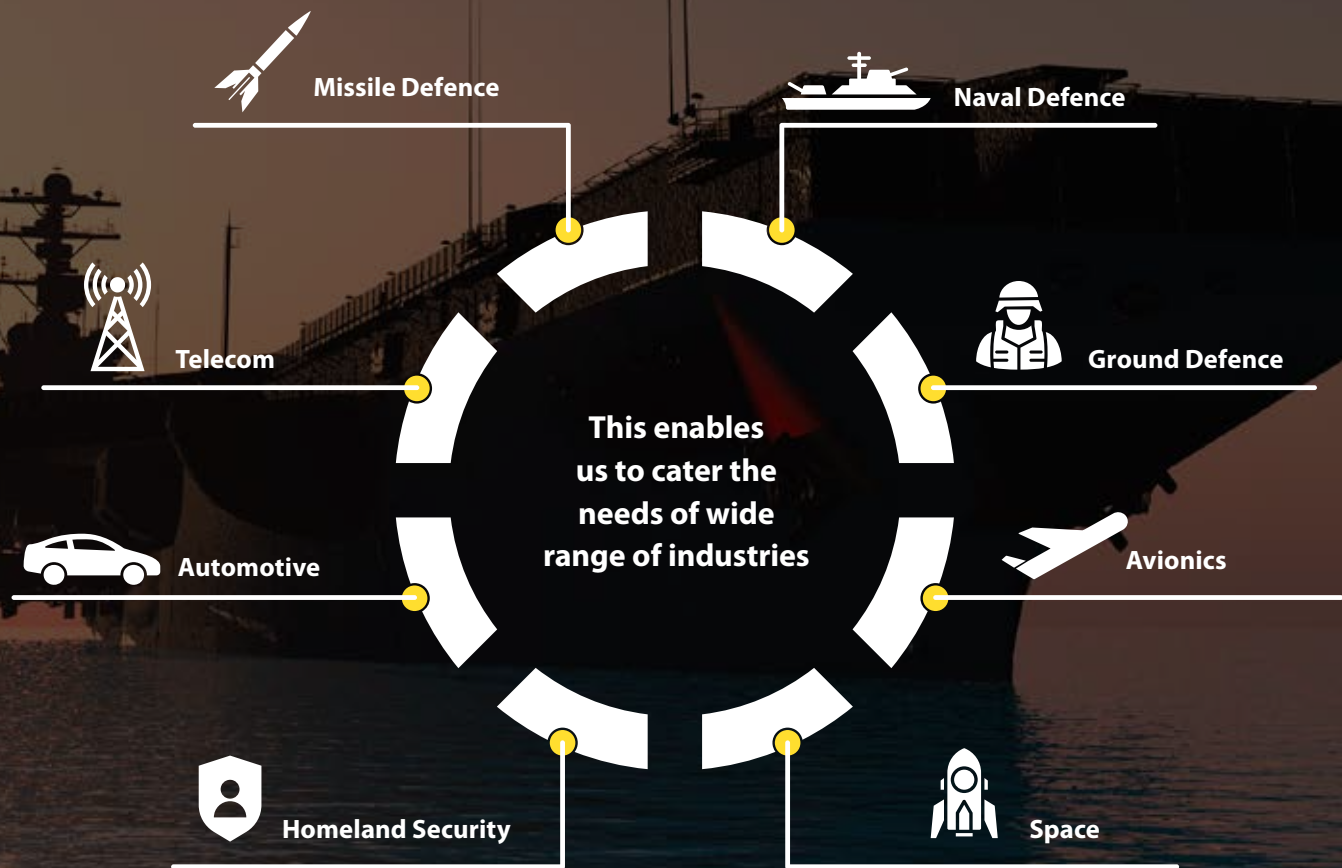
# EXPANDING BOUNDARIES

## By catering a wide range of industries

At AMS, we are dedicated to designing and manufacturing a broad spectrum of defense and specialized equipment tailored for land, naval, and air operations. Our expertise extends to weapons handling systems, homeland security, and even space operations. Beyond hardware, we offer integrated, technology-driven solutions in secure communications, electronic warfare, and air defense, ensuring our defense customers are equipped with the most advanced and reliable tools to meet their mission-critical needs.



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# OUR MANUFACTURING CAPABILITIES

## A key enabler for growth

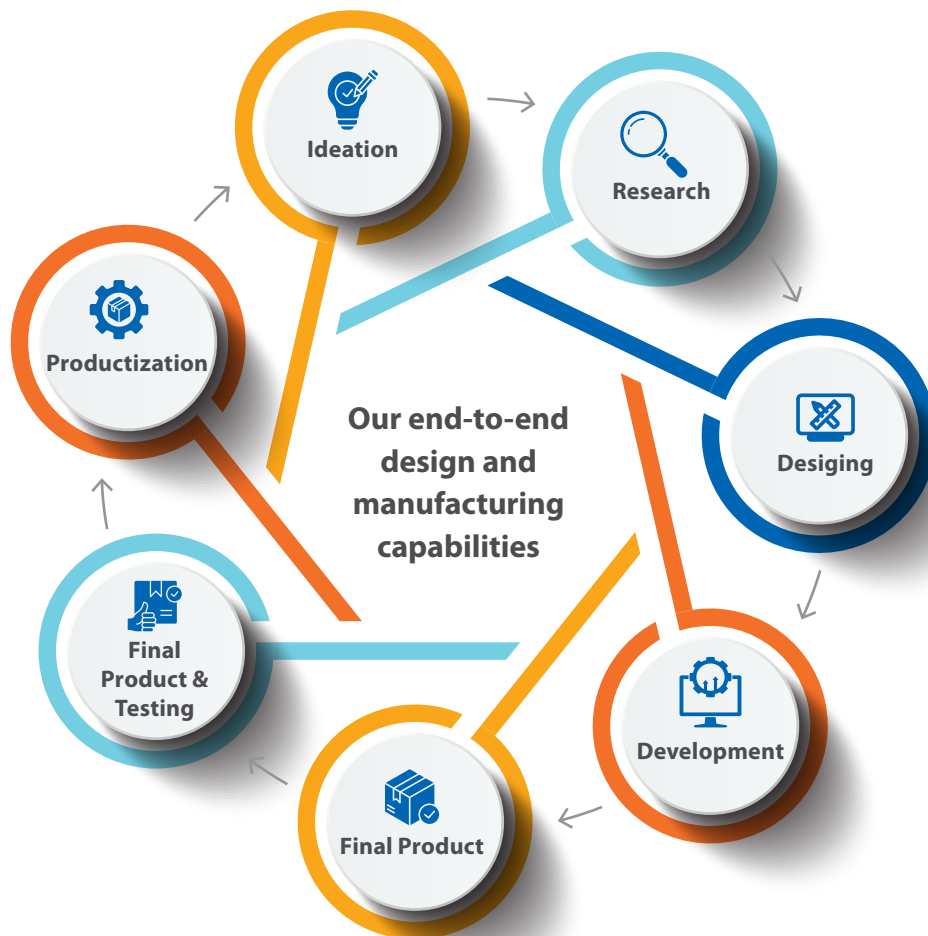
**At AMS, we understand the importance of advanced technological capabilities that are necessary to create a portfolio of world-class products and intricately curated service-based solutions, to meet the evolving needs of our customers. Our state-of-the-art manufacturing facilities spreading across 55,000 square feet, have enabled us to achieve this balance while ensuring a stable supply of our products.**

As we continue our journey of growth in FY24, we focused on expanding our manufacturing capabilities to offer a comprehensive range of services, from design to assembly and testing. To achieve this, we've invested in a new weapon integration facility at Unit-III and also 40,000 and 350,000 square feet are currently under

development. Once operational, this facility will significantly boost our production capacity and solidify our position as a leading Tier-I OEM manufacturer, enabling us to scale production and better meet the rising demand. Additionally, we're strengthening our supply chain by implementing a backward integration

strategy. This approach will give us greater control over our manufacturing processes, resource allocation, and supply chain, which were previously outsourced.

Thus, we are poised to unlock new possibilities in the art of manufacturing.



# MESSAGE FROM THE CHAIRMAN'S DESK



**Raghupathy goud theegala**  
Chairman and Independent Director

**“AMS’s success is deeply rooted in our steadfast dedication to research and development. From the very beginning, we’ve made innovation and intellectual property creation as our top priorities.”**

***Dear Shareholders,***

Just as an intricately crafted masterpiece leaves a lasting impression, our commitment to quality and excellence sets us apart in the Indian defence equipment industry. As we continue to innovate and expand our horizons, we thank you for joining us on this wonderful journey towards greatness.

As FY24 draws to a close, we find ourselves at a pivotal juncture, reflecting on the significant impact we’ve made in the industry. This annual report celebrates our shared resilience, creativity, and steadfast commitment to excellence.

**HARVESTING OPPORTUNITIES THROUGH THE EVOLVING INDIAN DEFENCE INDUSTRY SPACE**

Over the past few years, the Indian

defence sector has undergone a significant transformation, driven by the government’s forward-thinking policies and a renewed commitment to making India a self-reliant nation.

Initiatives like ‘Make in India’ and ‘Atmanirbhar Bharat’ have fostered a dynamic ecosystem where companies like ours can truly flourish. The government’s steadfast dedication to indigenous design, development, and manufacturing has unlocked unprecedented opportunities for innovation and growth. The introduction of the Indigenously Designed, Developed, and Manufactured (IDDM) category has been a turning point, finally aligning national policy with our long-standing vision of creating indigenous intellectual property. Furthermore, supportive policies and funding mechanisms, such as the opening of DRDO test facilities for industry use, and the establishment of dedicated

Defence Industrial Corridors, are poised to create a wealth of opportunities for companies like ours.

The government asserts that its renewed focus stems from a commitment to long-term objectives, aiming to position India as a developed nation by 2047. The Hon’ble Defence Minister anticipates that by 2028-29, India’s annual defence production will reach ₹3 lakh crore, with arms exports hitting ₹50,000 crore. This marks a significant shift in the Indian Defence Sector, which has traditionally been seen as a strategic asset, but is now evolving into a robust economic contributor with the potential to drive national growth.

The Government of India has launched several initiatives to boost the indigenization of defence equipment, aiming to reduce imports and lessen reliance on foreign Original Equipment

Manufacturers (OEMs). The role of the private sector in defence research and development is also expanding, spurred by supportive government policies. To further promote innovation in R&D across industries, start-ups, and academia, the Ministry of Defence has introduced programs like Innovation for Defence Excellence (iDEX) and the Technology Development Fund (TDF). Over the next 5 to 10 years, these reforms are expected to significantly bolster both Defence Public Sector Undertakings (PSUs) and private industry, paving the way for a self-sustaining defence industry in India.

## READY TO CAPITALISE ON OPPORTUNITIES

Over the past year, we have gained invaluable insights, preparing us to seize the opportunities that lie ahead. We have strengthened our growing order book by embracing innovation and excellence as our core differentiators. To secure long-term revenue visibility, we strategically shifted our business development focus towards production-based contracts, ensuring a more stable and predictable revenue stream. In addition to our existing order book, we have remained committed to developing groundbreaking solutions with extensive defence applications, positioning them as prime candidates for export. Our success is evident in our repeated order wins, a true testament to our efforts. Furthermore, we actively engaged in Make-II Defence Projects and continued to explore opportunities to collaborate with other companies in building larger platforms.

As FY24 ended, our story unfolded with great success. We achieved a consolidated revenue from operations of ₹3,716.34 million compared to ₹2,975.26 million in FY24, an increase of 24.91%. This can be largely attributed to our strong order execution capabilities. On the profitability side, we grew our PAT by 66% in FY24 to stand at ₹311.07 million compared to ₹187.38 million in FY23.

AMS's success is deeply rooted in our

**Throughout the year, our team's commitment has truly shone as they stood by the company, making a significant impact. As we continued to expand our boundaries, they responded with determination, unity, and an unwavering commitment to our shared vision of becoming a trusted within our industry space.**

steadfast dedication to research and development. From the very beginning, we've made innovation and intellectual property creation our top priorities. This commitment has empowered us to build a diverse range of advanced defence systems and state-of-the-art missile, unmanned aerial and ground systems. As we move through FY24, we remain committed to investing in R&D, with the agility to expand these investments when promising opportunities emerge. Our strategic focus on leveraged R&D keeps us ahead of the competition, allowing us to continuously enhance our products in response to customer feedback.

## OUR PEOPLE, OUR STRENGTH

Throughout the year, our team's commitment has truly shone as they stood by the company, making a significant impact. As we continued to expand our boundaries, they responded with determination, unity, and an unwavering commitment to our shared vision of becoming a trusted within our industry space. For this, I am deeply grateful. We remain dedicated to fostering a work environment that supports our people's growth and development. Their unwavering dedication has enabled us to nurture long-standing customer relationships, build trust, and consistently deliver innovative solutions. In recognition of their contributions, we are committed to offering meaningful career progression opportunities and performance-based rewards, ensuring that every effort is acknowledged and celebrated.

## MAKING AN IMPACT

We are deeply committed to safeguarding the environment and prioritizing safety in everything we do. Our leadership understands the importance of maintaining a sustainable, green environment, even within our manufacturing facilities. As a company, we are dedicated to embracing the principles of reducing, recycling, and reusing across all business functions, making it our mission to integrate these practices into every facet of our operations.

## PROGRESSING WITH GRATITUDE AND CONFIDENCE

As I conclude, I want to extend my deepest appreciation to our shareholders, customers, employees, and all stakeholders who have stood by us. Your unwavering support and trust have been the bedrock of our sustainable growth, motivating us each day. We remain fully committed to working tirelessly to ensure sustainable growth for everyone involved.

I am confident that with your continued support and our collective efforts, Apollo Micro Systems Limited will continue to thrive and create sustainable value for all stakeholders.

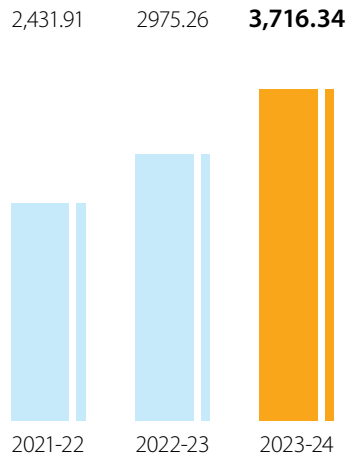
Our journey has just begun, and with your continued support, we will achieve even greater heights. Together, we will achieve a better and sustainable future.

### Thanks

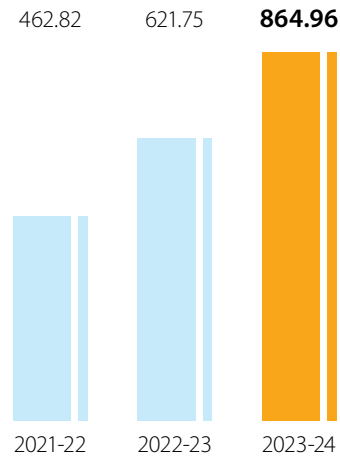
**Raghupathy Goud Theegala**  
**Chairman**

# HOW WE HAVE GROWN OVER THE YEARS

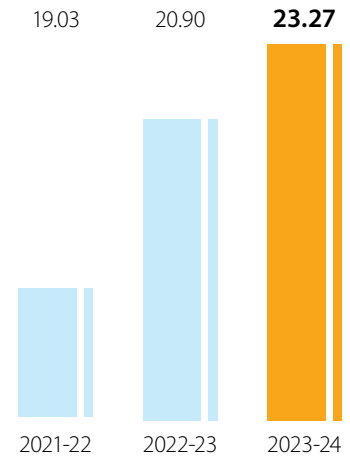
## REVENUE (₹ in million)



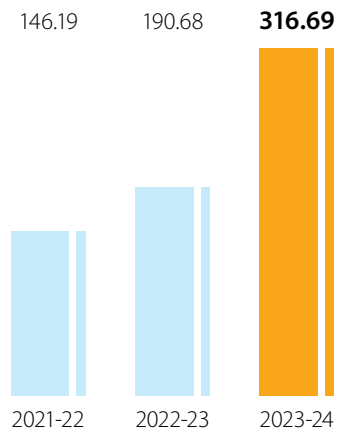
## EBIDTA (₹ in million)



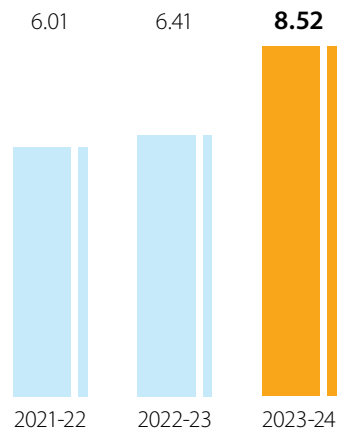
## EBIDTA MARGIN (in %)



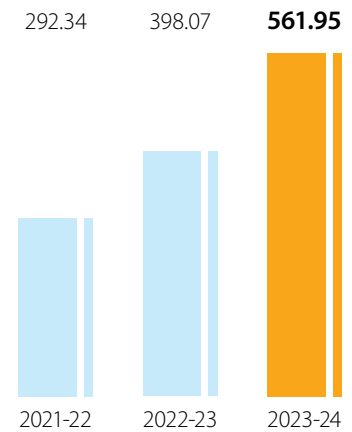
## PAT (₹ in million)



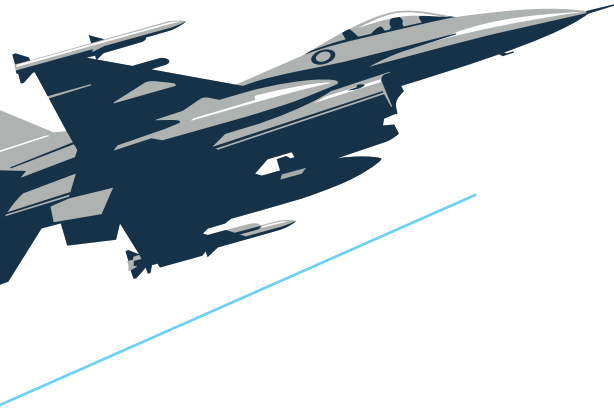
## NET PROFIT (PAT) MARGIN (in %)



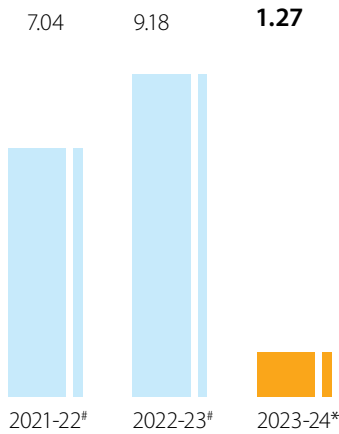
## CASH PROFIT (₹ in million)





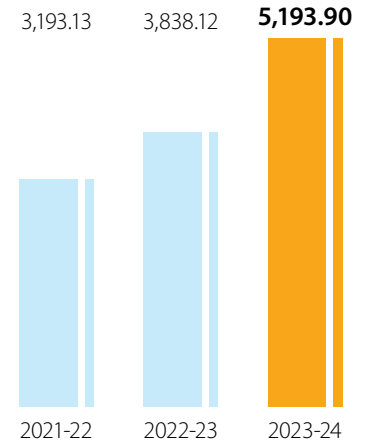


### EPS (₹)

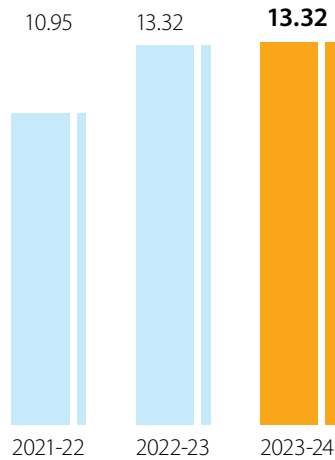


# Face Value of ₹10/-per each  
\* Face Value of ₹1/-per each

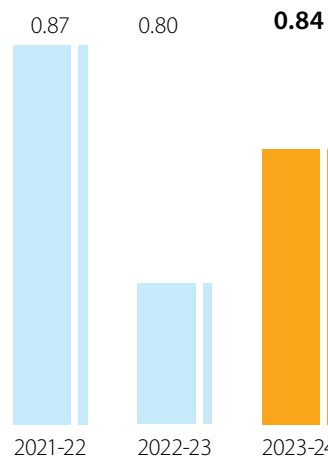
### NET WORTH (₹ in million)



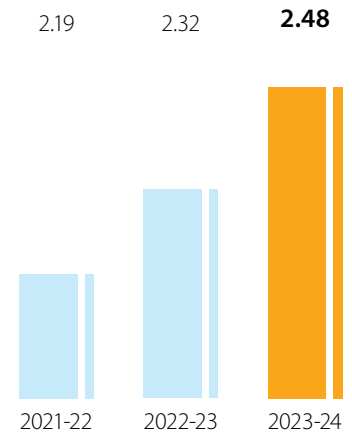
### RETURN ON CAPITAL EMPLOYED (ROCE) (in %)



### DEBT-EQUITY RATIO (₹)



### INTEREST COVERAGE RATIO (₹ in million)



**Mr. Karunakar Reddy Baddam, Managing Director, Apollo Micro Systems Limited, reflects on strategic progress, the year's performance, and the growth opportunities ahead.**



**Q WHERE YOU PLEASED WITH THE PERFORMANCE OF THE COMPANY IN FY24?**

**A** It has been an excellent year at AMS, with significant strategic progress and strong financial performance. A landmark moment of the fiscal year has been the inauguration of our Integrated Plant for Ingenious Defense Systems (IPiDS) in Hyderabad. This is a watershed event in the history of AMS, as it helps us further strengthen our presence in defence and space sector. This event signifies our evolution into a comprehensive solutions provider with a focus on innovation and sustainability. In terms of our financial performance, it was another exciting year as we recorded our highest ever revenue and PAT in FY24. All our key financial measures were met, with revenue and EBITDA both showing double-digit growth and productivity benefits well ahead of our target.

Coming to the financial performance of the Company, AMS exhibited significant agility and recorded a revenue of ₹3,716.34 million in FY24, up by 24.91% over FY23. Our PBT and EBITDA stood at ₹448.99 million and ₹864.96 million, after registering a 52.51% and 39.12% y-o-y growth, respectively. We made a net cash profit of ₹561.95 million, up by 41.16% over FY23. In terms of profitability, also, we showcased commendable growth and grew by 66% in FY24 to stand at ₹311.07 million. We also delivered margin expansion and double-digit EPS growth.

In FY24, while exploring new areas and technologies, we also focused on strengthening our core. We advanced our strategy by improving our business mix, enhancing backward integration capabilities, and increasing wallet share from existing clients, while also acquiring new clients. We improved our technological capabilities and added new equipment to our plants to streamline processes further. Our journey in FY24 began on a high, propelled by the eagerness with which the market accepted our products across different categories. We saw a palpable upswing in revenues and heightened profitability thanks to the rising acceptability of our products.

**Q WHAT WERE SOME OF THE KEY OPERATIONAL HIGHLIGHTS FOR THE COMPANY IN FY24?**

**A** On the operational front, we undertook several key initiatives which helped us remain cost competitive and boost our bottom-line. As part of our strategic initiative, one of the major initiatives that we undertook in FY24 was centered on backward integration. As part of our backward integration focus, we commenced construction of our Integrated Plant for Ingenious Defense Systems (IPiDS) and expect to complete the same by end of FY25. It will not only help us grow our presence in the defence space but also enabled us to strengthen our in-house capabilities.

Guided by our vision of expanding boundaries, we are making steady progress on our two new facilities, covering 40,000 sq. ft. and 350,000 sq. ft., as planned. We anticipate to complete construction by 2025. Once operational, these expansions will greatly boost our manufacturing capabilities, enabling us to ramp up production and meet the rising demand. This strategic growth places AMS in a prime position to seize emerging opportunities in the defence and electronic manufacturing sectors, paving the way for our long-term success.

As part of our risk diversification efforts, we focused on enhancing the adoption of newer technologies to make our products more value efficient. It also helped us enhance our capacity utilisation. As a part of our sustainable growth strategy, we continued to explore new product lines Universal Homming System for Light & Heavy Weight Torpedoes, Landing Gear Actuators for Avionic Platforms, Digital RF Seeker Signal Processor, Integrated Guidance Kit for Various Platforms and Under Water Mines, which could prove to be a game changer in the days ahead.

Additionally, we focus on vertical centric by creating more foot print for similar technologies which can be configured on multiple programmes. It is important to mention that we are playing a strategic role in developing several key systems in Missile Systems and Naval Systems market. The reconfigurable hardware and Software systems developed by our team has enhanced customer engagement and participation in multiple programmes..

### Q WHAT ARE YOUR CAPEX INVESTMENTS IN FY24 AND TARGETS FOR THE NEXT FEW YEARS?

A Over the past few years, our primary capital expenditures have been focused on expanding our capacity. In FY24, we dedicated ₹800.98 million specifically for this purpose, with plans to establish two new manufacturing units at our Hyderabad location in the coming years through organic growth. Once these units are fully operational, we anticipate that our manufacturing capacity will increase to over 445,000 square feet. Additionally, a lot of our focus is on sweating our existing assets better; thus, a part of the investment would also be directed towards further improving our integration capabilities. We ensure that all our capital expenditure is closely monitored and controlled to maximize its value to the Company. I believe this will encourage an efficient yet scientific capital allocation which will result in higher asset turns as well as return ratios.

### Q WHAT GIVES YOU CONFIDENCE IN THE GROWTH POTENTIAL OF THE BUSINESS?

A I believe AMS is well-positioned to deliver sustainable organic growth for a number of reasons: in each of our business segments, we are one of the emerging players and have a growing market share; we operate in a growing market with attractive growth rates; and our portfolio of highly functional products and service solutions helps us address consumer needs effectively.

We concentrated on deepening our expertise in specific verticals by expanding our footprint in similar technologies that can be adapted across multiple programs. Notably, we are taking on a strategic role in the development of several critical systems within the Missile Systems and Naval Systems markets. Our team's work on reconfigurable hardware and software systems has significantly boosted customer engagement and involvement in various programs.

Lastly, our robust financial health, combined with the controlled external debts, and effective working capital management, empowers us with the confidence and resources to invest in diverse growth initiatives and fortifying our core strengths.

### Q CAN YOU SAY MORE ABOUT AMS'S INNOVATION MINDSET AND WHY IT IS IMPORTANT?

A Leveraging our extensive R&D and innovation capabilities, we develop products that are not only sustainable but also highly

beneficial for our clients. A prime example of this, AMS boasts over 700 on-board technologies and is actively involved in more than 150 indigenous programs and 60 DcPP programs as a sub-system partner. These engagements underscore our commitment to technological innovation and strategic partnerships, solidifying our leadership in the defence sector.

We regularly invested to periodically upgrade the technology used in our manufacturing process and bring to the table customer-centric meaningful innovations. By integrating our engineering knowledge, application capabilities, industry insights, and operational excellence, we deliver high-quality custom-built electronics and electro-mechanical solutions.

In FY24, we made significant strides in developing crucial technologies for underwater applications and aerial munition systems. Our advancements in underwater technology include reconfigurable solutions such as underwater mines, sensors for remotely operated underwater vehicles, and a universal homing head for torpedoes. Additionally, our team has engineered the next generation of aerial munition systems in various configurations, with trials scheduled for FY25 and FY26.

### Q WHAT ARE YOUR AIMS FOR THE COMING YEAR AND BEYOND?

A I am optimistic and excited about the future of our business. Today, AMS is purpose-led and focused on growth, and we intend to deliver on both our financial growth ambitions and purpose commitments. In the coming fiscal years, we anticipate a robust revenue growth of 20% to 25%, driven by emerging opportunities in the defence sector and the Indian government's strong commitment to enhancing domestic defence production. EBITDA margins are projected to be 22%-24% due to our expanding operations. To realize this goal, we have devised a comprehensive strategy that includes significant new capital expenditure, exploring new applications in our existing product portfolio, and building a robust team and network to capture new opportunities effectively. We are optimistic about Apollo Micro Systems Limited's growth, driven by strong demand in the defence sector and our strategic initiatives. Our focus on innovation, partnerships, and excellence positions us well to support India's self-reliance in defence technologies and achieve future milestones.

We have a compelling purpose, a clear strategy and a strong balance sheet providing the ability to invest for growth. We are on a mission to bring a positive change to communities, the environment, economy, and everyone connected to AMS. For that, we count on your unending trust and support. I would like to thank our Board, senior leadership, team members, trade partners and customers for their faith in our ability to create sustainable value.

# EXPANDING HORIZONS BY BUILDING ON OUR CORE STRENGTHS



## KNOWLEDGE

As a knowledge-driven Company, we aim to invest in processes, practices, and products to fortify our competitive edge. Our relentless focus on R&D is what sets us apart and enables us to push the boundaries of innovation.



## CULTURE

At AMS, our commitment to responsibility and sustainability isn't just a principle—it's woven into the very fabric of our culture. We believe that true growth is achieved by upholding ethical standards and ensuring that progress is sustainable for the long term.



## SHAREHOLDER VALUE

At AMS, our core mission is to amplify value for our shareholders, ensuring that the benefits we create endure over time. We are deeply committed to sustainable growth, continuous innovation, and fostering lasting customer relationships. We believe wholeheartedly that our success is intertwined with yours—when our shareholders flourish, so do we.



## CUSTOMISATION

As the world increasingly demands products designed to meet precise needs, our mission is to craft bespoke solutions that align with the unique requirements of our diverse global clientele. By tailoring our offerings, we not only build lasting relationships but also gain deeper insights into customer preferences and expectations, enabling us to continually enhance our products.



## VALUE CREATION

Value creation is the cornerstone of our business. Our approach to prudent scaling, enhanced asset utilisation and better cost management are driven by our commitment to creating tangible, sustainable value for all our stakeholders.



## RESPONSIBILITY

At AMS, we understand that our responsibility extends beyond our operations. That's why we're committed to protecting the environment and supporting our communities by investing in advanced effluent-treatment systems, sustainable infrastructure, and fostering a culture of environmental awareness. Our aim is to reduce our ecological footprint while significantly contributing to the well-being of society.



## EMPOWERMENT

Our employees are the heart and soul of our company. We are dedicated to fostering their growth and empowerment, offering them opportunities to develop their skills, advance their careers, and make a meaningful impact on our operations. By placing their professional and personal development at the forefront, we not only attract and retain the best talent but also sustain a culture of excellence that sets us apart in our industry.



## GOVERNANCE

We understand that maintaining the highest standards of governance, ethics, and compliance is essential. At AMS, our commitment to trust, transparency, and accountability is the cornerstone of everything we do. To embed these values deeply within our company, our Board of Directors is dedicated to bringing in specialized professionals and implementing robust systems that cultivate a culture of integrity throughout every aspect of our organization.

# EXPANDING HORIZONS THROUGH OUR VALUE ENHANCING BUSINESS MODEL

## INPUTS



### Financial capital

Financial resources that the Company has or obtains through financing activities.

### Manufacturing capital

Tangible assets used by the Company to conduct its business activities.



### Intellectual capital

R&D knowledge, intangible, knowledge-based assets.



### Human capital

Harmonious blend of expertise and proficiency of our formidable workforce helps us grow sustainably.



### Social and relationship capital

Ability to share, relate and collaborate with stakeholders, promoting community development and well-being



### Natural capital

We try to make the optimum use of the natural resources.

## OUR BUSINESS OBJECTIVE

### Investing in sustainability

Our unwavering commitment to sustainability drives our success. By strategically investing in technology and R&D, we've positioned ourselves for long-term viability while minimizing our environmental footprint.

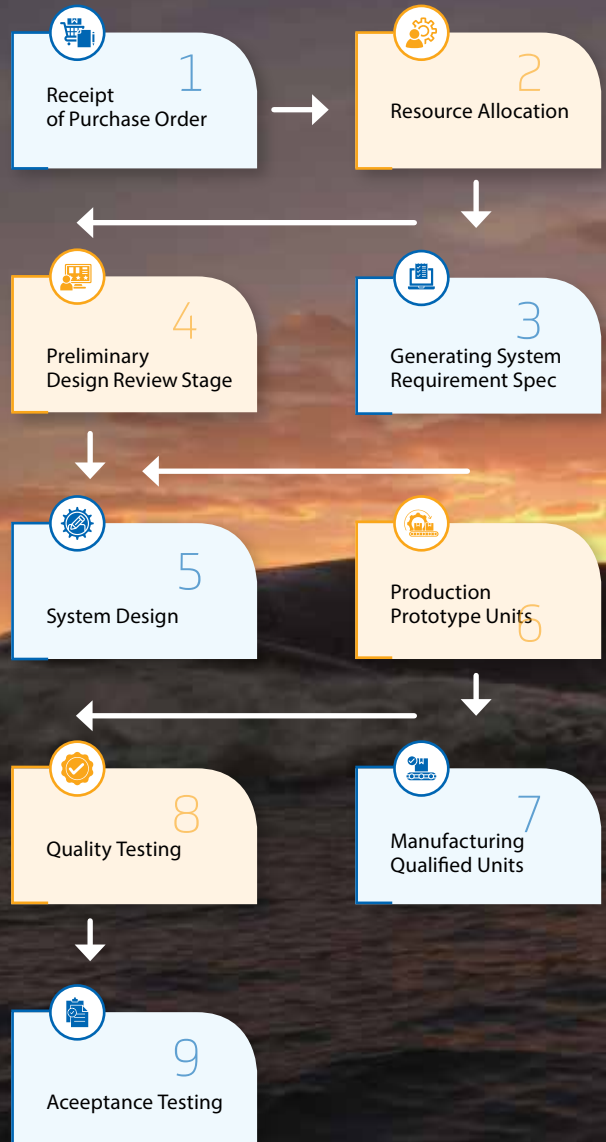
### Improving efficiency

Our commitment to cost reduction and operational efficiency has enabled us to maximize resources and deliver exceptional results for our clients. By continually refining our processes and streamlining operations, we have emerged cost competitive also.

### Diversifying product portfolio

We have successfully diversified our portfolio to serve various industries. By entering new markets and exploring fresh opportunities, we have reduced our dependence on any single sector. This strategic move positions us for sustained growth.

## VALUE CREATION - OUR MANUFACTURING PROCESS



As a responsible business entity, we are not merely focused on incremental progress; rather, we strive for a significant leap forward across every measurable parameter. The core objective of our business is growth – whether it’s revenue growth, market share expansion, stakeholders return or diversification. By emphasizing “growth” we focused on expanding our boundaries.

**Engineering process**



**Build-To-Spec (BTS)**



**Build-To-Print (BTP)**



**Engineering Designs**



**Qualification Testing**

**Key enablers of our business growth**

**Research & development**

Our strong culture of innovation and commitment to product differentiation drives the creation of cutting-edge new products.

**Quality management**

Effective quality management is essential for our sustained growth, as it ensures the desired product quality at both the input and output stages.

**Relationship management**

Build a deep and nurtured relationship by consistently catering to our client’s needs. We also have a team of dedicated engineers available for field trials.

**OUR OFFERINGS**

**Product**



**Missile Defence Systems**



**Ground Defence System**



**Space Systems**



**Naval Defence Systems**



**Avionic Systems**



**Homeland Security & Transportation**

**Service**

- Application development**
- Custom-built application development**
- Device driver development**
- Firmware Development**
- Host Drivers**



**THE VALUE WE CREATE**



**For shareholders**

Financial resources that the Company has or obtains through financing activities.



**For customers**

We focus on introducing products that meet their requirements. Through continuous innovation, we’re always looking for new engineering ways to offer new products and technologies.



**For employees**

We are committed to the health, safety and wellbeing of our employees, and to providing a culture that is inclusive and performance driven.



**For clients**

We have long-term, mutually beneficial relationships with our business partners, ensuring growth sustainability.



**For communities**

We have a long history of community involvement, helping to make lasting contributions to the places where we live and work.



**For the planet**

We care for our planet by reducing our carbon footprint and enhanced resource utilization, beneficially using our waste, using less water and supporting sustainable development.

## OUR INVESTMENT PROPOSITIONS

# WHAT MAKES **APOLLO MICRO SYSTEMS LIMITED** AN INTERESTING INVESTMENT STORY?



### **The allure of investing in AMS lies in the captivating narrative we offer within our investment propositions.**

Our fundamental approach to business has undergone a profound transformation under our experienced management team, marked by a commitment to long-term investment strategies while concurrently delivering robust and cash-generating profit growth in the immediate term.

Our growth as one of India's emerging defence equipment and service provider, coupled with strategic diversifications in related product lines, forms the cornerstone of our growth trajectory. This strategic alignment positions us favourably for sustained long-term investments made by state as well as private sectors.



**24.91%**

Revenue growth in FY24  
compared to FY23

Our investments in research & development, cutting-edge technology, quality processes, capacity enhancements, state-of-the-art testing facilities, and process improvements business are set to help us build a growth-focused yet sustainable business model.

**39.12%**

EBIDTA growth in FY24  
compared to FY23

We apply technology-based solutions to solve complex customer problems. We invest in technologies that optimise asset utilisation, advance manufacturing, enhance support capabilities and add value to customers.

These initiatives, combined with our diverse industry presence, are likely to help in evolving our offerings and help us meet the evolving needs and preferences of our valued clients, ensuring a prosperous future.

**66.08%**

PAT growth in FY24  
compared to FY23

In essence, these factors collectively constitute the compelling narrative that underscores why AMS stands as an intriguing investment opportunity, poised for an exciting future.

**OUR KEY GROWTH ENABLERS**

**Our** growing market presence

**Strategic** product diversification

**Well-invested** and **state-of-the-art** infrastructure

**Focused** research & development

**Well-financed** and proactive working capital management

**Resilient** and growing industry space

**Engaged and agile** workforce set up for success



# INNOVATION PROWESS

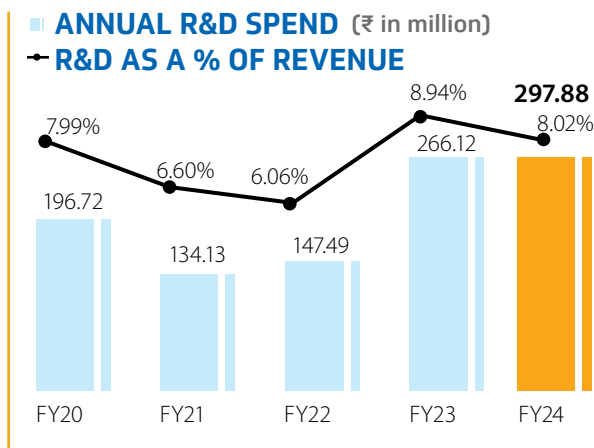
Innovation is at the heart of our business, driving everything we do. Our commitment to quality and innovation is underscored by our ISO and CEMILAC certifications, reflecting the high standards we uphold across our products and services. As a trusted partner of DRDO, we have taken on pivotal roles in numerous ongoing defence programs. Our pursuit of excellence drives us to continually push the boundaries of what's possible, harnessing our innovative capabilities to deliver ground-breaking solutions. Aligned with global best practices that emphasize stability, predictability, and high uptime, we have recently introduced a range of cutting-edge products. Additionally, our manufacturing plant is equipped with a comprehensive ESS testing facility, ensuring inspections meet the stringent requirements of DGQA standards.



# FOCUSED RESEARCH & DEVELOPMENT

At AMS, a steadfast commitment to research and development has always been essential. This unwavering focus is the cornerstone of our ability to deliver top-quality products and service solutions. Our dedicated R&D team, consisting of experienced engineers with core competency in developing embedded hardware & software with extensive expertise in various engineering applications and problem-solving, plays a pivotal role in this strategy. Their efforts enable us to worked relentlessly on various import substitution technologies under Make in India and provide comprehensive solutions to our customers, keeping us ahead of the curve.

Today, AMS is renowned for having one of the best R&D team, one that has driven numerous technological advancements over the years. Our key R&D focus areas include cost optimization through process improvements, developing new and more efficient products, enhancing existing products, and overall sustainability. This dedication ensures we continue to innovate, enhance efficiency and increase the reliability of equipment



# BROADENING OUR HORIZON

## With our People



### OUR MISSION IS TO BUILD AN ORGANIZATION WHERE PEOPLE ALSO SUCCEED ALONG WITH THE COMPANY.

**At AMS, we believe our people are the cornerstone of our success, and we strive to offer them rewarding and fulfilling careers. A skilled and dedicated workforce is essential to our business, and we actively attract and retain talent that aligns with our long-term growth strategy. Our team is our greatest strength, driving our sustained growth and success. As a responsible employer, we value the talent, commitment, skill, and enthusiasm our employees bring to our business.**

We are committed to developing our talent and investing in our people. Our focus is on creating a unique working environment that allows both our employees and our business to thrive. We aim to inspire innovation and add greater value to our customers and the environment.

Our talent management process is designed to develop, promote, nurture, and retain the best industry talent. We are dedicated to maintaining high-quality standards through a strong commitment to employee development, which enhances productivity and adaptability in a changing business landscape.

Over the years, we embarked on several Employee Engagement Initiatives to connect with our people. We conducted online sessions with health professionals to ensure the well-being of our employees and their families during these turbulent times. These initiatives helped strengthen our bond and create a healthy working environment, whether at home or in the office.



**94**

Number of new hires in FY24



**19.27%**

Proportion of female employees in the organisation

## SUSTAINABILITY AT AMS

# OUR COMMITMENT TO ESG PRACTICES

**At Apollo Micro Systems Limited, the environment, social and governance (ESG) framework showcases our intent.**

The environmental aspect emphasises the use of sustainable resources, minimising resource

consumption, implementing efficient waste management, reducing fossil fuels and reducing our carbon footprint.

The social aspect of our ESG framework focuses on investing in people, nurturing a positive

organisational culture, building strong external stakeholder relationships and fulfilling our social responsibilities.

The governance element of our ESG framework outlines how we conduct our business, including strategic direction, ethical values, codes of conduct, and board composition adhering to the requirements of Corporate Governance set out by the

Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI).

AMS has minimised environmental impact essentially by adopting environmentally friendly manufacturing practices, technologically advanced machineries, and optimum resource utilization. This helped us to reduce carbon emissions and minimising our ecological footprint.



### Our ESG priorities



#### Environment

- Focus on reducing our carbon footprint
- Implemented efficient inventory and logistics management to reduce carbon emissions
- Promoted material reuse and recycling to reduce waste
- Implemented urban forest development and saplings plantation



#### Society

- Our priority has been to prioritize the health and safety of our personnel
- Prioritised safety of employees and communities
- Provided financial help to social and environmental causes
- Promoted women's empowerment; encouraged representation from diverse background and regions
- Spent ₹43 lakhs through Arunodaya Trust towards environmental sustainability and women empowerment, and through Sarada Educational Society towards livelihood projects in the Telangana region.
- Allocated ₹10.41 lakhs in FY24 to the Development on Communication Arts & Culture Science Economic & Education Centre under the ongoing CSR project.



#### Governance

- Strong Board with respected Independent Directors
- 3 Independent Directors among 8 Board members
- Effective Board committee structures and committees
- Policy against sexual harassment

# OUR BOARD OF DIRECTORS



**RAGHUPATHY  
G THEEGALA**  
Chairman

Mr. Raghupathy Goud Theegala holds a Bachelor's degree in Commerce from Osmania University and a Bachelor's degree in Law from Bangalore University. After practicing law for three years, he joined the A.P. Police as a Sub Inspector through the Public Service Commission. Before becoming part of our company, he served with the Andhra Pradesh Lokayukta and Upa-Lokayukta, where he gained extensive experience in addressing financial irregularities, abuse of power, and corruption. Since August 21, 2017, Mr. Theegala has contributed his expertise to our board as an Independent Director.



**CHANDRAPATI  
VENKATA SIVA PRASAD**  
Wholetime Director  
(Technical)

Mr. Venkata Siva Prasad Chandrapati serves as the Whole-Time Director (Technical) of the company, bringing over 25 years of expertise across various technologies. Holding an M. Tech degree in Digital Signal Processing, he is a highly skilled professional within the industry. His profound knowledge and exceptional managerial abilities are the driving forces behind the company's Research & Development (R&D) teams, particularly in successfully leading and executing key defence projects.

Mr. Chandrapati's journey with AMS began in 1999, following more than eight years of experience with other esteemed companies. His remarkable proficiency in design and product development has established him as a top choice in the industry. He is the visionary behind the development of sophisticated weapon system electronics, significantly contributing to the success of numerous indigenous defence programs. Furthermore, his deep understanding of Space systems has been instrumental in creating advanced Payload Checkout and Telemetry Systems for critical Space Programs.



**KARUNAKAR REDDY  
BADDAM**  
Managing Director

Mr. Karunakar Reddy Baddam brings over 38 years of rich business experience to the table as the Founder and Managing Director of the company. Under his visionary leadership, AMS has transformed from a design-focused firm into a comprehensive solutions provider, now excelling in delivering both subsystems and complete system solutions.

Mr. Baddam has been instrumental in pioneering innovative solutions for defence and space programs, leveraging cutting-edge ideas and miniaturization techniques. His relentless pursuit of excellence and commitment to developing import substitution strategies have been pivotal to the company's success. As the driving force behind AMS, he provides the guidance, direction, and motivation that have propelled the company to reach new heights. His journey is marked by an ambitious entrepreneurial spirit that has consistently fostered sustainable growth and led AMS to achieve significant milestones.



**KRISHNA SAI KUMAR  
ADDEPALLI**  
Whole-Time Director  
(Operations)

Mr. Krishna Sai Kumar Addepalli serves as the Whole-time Director of Operations at the company. An engineering graduate specializing in Electronics and Communication, he brings over 23 years of diverse experience across marketing, finance, and operations. Since joining AMS in 2003, Mr. Addepalli has played a pivotal role in broadening the company's customer base, spearheading its expansion into new markets, and driving quality process reforms. His efforts have also strengthened the company's supply chain management. Deeply involved in business development, he is dedicated to expanding the company's presence in both defence and non-defence sectors.



**KARUNASREE  
SAMUDRALA**  
Independent Director

Mrs. Karunasree Samudrala is a distinguished Fellow of the Institute of Chartered Accountants of India and holds a Commerce degree from Kakatiya University in Telangana. With an impressive career spanning over 22 years, she brings a wealth of expertise in accounting, auditing, and taxation. Throughout her career, she has successfully led numerous audit engagements, gaining hands-on experience with various types of audits, including statutory, internal, and tax audits. Her audit experience extends across multiple sectors such as FMCG, stock markets, and banking.

Mrs. Samudrala's professional journey has seen her closely collaborate with statutory auditors, income tax authorities, and in investor relationship management. Her qualifications are further bolstered by certifications in International Financial Reporting Standards (IFRS), Certified Internal Auditor (CIA), and Concurrent Audit of Banks from the ICAI. In May 2018, Mrs. Samudrala joined the company's Board as an Independent Director, bringing her vast knowledge and experience to the leadership team.



**ADITYA KUMAR  
HALWASIYA**  
Non-Executive Director

Mr. Aditya Kumar Halwasiya is a dynamic third-generation entrepreneur and investor, carrying forward the legacy of the Pan-India Universal-Halwasiya Group, a conglomerate with an annual turnover exceeding INR 2,000 crores. He earned his Master's degree in Global Finance from Fordham University, New York, USA, and a Bachelor's degree in Commerce from St. Xavier's College, Kolkata.

As a shareholder and director at Universal Petro-Chemicals Ltd, a leading manufacturer in the automobile, industrial oils, and specialty chemicals sectors, Mr. Halwasiya has been instrumental in driving business marketing since 2019. He also plays a key advisory role at Columbia Petrochem Ltd, another family venture in the same industry. In addition to his responsibilities within the family businesses, Mr. Halwasiya actively manages and oversees a substantial portfolio of capital market investments and real estate projects across India, demonstrating his diverse expertise and commitment to the group's growth.



**KAVYA GORLA**  
Non-Executive Director

Ms. Kavya Gorla holds a graduate degree in Electronics and Communication Engineering, blending her technical expertise with a deep passion for aviation. Driven by her love for airplanes, she pursued flight training in Florida, USA, and has been a licensed pilot since 2007. Over the years, she has honed her skills and knowledge in key areas such as Airplane Aerodynamics, Engines, Avionics, and Radio Navigation Systems.

Ms. Gorla's career as a pilot has seen her serve with distinction in several prestigious airlines, including Air Deccan, Kingfisher Airlines, and Jet Airways. Her last flight assignment was with Jet Airways India Limited. Today, she is channeling her experience and leadership into entrepreneurial ventures, focusing on the manufacture of heavy engineering applications across sectors such as Mining, Automobile, Oil and Gas, and Electrical Infrastructure.



**CHANDRASHEKAR  
MATHAM**  
Independent Director

Dr. Chandrashekar Matham earned his Ph.D. in VLSI and Embedded Systems from SK University, Anantapur, in 2009. His academic journey began with an M.Tech. in Electronics and Instrumentation Engineering (EIE) from the prestigious Indian Institute of Science (I.I.Sc.), Bangalore, in 1994, following his M.Sc. (Tech.) in Applied Electronics, a three-year integrated program, from Osmania University in 1986.

With over two decades of experience in Defence Industrial Research and Development (R&D) and more than a decade of teaching undergraduate and postgraduate engineering students at both Central and State Universities, Dr. Matham has made substantial contributions to the field. As a Senior Manager in R&D at Bharat Dynamics, Hyderabad, under the Ministry of Defence, Government of India, he played a pivotal role in the indigenous design and development of Embedded Test Systems for missile technology. Before his tenure at Bharat Dynamics, Dr. Matham served as a Lecturer in Electronics at SSGM College of Engineering, Shegaon, from 1987 to 1993, where he dedicated seven years to nurturing the next generation of engineers. His extensive experience and significant contributions to both industry and academia have established him as a respected figure in his field.

# OUR LEADERSHIP TEAM



**SUDARSHAN CHILUVERU**  
Chief Financial Officer (CFO)



**RUKHYA PARVEEN**  
Company Secretary & Compliance Officer  
(CS & CO)



**COMMODORE BP SINGH VSM (RETD)**  
President (Strategic Projects)



**KC SATYANARAYANA**  
Head of Special Products Group



**VENKATESWARA RAO ALURI**  
President Marketing



**SUPRIYA KONDAP**  
Associate Vice President (Projects)



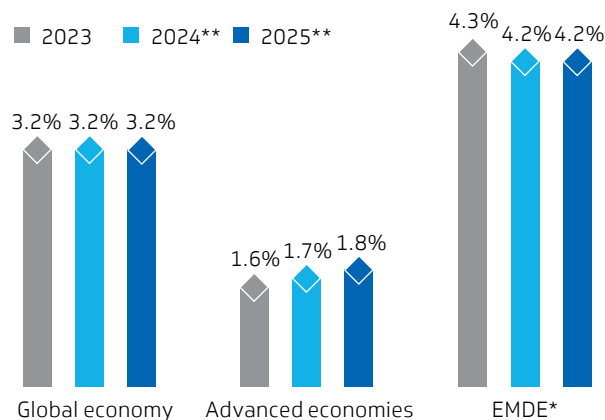
# Management discussion and analysis

## Global economy overview

The global economy displayed a surprisingly resilient performance in 2023, marked by a steady but slow recovery with regional variations. According to the International Monetary Fund (IMF), global growth-maintained stability, holding at a modest rate of 3.2%. Despite escalating geopolitical conflicts, higher inflation, prolonged higher interest rates, and volatility in energy prices and food markets, global economic growth has decelerated but not halted. Furthermore, the Red Sea crisis has resulted in the largest rerouting of global trade in decades, causing delays and heightened expenses for shipping companies avoiding a route that traditionally handles 12% of the world's maritime trade. With the crisis unfolding, its widespread impact on global supply chains is becoming increasingly apparent.

On the brighter side, economic growth in several emerging markets and developing economies has surpassed expectations in 2023. Another silver lining is the strongest recovery of the US economy among major economies, marked by a stronger performance in private consumption, swift containment of a looming banking crisis, tight labour market, and rising wages. The GDP of the US increased from 1.9% in 2022 to 2.5% in 2023. Despite experiencing a contraction in GDP growth of 0.4% in 2023, the Euro Area has shown fortitude in navigating through unprecedented shocks arising from the prolonged Russia-Ukraine war, the trailing effects of tight monetary policy, previous energy costs, and planned fiscal consolidation, managing to avert recession. Furthermore, China's economy expanded to 5.2% in 2023 from 3.0% in 2022. The shakier economic growth of China in 2023 is attributed to depression in the real estate market and tepid demand.

## Global economic growth



[Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>]  
[\*Emerging Market and Developing Economies] [\*\*Projected]

Global inflation continues to recede at a faster pace from 8.7% in 2022 to 6.8% in 2023. Despite headline inflation experiencing a decline from its unprecedented peaks, core inflation has remained persistent and is expected to decline gradually. Advanced economies are returning to their inflation targets sooner than emerging market and developing economies, fostering optimism for continued easing of financial conditions and improvement of monetary policy frameworks.

Moreover, the average price of Brent crude oil decreased to USD 83 per barrel in 2023, down from USD 101 per barrel in 2022. However, the spot price of Brent crude oil averaged USD 90 per barrel in April 2024 due to escalating tensions in the Middle East, attacks on Russian refineries and voluntary OPEC+ production cuts through Q2 2024. Despite these challenges, crude oil price volatility has remained low for the majority of 2024, attributed to substantial spare crude oil production capacity.

[Source: IMF Economic Outlook, April 2024; IEA; EIA]

## Performance of major economies

**United States:** The GDP of the US increased from 1.9% in CY 2022 to 2.5% in CY 2023. The US economy has witnessed the strongest recovery among major economies, marked by a stronger performance in private consumption, swift containment of a looming banking crisis, a tight labour market, and rising wages.

**China:** China's GDP growth grew from 3.0% in CY 2022 to 5.2% in CY 2023, primarily due to higher government spending. The shakier economic growth recovery of China in CY 2023 is attributed to depression in the real-estate market and tepid demand. China's central banks announced cutting the reserve requirement ratio (RRR) for all banks by 50 basis points (bps) as part of a slew of measures to support the fragile economy.

**United Kingdom:** The GDP in the UK contracted from 4.3% in CY 2022 to 0.1% in CY 2023. The decline in growth reflects tighter monetary policies to curb still-high inflation and lingering impacts of the terms-of-trade shock from high energy prices.

**Japan:** Economic growth in Japan increased to 1.9% in CY 2023 compared to 1.0% in CY 2022, supported by pent-up demand, a surge in inbound tourism, accommodative policies and a rebound in auto exports that had earlier been held back by supply chain issues.

**Germany:** The GDP growth in Germany decreased from 1.8% in CY 2022 to 0.3% in CY 2023, due to the impact of high energy prices, weaker industrial demand and higher interest rates.

**Outlook**

The global economy is expected to maintain its resilience in CY 2024. The IMF projects sluggish global growth at 3.2% for both CY 2024 and CY 2025. Global headline inflation is expected to decrease to 5.9% in CY 2024 and 4.5% in CY 2025. Furthermore, according to the forecast of the Energy Information Administration (EIA), the Brent crude oil price is expected to average USD 88 per barrel in CY 2024 and USD 85 per barrel in CY 2025. With the improvement in the economic landscape, the World Trade Organization predicts a moderate recovery in global merchandise trade volume, with growth rates expected to reach 2.6% in CY 2024 and further increase to 3.3% in CY 2025.

The global economic outlook in CY 2024 will be shaped by elevated interest rates as the fight against inflation persists, withdrawal of fiscal support amid high debt weighing on economic activity, low underlying productivity growth, a tight job market and economic uncertainties. Furthermore, regional conflicts and geopolitical unrest could elevate energy prices, reduce energy supply, or raise the risks of supply disruptions, contributing to additional geo-economic fragmentation and posing downside risks for the global economy. The prolonged Russia-Ukraine conflict has the potential to further dampen the overall economic

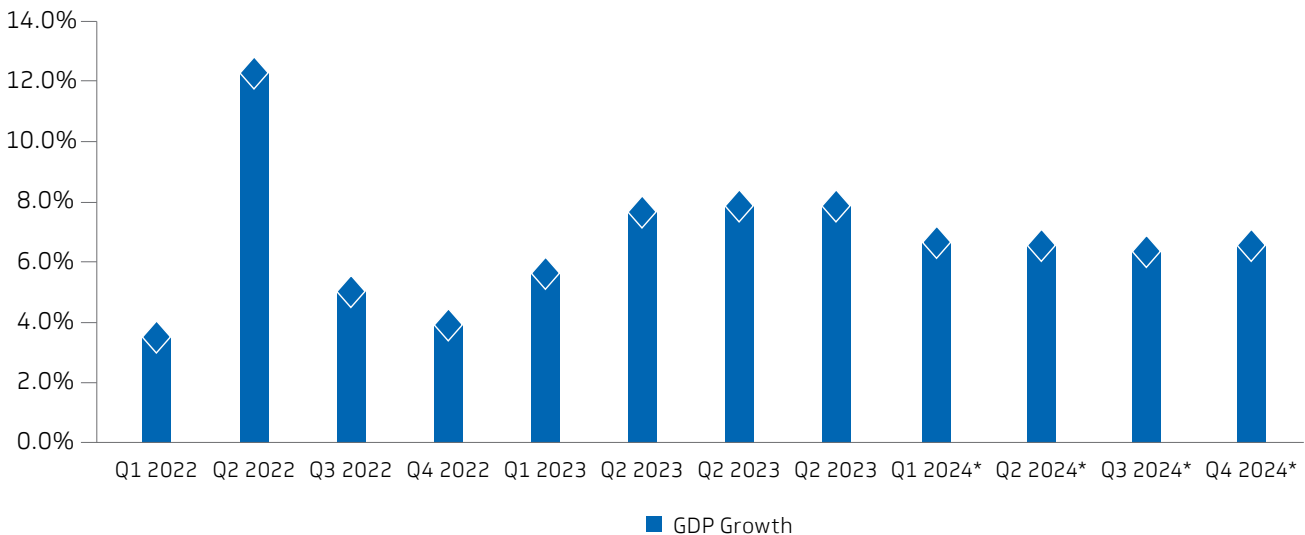
outlook of the European Union. Additionally, an escalation in the Middle East crisis could impact oil and commodity prices and the global supply chain.

However, positive factors, including rapid disinflation, strong economic performance of the US and several large emerging market and developing economies, economic stimulus in China, the resilience of Europe amid the ongoing war, and easing of supply chain bottlenecks will reinforce the outlook of the global economy. After rapid expansion in CY 2023, the Asia-Pacific (APAC) region is expected to be the fastest-growing region of the world economy in CY 2024, supported by robust domestic demand in East Asia and India.

**Indian economy overview**

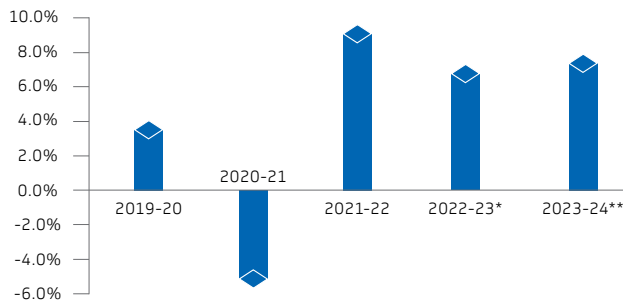
Amidst global economic challenges and geopolitical uncertainties, India continued to shine brightly. As the fifth-largest economy, India maintained its position as the world’s fastest-growing major economy. In FY24, India’s GDP grew by a robust 7.6% compared to 7% in FY 2022-23, driven by strong domestic demand, stable interest rates, and increased investments. Accelerated economic reforms and infrastructure development have also led to job creation and economic growth. Further, the IMF commended India’s economic resilience, robust growth, and notable progress in formalisation and digital infrastructure. As the host of the G20 in 2023, India also showcased its global leadership and positioned itself as an attractive destination for investments in energy transition initiatives.

**Indian economic growth projection on a quarterly basis**



[Source: <https://tradingeconomics.com/india/gdp-growth-annual>] [\*Projected]

### Year-on-year growth (%) in GDP



(Source: Ministry of Statistics and Programme Implementation)  
[\*First revised estimate; \*\*Second advance estimate]

As per the second advance estimates of National Income, 2023-24, a double-digit growth rate of 10.7% in the construction sector and an 8.5% growth rate in the manufacturing sector have contributed to the GDP growth in FY24. Moreover, India's IIP growth during April-February FY24 stood at 5.9%, up from 5.6% in the corresponding period in the previous year. The mining and manufacturing sectors also recorded a higher growth of 8.2% and 5.4% respectively during the same period.

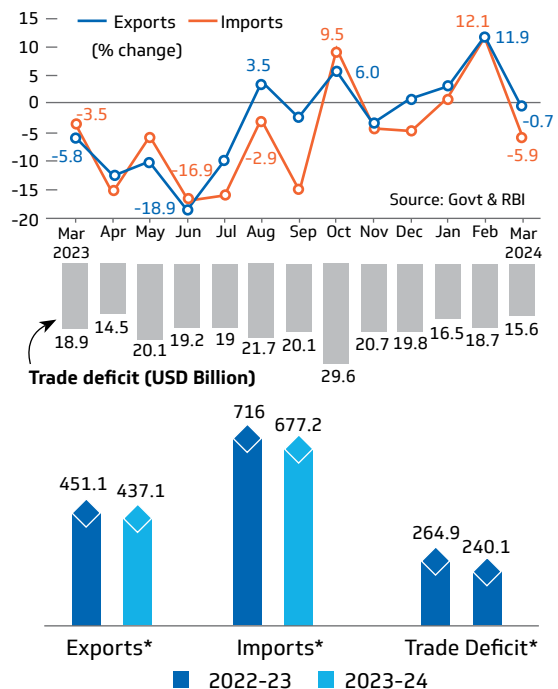
The growth in gross value added (GVA) at basic prices is pegged at 6.9% in FY24 as against 6.7% in FY 2022-23. The real gross domestic product (GDP) or GDP at Constant (2011-12) Prices for FY24 is estimated to reach ₹172.90 lakh crore, compared to the First Revised Estimates (FRE) of GDP of ₹160.06 lakh crore in FY23. Furthermore, India's per capita income is estimated to reach ₹2.14 lakh in FY24, achieving remarkable growth of 8.0%. Rising levels of disposable income have led to an upswing in household consumption, thereby stimulating demand across various sectors. Gross Direct Tax collections (provisional) for FY24 stood at ₹23.37 lakh crore, registering an 18.48% Y-o-Y growth. Net collections amounted ₹19.58 lakh crore (provisional), compared to ₹16.64 lakh crore in FY23, representing an increase of 17.70%.

CPI inflation has shown a positive trend, declining to 4.85% in March 2024. The Reserve Bank of India (RBI) projects CPI inflation at 5.4% for FY24 and has maintained the policy repo rate at 6.50%. The RBI remains ready to implement measures to achieve the 4% inflation target while supporting economic growth. Government structural interventions continue to enhance infrastructure, boost manufacturing, create economies of scale, increase exports, and integrate India into the global value chain. The 'Make in India' initiative has made notable progress, now focusing on 27 sectors under 'Make in India 2.0' to establish India as a manufacturing hub. Additionally, India has significantly improved in the Ease of Doing Business rankings, now at 63<sup>rd</sup> among 190 countries. Furthermore, the government's investor-friendly Foreign Direct Investment (FDI) policy today allows 100% FDI in most sectors through the automatic route, excluding certain strategic areas. This is expected to further propel the growth of the economy.

### Export scenario

India's strong GDP growth fundamentals and expected global easing of monetary tightening helped spur global demand, thereby resulting in a positive growth sentiment for the exports during the fiscal.

Due to geopolitical conflicts and interruptions in trade routes, India experienced a 3% decline in merchandise exports, amounting to \$437 billion in the fiscal year 2023-24. Concurrently, imports decreased by 5.4%, totaling \$677 billion. This contraction in trade activity contributed to a reduction in the trade deficit, which shrank to \$240 billion in FY24 from \$265 billion in the preceding fiscal year. Over the entire year, the country's exports of goods and services reached an unprecedented high of \$776.7 billion, while imports combined to approximately \$855 billion.



(Source: <https://timesofindia.indiatimes.com/business/india-business/goods-exports-dip-3-imports-5-in-2023-24/articleshow/109326390.cms>) [\* in USD (\$) billion]

Petroleum products significantly impacted export figures, with a 14% reduction to \$84 billion in the last fiscal year, partly due to decreasing global prices. Conversely, electronics and pharmaceuticals stood out as key sectors. Mobile phones drove electronics exports up by 23.6%, surpassing \$29 billion, while pharmaceutical exports from the country are believed to have grown by 9.7%, reaching \$27.8 billion. Engineering goods also saw an increase, with shipments exceeding \$109 billion, a 2.1% increase. Similarly, on the import side, there was a 14% decrease in crude oil imports, amounting to \$179.6 billion.

**Outlook**

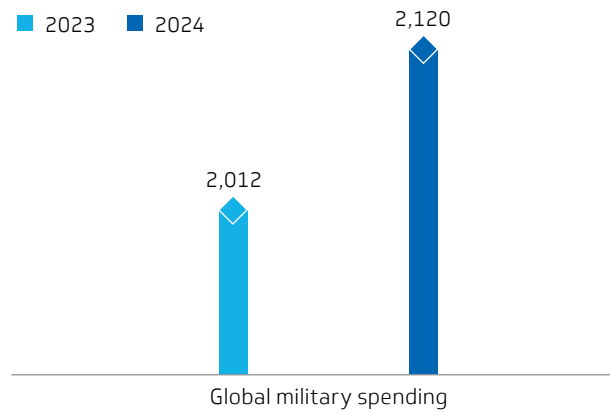
India’s economic outlook is optimistic, with robust domestic demand, a broad-based revival in manufacturing and services sectors, increased capital expenditure and proactive policy measures by the government, and positive business and consumer sentiments, providing impetus to the growth momentum going forward. According to the IMF, the Indian economy is expected to advance steadily at 6.8% in CY 2024 and 6.5% in CY 2025. The RBI’s forecast is more optimistic, projecting a higher GDP growth of 7.6% for FY24 and 7.0% for FY25. As per the Reserve Bank of India’s forecast, CPI inflation is expected to decline to 4.5% in FY25. However, volatile food prices hinder the trajectory of disinflation and obscure the inflation forecast.

Potential risks to India’s economic outlook arise from headwinds from geopolitical tensions, political stability, volatility in international financial markets, geoeconomic fragmentation and climate shocks. However, India’s advantageous geopolitical position will help it capitalise on supply chain diversification and reshoring, increase its global competitiveness and boost exports. Amid a volatile global macro environment, the Indian economy is poised to ascend as a global economic powerhouse and is expected to become the third-largest economy in the world by 2030. The Interim Budget 2024-25 outlines a multi-pronged economic management strategy, including infrastructure development, digital public infrastructure, taxation reforms, and proactive inflation management. It sets the foundation for the vision of a developed India by 2047. The government has raised the capital expenditure outlay by 11.1% to ₹11.1 lakhs crore for FY25, which would be 3.4% of the GDP.

impact. However, in 2023, the industry witnessed a remarkable resurgence as the global defence spending surged by ~18.5%.

The global defence expenditures surged by 18.5% to reach USD 212 billion in 2023, with the US, China, Russia, India, and Saudi Arabia collectively accounting for nearly 63% of the global military spending. The key factors that helped drive the growth are an ongoing expansion in military expenditure amidst rising concerns over new security challenges fuelled by persistent conflicts and geopolitical tensions. The defence market is swiftly adapting to the growing demands for advanced capabilities across various domains, including air, land, sea, and space. Key areas such as hypersonic missile defence, artificial intelligence (AI), electric vehicles (EVs), space forces, autonomous systems, digital transformation, and space situational awareness stand at the forefront of these market developments.

**Global military expenditure (in USD billion)**

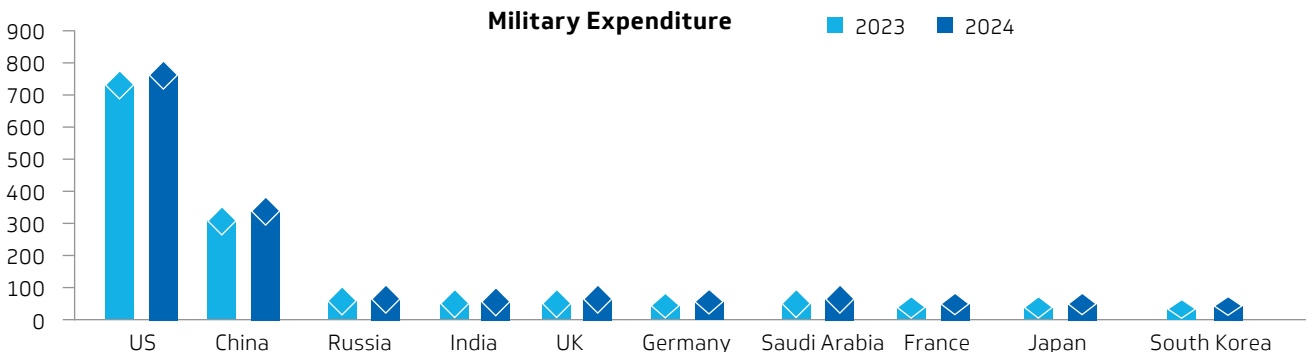


(Source: <https://www.marketsandmarkets.com/blog/AD/Defense-Industry-Outlook>)

**Global aerospace & defence industry**

The global aerospace & defence industry witnessed a tough phase in 2021 and 2022, largely owing to the pandemic

**Country-wise Military Expenditure (in USD billion)**



(Source: <https://www.marketsandmarkets.com/blog/AD/Defense-Industry-Outlook>)

The army domain subsegment is expected to continue its dominance in the world's military budget analysis and is projected to grow from USD 621.3 billion in 2023 to USD 655.1 billion by 2024 at an annual rate of 2.7%.

As tensions between major powers continue to grow, many nations are increasing their investments in defence capabilities. With weapon's stock depletion heightening the need for new and advanced technologies, the defence industry is poised to see significant growth in the coming years. 2023 also set a record for industry revenue of \$829 billion, 11% above 2022 and 4% above the previous record set in 2019, marking a significant milestone of full recovery from the pandemic, at least as measured by overall revenue.

Globally, the Airborne platform is seeing new investments along with new programs and developments. This is due to an increased focus on precision engagement, rapid global mobility, agile combat support, electronic warfare, strategic mobility, and global reach. Due to these investments and factors, the Airborne platform is projected to grow from USD 72 billion in 2023 to USD 75 billion by 2024 at an annual rate of 2.1%.

The Naval platform has witnessed an increased focus on the acquisition of new naval vessels, the development of aircraft carriers, nuclear-powered submarines, unmanned submersibles, and surface vessels, and the improvement of Anti-Access/Area Denial (A2/AD) owing to rising territorial disputes and maritime security.

The army domain subsegment is expected to continue its dominance in the world's military budget analysis and is projected to grow from USD 621.3 billion in 2023 to USD 655.1 billion by 2024 at an annual rate of 2.7%.

In 2024, a notable upswing in global military budgets is anticipated, driven by heightened investments in the army domain. Nations worldwide are expected to allocate increased financial resources to strengthen their ground forces, responding to evolving geopolitical landscapes and emerging security challenges. The surge in investment reflects a strategic emphasis on enhancing troop readiness,

modernizing equipment, and fortifying defence capabilities on land. Factors such as rising tensions, territorial concerns, and the need to address asymmetric threats contribute to this anticipated boost in army-related expenditures. Additionally, advancements in military technology and the imperative to maintain a credible deterrent further underscore the significance of increased investments in the army domain.

### Key technologies to shape the global industry

**Next-gen counter-drone systems:** One such development is the next-gen counter-drone systems with autonomous capabilities. The increasing usage of unmanned systems is driving the defence industry towards further developments, such as manned-unmanned teaming, resulting in enhanced military capabilities with improved soldier safety and efficiency.

**Electrification of military vehicles:** Electric versions of military vehicles are being developed, indicating the migration of defence platforms to the electric format. According to industry analysis, the military vehicle electrification market is estimated to reach \$20.4 billion by 2030, growing at a CAGR of 25.6% from 2023 to 2030.

**Investments in AI:** Defence forces are engaging more with startups and are increasingly investing in AI. The U.S. DoD has requested \$1.8 billion (2024 budget request) for AI, and China is spending \$1.6 billion yearly on AI-enabled systems. The U.S. Air Force is developing AI-driven unmanned combat aircraft, creating a point of convergence for ongoing efforts focused on manned-unmanned teaming in its operations. With these investments in new technology, the defence industry is positioning itself for faster innovation and enhanced productivity.

**Soldier-assisting quadruped robots:** Imagine robots carrying supplies or providing medical assistance on the battlefield. This vision is becoming a reality, with quadruped robots being tested and deployed in operations in 2024. This opens up a vast market for companies specializing in robotics and AI.

**Space capabilities and missile defence:** The investment in space capabilities and situational awareness are becoming a focal point, with developments in hypersonic missile systems and interceptors. This forward-looking approach not only addresses immediate defence needs but also prepares for future security challenges.

### Outlook

The defence industry is set for significant growth amid escalating global conflicts and rising tensions, which have

renewed focus on defence spending. This spending is expected to keep pace with or surpass inflation, fueling innovation and modernization. Additionally, the burgeoning space sector offers substantial opportunities for the aerospace and defence (A&D) industry, with a projected \$1 trillion growth over the next decade driven by innovation, startups, and mergers and acquisitions. This adds an exciting new dimension to the industry. Overall, the A&D industry is robust, with positive forecasts for the near and long term, though profitability remains a challenge, historically lagging behind broader industrial metrics. For sustainable success, the industry must prioritize safety, operational performance, innovation, a skilled workforce, and scalability to support the global economy.

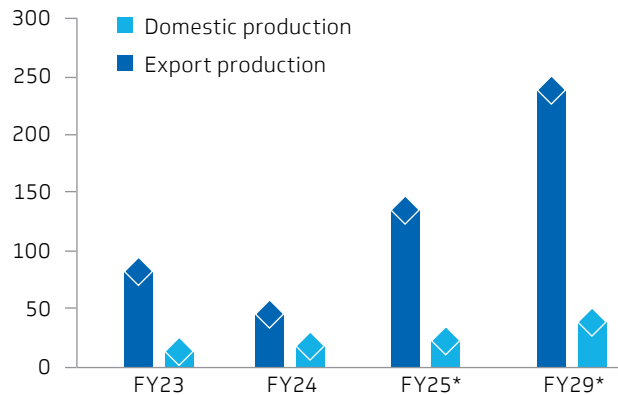
### Indian defence industry

The Indian defence sector has gained in prominence over the last few years and has emerged as one of the fastest-growing military forces worldwide. With the largest unsettled borders with two nuclear powered neighbours, the Indian defence industry has witnessed robust growth over the decade. Today, India has one of the world’s largest armed forces with a strength of over 14.4 lakhs (1.44 million) active personnel.

With the government’s clear vision for an indigenous defence industry, the country’s attractiveness to global defence companies continues to rise owing to shrinking global defence budgets, and there is tremendous potential in engineering services and component sourcing. Holding a strategic place for the government, the Indian defence industry’s top three market segments of the Indian defence sector are military fixed wing, naval vessels and surface combatants, and missiles and missile defence systems. Military rotorcraft, submarines, artillery, tactical communications, electronic warfare, and military land vehicles are some of the other well-known segments. India’s defence sector is witnessing significant growth driven by increasing defence budgets, modernisation efforts, and the government’s emphasis on indigenous manufacturing through initiatives like “Make in India.”

Ongoing global skirmishes, the government’s ambitious defence targets and the focus on indigenisation have all put a spotlight on India’s defence industry. Private sector companies in India have significantly contributed to the country’s defence production in FY24, accounting for a larger share than in the past eight years. According to data from the Department of Defence Production, private sector companies contributed ₹16,411 crore, or 22%, to the total defence production of ₹74,739 crore in FY24. This marks the highest share of private sector contribution since 2016-17.

Global military expenditure (in USD billion)



[Source: <https://upstox.com/news/upstox-originals/investing/opportunities-in-the-indian-defence-industry/article-85013/>] [\* Expected]

According to industry experts, India’s overall defence production (domestic and exports) to grow at a CAGR of approximately 18% from FY23 to FY29. The government’s emphasis on indigenization has created significant opportunities for private players. In FY24, private sector contribution to total defence production reached 22%, the highest since FY17. Additionally, private sector contributions to defence exports, approximately ₹21,000 crore, accounted for 60% in FY24. Continuing its trend of import bans, the government announced in May 2023 that 928 defence items will face phased import restrictions between December 2023 and December 2029, with an import substitution value of ₹715 crore.

### Key budget allocation for the Interim Budget 2024-25

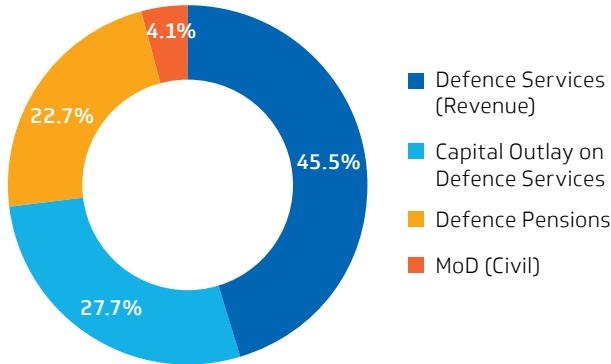
- In 2024-25, the Ministry of Defence (MoD) was allocated a total budget of US\$ 74.8 billion (₹ 6.21 lakh crore), which is 13.04% of the total budget.
- Of this, US\$20.7 billion (₹1.72 lakh crore) was allocated towards capital expenditure, including the purchase of new weapons, aircraft, warships, and other military equipment.
- An outlay of US\$ 782.3 million (₹6,500 crore) was announced towards the capital expenditures of the Border Roads Organization (BRO).
- US\$ 2.9 billion (₹23,855 crore) was allocated to DRDO.
- A corpus of US\$ 12.0 billion (₹1 lakh crore) was earmarked for Deep Tech, offering long-term loans to tech-savvy companies to foster innovation in defence technologies within India.

- Allocated US\$ 7.2 million (₹60 crore) for the Technology Development Fund (TDF) scheme, specifically designed to support new startups, MSMEs, and academia engaged in defence-related innovation aiming to attract young talent interested in niche technology development, fostering collaboration with DRDO.

**Government's allocation for the defence sector in the Union Budget 2023-24**

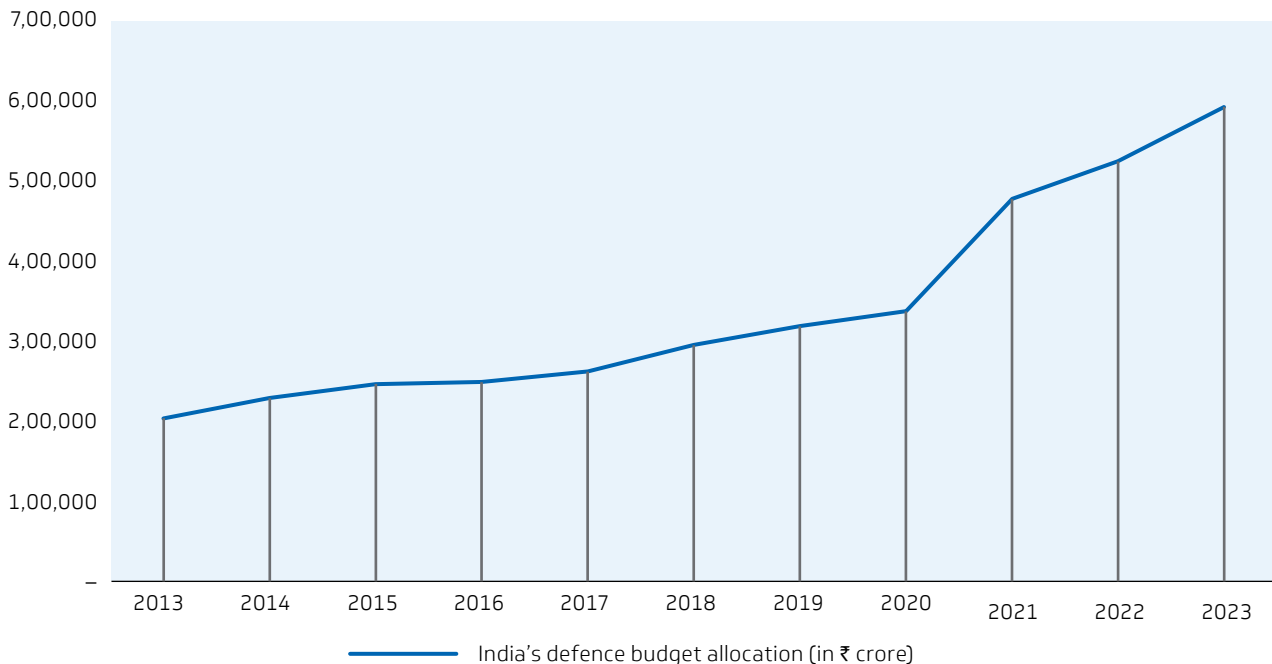
- The Ministry of Defence (MoD) allocated a total budget of US\$ 72.2 billion (₹5,93,537.64 crore), which is 13.18% of the total budget. This includes an amount of US\$ 16.8 billion (₹1,38,205 crore) for Defence Pensions. The total Defence Budget represents an enhancement of US\$ 8.3 billion (₹68,371.49 crore), nearly 13% over the Budget of 2022-23.
- The capital investment outlay has been increased steeply for the third year in a row by 33% to US\$ 121 billion (₹10 lakh crore), which would be 3.3% of GDP. This is almost three times the outlay in 2019-20.
- Under the Atmanirbhar Bharat Initiative, four positive indigenization lists of 411 products have been promulgated by Department of Military Affairs and Ministry of Defence to be manufactured domestically for the defence sector, instead of being sourced via imports.
- Provided Exempt-Exempt-Exempt (EEE) status to the Agniveer Fund.

**Breakdown of fund allocation in Defence Industry as per the Interim Budget 2024-25**



(Source: [https://www.ibef.org/download/1714542972\\_Defence\\_Manufacturing\\_March\\_2024.pdf](https://www.ibef.org/download/1714542972_Defence_Manufacturing_March_2024.pdf))

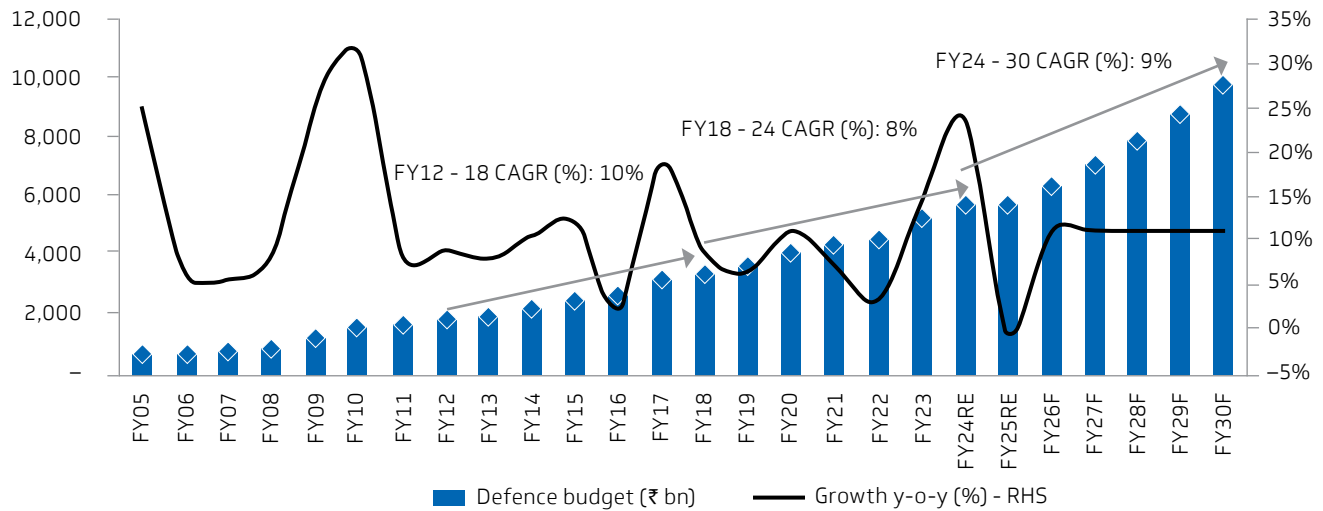
**India's defence budget allocation in the last 10 years**



(Source: <https://www.deccanherald.com/india/infographic-how-much-did-the-government-spend-on-defence-in-the-last-10-years-2846289>)

According to the Global Power Index, India’s defence sector ranks fourth in firepower, scoring 0.0979 (with 0.0 being perfect). The Indian government aims to achieve a defence production target of US\$ 25 billion by 2025, including US\$ 5 billion in exports. As one of the world’s largest defence spenders, India allocated US\$ 74.8 billion (Rs. 6.21 lakh crore) to defence, comprising 13.04% of the total budget. This represents a 4.72% increase over the 2023-24 budget and an 18.35% rise compared to the 2022-23 allocation. India emerged as the fourth largest military spender globally in 2023, with a spending of \$83.6 billion, 4.2% higher than the investment made in 2022.

**Indian defence budget forecast**



(Source: <https://www.rediff.com/money/report/indias-defence-sector-a-138bn-opportunity-hal-bel-top-buys-nomura/20240517.htm>)

**Rising contribution of private companies in Indian defence sector**

In the fiscal year 2023-24 (FY24), private sector companies in India made a remarkable impact on the country’s defence production, contributing a larger share than in the past eight years. Data from the Department of Defence Production reveals that private sector companies contributed ₹16,411 crore, accounting for 22% of the total defence production of ₹74,739 crore in FY24. This represents the highest share of private sector involvement since 2016-17, underscoring their growing role in bolstering India’s defence capabilities.

**Government’s push for local defence production**

The government has taken proactive steps to promote domestic defence production. In November 2023, it earmarked ₹1 trillion, equivalent to 75% of the defence acquisition budget, exclusively for local companies. Furthermore, the defence offset policy encourages foreign firms to invest in or procure from domestic companies, thereby bolstering the local industry.

**Rising defence export from India**

In FY24, India achieved a historic milestone in defence exports, with a record high of ₹21,083 crore, surpassing the previous year’s ₹15,920 crore, as reported by the Ministry of Defence (MoD). The cumulative value of defence offset transactions reached \$7.9 billion in FY24, nearly tripling from \$2.9 billion in 2019-20. However, approximately \$310 million in pending claims remain unresolved, possibly due to incomplete information or other factors. The number of export authorizations also witnessed growth, rising from 1,414 in FY23 to 1,507 in FY24.

Comparing data over two decades—specifically, the periods from 2004-05 to 2013-14 and 2014-15 to 2023-24 – the MoD reveals a remarkable 21-fold increase in defence exports. During 2004-05 to 2013-14, total defence exports amounted to ₹4,312 crore, whereas the subsequent period (2014-15 to 2023-24) saw a substantial surge to ₹88,319 crore. This significant growth can largely be attributed to policy reforms, ‘Ease of Doing Business’ initiatives, and comprehensive digital solutions provided by the Indian



government to promote defence exports. It underscores the global acceptance of Indian defence products and technologies.

### Growth drivers and opportunities in India's defence manufacturing

**Record production value:** The defence production value in India has crossed the landmark of ₹1 lakh crore (USD 12 billion) for the first time, reaching ₹1,08,330 crore (USD 13.07 billion) in FY23. This is a significant increase from ₹95,000 crore (USD 11.47 billion) in FY22 and ₹54,951 crore (USD 6.63 billion) five years prior.

**Projected investments:** The Indian defence sector, one of the world's largest, has a promising pipeline of over USD 223 billion in aerospace and defence capital expenditure over the next ten years. Additionally, there is a projected medium-term investment of USD 130 billion.

**Policy initiatives:** The Draft Defence Production and Export Promotion Policy (DPEPP) 2020 aims to increase defence turnover from ₹80,000 crore (USD 10 billion) in 2019-20 to approximately ₹1,75,000 crore (USD 21.87 billion) by 2025, including exports worth ₹35,000 crore (USD 4.37 billion). Key programs are moving towards the "Buy Global—Manufacture in India" model, including the procurement of 114 multirole fighter aircraft (MRFA), emphasizing increased domestic production.

**Foreign Direct Investment (FDI):** The FDI cap in defence manufacturing under the automatic route has been increased from 49% to 74% for new investments requiring an industrial license, allowing foreign firms more ownership and control in establishing manufacturing units.

**Defence exports:** The defence exports have shown a remarkable increase, reaching ₹21,083 crore in 2023-24. This growth in exports is a strong indicator of India's rising prominence in the global defence market.

These growth drivers and opportunities highlight the rapid expansion and potential of India's defence manufacturing sector. The increase in production value, ambitious policy initiatives, and rising defence exports collectively point towards a robust future for this sector.

### Indian space industry

India is at a critical juncture of a technology-driven revolution, and the space economy is set to play a pivotal role in facilitating this transformation. Presently, space

technology is deeply integrated into various aspects of our contemporary society, encompassing communication, earth observation, scientific exploration, navigation systems, weather prediction, disaster response, agriculture, and telemedicine. The Indian space sector has not only enhanced the country's economic development, but it has also brought about a profound socio-economic impact that has revolutionized our day-to-day existence. The space program in India has achieved notable progress through the utilization of indigenous technology, facilities, systems, and the systematic provision of services. The media and entertainment industry in India has heavily relied on satellite broadcasting services, which have proven advantageous for the nation's population.

2023 witnessed a momentous year for the Indian Space Industry, as it celebrated the triumphant launch of Chandrayaan-3 and Aditya-L1, which marked India's first foray into solar exploration. Backed by the recently implemented Indian Space Policy and a favorable industry policy framework, the Indian space sector is well-positioned to venture into uncharted territories in 2024, thanks to its numerous accomplishments in human spaceflight and interplanetary missions. Another major event that transpired in 2023 was the passing of the much-awaited Space Policy and finishing of the most crucial milestone being the Telecommunications Act, 2023, receiving the final assent of the President.

The Indian Space Research Organisation's (ISRO) budget-friendly launches have helped the Indian space industry capture a 20% global market share, while its swift decision-making process accelerates satellite development. The government's push for private participation has fuelled a surge in startups and investments across sub-sectors like satellite manufacturing, launch vehicles, ground segment solutions, and associated services, propelling the market towards a projected \$6 billion by 2030. This meteoric rise signifies not just economic growth, but a technological transformation poised to redefine the global space industry.

Contributing 2% to the global space economy, the government spending on space stood around \$2 billion and the country has launched 381 foreign satellites since 1999 for 34 countries clocking \$279 million in revenues. According to IN-SPACe (the Indian National Space Promotion and Authorisation Centre), the commercial arm of ISRO that handholds startups, the Indian space economy is likely to grow from around \$8.4 billion currently to \$44 billion by 2033.

### India's space startup landscape

The Indian space industry is experiencing a remarkable transformation thanks to the boom in the startup ecosystem. No longer confined to state-run initiatives, a constellation of startups is emerging, fuelled by a blend of government backing, entrepreneurial spirit, and cost-effectiveness. Once dominated by the state-run Indian Space Research Organisation (ISRO), the landscape now teems with over 180 budding startups, having attracted more than \$285 million in funding since 2014. These ventures span diverse domains, from launch vehicle development and satellite manufacturing to space-based data analytics and Earth observation applications.

This vibrant ecosystem is further fortified by government reforms and policy implementations that encourage private participation, creating fertile ground for innovation and collaboration. Leveraging India's cost advantage in space missions, coupled with ISRO's technical prowess, these startups gain a unique edge, attracting global clientele and propelling the nation toward becoming a major space player. Beyond transforming the space sector, this dynamic industry nurtures cutting-edge technologies with wide-ranging applications, making it a domain to watch with keen interest. With a total funding of \$123.90 million received in 2023, India's Space startups are trailblazers in the commercial space race.

#### Growth drivers

**Increasing demand for satellite services:** With new innovations in areas of satellite communication and other areas of application including geospatial data-based services, there is an increased demand for space-based services and thereby the need for more players to venture into upstream and downstream sectors in space to provide commercial offerings.

**Growing number of private players:** The Private players can now participate in setting up of ground stations for space crafts which constitutes 48% of the space sector budget. They can also venture in applications of space technology, which contributes 45% of the space economy. Also, small satellite segment and component manufacturing are predicted to be emerging sectors for private participation.

**Emerging areas in the global sector:** Future opportunities in fascinating areas like space tourism and commercial recovery of space resources are coming up, promising enormous scope of growth in the sector.

**Complementary aviation and defence sector:** Bengaluru is ranked among top 3 in global aerospace and defence cities in attracting foreign investment and India is one of the top countries in the world in terms of defence procurement and allied production.

**Strong adjacent industrial support:** India is a leading innovator in machine tools, capital goods with robust IT and software sector.

#### Company overview

Established in 1985, Apollo Microsystems (AMS) is one of the pioneers in the Indian defence and space industry with a specialisation in design, development and assembly of custom-built electronics and electro-mechanical solutions. Over the years, the Company has gained a reputation for delivering high-performance solutions crucial to defence, space, and Homeland security sectors. With a focus on serving the Ministry of Defence, government-controlled public sector undertakings, and private industries, Apollo Microsystems designs, develops, and sells cutting-edge solutions for mission-critical and time sensitive applications.

Throughout its journey, Apollo Microsystems has diligently accumulated a wealth of knowledge and focused on building its technology base. This robust foundation positions the Company to outpace competitors and grow sustainably over the years. Apollo Microsystems has been an active participant in a diverse range of indigenous missile programs. These include underwater electronic warfare, underwater missiles, surface-to-air missiles, nuclear missile programs, surface-to-surface missile programs, indigenous submarine initiatives, and the development of both long-endurance and short-endurance UAVs. Additionally, the company has contributed significantly to shipbuilding and space exploration programs.

At AMS, we provide comprehensive End-to-End Design, assembly, and testing services. Our in-house design capability is dedicated to crafting reliable, forward-thinking solutions for our valued customers. Our team of skilled engineers not only showcases their design and engineering prowess but also extends Life Cycle Support for the solutions we deliver. With a robust domain expertise, we have a proven

track record of supplying cutting-edge solutions tailored to the specific sector's needs. Our CEMILAC-certified in-house R&D center specializes in developing Airworthiness systems. Our R&D team possesses unique domain expertise across diverse market verticals, including Aerospace, Avionics, Space, Naval, Automotive for On-Board Systems, and Ground Support Equipment. Notably, we are honoured to be recognized as a Collaborative R&D Partner by Bharat Electronics Limited.

### Quality focus

At AMS, we embrace the belief that "Quality is the cornerstone of Sustainability." To uphold this principle, we have established a meticulous validation and qualification framework. This ensures that our systems, facilities, and processes are meticulously designed and developed to meet the requirements of our valued customers, while also complying with the strict regulations set by the authorities.

### Financial review

Revenue from operation achieved during FY2024 was ₹37,163.42 lakhs, as against ₹29,752.60 lakhs in the previous year, registering 24.91% year-on-year growth.

Profit before tax (PBT) was recorded at ₹4,489.91 lakhs against ₹2,944.04 lakhs during the previous year.

Profit after tax (PAT) for the year stood at ₹3,166.90 lakhs against ₹1,906.82 lakhs in the previous year.

For FY24, EBITDA grew by 39.12% YoY to ₹8,649.62 lakhs in FY2024, compared to ₹6,217.52 lakhs in FY23.

EBITDA margin for FY24 stood at 23.27%, improved by 11.34 bps on a YoY basis. Various cost control measures, coupled with better market dynamics, led to higher growth in EBITDA.

Total borrowings of AMS as of March 31, 2024 stood at ₹20,604 lakhs vis-à-vis ₹14,248 lakhs as on March 31, 2023.

AMS's interest cost in FY24 increased by 35.47% from ₹2,236.85 lakhs in FY23 to ₹3,030.15 lakhs.

As on March 31<sup>st</sup> March, 2024, the Company's Equity Capital stood at ₹2,823.59 lakhs compared to ₹2,076.39 lakhs as of 31<sup>st</sup> March, 2023.

Our tangible asset as of 31<sup>st</sup> March, 2024, stood at ₹14,181 lakhs vis-à-vis ₹10,548 lakhs as on 31<sup>st</sup> March, 2023, an increase of 34.45%.

Cash and cash equivalents as of 31<sup>st</sup> March, 2024 stood at ₹19 lakhs vis-à-vis ₹14 lakhs as on 31<sup>st</sup> March, 2023, an increase of 34.08%.

### Financial performance summary (in Lakhs)

	FY24	FY23	% Change
Revenue	37,163.42	29,752.60	24.91
<b>Gross profit</b>	<b>11,318.83</b>	<b>8,774.63</b>	<b>28.99</b>
Total opex	7,092.29	5,958.53	19.03
<b>EBITDA</b>	<b>8,649.62</b>	<b>6,217.52</b>	<b>39.12</b>
Depreciation	1,129.56	1,036.63	8.96
EBIT	7,520.06	5,180.89	45.15
Finance cost	3,030.15	2,236.85	35.47
<b>Profit before Tax (PBT)</b>	<b>4,489.91</b>	<b>2,944.04</b>	<b>52.51</b>
<b>Profit after Tax (PAT)</b>	<b>3,166.90</b>	<b>1,906.82</b>	<b>66.08</b>

### Summary of Balance Sheet (in Lakhs)

	FY24	FY23
<b>Equity and liabilities</b>		
Equity share capital	2,823.59	2,076.39
Other equity	49,115.40	36,304.81
Non-current liabilities	4,527.00	3,041.85
Current liabilities	39,023.96	27,810.41
<b>Total</b>	<b>95,489.95</b>	<b>69,233.46</b>
<b>Assets</b>		
Non-current assets	18,116.32	13,934.84
Fixed assets	16,761.81	13,048.64
Current assets	1,354.52	886.19
<b>Total</b>	<b>95,489.95</b>	<b>69,233.46</b>

### Key ratios

(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)

	FY24	FY23	Reason for change
<b>Gross Profit Margin</b>	<b>30.46%</b>	<b>29.49%</b>	-
EBITDA Margin	23.27%	20.90%	-
EBIT Margin	20.24%	17.41%	-
Profit Before Tax Margin	12.08%	9.90%	-
Profit After Tax Margin	8.52%	6.41%	-
<b>Inventory turnover</b>	<b>0.67</b>	0.66	-
<b>Interest coverage ratio</b>	<b>2.48</b>	2.32	-
Current ratio	1.98	1.99	-
Net debt-to-equity ratio	0.84	0.80	-
Return on Equity (RoE)	7.01	5.42	-
<b>Return of Capital Employed (RoCE)</b>	<b>0.13</b>	<b>0.13</b>	-
Debtors' turnover ratio	1.95	2.10	-
Operating Profit Margin (%)	19.53	16.98	-
Net Profit Margin (%)	8.52	6.41	-
Return on Net Worth (RoNW)	6.10	4.97	Increase due to Net profit margin increase during the year

Details of significant changes (i.e. change of 25% or more than compared to the immediately previous financial year) in key financial ratios, along with detailed explanations

	FY24	FY23	% Change
Debt service coverage ratio	16.41	26.85	(38.87)*
Return on equity ratio	7.91	5.42	29.29#
Trade receivable turnover ratio	1.95	2.10	(7.43)@
Net profit ratio	8.52	6.41	32.96#

\*Due to increase in loans during the year

#Due to increase in profits during the year

@Due to increase in trade receivables

## Risk management

We operate in one of the critical and regulated industry space with complex operating environment. In addition, this business landscape is dynamic and constantly evolving. This brings to the fore a multitude of risks which are closely monitored, mapped, and mitigated through our robust risk management framework. By effectively identifying, assessing, and mitigating risks, we strive to enhance our resilience, drive sustainable growth, and maximise value creation.

Our risk management philosophy involves engaging with all functional heads and senior management to identify internal and external events that may have an adverse impact on the achievement of the Company's objectives. It also entails periodic monitoring of changes in both the internal and external environment, leading to the emergence of a new threat/risk. The major risks identified are regulatory, competition, technological, cyber & data security, economic & political, and Environmental, Social, and Governance (ESG). A review of the risk management policy is carried out annually by the senior management. Our risk management framework plays a significant role in safeguarding the interests of our Company, our shareholders, and our stakeholders.

## Human resource

Our intellectual capital is the bedrock of our business, and the well-being of our employees plays a pivotal role in our prosperity. At AMS, we firmly believe that our Company thrives because of our people. Their success and growth directly impact ours. Our commitment is to foster an environment where personal growth is not just encouraged but actively supported in a welcoming and secure atmosphere. We value diversity and cherish each individual's unique contributions. Our knack for identifying, nurturing, and retaining talent has been a driving force behind our substantial expansion. Human capital is our most potent tool for shaping the Company's future and ensuring seamless operations.

Our strength lies in collaboration and teamwork. Training and skill development are vital for overall personnel and organizational growth. We organize regular training and development sessions, empowering our workforce to unleash their full potential. Moreover, we maintain a flat communication structure, allowing employees to freely share their views with management. These initiatives contribute to recruiting and retaining top talent across the sector, bolstering our committed and satisfied human capital. Our effective HR initiatives and people management practices underscore our success. As of March 31, 2024, AMS boasts a workforce of over 358 dedicated employees.

## Health and safety measures

The well-being and safety of our personnel is our utmost priority. We understand that a secure and healthy work environment is not only crucial for our employees' welfare but also vital for the sustainable success of our Company.

With this in mind, we have established comprehensive health and safety policies and procedures, accompanied by regular training and awareness programs for all our staff. We actively strive to identify and minimize any potential occupational health and safety risks across our operations. By placing a strong emphasis on occupational health and safety, we are cultivating a safety-centric culture that enhances the well-being of our employees.

To effectively identify and address health and safety hazards while elevating our performance in these areas, we have implemented a range of safety measures throughout our corporate office and manufacturing facilities.

## Internal control systems and adequacy

The Company has put in place Internal Financial Controls customized to match the size, scale, and complexity of its operations. The Board of Directors bears the responsibility of ensuring the adequacy and effectiveness of these controls. The primary goal of this internal control framework is to provide reasonable assurance regarding accurate financial and operational information, compliance with laws, asset protection, proper transaction authorization, and adherence to corporate policies.

Aligned with the Companies Act, 2013, the Company's internal financial control framework is well-suited for its business size and operations. Standard Operating Procedures guide various functions, with business heads responsible for ensuring compliance.

The Internal Audit function operates with a clear scope and authority. Reporting directly to the Chairman of the Audit Committee, it maintains objectivity and independence. Annually, the Internal Audit team develops an audit plan based on business risk profiles, subject to Audit Committee approval. Their evaluation covers internal control systems, operating procedures, and policies. Process owners, upon reviewing audit reports, take corrective actions to enhance the overall control environment.

## Cautionary statement

The MDA section contains forward-looking statements about the Company's future prospects. These statements involve both known and unknown risks and uncertainties that could significantly impact actual results. Additionally, the Company faces unforeseen and ever-evolving risks in its operating environment. The assumptions in the report are based on internal and external information, forming the foundation for specific facts and figures. However, it's essential to recognize that these assumptions may evolve over time, leading to corresponding adjustments in estimates. These forward-looking statements reflect the Company's current intentions, beliefs, or expectations and are relevant as of their original date. Please note that the Company is not obligated to revise or update these forward-looking statements, regardless of any new information, future events, or changing circumstances.

**NOTICE**

# NOTICE

Notice is hereby given that the **Twenty Seventh (27<sup>th</sup>) Annual General Meeting (“AGM”)** of the Members of **Apollo Micro Systems Limited** (“the Company”) will be held on Friday the **27<sup>th</sup> day of September, 2024 at 10:00 A.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 31<sup>st</sup> March, 2024, together with the Reports of the Board of Directors and the Auditors thereon and, in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:

**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2024 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2024; 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 31<sup>st</sup> March, 2024 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 resolutions as Ordinary Resolution:

**RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2024 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2024; 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 on the Equity Shares.

To declare a final dividend on equity shares for the financial year ended as on 31<sup>st</sup> March, 2024 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 ₹ 0.05 per equity share of ₹ 1/- (Rupee One) 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 31<sup>st</sup> March, 2024 and the same be paid out of the profits of the Company.”

### 4. Re-appointment of Mr. Aditya Kumar Halwasiya as Director, liable to retire by rotation

To appoint a Director in place of Mr. Aditya Kumar Halwasiya [DIN: 08200117], who retires by rotation and, being eligible, offers himself 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 Mr. Aditya Kumar Halwasiya having [DIN: 08200117], who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, who is liable to retire by rotation.”

## SPECIAL BUSINESS

### 5. Ratification of Remuneration of Cost Auditors

To consider the ratification of remuneration payable to Cost Auditors Messrs G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number - 002110) 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 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 Messrs 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, 2025.

**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.”

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

**Sd/-  
Rukhya Parveen  
Company Secretary & Compliance Officer**

**Place: Hyderabad  
Date: 09<sup>th</sup> August, 2024**



**Notes:**

1. Pursuant to General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 03/2022 dated 5 May 2022, General Circular No. 10/2022 and General Circular No. 11/2022 both dated 28 December 2022, General Circular No 09/2023 dated 25 September 2023 (collectively referred to as 'MCA Circulars'), (collectively referred to as 'MCA Circulars'), and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 and SEBI/HO/DDHS/DDHSRACPOD1/ P/ CIR/2023/001 dated 5 January 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7 October 2023 and all other relevant circulars issued by the Ministry of Corporate Affairs the Company is convening the 27<sup>th</sup> 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 No. 5 forms part of this Notice. Additional information, pursuant to Regulation 36(3) 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 2023-24 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 2023-24 will also be available on the Company's website <https://apollo-micro.com/investors/>, 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 [srimadati@gmail.com](mailto:srimadati@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, 20<sup>th</sup> September, 2024** as the 'Record Date' for determining entitlement of members to dividend for the financial year ended 31<sup>st</sup> March, 2024, if approved at the AGM.
10. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 21<sup>st</sup> September, 2024 to Friday, 27<sup>th</sup> September, 2024 (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 2023-24, 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.
- 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, 20<sup>th</sup> September, 2024** the 'Record Date'.
  - 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, 20<sup>th</sup> September, 2024** 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, Final Dividend declared for the financial year 2020-21, Final Dividend declared for the financial year 2021-22 and Final Dividend declared for the financial year 2022-23 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 by 14<sup>th</sup> September, 2024 to email id [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The same will be replied 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/>
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 **Saturday, 14<sup>th</sup> September, 2024**. 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 **Saturday, 14<sup>th</sup> September, 2024**
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, 3<sup>rd</sup> 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. SEBI vide its circular dated November 03, 2021 (subsequently amended by circulars dated December 14, 2021, March 16, 2023 and November 17, 2023) mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024.

21. Further it is to intimate you that, in case of non-updation of PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of physical folios, dividend/interest etc. shall be paid only through electronic mode with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety; Hence, you are requested to provide the details as above mentioned for updating in our records which facilitate issuance of dividend amounts if any through electronic mode only. Also note that if the details are not provided, you will not be issued with any dividend amount in physical form like warrant/demand draft etc., **You will receive dividend amounts only after updation of all the details.**

**22. 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.**

23. The Company has appointed M/s. MNM & Associates, Company Secretaries represented by Mrs. Sridevi Madati, Practising Company Secretary (Membership No. F6476 and CP No. 11694) as the Scrutinizer to conduct the voting process (e-voting and poll) in a fair and transparent manner.

24. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through

remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

25. The result declared along with the Scrutinizer's Report shall be placed on the Company's website <https://apollo-micro.com/investors/> under the section "Investors" and on the website of CDSL <https://www.evotingindia.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

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

a. 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/investors/>. 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 **Monday, 23<sup>rd</sup> September, 2024 (09:00 A.M. IST)** and ends on **Thursday, 26<sup>th</sup> September, 2023 (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 **20<sup>th</sup> September, 2024** 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 December 09, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

**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> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Provide₹</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (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** : Accessthrough 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	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  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.
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. 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.

- (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
- (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; [srinadati@gmail.com](mailto:srinadati@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 14<sup>th</sup> September 2024, 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 14<sup>th</sup> September 2024, 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 meeti

(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 at 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, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

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

**Sd/-  
Rukhya Parveen  
Company Secretary & Compliance Officer**

**Place: Hyderabad**

**Date: 09<sup>th</sup> August, 2024**

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

Particulars	Mr. Aditya kumar halwasiya
Director Identification Number (DIN)	08200117
Date of Birth / Age	09/08/1994 (30 Years)
Date of first appointment on the Board	21/01/2023
Educational Qualification	Mr. Aditya Kumar Halwasiya holds a Master's degree in Global Finance from Fordham University, New York, USA, and a Bachelor's degree in Commerce from St. Xavier's College, Kolkata.
Experience (including expertise in specific functional areas) / Brief Resume	<p>He is a Dynamic 3rd Generation Entrepreneur, Investor and Scion of the Pan - India Universal -Halwasiya Group founded by the Late Shri Madan Mohan Halwasiya in the early 1960s.</p> <p>The Universal-Halwasiya Group has a Turnover in excess of ₹2,000 crores annually. He is a shareholder &amp; director in the automobile, industrial oils and specialty chemicals Manufacturing company Universal Petro-Chemicals Ltd and actively looks after business marketing since 2019. He has an advisory role since 2019 in the family concern Columbia Petrochem Ltd also in the automobile, industrial oils and specialty chemicals business. He actively manages and oversees a sizeable portfolio of Capital Market Investments and Real Estate Investments &amp; Projects in India.</p>
Directorships held in other companies	<ol style="list-style-type: none"> <li>1. Cupid Limited</li> <li>2. Olka Technologies (OPC) Private Limited</li> <li>3. Universal Petro-Chemicals Ltd</li> </ol>
Memberships/ Chairmanships of committees across companies	<p>Cupid Limited- Member of CSR Committee, Stakeholders Relationship Committee and Risk Management Committee.</p> <p>Universal Petro-Chemicals Ltd – Member of Audit committee and Nomination and Remuneration committee</p>
Details of Resignation from listed entities in the past three years	NIL
Relationship with other Directors/Key Managerial Personnel	NIL
No. of shares held in the Company either by self or on a beneficial basis for any other person	NIL

For details regarding the number of meetings of the Board/Committees attended by the above Director 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, Mr. Aditya Kumar Halwasiya (DIN: 08200117), retires by rotation at the meeting. The Board of Directors recommends his re-appointment.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE  
COMPANIES ACT, 2013**

**ITEM 5: 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 20<sup>th</sup> May, 2024 considered the appointment of Messrs G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for FY 2024-25. 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 2024-25.

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 Messrs G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for FY 2024-25 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 Messrs G H REDDY & ASSOCIATES, Cost Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for the FY 2024-25. 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 2024-25.

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. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2025.

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. 5 of the Notice.

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

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

**Place: Hyderabad  
Date: 09<sup>th</sup> August, 2024**

**Rukhya Parveen  
Company Secretary & Compliance Officer**

# **DIRECTORS' REPORT**

# DIRECTORS' REPORT

## To the Members,

Your Directors are pleased to present you the 27<sup>th</sup> Annual Report of Apollo Micro Systems Limited (“the Company” or “AMS”) along with the audited financial statements, for the financial year ended 31<sup>st</sup> March, 2024.

**The summary of financial performance (standalone & consolidated) for the Financial Year ended 31st March, 2024 and the corresponding figures for the Financial Year ended 31st March, 2023 are as under:**

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

Particulars	Standalone		Consolidated	
	Current year (2023-24)	Previous year (2022-23)	Current year (2023-24)	Previous year (2022-23)
Revenue from Operations	37,163.42	29,752.60	37,163.42	29,752.60
Other Income	263.38	127.94	182.57	82.37
Total Revenue	37,426.80	29,880.54	37,345.99	29,834.97
Cost of materials Consumed	28,319.37	24,375.19	28,316.02	24,375.18
Changes in inventories of finished goods, WIP, stock-in-trade	(2,474.78)	(3,397.22)	(2,474.78)	(3,397.21)
Employee Benefit Expenses	1,688.53	1,246.38	1,688.53	1,246.38
Other Expenses	1,244.05	1,116.45	1,247.09	1,119.12
Financial charges	3,030.15	2,236.85	3,030.17	2,236.89
Depreciation	1,129.56	1,036.63	1,129.56	1,036.63
Profit or Loss Before exceptional and extraordinary items and tax	4,489.91	3,266.26	4,409.40	3,217.98
Exceptional Items	-	322.22	-	322.22
Profit or Loss Before tax (PBT)	4,489.91	2,944.04	4,409.40	2,895.76
Tax Expenses: a) Current Tax	642.97	363.03	618.70	347.79
b) Earlier Tax Adjustments	(26.27)	-	(26.27)	-
c) Deferred Tax	706.31	674.19	706.31	674.19
Total Tax Expense	1,323.01	1,037.22	1,298.74	1,021.98
Net Profit or Loss After Tax (NP)	3,166.90	1,906.82	3,110.66	1,873.78
Earnings Per Share (Basic)	1.27	*9.18	1.24	*9.02
Earnings Per Share (Diluted)	1.19	*6.22	1.16	*6.11

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

**\*Effective 4 May 2023, the Company received approval from its equity shareholders for the subdivision of its equity shares with a face value of ₹10 each into 10 equity shares with a face value of ₹1 each**

The financial statements for the year ended 31<sup>st</sup> March, 2024 and 31<sup>st</sup> March, 2023 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.

## 1. FINANCIAL RESULTS

The audited financial statements of the Company as on 31<sup>st</sup> March, 2024 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”).

## 2. COMPANY'S PERFORMANCE

During the year under review FY 2023-24, the standalone performance of your company was reported as under:

The revenue from operations is ₹ 37,163.42 lakhs against ₹ 29,752.60 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization (“EBITDA”) has been increased by ₹ 39.12% to ₹ 8,649.66 lakhs against ₹ 6,217.49 lakhs in the previous year. The Profit before Tax (“PBT”) for the year under review is ₹ 4,489.91 lakhs as against ₹ 2,944.04 lakhs in the previous year. The Net profit

after tax of the Company for the year under review has been increased by 66.08% to ₹3,166.90 lakhs against ₹1,906.82 lakhs in the previous year. The Earning per Share (“EPS”) of the Company for the year under review is ₹1.27/- (basic) and ₹1.19/- (diluted) per share.

The key aspect of your Company’s consolidated performance during the FY 2023-24 are as follows:

The revenue from operations is ₹ 37,163.42 lakhs against ₹ 29,752.60 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization (“EBITDA”) has been increased by ₹ 38.90% to ₹ 8,569.13 lakhs against ₹ 6,169.25 lakhs in the previous year. The Profit before Tax (“PBT”) for the year under review is ₹ 4,409.40 lakhs as against ₹ 2,895.76 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 66.01% to ₹ 3,110.66 lakhs against ₹ 1,873.78 lakhs in the previous year. The Earning per Share (“EPS”) of the Company for the year under review is ₹ 1.24/- (basic) and ₹1.16/- (diluted) per share.

### 3. BUSINESS OUTLOOK

India is emerging as a leader of the Global South, balancing its trade, and continuing to maintain geopolitical harmony among several nations. The consistent increase in our revenue share from exporting products, particularly defense products, is clearly setting the stage for the country to take the next big leap toward becoming a world leader, both economically and as a predominantly friendly nation. However, there is serious concern due to the growing perennial conflicts across different parts of the world and the unpredictable nature of international alliances, which keeps the defense sector in an extremely vulnerable position. These scenarios have emphasized the need for self-reliance, as disruptions in the global supply chain can severely affect a country’s ability to sustain itself in the event of war. The Indian Government’s focus on “Make in India” and “Make for Global” has given a significant boost to the Indian industry.

### 4. CREDIT RATING

During the year under review, your Company has obtained the Credit Rating from Acuite Rating & Research Limited (“credit rating agency”) to its ₹ 393.50 Crores Line of Credit (short term 85.00 Crores

& long term 308.50 Crores) of the Company which is as follows:

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

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

## 5. SHARE CAPITAL

### (a) Capital structure of the Company:

As on 31<sup>st</sup> March, 2024, the Authorised Share Capital of the Company stood at ₹ 36,00,00,000/- (Rupees Thirty-Six Crores Only) comprising of 36,00,00,000/- (Rupees Thirty-Six Crores Only) Equity Shares of ₹ 1/- (Rupee One Only).

During the year under review, the company had sub divided (stock split) equity share from face value of ₹10/- to ₹1/- per share, pursuant to the shareholders’ approval for Sub - division of every 1 (One) equity share of face value of ₹10/- (Rupees Ten only) each into 10 (Ten) equity shares of the face value of Re 1/- (Rupee One only) each, with effect from the record date Thursday, 4<sup>th</sup> May, 2023.

During the year under review, the Company allotted 7,47,20,000 equity shares of ₹1/- (Rupee one each) pursuant to the conversion of warrants into equity. Consequently, as on 31<sup>st</sup> March 2024, the issued, subscribed, and paid-up capital of the Company stood at ₹28,23,58,860/- comprising 28,23,58,860 equity shares of ₹1/- each.

### (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 28,23,58,860 equity shares, the following equity shares of the Company are in dematerialized and physical form as on 31<sup>st</sup> March, 2024:

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialised form in CDSL	5,15,82,937	18.27
2.	Held in dematerialised form in NSDL	23,07,75,843	81.73
3.	Physical	80	negligible
	Total	28,23,58,860	100.00

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.

**(c) Preferential issue of Share Warrants:**

The company had allotted 98,85,070 convertible warrants on a preferential basis to promoters and non-promoters, with an option to convert the same into an equal number of equity shares at a price of ₹186/- per warrant, including a premium of ₹176/- per share on the face value of ₹10/- per share, within a period of 18 months from the date of allotment of warrants, i.e., 5th December 2022, as per the terms and conditions approved in the Extraordinary General Meeting held on 12th

November 2022. The Company had also received in-principle approval from BSE Limited and National Stock Exchange of India Limited on 22nd November 2022 for this matter.

Subsequently, due to the stock split, where one equity share of ₹10/- each was subdivided into 10 equity shares of ₹1/- each, each warrant was convertible into 10 equity shares of ₹1/- each. During the year under review, 74,72,000 warrants were converted into 7,47,20,000 equity shares. As of 31<sup>st</sup> March, 2024, out of the total 98,85,070 warrants, 24,13,070 warrants remained outstanding for conversion into equity shares of ₹1/- each.

**(d) Allotment of Equity Shares upon exercise of warrants:**

During the year under review, the following allotments of equity shares took place upon the exercise of warrants:

S. No.	Date of Allotment	No. of Warrants converted	No. of Equity Shares allotted	Paid-up Share Capital post allotment
1.	23.05.2023	4,99,999	49,99,990	₹21,26,38,850
2.	29.05.2023	18,00,000	1,80,00,000	₹23,06,38,850
3.	12.07.2023	1,33,334	13,33,340	₹23,19,72,190
4.	16.08.2023	66,667	6,66,670	₹23,26,38,860
5.	12.09.2023	33,333	3,33,330	₹23,29,72,190
6.	04.10.2023	29,02,000	2,90,20,000	₹26,19,92,190
7.	27.10.2023	66,667	6,66,670	₹26,26,58,860
8.	23.11.2023	16,74,564	1,67,45,640	₹27,94,04,500
9.	08.12.2023	2,95,436	29,54,360	₹28,23,58,860

Note: The paid-up share capital of the company prior to the aforesaid allotments i.e., as on 01<sup>st</sup> April, 2023 was ₹20,76,38,860 comprising 2,07,63,886 Equity Shares of ₹10 each.

**6. 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, 2024 is available on the Company's website at <https://apollo-micro.com/wp-content/uploads/2024/08/ANNUAL-RETURN-2023-24.pdf>

**7. 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 29<sup>th</sup> May, 2023, 10<sup>th</sup> August, 2023, 04<sup>th</sup> September, 2023, 10<sup>th</sup> November, 2023, 03<sup>rd</sup> February, 2024 and 21<sup>st</sup> March, 2024. 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 exceed 120 days.

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 27<sup>th</sup> March, 2024 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.

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

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

- (a) in the preparation of the annual accounts for the period ended 31st March, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 9. 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.

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

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.

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.

## 10. 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/investors/> under the Section "Investors".

## 11. 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/investors/> under the section "Investors". The website link is [http://apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION\\_POLICY.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION_POLICY.pdf)

#### **(e) Risk Management Committee**

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

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

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

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

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

### (g) Securities Allotment Committee

Securities Allotment Committee was constituted pursuant to resolution of the Board, which has been entrusted with the responsibility to assist the Board in overseeing and considering the allotment of securities.

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.

## 12. 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: NIL

By Company Secretary in Practice in Secretarial Audit Report: has below mentioned observations.

- ◇ The Registrar of Companies, Hyderabad (ROC) had issued a show-cause notice dated 04/06/2024 for non-filing of Cost Audit report in Form CRA-4 for FY 2022-23. In this connection, the Company has responded to the show cause notice on 12/07/2024 stating the non-filing the said form was due to oversight. The Company filed the said form on 12/07/2024 and reported the same in its response to show cause notice. There is no action taken by the ROC till the date of this Report.
- ◇ BSE Limited levied a fine of ₹20,000/- plus applicable taxes w.r.t non-compliance pursuant to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with point 4, sub-point 4 of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated 19th August 2019 wherein there was a delay of one (1) day in filing the trading application for 2,29,99,990 equity shares allotted upon conversion of share warrants. The company paid the fine amount on 19th July 2023."

The Board took note of the above observations of the auditors at their meeting held on 09<sup>th</sup> August, 2024 and resolved to ensure due compliance henceforth and make sure that the reporting's are filed on time.

Secretarial Audit Report is attached to this report as Annexure-B

## 13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 [SECTION 134

### (3) (g)]

During the financial year 2023-24, 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, during the period under review, the Company invested in its Subsidiary, M/s. Apollo Defence Industries Private Limited, which was incorporated during the financial year, by subscribing to 7,600 equity shares of ₹10 each, amounting to a total investment of ₹76,000.

During the year under review, the Company has given a loan of ₹ 391.70 lakhs to its subsidiary M/s. Ananya SIP RF Technologies Private Limited and amount outstanding as on 31<sup>st</sup> March, 2024 is ₹ 976.26 lakhs. The loan to the said subsidiary is repayable on demand with interest at 10.50% p.a.

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

"Your Company has two subsidiary companies: M/s. Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) and M/s. Apollo Defence Industries Private Limited (CIN: U26109TS2023PTC177370). The Company holds a 51% stake in M/s. Ananya SIP RF Technologies Private Limited and a 76% stake in M/s. Apollo Defence Industries Private Limited. Apart from these, the Company does not have any joint ventures or 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 subsidiaries 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 companies 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 subsidiaries, are available on website, <https://apollo-micro.com/investors/>. Pursuant to Section 134 of the Act read with rules made thereunder, the details of developments of subsidiaries of the Company are covered in the Management Discussion and Analysis Report which forms part of this Report.

#### 14. 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 2023-24 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 2023-24, 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/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) under the Section "Investors".

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

During the financial year 2023-24, 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.

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

Your Directors have pleasure in recommending a dividend of 5% (₹ 0.05/- per Equity Share of face value of ₹1/- each) on the fully paid up Equity Shares out of the profits of the Company for the financial year 2023-24. The said dividend, if approved by the shareholders,

would result into a cash outflow of approximately ₹ 1,53,24,478/-.

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

#### 17. DIVIDEND DISTRIBUTION POLICY

Regulation 43A of the SEBI Listing Regulations mandates the top 1000 listed companies based on their market capitalization to formulate a Dividend Distribution Policy. We are pleased to inform you that as on 31<sup>st</sup> March, 2024, your Company is among the top 1000 listed entities. The Company has a Dividend Distribution Policy in place prior to the applicability under Regulation 43A of the SEBI Listing Regulations and the same is displayed 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.

#### 18. 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.

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

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

##### A. Conservation of Energy

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

##### Research & Development

During the year under review, we have significantly invested in development of Homing System for Light Weight Torpedoes, Actuators for SWARM and Missiles, Seeker Signal Processing Systems, Moored Mine Signal Processing Systems and other Critical Avionic Systems.

Our Research & Design team has started focusing

on several Make Proposal of Tri-Services for which technology build blocks needs augmentation. We have participated in Make-II Proposals and has been awarded a Make-II project by Indian Army. The technology development requisite for such Make Proposals was also taken up by our team.

Being a technology company and our future growth is always based on the investments done on R&D from time to time, we foresee the results to hit into business by FY 2025 and FY 2026. We have spent ₹ 2,978.83 Lakhs/- towards our R&D activities in this Financial Year.

#### B. Technical Absorption

The Company works on in house Technology.

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

Foreign Exchange outgo and earnings

Particulars	Year ended 31 <sup>st</sup> March, 2024 (Amount in Lakhs)	Year ended 31 <sup>st</sup> March, 2023 (Amount in Lakhs)
Value of imported raw-materials on CIF basis	₹ 4,018.48	₹ 1,566.84
Other Expenses: Foreign Travel Expenses	₹ 48.12	₹ 15.22
Earnings in foreign currency:	--	--
FOB Value of Ex-ports For Services Rendered	--	--

### 20. 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 27<sup>th</sup> March, 2024 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 [https://apollo-micro.com/wp-content/uploads/2017/09/POLICY\\_FOR\\_EVALUATION\\_OF\\_DIRECTORS\\_AND\\_KEY\\_MANAGERIAL\\_PERSONNEL\\_AND\\_OTHER\\_EMPLOYEES.pdf](https://apollo-micro.com/wp-content/uploads/2017/09/POLICY_FOR_EVALUATION_OF_DIRECTORS_AND_KEY_MANAGERIAL_PERSONNEL_AND_OTHER_EMPLOYEES.pdf) 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

### 21. 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 2023-24, 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, 2024 with regard to the Apollo Employee Stock Option Scheme 2018 (ESOS-2018) are annexed to this Report as **Annexure-F**.

### 22. 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 2023-24.

### 23. 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 mentioned in Corporate Governance report attached hereto as **Annexure H**. There is an optimum combination of Executive and Non-Executive Directors. The Company has 8 (Eight) Directors as on 31st March, 2024. Out of the 8 (Eight) Directors 3 (Three) are Executive Directors, 3 (Three) Non-Executive- Independent Directors and 2 (Two) Non- Executive Non-Independent Director. The Chairman of the Company is a non-executive independent director.

During the financial year 2023-24, the following changes took place in the composition of the Board.

\* Re-appointment of Mrs. Karunasree Samudrala as the Independent Director the Company for the Second Term of 5 years from of 29<sup>th</sup> May 2023 to 28<sup>th</sup> May 2028.

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 22<sup>nd</sup>, 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 proficiency self-assessment test on 10th April, 2020.

- ◇ Mr. Chandrashekar Matham, Independent Director has duly registered his name in the data bank of IICA w.e.f 06th August, 2024 and is exempted from taking the online proficiency self-assessment test.

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 2023-24, the following changes took place in the Key Managerial Persons (KMP's) of the Company.

1. Resignation of Mr. Vitta Chaitanya as the Company Secretary and Compliance Officer of the Company with effect from of 31<sup>st</sup> May, 2023.
2. Appointment of Mr. Sudarshan Chiluveru, CFO as the Compliance Officer of the Company with effect from 31<sup>st</sup> May, 2023.
3. Appointment of Mrs. Rukhya Parveen as the Company Secretary and Compliance Officer of the Company with effect from 26<sup>th</sup> August, 2023.

Mr. Aditya Kumar Halwasiya (DIN: 08200117) retires by rotation at the ensuing 27<sup>th</sup> Annual General Meeting and being eligible, offers himself for reappointment.

Additional information on reappointment of Mr. Aditya Kumar Halwasiya (DIN: 08200117) as director and as required under regulation 36(3) of the SEBI Listing Regulations is given in the Notice convening the forthcoming AGM.

### 24. 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.

## 25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL [RULE 8(5) (vii) OF COMPANIES (ACCOUNTS) RULES, 2014]

During the financial year 2023-24, the Company hasn't received any significant and material orders that impact the going concern status and company's operations in future.

## 26. 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.

## 27. 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.

## 28. AUDITORS AND AUDIT REPORT

### (a) Statutory Auditors & their Reports

M/s. S T Mohite & Co. (FRN 0114105), Hyderabad were appointed as Statutory Auditors of the Company in the Annual General Meeting held on August 25, 2022 for a period of 5 Years and holds office until the conclusion of the 30<sup>th</sup> Annual General Meeting to be held in the calendar year 2027.

Further, the remuneration to be paid to Statutory Auditors for FY 2024-25 is ₹ 7.50 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 report of the Statutory Auditor forms part of this Annual Report and Annual Accounts 2023-24. 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 in its meeting held on 20<sup>th</sup> May, 2024 had reappointed M/s Surya Pavan & Co, Chartered Accountants, Vijayawada (ICAI Firm Registration No. 0156125), as Internal Auditor to conduct the internal audit of the

Company for the Financial Year 2024-25 on a remuneration of ₹1,50,000/- per annum

The Internal Audit Report for the Financial Year 2023-24 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 in its meeting held on 20<sup>th</sup> May, 2024 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, 2025. 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 2024-25. 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 in its meeting held on 10<sup>th</sup> August, 2023 had appointed M/s. MNM & Associates, Company Secretaries in Practice (Firm Registration No: P2017TL059600), Hyderabad as Secretarial Auditor of the Company, to conduct the Secretarial audit for the Financial Year 2023-24.

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, issued by Ms. Sridevi Madati, Practicing Company Secretary, in Form MR-3 for the financial year 2023-24 is annexed to

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

Further, the Board has approved the appointment of M/s. MNM & Associates, Company Secretaries, Hyderabad (Firm Registration No: P2017TL059600) as the Secretarial Auditor of the Company for the Financial Year 2024-25 in the Board Meeting held on 20<sup>th</sup> May, 2024.

## 29. 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.

## 30. 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-H** 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.

## 31. 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.

## 32. 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/wp-content/uploads/2017/09/WHISTLE-BLOWER-POLICY.pdf> under the section "Investors".

### **33. 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.

### **34. 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.

### **35. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

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/wp-content/uploads/2019/09/REVISED-Workplace-Sexual-Harassment-Policy-apollo-micro-systems-limited.pdf> 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.

### **36. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR [RULE 8(5)(xi) OF COMPANIES (ACCOUNTS) RULES, 2014]**

During the year under review, the Company did not make any applications under the Insolvency and Bankruptcy Code, 2016. Additionally, there are no ongoing proceedings against the Company under the said Code.

### **37. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS [RULE 8(5)(xii) OF COMPANIES (ACCOUNTS) RULES, 2014]**

During the financial year under review, there has been no instance of one-time settlement with any banks or financial institutions. Therefore, no valuation differences are reported.

### **38. APPLICABILITY OF BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)**

In accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the top 1,000 listed entities based on market capitalization as on 31<sup>st</sup> March of every financial year are required to include a Business Responsibility and Sustainability Report (BRSR) as part of their Annual Report.

As of March 31, 2024, Apollo Micro Systems Limited is ranked within the top 1,000 listed entities based on its market capitalization, thereby making the BRSR applicable to the Company for the financial year 2023-24.

The BRSR report outlines the Company's initiatives and



performance related to sustainability and responsible business conduct, demonstrating our commitment to ESG principles.

The BRSR report has been prepared in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is annexed to the Board's Report as **Annexure - K**.

### 39. ACKNOWLEDGEMENTS

Place: Hyderabad  
Date: 09<sup>th</sup> August, 2024

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

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**

**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**

1. 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. 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.	Ms. Kavya Gorla	Member, Non-Independent, Non-Executive	3	3

3. 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/2023/02/10.-Committees-of-the-Board-of-Directors--Others.pdf>

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

4. 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.

5. 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): ₹ 2138.69 Lakhs

Financial Year	Profit before tax (in ₹ Lakhs)
2020-21	1,446.29
2021-22	2,025.76
2022-23	2,944.02
TOTAL	6,416.07
Average of the PBT	2,138.69

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 42.77 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): ₹ 42.77 Lakhs

## 8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	Amount Unspent (in ₹)				
	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.
₹ 43.00 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 ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	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 ₹)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Contribution towards Environmental Sustainability	(iv)	Yes	Telangana	Hyderabad	₹ 20.00 Lakhs	No	Arunodaya Trust	CSR00012742
2.	Contribution towards Livelihood Enhancement	(ii)	Yes	Telangana	Hyderabad	₹ 20.00 Lakhs	No	Sarada Educational Society	CSR00034657
3.	Contribution towards Women Empowerment	(iii)	Yes	Telangana	Hyderabad	₹ 3.00 Lakhs	No	Arunodaya Trust	CSR00012742
Total						₹ 43.00 Lakhs			

## (d) Amount spent in Administrative Overheads: Nil

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

## (f) Total amount spent for the Financial Year 2023-24 (8b+8c+8d+8e): ₹ 43.41 Lakhs

**Note:** During the financial year 2020-21, an amount of ₹ 11.62 lakhs was designated towards an approved ongoing project. In the subsequent financial years 2021-22, 2022-23, and 2023-24, amounts of ₹ 10.00 lakhs, ₹ 1.21 lakhs, and ₹ 0.41 lakhs were spent, respectively. There is no remaining balance in the designated account, which was maintained in a separate bank account opened for this purpose. The entire amount has been duly spent in accordance with Section 135(6) of the Companies Act, 2013.

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 42.77 Lakhs
(ii)	Total amount spent for the Financial Year	₹ 43.00 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ (0.23) Lakhs
(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)]	₹ (0.23) Lakhs

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 ₹)	Amount spent in the reporting Financial Year (in ₹).	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 ₹)
				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)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹ Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
1.	CSR 01/2020-21	Renovation of Govt. School	2020-21	3 years	₹ 11.62 Lakhs	₹ 0.41 Lakhs	₹ 11.62 Lakhs	Completed

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**

Place: Hyderabad  
 Date: 09<sup>th</sup> August, 2024

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

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

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

**[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**  
Plot No 128/A, Road No. 12, BEL Road,  
IDA Mallapur, Uppal Mandal,  
Hyderabad-500076, Telangana, India

We 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) bearing **CIN: L72200TG1997PLC026556**. Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31 March 2024**, 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March 2024** according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (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;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - 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 (Share Based Employee Benefits) and sweat Equity Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
  - f) 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
  - i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

*During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above with an emphasis to the following matter:*

1. *The Registrar of Companies, Hyderabad (ROC) had issued a show-cause notice dated 04/06/2024 for non-filing of Cost Audit report in Form CRA-4 for FY 2022-23. In this connection, the Company has responded to the show cause notice on 12/07/2024 stating the non-filing the said form was due to oversight. The Company filed the said form on 12/07/2024 and reported the same in its response to show cause notice. There is no action taken by the ROC till the date of this Report.*
2. *BSE Limited levied a fine of ₹20,000/- plus applicable taxes w.r.t non-compliance pursuant to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with point 4, sub-point 4 of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated 19th August 2019 wherein there was a delay of one (1) day in filing the trading application for 2,29,99,990 equity shares allotted upon conversion of share warrants. The company paid the fine amount on 19th July 2023."*

**We further report that**, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test- check basis, the Company has generally complied with the following laws applicable specifically to the Company:

- The information technology Act, 2008
- Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal data or information) Rules, 2011

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act and Listing Regulations.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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.

We further report that during the audit period the company not entered into / carried out any activity that has major bearing on the company's affairs.

**For MNM & Associates**

Company Secretaries  
Firm Registration No. P2017TL059600

**Sridevi Madati**

**Partner**

M.No.F6476  
COP 11694  
UDIN: F006476F000933732

**Date: 9 August 2024**

**Place: Hyderabad**

NOTE: This report is to be read with our letter of even date which is annexed as Annexure - I and forms an integral part of this report.

**Annexure I****Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we 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. Our examination was limited to the verification of procedures 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.

For **MNM & Associates**

Company Secretaries

Firm Registration No. P2017TL059600

**Sridevi Madati**

**Partner**

M.No.F6476

COP 11694

UDIN: F006476F000933732

**Date: 9 August 2024**

**Place: Hyderabad**

## 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	Details
1.	Name of the subsidiary Company	Ananya SIP RF Technologies Private limited (CIN: U74990TG2015PTC097610)	Apollo Defence Industries Private Limited (CIN: U26109TS2023PTC177370)
2.	Date of becoming subsidiary	August 03, 2020	September 21, 2023
3.	Start date of accounting period of subsidiary	1 <sup>st</sup> April, 2023	21 <sup>st</sup> September, 2023
4.	End date of accounting period of subsidiary	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2024
5.	Reporting Currency	INR	INR
6.	Exchange Rate	N. A	N.A.
7.	Share Capital	₹ 41.36 Lakhs	₹ 1.00 Lakhs
8.	Reserve and Surplus	₹ 156.45 Lakhs	₹ (1.08) Lakhs
9.	Total Assets	₹ 1,366.85 Lakhs	₹ 10.34 Lakhs
10.	Total Liabilities	₹ 1,366.85 Lakhs	₹ 10.34 Lakhs
11.	Investments	Nil	Nil
12.	Turnover	Nil	Nil
13.	Profit before/(loss) Tax	(₹ 2.18)	₹ (1.08) Lakhs
14.	Provision for Tax	Nil	Nil
15.	Profit after/(loss) Tax	(₹ 2.18)	₹ (1.08) Lakhs
16.	Proposed Dividend	Nil	Nil
17.	% of Shareholding	51%	76%
18.	Country	India	India

## Note:

- Names of subsidiaries which are yet to commence operations- M/s Ananya SIP RF Technologies Private Limited & M/s Apollo Defence Industries Private Limited are 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**

Place: Hyderabad  
 Date: 09 August, 2024

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

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



## 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.

- 1. 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 31<sup>st</sup> March, 2024, which were not at arm's length basis.
- 2. 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 31<sup>st</sup> March, 2024 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 at 10.50% p.a. The amount of Loan outstanding as on balance sheet date ₹ 976.26 Lakhs	Share Holders approval on 28 <sup>th</sup> September 2021 and Board meeting approval on 29 <sup>th</sup> August 2021	-
Mr. Karunakar Reddy Baddam Managing Director	Remuneration	Continuous transaction	Remuneration paid ₹ 180.00 Lakhs	Continuous transaction	-
Mr. Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	Remuneration	Continuous transaction	Remuneration paid ₹ 24.00 Lakhs	Continuous transaction	-
Mr. Addepalli Krishna Sai Kumar 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. Sudarshan Chiluveru - Chief Financial Officer (Key Managerial Personnel)	Remuneration	Continuous transaction	Remuneration paid ₹ 20.10 Lakhs	Continuous transaction	-
Ms. Rukhya Parveen – Company Secretary (Key Managerial Personnel)	Remuneration	Continuous transaction	Remuneration paid ₹ 6.87 Lakhs	Continuous transaction	-

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
Mr. Vitta Chaitanya Siva Shankar – Company Secretary (Key Managerial Person)	Remuneration	Continuous transaction	Remuneration paid ₹ 1.26 Lakhs	Continuous transaction	-
Apollo Defence Industries Private Limited  Subsidiary Company	Rent Received	Continuous transaction	Rent Received ₹ 0.25 Lakhs	Continuous transaction	-
Ananya Sip RF Technologies Private Limited  Subsidiary Company	Job Work Charges	Continuous transaction	Job Work Charges ₹ 3.90 Lakhs	Continuous transaction	-

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

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

Place: Hyderabad  
Date: 09 August, 2024

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

## 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 1000 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 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 [www.apollo-micro.com](http://www.apollo-micro.com) under section "Investors". The website link is <http://apollo-micro.com/wp-content/uploads/2017/12/DIVIDNED-DECLARATION-POLICY.pdf>

**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, 2024**

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	26 <sup>th</sup> 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, 2024	
	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 (₹), 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)	Srisailam Aerpula, Managing Trustee 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	₹20,000 (Rupees Twenty Thousand only)
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

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

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**

Place: Hyderabad  
Date: 09 August, 2024

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

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



## 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 2023-24 are as under:

Sl. No	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	Nil	89.09
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	11.88
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	Nil	11.88
4.	Raghupathy Goud Theegala	Independent Director	Nil	NA
5.	Karunasree Samudrala	Independent Director	Nil	NA
6.	Chandrasekhar Matham	Independent Director	Nil	NA
7.	Kavya Gorla	Non-Executive Director	Nil	NA
8.	Aditya Kumar Halwasiya	Non-Executive Director	Nil	NA
9.	Sudarshan Chiluveru	Chief Financial Officer	38.36	9.95
10.	Rukhya Parveen	Company Secretary & Compliance Officer	Nil	3.40

- 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 2.02 Lakhs per annum for the FY 2023-24. As compared to the financial year 2022-23, MRE has been increased by 7.47%
- The Number of Permanent employees on the Rolls of the company as on 31st March, 2024 were 358.
- 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: 42%  
Average increase in remuneration of KMPs: 2.87%  
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**

Place: Hyderabad  
Date: 09 August, 2024

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

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

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

contribution in economic growth.

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

### BOARD OF DIRECTORS

#### a) Composition of Board

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

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

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals. The Board currently comprises of Eight (Eight) Directors. The Chairman of the Company is Non-Executive Independent Director. Out of the total strength, 3 (Three) (i.e. 1/3<sup>rd</sup>) 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

SI 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)#	Number of Chairperson / memberships in Audit/ Stakeholder Committee(s) in other Public Limited Companies (Name of the Company) ##
1.	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	01-04-2017	-	-	-
2.	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Whole-Time Director	21-08-2017	-	-	-
3.	Krishna Sai Kumar Addepalli (DIN: 03601692)	Whole-Time Director	21-08-2017	-	-	-
4.	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive - Independent Director CUM Chairman	21-08-2017	-	-	-
5.	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	29-05-2023	-	1 (Independent Director-Roopa Industries Limited)	1 (Roopa Industries Limited)
6.	Mrs. Kavya Gorla (DIN 06407238)	Non-Executive - Non-Independent Director	13-10-2022	-	-	-
7.	Dr. Chandrashekar Matham (DIN: 09844975)	Non-Executive - Independent Director	21-01-2023	-	-	-
8.	Mr. Aditya Kumar Halwasiya (DIN: 08200117)	Non-Executive - Non Independent Director	21-01-2023	-	2 (Universal Petro-Chemicals Ltd & Cupid Limited)	2 (Universal Petro-Chemicals Ltd & Cupid Limited)

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

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

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

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

During the financial year 2023-24, the Board of Directors has,

1. Re-appointed Mrs. Karunasree Samudrala as the Independent Director the Company for the Second Term of 5 years from of 29<sup>th</sup> May 2023 to 28<sup>th</sup> May 2028, approved by the members through postal ballot.

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. Mr. Aditya Kumar Halwasiya (DIN 08200117) will

retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended his 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 Six (6) 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. The 26<sup>th</sup> (Twenty Sixth) Annual General Meeting (AGM) of the Company was held on Friday the 29<sup>th</sup> September, 2023.

Sl. No	Name of the Director and DIN	Designation	Attendance at the Meeting held on						No. of meetings attended	26 <sup>th</sup> AGM 29 <sup>th</sup> September 2023
			29 <sup>th</sup> May, 2023	10 <sup>th</sup> Aug, 2023	04 <sup>th</sup> Sep, 2023	10 <sup>th</sup> Nov, 2023	03 <sup>rd</sup> Feb, 2024	21 <sup>st</sup> Mar, 2024		
1.	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	✓	✓	✓	✓	✓	✓	6	✓
2.	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	✓	✓	✓	✓	✓	✓	6	✓
3.	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	✓	✓	✓	✓	✓	✓	6	✓
4.	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive -Independent Director CUM Chairman	✓	✓	✓	✓	✓	✓	6	✓
5.	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	✓	✓	✓	✓	✓	✓	6	✓
6.	Mrs. Kavya Gorla (DIN 06407238)	Non-Executive - Non Independent Director	✓	✓	✓	✓	✓	✓	6	✓
7.	Dr. Chandrashekar Matham (DIN: 09844975)	Non-Executive - Independent Director	✓	✓	✓	✓	✓	Leave of absence	5	✓
8.	Mr. Aditya Kumar Halwasiya (DIN: 08200117)	Non-Executive - Non 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 27<sup>th</sup> March, 2024 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:

- a) Review of performance of the Board and Committees as a whole;
- b) 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 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	✓	✓	✓	✓	✓	✓
Mr. Raghupathy Goud Theegala	✓	✓	✓	-	✓	-
Mrs. Karunasree Samudrala	✓	✓	✓	-	✓	-
Mrs. Kavya Gorla	✓	-	-	-	✓	✓
Dr. Chandrashekar Matham	✓	-	-	-	✓	✓
Mr. Aditya Kumar Halwasiya	✓	✓	✓	✓	✓	-

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.

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 Mrs. Kavya Gorla who are distant relatives of Mr. Karunakar Reddy Baddam, 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/investors/>.

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

**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 familiarization 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/wp-content/uploads/2024/04/6.-FY-2023-24-Director-Familiarization-Programmes.pdf>

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

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

**BOARD COMMITTEES**

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

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

The Committees of the Board are as follows:

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

**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 FinancialYear."
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 8 (Eight) times on 29<sup>th</sup> May 2023, 22<sup>nd</sup> June, 2023, 10<sup>th</sup> August 2023, 04<sup>th</sup> September 2023, 16<sup>th</sup> October, 2023, 10<sup>th</sup> November, 2023, 03<sup>rd</sup> February 2024 and 21<sup>st</sup> March, 2024. The details of member's attendance at the Audit Committee Meetings during the financial year 2023-24 are as under:

Name& Designation	No of Meetings attended
Karunasree Samudrala, Chairman	8
Raghupathy Goud Theegala, Member	8
Addepalli Krishna Sai Kumar, Member	8

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.	Raghupathy Goud Theegala, Member	Non-Executive - Independent Director
3.	Kavya Gorla, Member	Non-Executive – Non 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 29<sup>th</sup> May, 2023 and 10<sup>th</sup> August, 2023.

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2023-24 are as follows:

Name& Designation	No of Meetings attended
Karunasree Samudrala, Chairman	2
Raghupathy Goud Theegala, Member	2
Kavya Gorla	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, Managing Director Member	
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:

- To look into the redressal of grievances of shareholders, debenture holders and other security holders;
- To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- 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
- 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 2 (Two) times on 10<sup>th</sup> November, 2023 and 21<sup>st</sup> March, 2024.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2023-24 are as follows:

Name & Designation	No of Meetings attended
Raghupathy Goud Theegala, Chairman	2
Karunakar Reddy Baddam, Member	2
Venkata Siva Prasad Chandrapati, Member	2

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: Mrs. Rukhya Parveen, 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 31<sup>st</sup> March, 2024 are given in the table below:

Complaints outstanding as on April 1, 2023	Nil
Complaints received during the year ended March 31, 2024	Nil
Complaints resolved during the year ended March 31, 2024	Nil
Complaints pending as on March 31, 2024	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.	Kavya Gorla, Member	Non-Executive - Non Independent Director

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

Terms of reference of the Committee includes the following:

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

During the year under review, the Corporate Social Responsibility Committee met 3 (Three) times on 10<sup>th</sup> November, 2023, 26<sup>th</sup> December, 2023 and 21<sup>st</sup> March, 2024.

The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the

financial year 2023-24 are as follows:

Name & Designation	No of Meetings attended
Karunakar Reddy Baddam, Chairman	3
Raghupathy Goud Theegala, Member	3
Kavya Gorla, Member	3

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	Managing Director
3.	Karunasree Samudrala, Member	Non- Executive-Independent Director

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

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

- To recommend risk management plan to the Board for implementation;
- To monitor and review the risk management plan;
- To lay down procedures to inform Board members about the risk assessment and minimization procedures;
- 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 10<sup>th</sup> November, 2023 and 03<sup>rd</sup> February, 2024.

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2023-24 are as follows:

Name & Designation	No of Meeting attended
Venkata Siva Prasad Chandrapati, Chairman	2
Karunakar Reddy Baddam, Member	2
Karunasree Samudrala, Member	2

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 Chiluveru, 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 2 (Two) times i.e. on 04<sup>th</sup> April, 2023 and 25<sup>th</sup> October, 2023.

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

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

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

#### g) SECURITIES ALLOTMENT COMMITTEE

The Securities Allotment Committee of the Company was constituted on 13<sup>th</sup> October, 2022.

The Composition of the Securities Allotment Committee of the Company is as follows:

Sr. No.	Name & Designation	Category
1.	Raghupathy Goud Theegala- Chairman	Non- Executive-Independent Director
2.	Karunasree Samudrala, Member	Non- Executive-Independent Director
3.	Karunakar Reddy Baddam ,Member	Managing Director
4.	Addepalli Krishna Sai Kumar, Member	Executive 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 Securities Allotment Committee of our Company include the following:

1. To recommend and plan regarding allotments to the Board for implementation;

2. To monitor and review the Securities Allotment plan;
3. To allot the securities or Equity shares pursuant to the Preferential Offer of warrants (including the allotment of equity shares upon exercise of warrants) as approved by the Members of the Company in the EGM held on 12<sup>th</sup> November 2022
4. To lay down procedures to inform Board members; and
5. To perform such other functions which are appropriate and necessary.

During the year under review, the Securities Allotment Committee met 9 (Nine) times on 23<sup>rd</sup> May, 2023, 29<sup>th</sup> May, 2023, 12<sup>th</sup> July, 2023, 16<sup>th</sup> August, 2023, 12<sup>th</sup> September, 2023, 04<sup>th</sup> October, 2023, 27<sup>th</sup> October, 2023, 23<sup>rd</sup> November, 2023 and 08<sup>th</sup> December, 2023.

The details of member's attendance at the Securities Allotment Committee Meetings during the financial year 2023-24 are as follows:

Name & Designation	No of Meeting attended
Raghupathy Goud Theegala- Chairman	9
Karunasree Samudrala, Member	7
Karunakar Reddy Baddam, Member	9
Addepalli Krishna Sai Kumar, Member	8

The meeting of Securities Allotment Committee is also attended by the Company Secretary & Compliance Officer.

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

#### SENIOR MANAGEMENT

The following persons are the senior management the company:

Sudarshan Chiluveru	Chief Financial Officer (CFO)
Rukhya Parveen	Company Secretary & Compliance officer (CS&CO)
Commodore BP Singh VSM (Retd)	President (Strategic Projects)
Kc Satyanarayana	Head of Special Products Group
Venkateswara Rao Aluri	President Marketing
Supriya Kondap	Associate Vice President (Projects)

**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 ₹20,000/- on per day basis for attending the meetings of the Board of Directors or Committees, during the financial year 2023-24.

**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, 2024 are as follows-

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager								TOTAL
		Karunakar Reddy Baddam (Managing Director)	Chandrapati Venkata Siva Prasad (Whole Time Director-Technical)	Krishna Sai Kumar Addepalli (Whole Time Director-Operations)	Raghupathy Goud Theegala (Independent Director)	Karunasree Samudrala (Independent Director)	Chandrashekar Matham (Independent Director)	Kavya Gorla (Non-Executive Director)	Aditya Kumar Halwasiya (Non-Executive Director)	
1.	Gross salary (IT Act) (a) Salary (b) Value of perquisites (c) Profits in lieu of salary	₹ 180.00	₹ 24.00	₹ 24.00	0	0	0	0	0	₹ 228.00
2.	Stock Option	0	0	0	0	0	0	0	0	0
3.	SweatEquity	0	0	0	0	0	0	0	0	0
4.	Commission - as % of profit - others, specify...	0	0	0	0	0	0	0	0	0
5.	Others, please specify- Provident Fund Contribution	0	0	0	0	0	0	0	0	0
6.	Sitting Fee for attending board / committee meetings	0	0	0	₹ 3.06	₹ 2.34	₹ 1.08	0	0	₹ 6.48
	<b>Total</b>	<b>₹ 180.00</b>	<b>₹ 24.00</b>	<b>₹ 24.00</b>	<b>₹ 3.06</b>	<b>₹ 2.34</b>	<b>₹ 1.08</b>	<b>0</b>	<b>0</b>	<b>₹ 234.48</b>

The Company has entered service agreement with executive directors and there is no severance fees involved for any of its directors of the Company. The Company also has issued appointment letter to Non-

Executive independent director as prescribed by the companies Act and applicable regulations. The Company has not granted any stock option to any of its directors during the year under review.

## CODE OF CONDUCT

In compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the Company has formulated and adopted a Code of Conduct for its Board of Directors and senior management personnel and has put the same on the company's website <https://apollo-micro.com/investors/> 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, 2024, 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, 2024.

Date: 09<sup>th</sup> August, 2024  
Place: Hyderabad

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

## GENERAL BODY MEETINGS

### a) General Meetings

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

Date	Category	Type	Venue	Time	No of special resolution
12 <sup>th</sup> November 2022	Members	EGM	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	12:30 P.M. (IST)	1
29 <sup>th</sup> September, 2023	Members	AGM	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	03:00 P.M. (IST)	1
20 <sup>th</sup> September 2022	Members	AGM	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	12:30 P.M. (IST)	-
28 <sup>th</sup> September 2021	Members	AGM	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	12:30 P.M. (IST)	2

### b) Whether any special resolutions passed in the previous three annual general meetings

2022-23	a)	To consider the approval for increase in remuneration limits of Mr. Karunakar Reddy Baddam in terms of SEBI (LODR) Regulations 2015 and Companies Act, 2013 and Rules made thereunder.
2021-22		Nil
2020-21	b)	To increase the limits of overall managerial remuneration.
	c)	Approval for giving loan or guarantee or providing security in connection with loan availed by any of the company's subsidiary [Ananya Sip RF Technologies Private Limited ("ASIP RF") (CIN: U74990TG2015PTC097610)] under Section 185 of Companies Act, 2013.

### c) Resolutions passed last year in Extraordinary General Meeting

EGM Date	Type of Resolution	Particulars
12 <sup>th</sup> November 2022	Ordinary	To increase of authorised share capital of the Company
12 <sup>th</sup> November 2022	Special	Issue of upto 6,74,70,203 (Six Crores Seventy-Four Lakhs Seventy Thousand Two Hundred and Three) warrants each convertible into, or exchangeable for, one equity share of the Company within the period of 18 (eighteen months) in accordance with the applicable law ("Warrants") to the Promoter of the Company and certain identified non-promoter persons / entities
12 <sup>th</sup> November 2022	Ordinary	Regularization of Additional Director, Mrs. Kavya Gorla (DIN: 06407238) as Non-Executive and Non-Independent Director of the Company

**d) Whether any special resolutions passed last year through postal ballot – details of voting pattern**

During the year under review, no postal ballots have been conducted.

**MEANS OF COMMUNICATION**

In accordance with Regulation 46 of the SEBI (LODR) Regulations, 2015, the Company has maintained a functional website at <https://apollo-micro.com/investors/> 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.

**GENERAL SHAREHOLDER INFORMATION****a) AGM: Day, Date, time and venue**

27<sup>th</sup> September, 2024

Time: 10:00 A.M.

Venue: Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

**b) Financial Year**

1 April 2023 to 31 March 2024

**c) Record Date**

20 September 2024

**d) Book closure Date**

21 September 2024 to 27 September 2024

**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 26<sup>th</sup> October, 2024

**f) Listing of shares on Stock Exchanges**

The Company's equity shares are Listed at:

1. BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400001  
Stock Code: 540879
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

**g) Registered Office**

The Company is registered in the state of Telangana, India

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

**h) Corporate Identification Number**

The Corporate Identity Number allotted by the Ministry of Corporate Affairs (MCA) is L72200TG1997PLC026556\

**i) Listing Fees**

The Listing fee for the year 2023-24 has been paid to the above stock exchanges.

**j) Registrar & Share Transfer Agents of the Company for both physical and electronic mode of share transfers.**

Bigshare Services Private Limited  
(Unit: Apollo Micro Systems Limited)  
306, Right Wing, 3rd Floor,  
Amrutha Ville, Opp: Yashoda Hospital,  
Rajbhavan Road, Hyderabad – 500 082  
Telangana, India.  
Tel : 040 4014 4582,  
Email: bsshyd@bigshareonline.com  
Website: www.bigshareonline.com  
SEBI Registration No.: INR000001385

**k) Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and likely impact on equity.**

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/ as on 31 March, 2024.

The company had allotted 98,85,070 convertible warrants on a preferential basis to promoters and non-promoters, with an option to convert the same into an equal number of equity shares at a price of ₹186/- per warrant, including a premium of ₹176/- per share on the face value of ₹10/- per share, within a period of 18 months from the date of allotment of warrants, i.e., 5th December 2022, as per the terms and conditions approved in the Extraordinary General Meeting held on 12th November 2022. The Company had also received in-principle approval from BSE Limited and National Stock Exchange of India Limited on 22nd November 2022 for this matter.

Subsequently, due to the stock split, where one equity share of ₹10/- each was subdivided into 10 equity shares of ₹1/- each, each warrant was convertible into 10 equity shares of ₹1/- each. During the year under review, 74,72,000 warrants were converted into 7,47,20,000 equity shares.

As of 31<sup>st</sup> March, 2024, out of the total 98,85,070 warrants, 24,13,070 warrants remained outstanding for conversion into equity shares of ₹1/- each.

#### **l) Share Transfer System**

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.

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 re-materialization of shares, etc.

During the year under review, the company hasn't received any request for transfer of shares held in physical form.

#### **m) Stock Code**

The stock code of the Company at BSE Ltd. 540879

ISIN allotted by National Securities Depository Limited and Central Depository Services (India) Limited for Equity Shares INE713T01010

The aforesaid ISIN changed to INE713T01028 post stock split w.e.f 4<sup>th</sup> May 2023

The Company's shares are covered under the compulsory dematerialization list and are transferable through the depository system.

#### **n) Dematerialization of Shares**

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 **INE713T01028**.

The Company's shares are regularly traded on the 'BSE Limited' and 'National Stock Exchange of India Limited'.

During the year under no request for dematerialization of equity shares has been received from the shareholder of the Company.

As on 31st March, 2024 there is only 1 shareholder holding 80 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.

#### **o) Stock Performance**

**Market price data:** The monthly high and low stock performance at the Stock Exchanges BSE and NSE during the year 2023-24 is as follows:

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-23	*329.95	*284.55	*329.90	*282.10
May-23	*338.95	32.05	*339.00	32.50
Jun-23	58.51	33.50	58.05	33.30
Jul-23	63.40	45.40	62.95	45.20
Aug-23	63.58	53.00	63.80	52.60
Sep-23	61.49	52.05	61.40	52.60
Oct-23	91.53	58.56	91.40	58.10
Nov-23	161.75	89.84	161.70	89.90



Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Dec-23	130.50	106.50	129.70	106.90
Jan-24	137.00	117.00	137.00	116.00
Feb-24	147.50	109.25	147.55	109.25
Mar-24	136.55	93.70	135.00	94.00

\*Effective 4 May 2023, the Company received approval from its equity shareholders for the sub-division of its equity shares with a face value of ₹10 each into 10 equity shares with a face value of ₹1 each.

[Source: This information is compiled from the historical data available on the websites of BSE and NSE]

p) Shareholding as on 31st March, 2024

a) Distribution of shareholding as on 31st March, 2024

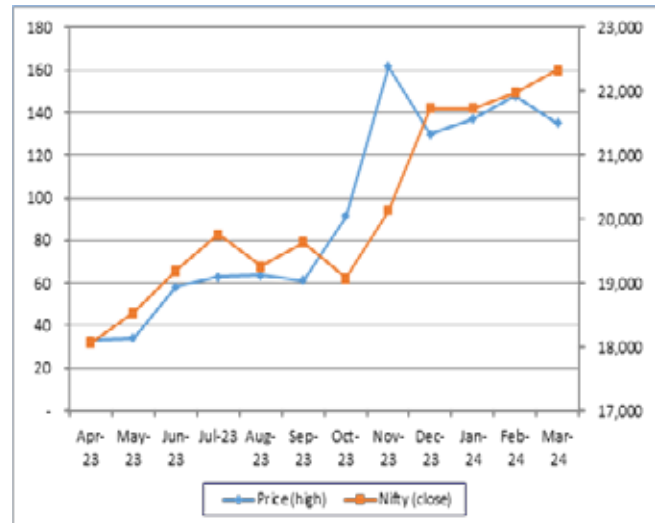
No of shares	No of share-holders	% of total	Share amount (in "₹")	% of total	
1	5000	180509	98.9248	52014734	18.4215
5001	10000	1178	0.6456	8813602	3.1214
10001	20000	451	0.2472	6439228	2.2805
20001	30000	130	0.0712	3242281	1.1483
30001	40000	54	0.0296	1891147	0.6698
40001	50000	47	0.0258	2201860	0.7798
50001	100000	50	0.0274	3684883	1.3050
100001	999999999	52	0.0285	204071125	72.2737
Total	182471	100.00	282358860	100	

b) Category wise shareholding pattern as on 31st March, 2024

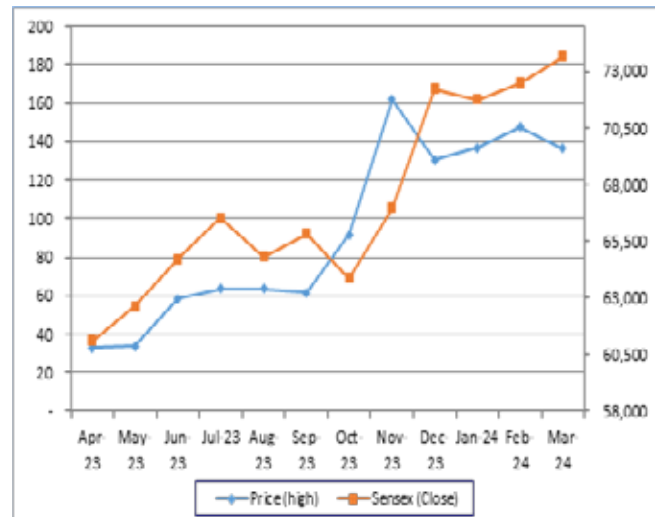
Category	Total No. of Shares	% of holding
Promoter & Promoter Group	15,02,57,000	53.21
Foreign Portfolio Investors	3,14,52,228	11.14
Alternate Investment Fund	34,330	0.01
Clearing Member	1,18,528	0.04
Directors and their relatives	9,17,030	0.32
Key Managerial Personnel	500	0.00
Corporate Bodies	5,623,036	1.99
Mutual Fund	-	-
Non Resident Indian (NRI)	5,908,762	2.09
Employees	33,057	0.01
Trusts	8,500	0.00
Public	8,80,05,889	31.17
<b>Total</b>	<b>28,23,58,860</b>	<b>100.00</b>

q) PRICE PERFORMANCE COMPARED TO SENSEX AND NIFTY 50

BSE SENSEX



NSE NIFTY 50



Note: The company stock split from ₹10/- per share to ₹1/- per share w.e.f 4th May 2023. Therefore, the stock price for months of April 2023 and May 2023 was adjusted in the above graph to maintain consistency.

r) Foreign currency risk and hedging activities

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

s) Commodity price risk and commodity hedging activities

The Company is exposed to commodity price risk as per nature of its business. The Company had not

indulged into commodity hedging activities during the year under review.

**t) Plant Locations**

Apollo Micro Systems Limited

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

**u) Credit Rating**
**a) Domestic Rating:**

During the year under review, your Company has obtained the Credit Rating from Acuite Rating & Research Limited (“credit rating agency”) to its ₹ 393.50 Crores Line of Credit (short term 85.00 Crores & long term 308.50 Crores) of the Company which is as follows:

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

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

**b) International Rating: Nil**

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

**v) Address for Correspondence**
**Registered Office of the Company:**
**The Company Secretary**

APOLLO MICRO SYSTEMS LIMITED  
 Plot No 128/A, Road No. 12, BEL Road  
 IDA Mallapur, Uppal Mandal, Rangareddy  
 Hyderabad – 500 076, Telangana, India  
 Tel No.: +91 – 44 – 27167000  
 Fax No.: +91 – 44 – 21750820  
 Email: [cs@apollo-micro.com](mailto:cs@apollo-micro.com)  
 Website: <https://apollo-micro.com/investors/>

**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 [http://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_related\\_party\\_transactions.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/policy_on_related_party_transactions.pdf).

**b) Details of Non-compliance**

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

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Penalty Imposed
1.	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with Point 4 of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/94 dated 19/08/2019	1 (One) day delay in submitting the trading application for 2,29,99,990 equity shares issued under the preferential issue, which was required to be submitted within 7 working days from the date of grant of Listing approval by the Exchange	₹23,600 by BSE
2.	Regulation 23(9) of the SEBI (LODR), 2015	8 days late submission of Disclosure of Related Party Transactions for quarter ended March, 2022.	₹47,200 by NSE
3.	Regulation 17(1)(b) of the SEBI (LODR), 2015	Improper Board Composition during the period from 13th October 2022 to 4th November 2022	₹1,35,700 by BSE and ₹1,35,700 by NSE

### 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/2024/07/9.-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 <https://apollo-micro.com/investors/> 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/2024/02/Materiality\\_Policy.pdf](https://apollo-micro.com/wp-content/uploads/2024/02/Materiality_Policy.pdf)
- h) Details of the familiarisation programmes imparted to the Independent Directors are available on the website of the Company <https://apollo-micro.com/investors/> 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, 2024 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 Sridevi Madati, Partner of MNM & Associates, Practising Company Secretaries 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 and 24A	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 Sridevi Madati, Partner of MNM & Associates, Practising Company Secretaries, 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 ₹
Statutory audit fee	₹6,00,000/-
Tax audit fee	₹1,00,000/-
Certification fee	₹ 50,000/-
Total	₹7,50,000/-

**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 SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020. The code is also available on the website of the company <https://apollo-micro.com/investors/> 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>

Mrs. Rukhya Parveen, 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, 2024	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, 2024	1	50

The voting rights on the shares outstanding in the suspense account as on 31st March, 2024 shall remain frozen till the rightful owner of such shares claims the shares.

**u) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**

During the financial year, the company raised ₹104,23,44,000 (Rupees One Hundred and Four Crores Twenty-Three Lakhs Forty-Four Thousand only) upon receiving 75% (₹139.50) of the issue price for 74,72,000 Share Warrants, which were exercised and subsequently converted into equity shares. These Share Warrants were initially issued at ₹ 186/- (Rupees One Hundred and Eighty-Six only) per warrant and allotted on 5<sup>th</sup> December, 2022.

Out of the total 98,85,070 warrants issued, 7,47,20,000 warrants were converted into equity shares during the year upon payment of the 75% issue price, which served as the exercise price. As of 31<sup>st</sup> March 2024, 24,13,070 warrants remain outstanding for conversion

into equity shares.

The proceeds of the preferential issue have been utilized towards capital expenditures, working capital requirements, investment in technology and for general corporate purpose which shall enhance the business of the Company as per the object of the preferential issue.

**v) 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.

<b>Number of complaints filed during the financial year</b>	<b>Number of complaints disposed of during the financial year</b>	<b>Number of complaints pending as at end of the financial year</b>
Nil	Nil	Nil

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

## ANNEXURE-I

## Certificate on Corporate Governance

To

The Members

**APOLLO MICRO SYSTEMS LIMITED**

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

We have examined the compliance of conditions of Corporate Governance by **Apollo Micro Systems Limited** ('the Company') for the year ended **31 March 2024** as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('The Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For **MNM & Associates**

Company Secretaries

Firm Registration No. P2017TL059600

**Sridevi Madati**

**Partner**

M.No.F6476

COP 11694

UDIN: F006476F000933677

**Date: 9 August 2024**

**Place: Hyderabad**

### 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, 2024 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**

**Sudarshan Chiluveru**  
**Chief Financial Officer**

Date: 09 August 2024

Place: Hyderabad



## ANNEXURE- K

**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT**

As per Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**SECTION A: GENERAL DISCLOSURES****I Details of the listed entity**

- |                                                                                                                                                                                                                                                                       |   |                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------|
| 1. Corporate Identity Number (CIN) of the Listed Entity                                                                                                                                                                                                               | : | L72200TG1997PLC026556                                                                                        |
| 2. Name of the Listed Entity                                                                                                                                                                                                                                          | : | Apollo Micro Systems Limited                                                                                 |
| 3. Year of Incorporation                                                                                                                                                                                                                                              | : | 1997                                                                                                         |
| 4. Registered office address                                                                                                                                                                                                                                          | : | Plot No 128/A, Road No 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad, Telangana, 500076                |
| 5. Corporate address                                                                                                                                                                                                                                                  | : | Plot No 128/A, Road No 12, BEL Road, IDA Mallapur, Uppal Mandal, Hyderabad, Telangana, 500076                |
| 6. E-mail                                                                                                                                                                                                                                                             | : | cs@apollo-micro.com                                                                                          |
| 7. Telephone                                                                                                                                                                                                                                                          | : | 040-27167000                                                                                                 |
| 8. Website                                                                                                                                                                                                                                                            | : | www.apollo-micro.com                                                                                         |
| 9. Financial Year (FY) for which reporting is being done                                                                                                                                                                                                              | : | 2023-24                                                                                                      |
| 10. Name of the Stock Exchange(s) where shares are listed                                                                                                                                                                                                             | : | BSE Limited                                                                                                  |
| 11. Paid-up Capital                                                                                                                                                                                                                                                   | : | ₹28,23,58,860                                                                                                |
| 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report                                                                                                                                  | : | Rukhya Parveen Company Secretary & Compliance Officer<br>Phone: 040 – 27167000<br>Email: cs@apollo-micro.com |
| 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together) | : | BRSR disclosures are made on standalone basis                                                                |
| 14. Name of assurance provider                                                                                                                                                                                                                                        | : | Not Applicable                                                                                               |
| 15. Type of assurance obtained                                                                                                                                                                                                                                        | : | Not Applicable                                                                                               |

**II Products/ Services**

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of MainActivity	Description of Business Activity	% of Turnover of the entity
1.	Manufacture of Electronic components	Computer, electronic, Communication and scientific measuring & control equipment	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code*	% of total Turnover contributed
1.	Manufacture of electronic components	2610	100%

\* As per National Industrial Classification, 2008 – Ministry of Statistics and Programme Implementation.

### III Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	0	1	1
International	-	-	-

19 Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	19
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

c. A brief on types of customers

The Company majorly serves government organizations such as the Defence Research and Development Organization (DRDO), Defence Public Sector Undertakings (DPSUs), Shipyards, and ordinance factories. Additionally, our client base includes Private Tata, L&T, Bharat Forge, Solar Industries, as well as numerous other private firms.

### IV Employees

20. Details as at the end of Financial Year:2023-24

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>Employees</b>						
1.	Permanent (D)	358	289	80.73%	69	19.27%
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total employees (D + E)</b>	358	289	80.73%	69	19.27%
<b>Workers</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
6.	<b>Total workers (F + G)</b>	-	-	-	-	-

b. Differently abled Employees and worker:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>Differently Abled Employees</b>						
1.	Permanent (D)	2	1	50%	1	50%
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differentlyabled employees (D + E)</b>	2	1	50%	1	50%
<b>Differently Abled Workers</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	<b>Total differentlyabled workers (F + G)</b>	-	-	-	-	-

## 21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	2	25%
Key Management Personnel	2	1	50%

## 22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years):

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	4.65	3.25	7.9	1.55	5.83	7.38	0.69	2.15	2.84
Permanent Workers	-	-	-	-	-	-	-	-	-

## V Holding, Subsidiary and Associate Companies (including joint ventures)

## 23. (a) Names of Holding / Subsidiary / Associate Companies / Joint Ventures

Sl. No.	Name of the Holding / Subsidiary / Associate Companies / Joint Ventures (A)	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Ananya SIP RF Technologies Private Limited	Subsidiary	51.01%	No
2.	Apollo Defence Industries Private Limited	Subsidiary	76.00%	No

## VI CSR Details

24. Whether CSR is applicable as per section 135 of Companies Act, 2013: **Yes**

- (i) Turnover (in ₹) : 37,163.42 Lakhs  
(ii) Net worth (in ₹) : 51,938.99 Lakhs

## 25. Transparency and Disclosures Compliances

Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place(Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes <a href="https://apollo-mi-cro.com/investors/">https://apollo-mi-cro.com/investors/</a>	Nil	Nil	NA	Nil	Nil	NA
Investors (other than shareholders)	Yes <a href="https://scores.sebi.gov.in/scores-home">https://scores.sebi.gov.in/scores-home</a>	Nil	Nil	NA	Nil	Nil	NA

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place(Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during theyear	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during theyear	Number of complaints pending resolution at close of the year	Remarks
Shareholders	Yes <a href="https://scores.sebi.gov.in/scores-home">https://scores.sebi.gov.in/scores-home</a>	Nil	Nil	NA	Nil	Nil	NA
Employees and workers	Yes <a href="https://apollo-micro.com/wp-content/uploads/2024/07/9.-Whistle-Blower-Policy.pdf">https://apollo-micro.com/wp-content/uploads/2024/07/9.-Whistle-Blower-Policy.pdf</a>	Nil	Nil	NA	Nil	Nil	NA
Customers	Yes <a href="https://apollo-micro.com/feedback-form/">https://apollo-micro.com/feedback-form/</a>	Nil	Nil	NA	Nil	Nil	NA
Value Chain Partners	Yes <a href="https://apollo-micro.com/feedback-form/">https://apollo-micro.com/feedback-form/</a>	Nil	Nil	NA	Nil	Nil	NA
Other (please specify)	No	Nil	Nil	NA	Nil	Nil	NA

26. Overview of the entity’s material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the Risk/ Opportunity	In case of Risk, approach to adapt or mitigate	Financial implications of the Risk or Opportunity (Indicate positive or negative implications)
1	Employee Retention	Risk	Our need for highly skilled and technical employees makes recruitment and retention challenging. The competitive market for such talent increases the risk of turnover. To address this, we continuously upgrade employee skills and strive to retain our workforce through targeted development programs.	We offer competitive compensation packages, and foster a supportive work environment that values career growth and employee engagement.	Negative

S. No.	Material issue identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the Risk/ Opportunity	In case of Risk, approach to adapt or mitigate	Financial implications of the Risk or Opportunity (Indicate positive or negative implications)
2	Design & Development	Opportunity	In the aerospace and defence industry, innovation in design and development is crucial for maintaining a competitive edge. Our company's commitment to cutting-edge R&D presents a significant opportunity to lead the market with advanced technologies and solutions. By leveraging our expertise in design and development, we can create state-of-the-art products that meet evolving defence and aerospace needs.	-	Positive
3	Sustainable Supply Chain	Opportunity	Adopting a sustainable supply chain offers significant opportunities to enhance operational efficiency and meet evolving regulatory and environmental standards. By focusing on sustainability, we can reduce costs, minimize environmental impact, and improve our reputation as a responsible company. This approach supports long-term business resilience and aligns with global trends toward sustainable practices, providing a competitive advantage.	-	Positive
4	Data Privacy and Cyber Security	Risk	Handling sensitive data related to RF/microwave technologies, digital electronics, and associated software poses significant data privacy and cyber security risks. Breaches could compromise classified information, impact national security, and lead to substantial financial and reputational damage. Despite robust security measures, the evolving cyber threat landscape requires ongoing vigilance and adaptation to safeguard our systems and data.	We enhance data privacy and cyber security by deploying advanced security measures, conducting regular assessments, and updating protocols to counter emerging threats. Ongoing staff training and adherence to industry standards further safeguard our systems and data.	Negative

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the National Guidelines on Responsible Business Conduct (NGRBC) Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Wherever mandated by the applicable laws, rules and regulations, the policies have been uploaded in the website of the Company at <a href="https://apollo-micro.com/">https://apollo-micro.com/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	N	N	N	N	N	N	N	N	N
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g.,SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The company has ISO 45001:2018; ISO 14001: 2015, AS 9100D and DRDO Registration certificate.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Our company recognizes the need for benchmarks to track our progress with NGRBC Principles. In our first year of ESG implementation, we aim to define our goals and aspirations for the next reporting cycle. We are committed to aligning our ESG initiatives with our business objectives and developing a strong, effective strategy to ensure sustainability and benefit all stakeholders.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Company reviews its goals and targets periodically.								
<b>Governance, leadership and oversight</b>									
7. Statement by Director responsible for the Business Responsibility Report, highlighting ESG related challenges, targets and achievements ( <i>listed entity has flexibility regarding the placement of this disclosure</i> ):  In preparing our Business Responsibility and Sustainability Report, our company is committed to addressing key ESG challenges and aligning our efforts with the principles of the National Guidelines on Responsible Business Conduct (NGRBC).  <b>Challenges:</b> We are navigating the complexities of evolving environmental regulations, addressing workforce development needs, and working towards enhancing supply chain sustainability.  <b>Targets:</b> our targets include enhancing our employee welfare initiatives, fostering a diverse and inclusive workplace, strengthening our governance practices to ensure transparency and accountability and strengthening supply chain sustainability, in line with industry practices and standards.  <b>Achievements:</b> While our journey towards meeting ESG targets is ongoing, we continue to make strides in promoting a supportive work environment and improving our governance practices. These efforts reflect our commitment to aligning with NGRBC principles and responsible business conduct.  Karunakar Reddy Baddam Managing Director DIN: 00790139									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy(ies).	Mr. Karunakar Reddy Baddam, Managing Director								

9. Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Director responsible for decision making on sustainability related issues: Mr. Karunakar Reddy Baddam, Managing Director																	
10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director /Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Director									As and when required.								
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company is in compliance with the existing regulations as applicable.									Quarterly								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	No*								

\*Note: No external evaluation was undertaken, however, the processes and compliances are subject to scrutiny by internal & external auditors, and regulators, as applicable. The policies relating to statutory compliance are reviewed by Internal Auditors, Statutory Auditors and Secretarial Auditors.

**12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	The Company ensures that its policies are in line with the principles prescribed by the NGRBC, MCA. Hence, this point is Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE 1**

**Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**Essential Indicators**

- Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	4	Corporate governance, risk management, regulatory compliance, and NGRBC principles, including ethical business practices, stakeholder engagement, environmental sustainability, and social responsibility, were key topics covered. These areas have significantly enhanced the board's strategic decision-making, fostering a culture of accountability, ethical conduct, and sustainable development, ensuring alignment with both regulatory standards and responsible business practices.	100%
Key Managerial Personnel	5	Financial management, corporate governance, regulatory compliance, and NGRBC principles focusing on ethical leadership and transparent financial practices were key topics. These have reinforced the company's compliance framework, enhanced financial oversight, and promoted a culture of integrity, ensuring alignment with responsible business conduct and regulatory standards	100%
Employees other than BoD and KMPs	2	Workplace safety, ethical conduct, human rights, environmental sustainability, transparency, and stakeholder engagement were key topics. This has led to a safer work environment, increased awareness of ethical practices, and a stronger commitment to sustainability, fostering a culture of responsibility and proactive engagement within the organization.	100%
Workers	-	-	-

- Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by Directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of the SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Penalty/ Fine	NA	NA	NIL	NA	No
Settlement	NA	NA	NIL	NA	No
Compounding	NA	NA	NIL	NA	No

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	No
Punishment	NA	NA	NA	No



3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NIL	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes,

The company has in place a comprehensive framework to combat corruption and bribery. The company's code of conduct governs employees, emphasizing integrity and ethical behavior. Additionally, there's an integrity pact focusing on non-disclosure and confidentiality, which also includes anti-corruption and anti-bribery clauses. Furthermore, the company has established a whistleblower policy to provide a mechanism for employees to report unethical behavior, fraud, or violations of the company's code of conduct or policy directly to the Chairman of the Audit Committee. The weblink to the policy is <https://apollo-micro.com/wp-content/uploads/2017/09/WHISTLE-BLOWER-POLICY.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest:

Not Applicable as there are no fines / penalties / action taken by any regulators/ law enforcement authority during the financial year.

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payables	231 days	215 days

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	Sales to dealers / distributors as % of total sales	Nil	Nil
	Number of dealers / distributors to whom sales are made	Nil	Nil
	Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	Nil	Nil
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.01%	Nil
	b. Sales (Sales to related parties / Total Sales)	Nil	Nil
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	56.73%	100%
	d. Investments (Investments in related parties/ Total Investments made)	100%	100%

**PRINCIPLE 2**

**Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators:**

- Percentage of Research and Development (R&D) and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total Research and Development (R&D) and capex investments made by the entity, respectively:

	FY 2023-24 (Current Financial Year)	FY2022-23 (Previous Financial Year)	Details of improvements in environmental and social impacts
CAPEX	-	-	Nil
R&D	-	-	

- Does the entity have procedures in place for sustainable sourcing? (Yes/No)  
No, we do not have a procedure in place for sustainable sourcing.
  - If yes, what percentage of inputs were sourced sustainably? NA
- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Due to the nature of our operations, which involve extensive dealings with defence and government agencies, we currently do not engage in product reclamation practices for reuse, recycling, or disposal.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No): If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same:

Not applicable

The main products of the Company are Defence and space technology products for use in security applications. Once the products are sold, they would not be returned to the Company.

**PRINCIPLE 3**

Businesses should respect and promote the well-being of all employees, including those in their value chains.

**Essential Indicators:**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	289	80	27.69%	80	27.69%	-	0	-	-	-	-
Female	69	20	28.10%	20	28.10%	69	100%	-	-	69	100%
<b>Total</b>	<b>358</b>	<b>100</b>	<b>55.79%</b>	<b>100</b>	<b>55.79%</b>	<b>69</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>100%</b>
<b>Other than Permanent employees</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Eligible employees falling under the parameters of ESIC are covered under the respective law.

- b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other than Permanent workers*</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Cost incurred on well-being measures as a % of total revenue of the company</b>	0.43%	0.35%

**2. Details of retirement benefits, for Current FY and Previous Financial Year\* (\*only India)**

Benefits	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	89.66%	-	Yes	86.24%	-	Yes
Gratuity	100.00%	-	Yes	100.00%	-	Yes
ESI	44.13%	-	Yes	51.00%	-	Yes
Others (please Specify)	-	-	-	-	-	-

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

**Yes**, company owned offices and premises are accessible to differently abled employees and workers, as per the requirement of the Rights of Persons with Disability Act, 2016.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes. <https://apollo-micro.com/investors/>

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent Employees		Permanent Workers	
	Return to work Rate	Retention Rate	Return to work Rate	Retention Rate
Male	-	-	-	-
Female	100%	100%	-	-
<b>Total</b>	100%	100%	-	-

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes, all the employees can forward their grievances by phone call, email other verbal/ written means of communication and company has vigil mechanism and whistle blower policy for redressal of grievance. The employees can approach their Head of Department (HoD) and HR.
Other than Permanent Employees	NA

## 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of Employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total	358	-	-	278	-	-
Permanent Employees						
Male	289	-	-	224	-	-
- Female	69	-	-	54	-	-
Total Permanent Workers	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-

## 8. Details of training given to employees and workers:

Category	FY 2023-24 (Current Financial Year)					FY 2022-23 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	289	289	100%	289	100%	224	224	100%	224	100%
Female	69	69	100%	69	100%	54	54	100%	54	100%
Total	358	358	100%	358	100%	278	278	100%	278	100%
Workers										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

## 9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	289	289	100%	224	224	100%
Female	69	69	100%	54	54	100%
Total	358	358	100%	278	278	100%
Workers						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	-	-	-	-	-	-

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, the company-owned facilities and offices have Occupational and health & safety management system implemented and on place.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company diligently reviews work-related hazardous risk on a quarterly basis, facilitating the identification of safety concerns across diverse manufacturing processes and sustaining a regiment of compliance monitoring. The Company has proficiently recognized hazardous risks on routine and non-routine basis. To cultivate a wholesome work atmosphere characterized by minimal accidents, the Company consistently scrutinizes its safety apparatus. Every recommendation received from Regulator(s) and industry forums pertaining to employee safety and health is promptly implemented, signifying our steadfast commitment to this vital aspect.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

No, the company does not have workers.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the eligible Employees are covered under various statutory regulations as applicable to the Company.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2023-24 (Current Financial Year)	FY2022-23 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	-	-
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	-	-
No. of fatalities	Employees	Nil	Nil
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	-	-

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

- ✓ Creation of an Emergency Assembly Area, ensuring secure congregation during critical situations.
- ✓ Ensuring accessible drinking water facilities and sanitation amenities.
- ✓ Implementation of CCTV cameras, bolstering physical security and premises surveillance.
- ✓ Availability of comprehensive Standard Operating Procedures (SOPs) within the work environment.
- ✓ Conduction of Health and Safety Trainings and Mock Drills at regular intervals for heightened awareness.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NIL	0	0	NIL
Health & Safety	0	0	NIL	0	0	NIL

## 14. Assessments for the year:

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Health and safety practices	100%
Working Conditions	100%

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health &amp; safety practices and working conditions.

No corrective action were required to address safety related incidents and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

**PRINCIPLE 4:****Businesses should respect the interests of and be responsive to all its stakeholders****Essential Indicators:**

## 1. Describe the processes for identifying key stakeholder groups of the entity.

The key stakeholders identified by the company are its, Customers, Suppliers, Employees, Shareholders, Government, Regulatory & Statutory Bodies, Auditors and Bankers. The Company has a mechanism for identification of key stakeholders. The various Stakeholders engagement with the company is an ongoing process and efforts are made to improve deep relationships with the stakeholders keeping the expectations and the objectives of the company in mind. The feedback from various stakeholder is welcome and the management works towards improving such relationships.

## 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, Notices and other communication mechanisms	Regular	Regular update on engagement with the Company
Investors	No	Emails, Newspaper, Advertisement, website of the Company and Stock Exchanges and General Meetings	Event specific and as per statutory requirements	To appraise periodically on Company Performance To answer queries of investors on operations of the Company and other secretarial matters
Customers	No	Emails, personal and telephonic meeting	As and when required	We engage with our customers to ensure regular supply of the products, keep them informed about new products, participate in the bids/ tenders and maximize the outreach of our products.
Suppliers & Partners	No	Physical and virtual meetings, supplier forums, partner events, calls, e-mail and website.	Frequent and need-based	To make suppliers aware of the requirements of the Company with respect to the quality and other specifications. They are also made aware of the policies of the Company with respect to the ethical practices and also the quality standards maintained by the Company.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government authorities	No	Our interactions with authorities take place through e-mails, meetings, submissions, etc. as required.	Need-based	With regulatory authorities, our engagement is aimed at discharging responsibilities. With policy-makers, our engagement aims to understand and discuss matters pertaining to the industry.
Community	No	Our engagement with the community includes physical visits as well as digital channels.	Frequent and need-based	With giving back to society as a core tenet of the Company, our corporate social responsibility programmes target the areas of Environmental Sustainability, Livelihood Enhancement and Women Empowerment.

**PRINCIPLE 5**
**Businesses should respect and promote human rights.**
**Essential Indicators:**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24 (Current Financial Year)			FY2022-23 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	358	358	100%	278	278	100%
Other than Permanent*	-	-	-	-	-	-
<b>Total Employees</b>	<b>358</b>	<b>358</b>	<b>100%</b>	<b>278</b>	<b>278</b>	<b>100%</b>
<b>Workers</b>						
Permanent	-	-	-	-	-	-
Other than Permanent*	-	-	-	-	-	-
<b>Total Workers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 2 Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24 (Current Financial Year)					FY 2022-23 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	289	-	-	289	100%	224	-	-	224	100%
Female	69	-	-	69	100%	54	-	-	54	100%
Other than Permanent*										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

## 3. Details of remuneration/salary/wages

## a. Median remuneration / wages:

	Male		Female	
	Number	Median-remuneration/ salary/ wages- of respective category	Number	Median-remuneration/ salary/ wages of respective category
Board of Directors (BoD)	3	228,00,000	-	-
Key Managerial Personnel	2	21,36,000	1	6,87,000
Employees other than Board of Directors and KMP	284	10,27,39,574	68	1,77,13,682
Workers	-	-	-	-

## b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Gross wages paid to females as % of total wages	11.81	13.01

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the HR Head and Whole Time Directors' of the company are responsible for addressing any human rights impacts or issues that may be caused or influenced by the company's operations.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a robust grievance redressal system. The Company complies with applicable labour Laws and a periodical compliance report which has been submitted by Heads of Divisions. Further, Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is constituted in the company to deal with Complaints related to Sexual Harassment and conduct enquiries on such issues.

## 6. Number of Complaints on the following made by employees and workers:

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour /Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

## 8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We provide the following mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

- Confidential Reporting Channels: Ensuring that all complaints can be reported confidentially to protect the complainant's identity.
- Support Services: Providing access to counseling and support services to help the complainant cope with the situation.
- Monitoring and Follow-Up: Regular monitoring and follow-up with the complainant to ensure their safety and well-being throughout and after the investigation process.
- Training and Awareness: Conducting training sessions for all employees to ensure they are aware of their rights and the importance of a safe and inclusive workplace.

## 9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, though their inclusion can vary based on the agreement's specifics.

## 10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

## 11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

NIL

**PRINCIPLE 6**

**Businesses should respect and make efforts to protect and restore the environment.**

**Essential Indicators:**

1. Details of total energy consumption (in kWh) and energy intensity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources (A+B+C)</b>	-	-
<b>From non-renewable sources</b>		
Total electricity consumption (D)	7,51,170.30	5,94,012.80
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non- renewable sources (D+E+F)</b>	<b>7,51,170.30</b>	<b>5,94,012.80</b>
<b>Total energy consumed (A+B+C+D+E+F)</b>	<b>7,51,170.30</b>	<b>5,94,012.80</b>
<b>Energy intensity per rupee of turnover</b> (Total energy consumed / Revenue from operations)	0.0000007277	0.0000007187
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity(PPP) (Total energy consumed / Revenue from operations adjusted for PPP)</b>	<b>0.0000007277</b>	<b>0.0000007187</b>
<b>Energy intensity in terms of physical output</b>	-	-
Energy intensity <i>(optional)</i> – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N)

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY2023-24 (Current Financial Year)	FY2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0.00	0.00
(ii) Groundwater	0.00	0.00
(iii) Third party water	2473.82	1759.64
(iv) Seawater / desalinated water	0.00	0.00
(v) Others	0.00	0.00
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>2473.82</b>	<b>1759.64</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>2473.82</b>	<b>1759.64</b>
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	0.0000006657	0.0000005914
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)</b>	<b>0.0000006657</b>	<b>0.0000005914</b>
<b>Water intensity in terms of physical output</b>	-	-
<b>Water intensity <i>(optional)</i> – the relevant metric may be selected by the entity</b>	-	-

4. Provide the following details related to water discharged:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	Nil	
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third-parties	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
<b>Total water discharged (in kilolitres)</b>	Nil	Nil

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No, the entity has not implemented a mechanism for Zero Liquid Discharge, as our manufacturing processes do not produce significant liquid waste that would necessitate such a system.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	Nil	Nil	Nil
SOx	Nil	Nil	Nil
Particulate matter (PM)	Nil	Nil	Nil
Persistent organic pollutants (POP)	Nil	Nil	Nil
Volatile organic compounds (VOC)	Nil	Nil	Nil
Hazardous air pollutants (HAP)	Nil	Nil	Nil
Others – please specify	Nil	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Scope 1 emissions*</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	Nil	Nil
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	Nil	Nil
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> , (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	<i>Nil</i>	Nil	Nil
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Nil	Nil	Nil
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>	<i>Nil</i>	Nil	Nil
<b>Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity</b>	Nil	Nil	Nil

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

No

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste <b>(A)</b>	Negligible	Negligible
E-waste <b>(B)</b>	Negligible	Negligible
Bio-medical waste <b>(C)</b>	-	-
Construction and demolition waste <b>(D)</b>	-	-
Battery waste <b>(E)</b>	-	-
Radioactive waste <b>(F)</b>	-	-
Other Hazardous waste. Please specify, if any. <b>(G)</b>	-	-
Other Non-hazardous wastegenerated <b>(H)</b> . Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
<b>Total (A+B + C + D + E + F + G + H)</b>	-	-
<b>Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations)</b>	-	-
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)</b>	-	-
<b>Waste intensity in terms of physical output</b>	-	-
<b>Waste intensity (optional) – the relevant metric may be selected by the entity</b>	-	-
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company is operating in a segment in which there is no waste or residue generation

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable as no operations/ offices are located in/around ecologically sensitive areas

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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NA

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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No there were no Environmental Impact Assessments of projects were undertaken during the reporting period of FY 2023-24.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

The Company has complied with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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NA

## PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

### Essential Indicators:

1. a. Number of affiliations with trade and industry chambers/ associations.

TWO

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the Trade and Industry Chambers/ Associations	Reach of trade and Industry Chambers/ Associations (State/National)
1	PHD Chamber of Commerce and Industry	National
2	SIDM (Society of Indian Defence Manufacturers)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

**PRINCIPLE 8****Businesses should promote inclusive growth and equitable development****Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Nil					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Nil						

3. Describe the mechanisms to receive and redress grievances of the community.

The company has established a grievance redressal mechanism through a dedicated feedback form available on its website. Community members can submit their grievances via this form. Additionally, the website provides specific contact email addresses for various departments to address any concerns or issues.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directly sourced from MSMEs / small producers	13.19%	17.26%
Directly from within India	100%	100%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Rural	-	-
Semi-urban	-	-
Urban	100%	100%
Metropolitan	-	-

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

**PRINCIPLE 9****Businesses should engage with and provide value to their consumers in a responsible manner.****Essential Indicators:**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

On the website of the Company, contact details are provided for redressal of grievances and complaints on the products. The grievances are resolved without any delay.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
<b>Environmental and social parameters relevant to the product</b>	-
<b>Safe and responsible usage</b>	-
<b>Recycling and/or safe disposal</b>	-

3. Number of consumer complaints in respect of the following:

	FY 2023-24 (Current Financial Year)		Remarks	FY 2022-23 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
<b>Voluntary recalls</b>	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company have a framework on cyber security and risks related to data privacy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:

No incidents of issues pertaining to advertising and delivery of essential services; and data privacy of customers; product recalls were reported in the review period of FY 2023-24

7. Provide the following information relating to data breaches:

Number of instances of data breaches - Nil

Percentage of data breaches involving personally identifiable information of customers – 0%

Impact, if any, of the data breaches - Nil



**STANDALONE  
FINANCIAL  
STATEMENTS**

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF APOLLO MICRO SYSTEMS LIMITED

Report on the Audit of the Standalone financial statements

### Opinion

We have audited the accompanying standalone financial statements of Apollo Micro Systems Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2024, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes forming part of standalone financial statements, including a summary of material accounting policies and other explanatory information.

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024 and its profit, comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for opinion

We conducted our audit 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 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.

Key audit matter	Auditor's response
<p><b>1. Capital work in progress (CWIP):</b></p> <p>Appropriateness of recording of costs as 'capital work in progress': Refer the note 4(c) to the standalone financial statements. As at 31 March 2024, the company has recorded CWIP aggregating to ₹ 2,397.75 lakhs towards various testing tools and instruments and expansion of its manufacturing facilities and civil works at ₹ 3075.59 with regards to CWIP, management has identified certain specific costs incurred for ₹3167.08 lakhs and has applied judgement to assess if these costs incurred relating to CWIP meet the recognition criteria of Property, Plant and Equipment in accordance with Ind AS 16- Property, Plant and Equipment. Accordingly, this is determined as key audit matter due to the significance of the capital expenditure during the year.</p>	<p>We assessed the Company's process to verify the Capital expenditure incurred during the year.</p> <p>Our audit approach included testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• We have performed detailed discussion with the management to understand their business plans, assumptions used in assessing future technology products and their relevance to meet future demands.</li> <li>• Review of CAPEX business plans, documents/information thereto and their controls effectiveness.</li> <li>• Substantive tests including testing on a sample basis the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the Company's policy and accounting standards.</li> <li>• Tested the source documentation to determine whether the expenditure is in capital nature and has been appropriately approved and segregated into appropriate categories.</li> <li>• Scrutiny of relevant general ledgers to assess if the expenditure has been correctly accounted for.</li> </ul>

Key audit matter	Auditor's response
	<ul style="list-style-type: none"> <li>• Review of physical verification reports, for the verification carried out by the management for CWIP.</li> <li>• Our procedures as mentioned above did not identify any costs that has been inappropriately capitalised.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Review of compliance with respect to Companies Act, Income tax Act, Customs duty and GST Act, particularly for accounting of CAPEX additions, deletions, depreciation and of carrying amounts thereof.</li> </ul>
<p>2 Inventories:</p> <p>Refer to note-7 of the standalone financial statements</p> <p>The Company carries significant inventories amounting to ₹ 43,351 lakhs as on 31 March 2024. Inventory constitutes 56% of total current assets and 45.40% of total assets</p> <p>With such a huge volume of inventories there is a remote risk of obsolescence. Since the inventories are specific for customers, possibility of obtaining accurate NRV is also not feasible.</p> <p>Given the significant judgment and estimates involved in the management assessments, the inventories are identified as key audit matter.</p>	<p>In view of significance of the matter we applied the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design implementation and operating effectiveness of management's key internal controls relating to physical verification of inventories by the management, identification of obsolete and slow-moving inventory, monitoring of inventory ageing and assessment of provisioning.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Reviewed the management judgements applied in calculating risk of obsolescence at the time of material procurement taking into consideration the inside technical expertise and management assessment of present and future condition of inventory</li> <li>• Assessing the design implementation and operating effectiveness of management's key internal controls over classification valuation and valuation models.</li> <li>• Reviewed the policy of management for physical verification and the documents related to management physical count procedure followed.</li> <li>• Sample testing of management's physical verification of reports.</li> <li>• Compare the cost of inventory with estimated net realisable value by comparing actual selling price prevailing around and subsequent to the year end.</li> <li>• We have made a detailed analysis of order book, in order to study whether the value of the WIP along with finished goods are in line with the value of pending orders in term of value.</li> <li>• Assessed and valued the appropriateness of disclosure made in the standalone financial statements.</li> </ul>

### Other Information

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 there to, Business Responsibility and sustainable Report, Corporate Governance and Shareholder's information, but does not include the standalone financial statements and 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the additional information, as mentioned above, that would be included in the Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions as applicable under the relevant laws and regulations.

### Responsibility of Management and those charged with Governance 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, changes in equity and cash flows of the Company in accordance with accounting principle generally accepted in India, including Indian Accounting Standards (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 and Board of Directors are 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 and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility 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 scepticism 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 the reasonableness of accounting estimates and related disclosures made by management and Board of Directors
- 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.

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 matter. 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 sub-section (11) of Section 143 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, except for the matters stated in paragraph 2(i) (iv) below on reporting under rule 11(g) of the companies (Audit and auditors) rules 2014 as amended
  - c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone 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 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the maintenance of accounts and other matters connected therewith, reference is made to other remarks paragraph 2(b) above on reporting under section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - g. With respect to the adequacy of the internal financial controls over with reference standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure-B**'.

- h. With respect to other matters to be included in the Auditors Report under section 197(16) of the Act.

In our opinion and according to the information and explanations given to us according to the explanation given to us, the remuneration paid by the Company to its director's during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid under section 197 of the Act.

- i. 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. Refer note. 32 to the Standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024.

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.

v. The dividend declared in previous year and paid during the year by the company is in compliance with section 123 of the Act, to the extent it applies to payment of dividend.

vi. *Based on the examination which included test checks and accordance with requirements of the implementation guide on reporting on audit trial under Rule 11(g) of companies (Audit and Auditors) Rules 2014 company has used accounting software for maintain its books of account, where in the accounting software did not have the audit trial (edit log) feature throughout the financial year under review and accordingly reporting on tampering or preservation of the audit trail is not applicable.*

Place: Hyderabad

Date: 20 May 2024

**ICAI UDIN: 24231056BKFSMG7000**

### 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 course of audit, and to best of our knowledge and belief we report that:

In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets:

- a) A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. However, during the year company migrated to a new software, consequently the company is in the process of updating the details for current year.
- B) The Company has maintained proper records showing full particulars of intangible assets.
- b) The Company has a regular programme of physical verification of its Property, Plant and Equipment, and right-of-use assets so to cover all the assets over a period of three years which, 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 PPE were physically verified during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- 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.

- e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, there are no proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- 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. There were no material discrepancies noticed on verification between the physical stock and the book records.
- b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly/monthly returns or statements with such banks, based on physical verification of stocks. Accordingly, there are no discrepancies and are in agreement with the books of accounts.
- a) The Company has, during the year, made investments in two partly owned subsidiaries and gave an unsecured loan to one partly owned subsidiary company. The aggregate amount granted during the year and balances outstanding at the balance sheet date with respect to such loan to subsidiaries are as per the details given below:

Particulars	Loans ₹ in Lakhs
Aggregate amount granted during the year.	
-Subsidiaries	383.26
-Others	701.13
Balance outstanding as at balance sheet date in respect of above cases:	
-Subsidiaries	976.26
-Others	744.57

The Company has not provided any corporate guarantee or offered security during the year.

The above amounts are included respectively in note 5 (ii) and 11 to the standalone financial statements.

- b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest, except some inadequate documentation.
- c) In respect of aforesaid loans, the terms and conditions under which loans were granted are not prejudicial to the Company's interest, based on the information and explanation provided by the Company. In respect of loan granted by the Company to a private company, repayment is on demand basis and payment of interest has been stipulated on annual basis and receipts of interest have been generally regular as per stipulation. In case of loan given to partly owned subsidiary the terms for repayment of loan is not stipulated but interest is stipulated and receipts of interest have been generally regular as per stipulation.
- d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date for more than 90 days.
- e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- f) The details of loan granted, either repayable on demand or without specifying any term of repayment, are given below:

Particulars	All Parties ₹	Promoters ₹	Related Parties ₹
Repayable on demand	719.44	-	-
No items or repayments terms are specified	1001.39	-	976.26
<b>Total</b>	<b>1720.83</b>	<b>-</b>	<b>976.26</b>
Percentage of the total loans granted	100%		56.73%

The above loan is included in note 5 (ii) and 11 to the standalone financial statements.

In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of loans granted, investments made as applicable. The Company has not provided any guarantees or securities.

The Company has not accepted any deposits or amounts during the year as per provisions of Section 73 or 76 of the Act and relevant Rules framed thereunder. Accordingly, the clause 3 (v) of the Order are not applicable to the Company for the year.

Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under section 148(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, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

In respect of statutory dues:

- a) According to the information and explanation given to us by the Company and records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, though there has been slight delays in a few cases on some occasions.

There were undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material



statutory dues in arrears for an amount of ₹ 5,591/- as at 31 March 2024 for a period of more than six months from the date they became payable.

- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2024 on account of disputes are given below:

Nature of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	AY 2013-14	20.68
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	AY 2014-15	2.67
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	AY 2014-15	15.23
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	AY 2016-17	168.38
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	AY 2018-19	12.64
The Income Tax Act, 1961	Income tax	Commissioner of Income-tax (Penalty)	AY 2018-19	3.79

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).

- a) According to the information and explanation given to us by the Company and records of the Company examined by us, 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, Clause 3(ix) of the order is not applicable.
- b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has obtained term loans and applied for the purpose for which it has been obtained.
- d) According to the information and explanation given to us by the Company and based on the procedures performed by us and on overall examination of Standalone financial statements of the Company, we report that no funds raised on

short-term basis have been used for long-term purpose of the Company.

- e) According to the information and explanation given to us by the Company and on overall examination of Standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or Joint ventures.
- f) According to the information and explanation given to us by the Company and based on the 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, joint ventures or associate companies.
- a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has issued fully convertible share warrants of 98,85,070 at a face

value of ₹ 10 each, which are convertible into equal number of 98,85,070 equity shares. Consequent on subdivision of each share from face of value of ₹10 to ₹1/-, 74,72,000 share warrants of ₹10/- each are converted into shares of 7,47,20,000 equity shares of ₹1/- each before 31<sup>st</sup> March 2024. As on balance sheet date 24,13,070 warrants of ₹10 each are outstanding for conversion into 2,41,30,700 equity shares of ₹ 1/- each.

- a) 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 explanations 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 been informed of any such case by the Management.
- 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 explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- c) 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 explanations given to

us. The Company has not received any whistle blower complaints during the year. Accordingly, Clause 3(xi)(c) of the Order is not applicable.

The Company is not a Nidhi Company as prescribed under Section 406 of the Act and Accordingly, clause 3(xii) of the Order is not applicable.

In our opinion, and according to the information given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Ind AS.

- a) In our opinion and according to the information given to us, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have not considered the internal audit report for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedure.

In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) & (b) of the Order is not applicable.
- b) In our opinion, there is no core investment Company within the Group (as defined in the Core Investment

Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(c) & (d) of the Order is not applicable.

The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding the financial year.

There has been no resignation of the statutory auditors of the Company during the year. Accordingly reporting under clause 3(xviii) is not applicable to the Company.

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 standalone 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.

- a) During the year the company has incurred expenditure of ₹43.41 lakhs (including amount spent on ongoing project ₹ 0.41 lakhs) against current year CSR obligation of ₹42.77 lakhs resulting in ₹0.23 lakhs excess paid during the year to be carry forward to the next year. Accordingly, there is no unspent amount which is required to be transferred to fund specified in schedule VII with in a period of six months.
- b) In our opinion and according to the information and explanations given to us by the Company, there is no unspent amount under sub-section (6) of Section 135 of the Act pursuant to ongoing projects. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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 has been included in this report.

Place: Hyderabad  
Date: 20 May 2024

ICAI UDIN: 24231056BKFSMG7000

### **Annexure 'B' to the Independent Auditors' Report**

*(Referred to in paragraph 2 (g) 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 2024 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 standalone 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 standalone 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 standalone financial statements were 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 Standalone financial statements**

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone 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 standalone 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 standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to Standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to Standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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, the company has, in all material respects, an adequate internal financial controls system with reference

to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2024, based on the internal financial control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Place: Hyderabad

Date: 20 May 2024

**ICAI UDIN: 24231056BKFSMG7000**

## Standalone Balance Sheet as at 31 March 2024

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

Particulars	Note No	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4 (a)	14,003.03	10,429.48
(b) Right-to-use assets	4 (b)	177.94	118.27
(c) Capital work-in-progress	4 (c)	2,397.75	2,489.24
(d) Other intangible assets	4(d)	183.09	11.66
(e) Financial assets			
(i) Investments	5(i)	133.65	132.89
(ii) Loans	5(ii)	1,001.39	593.00
(f) Other non-current assets	6	219.47	160.30
		<b>18,116.32</b>	<b>13,934.84</b>
<b>2 Current assets</b>			
(a) Inventories	7	43,351.09	34,152.96
(b) Financial assets			
(i) Trade receivables	8	23,527.17	14,659.54
(ii) Cash and cash equivalents	9	18.65	13.91
(iii) Other bank balances	10	2,054.60	1,383.11
(iv) Loans	11	719.44	-
(c) Other current assets	12	7,702.68	5,089.10
		<b>77,373.63</b>	<b>55,298.62</b>
<b>TOTAL ASSETS</b>		<b>95,489.95</b>	<b>69,233.46</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(i) Equity share capital	13	2,823.59	2,076.39
(ii) Other equity	14	49,115.40	36,304.81
<b>Total equity</b>		<b>51,938.99</b>	<b>38,381.20</b>
<b>2 LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(a)	943.72	186.64
(ii) Lease liabilities	16(a)	105.19	84.58
(b) Deferred tax liabilities (net)	17	3,367.54	2,650.67
(c) Provisions	18(a)	110.55	119.96
		<b>4,527.00</b>	<b>3,041.85</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15(b)	19,660.67	14,061.72
(ii) Lease liabilities	16(b)	71.44	28.86
(iii) Trade payables	19		
- Dues of micro enterprises and small enterprises		-	-
- Dues of creditors other than micro enterprises and small enterprises		16,555.66	11,228.59
(iv) Other financial liabilities	20	641.03	881.07
(b) Other current liabilities	21	1,184.94	1,067.02
(c) Current tax liabilities (net)	22	886.53	518.36
(d) Provisions	18(b)	23.69	24.79
<b>TOTAL LIABILITIES</b>		<b>39,023.96</b>	<b>27,810.41</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,489.95</b>	<b>69,233.46</b>

Corporate information &amp; material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

32 to 49

As per our report of even date

 For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**
**for S.T.Mohite & Co**  
 Chartered Accountants  
 Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
 Managing Director  
 DIN: 00790139

**Krishna Sai Kumar Addepalli**  
 Director  
 DIN: 03601692

**CA.Hima Bindu S**  
 Partner  
 Membership No.: 231056

**Sudarshan Chiluveru**  
 Chief Financial Officer

**Rukhya Parveen**  
 Company Secretary  
 Membership No: A65112

 Place: Hyderabad  
 Date: 20 May 2024  
 UDIN: 24231056BKFSMG7000

 Place: Hyderabad  
 Date: 20 May 2024

# Standalone Statement of Profit and Loss for the year ended 31 March 2024

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

Particulars	Note No	Year ended 31 March 2024	Year ended 31 March 2023
I Revenue from operations	23	37,163.42	29,752.60
II Other income	24	263.38	127.94
III <b>Total income (I+II)</b>		<b>37,426.80</b>	<b>29,880.54</b>
IV <b>Expenses</b>			
Cost of materials consumed	25	28,319.38	24,375.19
Changes in inventories and work in progress	26	(2,474.78)	(3,397.22)
Employee benefits expenses	27	1,688.53	1,246.38
Depreciation and amortisation expenses	28	1,129.56	1,036.63
Finance costs	29	3,030.15	2,236.85
Other expenses	30	1,244.05	1,116.45
<b>Total expenses (IV)</b>		<b>32,936.89</b>	<b>26,614.28</b>
V <b>Profit before tax (III-IV)</b>		<b>4,489.91</b>	<b>3,266.26</b>
Exceptional item		-	322.22
<b>Profit before tax</b>		<b>4,489.91</b>	<b>2,944.04</b>
VI <b>Tax expense</b>			
Current tax	31	642.97	363.03
Tax adjustments for earlier years		(26.27)	-
Deferred tax		706.31	674.19
Total tax expense		1,323.01	1,037.22
VII <b>Profit for the year (V-VI)</b>		<b>3,166.90</b>	<b>1,906.82</b>
VIII <b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gains/ (losses) on defined benefit obligations		36.25	(2.13)
Income-tax thereon	31	(10.56)	0.62
<b>Other comprehensive income/(loss) for the year</b>		<b>25.69</b>	<b>(1.51)</b>
IX <b>Total comprehensive income for the year</b>		<b>3,192.59</b>	<b>1,905.31</b>
X <b>Earnings per equity share ([FV ₹ 1 (Previous year ₹ 10)])</b>	41		
Basic (₹)		1.27	9.18
Diluted (₹)		1.19	6.22

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Corporate information & material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

32 to 49

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

for **S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

**Krishna Sai Kumar Addepalli**  
Director  
DIN: 03601692

**CA.Hima Bindu S**  
Partner  
Membership No.: 231056

**Sudarshan Chiluveru**  
Chief Financial Officer

**Rukhya Parveen**  
Company Secretary  
Membership No: A65112

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMG7000

Place: Hyderabad  
Date: 20 May 2024

# Standalone Statement of Cash Flows for the year ended 31 March 2024

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>4,489.91</b>	<b>2,944.04</b>
<i>Adjustments</i>		
Depreciation and amortisation expenses	1,129.56	1,036.63
Interest income	(263.13)	(127.94)
Finance costs	3,030.15	2,236.85
Re-measurement gains on defined benefit obligations	36.25	(2.13)
<b>Operating profit before working capital changes</b>	<b>8,422.74</b>	<b>6,087.45</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
- Trade receivables	(8,867.63)	(1,018.76)
- Inventories	(9,198.13)	(4,537.40)
- Loans - current	(719.44)	(55.64)
- Other assets - current	(2,613.58)	(1,220.37)
Adjustment for (increase)/decrease in operating liabilities		
- Trade payables	5,327.07	(1,564.54)
- Other financial liabilities - current	(122.11)	971.60
- Provisions	(10.51)	30.89
<b>Cash generated from operations</b>	<b>(7,781.59)</b>	<b>(1,306.77)</b>
Income taxes paid (net)	(248.53)	(308.52)
<b>Net cash generated from/(used in) operating activities</b>	<b>(8,030.12)</b>	<b>(1,615.29)</b>
<b>II. Cash flows from investing activities</b>		
Purchase of PPE (including capital work in progress)	(4,901.91)	(3,171.01)
Investment in subsidiaries	(0.76)	-
Loan to subsidiaries	(408.40)	(222.95)
Bank deposits (having original maturity of more than three months) - net	(671.49)	(216.66)
Interest received	263.13	127.94
<b>Net cash used in investing activities</b>	<b>(5,719.43)</b>	<b>(3,482.68)</b>
<b>III. Cash flows from financing activities</b>		
Dividend paid	(58.24)	(51.91)
Money received against share warrants	10,423.44	4,596.56
(Repayment) /Proceeds from borrowings (net)	6,398.62	2,702.75
(Repayment) /Proceeds lease liabilities (net)	20.61	84.58
Interest paid	(3,022.41)	(2,231.23)
Interest on lease liabilities	(7.74)	(5.61)
<b>Net cash provided by financing activities</b>	<b>13,754.28</b>	<b>5,095.14</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>4.74</b>	<b>(2.83)</b>
Cash and cash equivalents at the beginning of the year	13.91	16.74
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>18.65</b>	<b>13.91</b>
<b>Cash and cash equivalents comprise: (Refer Note 9)</b>		
Cash on hand	7.91	13.00
Balances with banks:		
- in current accounts	10.74	0.91
	<b>18.65</b>	<b>13.91</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 & material accounting policies 1 to 3  
The accompanying notes are an integral part of the financial statements. 32 to 49

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**for S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

**Krishna Sai Kumar Addepalli**  
Director  
DIN: 03601692

**CA.Hima Bindu S**  
Partner  
Membership No.: 231056

**Sudarshan Chiluveru**  
Chief Financial Officer

**Rukhya Parveen**  
Company Secretary  
Membership No: A65112

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMG7000

Place: Hyderabad  
Date: 20 May 2024



# Standalone Statement of Changes in Equity for the year ended 31 March 2024

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

## a. Equity Share Capital

	No. of shares	Amount ₹
Balance as at 1 April 2022 (₹.10 each fully paid)	20,763,886	2,076.39
Changes in equity share capital	-	-
Balance as at 31 March 2023 at face value ₹1 each)	207,638,860	2,076.39
Issue of equity share capital (₹.1 each fully paid)	74,720,000	747.20
Balance as at 31 March 2024 (₹.1 each fully paid)	282,358,860	2,823.59

## b. Other equity

Particulars	Reserves and surplus		Money received against share warrants	Other comprehensive income	Total
	Securities premium	Retained earnings			
<b>At 1 April 2022</b>	16,537.57	13,287.22	-	30.07	29,854.86
Profit for the year	-	1,906.82	-	-	1,906.82
Other comprehensive income	-	-	-	(1.51)	(1.51)
Additions during the year	-	-	4,596.56	-	4,596.56
Adjustment against share warrants	-	-	-	-	-
Dividend Paid	-	(51.91)	-	-	(51.91)
<b>Balance as of 31 March 2023</b>	<b>16,537.57</b>	<b>15,142.12</b>	<b>4,596.56</b>	<b>28.56</b>	<b>36,304.81</b>
<b>As at 1 April 2023</b>	<b>16,537.57</b>	<b>15,142.12</b>	<b>4,596.56</b>	<b>28.56</b>	<b>36,304.81</b>
Profit for the year	-	3,166.90	-	-	3,166.90
Other comprehensive income	-	-	-	25.70	25.70
Additions during the year	13,150.72	-	10,423.44	-	23,574.16
Adjustment against share warrants	-	-	(13,897.92)	-	(13,897.92)
Dividend paid	-	(58.24)	-	-	(58.24)
<b>Balance as of 31 March 2024</b>	<b>29,688.29</b>	<b>18,250.77</b>	<b>1,122.08</b>	<b>54.26</b>	<b>49,115.40</b>

Corporate information & material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

32 to 49

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**for S.T.Mohite & Co**

Chartered Accountants

Firm Registration Number: 0114105

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

**CA.Hima Bindu S**

Partner

Membership No.: 231056

**Sudarshan Chiluveru**

Chief Financial Officer

**Rukhya Parveen**

Company Secretary

Membership No: A65112

Place: Hyderabad

Date: 20 May 2024

UDIN: 24231056BKFSMG7000

Place: Hyderabad

Date: 20 May 2024

# Notes forming part of the Standalone Financial Statements

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

## 1 Corporate information

Apollo Micro Systems Limited (“AMS” or “the Company”) was incorporated on 3 March 1997 as private limited company and it was converted to public limited company with effect from 1 April 2017 and is listed on NSE and BSE. The Registered office of the Company is situated at Plot No. No.128/A, Road No-12, BEL Road, IDA Mallapur, Uppal Mandal, Rangareddy Dist-500076. The Company is mainly into 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.

### Material Accounting policies

These notes provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been identified as material accounting policies and have been consistently applied to all the years presented, unless otherwise stated.

## 2 Basis for 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.

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as

twelve months for the purpose of current and non-current classification of assets and liabilities.

### 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. The regrouping/reclassifications are not material to these financial statements.

### 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:

- ◇ certain financial assets and liabilities are measured at fair value;
- ◇ long term borrowings are measured at amortized cost using the effective interest rate method.
- ◇ defined benefits plans and plan assets measured at fair value.

### 2.3 Critical accounting judgements and key sources of estimation

In the application of the Company’s accounting policies, the management of the Company is 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 liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources will be required to settle the obligation and the amount can be readily estimated.

Contingent liabilities are disclosed when there is a possible obligation arising from the past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain further events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made.

Where the likelihood of outflow of resources is remote, no provision or disclosure as specified in Ind AS 37 "Provision, Contingent liabilities and contingent assets" is made.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at 31 March 2024 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.

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 Material accounting policies

### 3.1 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. Past trends are used to estimate and provide for the discounts/ right of return, using the expected value method.

### 3.2 Leases

As a lessee, the Company mainly has lease arrangement for buildings. The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether there is an identified asset, whether the Company has the right to direct the use of the asset and whether the Company obtains substantially all the economic benefits from use of that asset.

The Company recognise a right-of- use asset (ROU) and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company uses the incremental borrowing rate.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease initiatives. ROU assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying assets. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or if not readily determinable, using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustments to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

### 3.3 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 currency monetary items, outstanding at the balance sheet date are restated at year end rates. Non-monetary items are measured in terms of historical cost in foreign currency and exchange differences on non-monetary items if any, are recognised at prevailing rates on balance sheet date.

### 3.4 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the statement of Profit and loss except to the extent that it relates to items recognized in the other comprehensive income or directly in the equity, in which case the current and deferred taxes are also recognised in other comprehensive income or directly 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 approach, 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 assets and liabilities are recognised for deductible temporary differences arising between the tax base of the assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of an asset or liability is a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be resolved or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

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.

### 3.5 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.

### 3.6 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. Free lands at is carried at historical costs less any accumulated impairment losses and is not depreciated. 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”.

#### 3.7 Depreciation and amortisation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Company

uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life (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
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.

#### 3.8 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 as and 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 (capital work-in progress) 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.

### 3.9 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.

### 3.10 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.

### 3.11 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.

### 3.12 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 FVPTL.

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 to have a low credit risk at the reporting date.

The Company has carried out annual review of impairment of fixed assets, based on the report of the technical executives it is observed there is no necessity for any impairment.

### 3.13 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.

#### i) Defined contribution plans

A defined contribution plan is a post employment benefit plan which an entity pays fixed contribution into a Separate entity and will have no legal or Constructive obligation to pay further amounts. The Company makes specified monthly contribution towards Government administered provident Fund scheme and other funds obligation for contribution plans recognized as an employee benefit expense in statement of profit and loss in the period during which the related service are rendered by employees.

#### (ii) Defined benefit plans

For defined benefits plans, the cost of providing benefits is actually valued used by the projected unit credit method at the end of each annual reporting period re- measurement comprising actuarial gains and losses the effect of changes to the asset ceiling (if applicable) and return on plan Assets (excluding net interest ) is

reflected immediately in balance sheet with a change or credit recognized in the compressive income (or) in the period in which they occur. Remeasurements recognized in OCI is reflected immediately in retained earnings and will not be reclassified to statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interests is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post employment benefits plan others than a defined contribution plan The liability or asset recognized in the balance sheet is respect of defined benefit plan is the present value of defined benefits obligation at the end of reporting period less the fair value of plan asset.

The present value of the defined benefit obligation to determine by the discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gain and losses arising from experience adjustment and changes in actuarial assumptions or recognized in the period in which they occur ,directly in the other comprehensive income they are included in retained earnings in the statement of changes in equity and in the balance sheet.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefits and when the entity recognizes any related restructuring costs.

Change in the present value of the defined benefit obligation resulting from plan amendment or curtailments are recognized immediately in profit or loss as past service costs.

#### iii) compensated absence

Provision for compensated absence is made on the basis of actuarial valuation using the projected unit credit method the net interest on compensated absence which reflect the change in net liability that arises from the passage of time is included as ‘finance cost’

### 3.14 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.

### 3.15 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.

### 3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- \* Financial assets at amortised cost
- \* Equity instruments at fair value through other comprehensive income (FVTOCI)

##### Financial assets at amortised cost

'Financial asset' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model

whose objective is to hold assets for collecting contractual cash flows, and

- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in P & L.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive



cash flows from the asset or has assumed an obligation to pay the received cash flows in full

without material delay to a third party under a 'pass-through' arrangement and either

- (a) The Company has transferred substantially all the risks and rewards of the asset, or
- (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

#### Impairment of financial assets

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss.

The Company follows "Simplified approach" for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss

(P&L). This amount is reflected under the head 'other expenses'.

#### Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank over drafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 3.17 Recent pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2014 as issued from time to time. On 31 March 2024, MCA has not notified any new standard or amendments to the existing standards applicable to the Company.

## Notes forming part of the Standalone Financial Statements

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

### 4 (a) Property, plant and equipment

Particulars	Free hold land	Building	Plant & machinery	Vehicles	Testing tools & instruments	Furniture & fixtures	Computers	Office equipment	Electrical fittings	Total
<b>Cost</b>										
As at 1 April 2022	150.85	1,376.95	343.27	202.41	10,073.10	132.30	526.23	67.10	60.21	12,932.44
Additions	-	-	-	160.61	2,729.44	-	15.58	3.91	-	2,909.53
Deletions	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>150.85</b>	<b>1,376.95</b>	<b>343.27</b>	<b>363.02</b>	<b>12,802.54</b>	<b>132.30</b>	<b>541.81</b>	<b>71.01</b>	<b>60.21</b>	<b>15,841.97</b>
As at 1 April 2023	150.85	1,376.95	343.27	363.02	12,802.54	132.30	541.81	71.01	60.21	15,841.97
Additions	1,025.44	102.78	31.35	165.48	3,247.66	21.72	41.29	14.33	-	4,650.04
Deletions	-	-	-	-	-	-	448.32	40.81	-	489.14
<b>As at 31 March 2024</b>	<b>1,176.29</b>	<b>1,479.73</b>	<b>374.62</b>	<b>528.50</b>	<b>16,050.20</b>	<b>154.03</b>	<b>134.77</b>	<b>44.53</b>	<b>60.21</b>	<b>20,002.87</b>
<b>Accumulated depreciation</b>										
As at 1 April 2022	-	536.90	218.82	85.03	2,858.85	82.50	508.48	54.84	50.24	4,395.67
Charge for the year	-	79.80	22.53	40.80	839.02	12.89	12.63	6.56	2.58	1,016.82
Adjustments	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>616.71</b>	<b>241.35</b>	<b>125.84</b>	<b>3,697.88</b>	<b>95.39</b>	<b>521.10</b>	<b>61.40</b>	<b>52.82</b>	<b>5,412.49</b>
As at 1 April 2023	-	616.71	241.35	125.84	3,697.88	95.39	521.10	61.40	52.82	5,412.49
Charge for the year	-	31.69	11.94	48.49	954.72	6.34	15.91	4.89	2.51	1,076.49
Adjustments	-	-	-	-	-	-	448.32	40.81	-	489.14
<b>As at 31 March 2024</b>	<b>-</b>	<b>648.40</b>	<b>253.29</b>	<b>174.33</b>	<b>4,652.60</b>	<b>101.73</b>	<b>88.69</b>	<b>25.49</b>	<b>55.33</b>	<b>5,999.84</b>
<b>Net carrying amount</b>										
As at 31 March 2023	150.85	760.25	101.92	237.18	9,104.67	36.91	20.70	9.61	7.39	10,429.48
<b>As at 31 March 2024</b>	<b>1,176.29</b>	<b>831.33</b>	<b>121.33</b>	<b>354.17</b>	<b>11,397.60</b>	<b>52.30</b>	<b>46.08</b>	<b>19.04</b>	<b>4.89</b>	<b>14,003.03</b>

### 4 (b) Right-to-use assets

Particulars	Amount ₹
<b>Cost</b>	
As at 1 April 2022	-
Additions	131.41
Deletions	-
<b>As at 31 March 2023</b>	<b>131.41</b>
As at 1 April 2023	131.41
Additions	100.75
Deletions	-
Deletions	-
As at 31 March 2024	232.16
<b>Accumulated depreciation</b>	
As at 1 April 2022	-
Charge for the year	13.14
Adjustments	-
<b>As at 31 March 2023</b>	<b>13.14</b>
As at 1 April 2023	13.14
Charge for the year	41.08
Adjustments	-
<b>As at 31 March 2024</b>	<b>54.22</b>
<b>Net carrying amount</b>	
As at 31 March 2023	118.27
<b>As at 31 March 2024</b>	<b>177.94</b>

## Notes forming part of the Standalone Financial Statements

## 4 (c) Capital work-in-progress

Particulars	Testing tools and instruments	Civil work in progress	Total
<b>Cost</b>			
As at 1 April 2022	2,453.23	-	2,453.23
Additions	2,661.22	-	2,661.22
Deletions	2,625.21	-	2,625.21
<b>As at 31 March 2023</b>	<b>2,489.24</b>	-	<b>2,489.24</b>
As at 1 April 2023	2,489.24	-	2,489.24
Additions	2,978.83	96.76	3,075.59
Deletions	3,167.08	-	3,167.08
As at 31 March 2024	2,300.99	96.76	2,397.75
<b>Accumulated depreciation</b>			
As at 1 April 2022	-	-	-
Charge for the year	-	-	-
Adjustments	-	-	-
<b>As at 31 March 2023</b>	-	-	-
As at 1 April 2023	-	-	-
Charge for the year	-	-	-
Adjustments	-	-	-
<b>As at 31 March 2024</b>	-	-	-
<b>Net carrying amount</b>			
As at 31 March 2023	2,489.24	-	2,489.24
<b>As at 31 March 2024</b>	<b>2,300.99</b>	<b>96.76</b>	<b>2,397.75</b>
Refer table below for CWIP ageing.			

## 4 (d) Other intangible assets

Particulars	Amount ₹
<b>Cost</b>	
As at 1 April 2022	32.61
Additions	0.77
Deletions	-
<b>As at 31 March 2023</b>	<b>33.38</b>
As at 1 April 2023	33.38
Additions	183.42
Deletions	-
<b>As at 31 March 2024</b>	<b>216.80</b>
<b>Accumulated depreciation</b>	
As at 1 April 2022	15.05
Charge for the year	6.67
Adjustments	-
<b>As at 31 March 2023</b>	<b>21.72</b>
As at 1 April 2023	21.72
Charge for the year	11.99
Adjustments	-
<b>As at 31 March 2024</b>	<b>33.71</b>
<b>Net carrying amount</b>	
As at 31 March 2023	11.66
<b>As at 31 March 2024</b>	<b>183.09</b>

**Notes forming part of the Standalone Financial Statements**

Note:

- (i) All the properties are registered in the name of Company and the titles deeds of lands are held in the name of the Company.
- (ii) Depreciation is Calculated as per Straight Line Method based on useful life of assets as stipulated in Schedule-II of The Companies Act, 2013 and disclosed in Note.3.7
- (iii) All Properties Plant and Equipments are under charge created by the company for the loans availed from banks

**Capital Work in Progress (CWIP) ageing schedule**
**1 Ageing details for Capital Work in Progress as on 31 March 2024**

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in progress	2,397.75	-	-	-	2,397.75
Projects temporarily suspended	-	-	-	-	-

**Ageing details for Capital Work in Progress as on 31 March 2023**

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in progress	2,489.24	-	-	-	2,489.24
Projects temporarily suspended	-	-	-	-	-

- 2 There are no projects as capital work in progress, as at 31 March 2024 and 31 March 2023 whose completion is overdue or cost of which has exceeded in comparison to its original plan

**5 Non-current assets**

	As at 31 March 2024	As at 31 March 2023
<b>(i) Investments at carrying cost</b>		
<b>Investments in equity instruments: (Unquoted), fully paid up</b>		
Investment in equity shares of subsidiary		
2,10,940 (As on 31 March 2023: 2,10,940) Equity shares of ₹.10 each in Ananya SIP RF Technologies Private Limited	132.89	132.89
7,600 (As on 31 March 2023: NIL) Equity shares of ₹.10 each in Apollo Defence Industries Private Limited	0.76	-
	<b>133.65</b>	<b>132.89</b>
Note:		
i) Aggregate carrying value of unquoted investments	133.65	132.89
ii) Aggregate amount of impairment in value of investments	-	-
<b>(ii) Loans:</b>		
<b>Unsecured, considered good</b>		
<b>Loan to related parties</b>		
Loan to subsidiary (refer note below)	976.26	593.00
<b>Other loans</b>		
Loans to employees	25.13	-
	<b>1,001.39</b>	<b>593.00</b>

- i) The above loan is carries at an interest rate of 10.50% per annum and interest is payable on quarterly basis.

## Notes forming part of the Standalone Financial Statements

**6 Other non-current assets**

	As at 31 March 2024	As at 31 March 2023
Capital advances	186.76	136.67
Security deposits	32.71	23.63
	<b>219.47</b>	<b>160.30</b>

**7 Inventories**

	As at 31 March 2024	As at 31 March 2023
Raw material	20,842.06	14,118.71
Work in progress	21,898.60	18,439.50
Finished goods	610.43	1,594.75
	<b>43,351.09</b>	<b>34,152.96</b>

**8 Trade receivables**

	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good	23,527.17	14,659.54
	<b>23,527.17</b>	<b>14,659.54</b>

Note:

(i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Neither any trade nor other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non-interest bearing and generally on term of respective contracts.

**Trade receivable ageing**

As at 31 March 2024							
Particulars	Not due	< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed trade receivables							
-considered good	12,367.45	-	6,888.39	1,046.38	85.53	3,139.42	23,527.17
-considered doubtful							
(ii) Disputed trade receivables							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>12,367.45</b>	<b>-</b>	<b>6,888.39</b>	<b>1,046.38</b>	<b>85.53</b>	<b>3,139.42</b>	<b>23,527.17</b>

As at 31 March 2023							
Particulars	Not due	< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed trade receivables							
-considered good	10,839.75		111.58	449.03	3,254.33	4.85	14,659.54
-considered doubtful	-	-	-	-	-	-	-
(ii) Disputed trade receivables							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>10,839.75</b>	<b>-</b>	<b>111.58</b>	<b>449.03</b>	<b>3,254.33</b>	<b>4.85</b>	<b>14,659.54</b>

## Notes forming part of the Standalone Financial Statements

**9 Cash and cash equivalents**

	As at 31 March 2024	As at 31 March 2023
Balances with banks:		
- in current accounts	10.74	0.91
Cash on hand	7.91	13.00
	<b>18.65</b>	<b>13.91</b>

**10 Other bank balances**

	As at 31 March 2024	As at 31 March 2023
Term deposits with Banks (original maturities of more than 3 months and less than 1 year)*	2,053.09	1,381.94
Unpaid dividend account (Earmarked for dividend payment)	1.51	1.17
	<b>2,054.60</b>	<b>1,383.11</b>

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

**11 Loans**

	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good unless otherwise stated		
Loan to others *	719.44	-
	<b>719.44</b>	-

\* Note: Loan to Advik Capital Limited is granted for a period of 12 months for working capital purpose. Loan is unsecured and repayable on demand. Interest is charged @ 13% p.a. loan has been utilized for the purpose it was granted

**12 Other current assets**

	As at 31 March 2024	As at 31 March 2023
<i>Unsecured, considered good</i>		
Other advances		
Security deposits	697.58	431.58
Other advances		
-For materials	5,614.82	3,594.43
-For expenses	38.78	48.09
-Employee advances	5.06	16.73
-Others	94.55	37.47
Prepaid expenses	198.82	120.55
Balances with Government authorities	1,052.41	839.78
Accrued interest and other receivables	0.67	0.47
	<b>7,702.68</b>	<b>5,089.10</b>

**13 Share capital**

	As at 31 March 2024	As at 31 March 2023
<b>Authorised</b>		
360,000,000 (March 31, 2023: 36,000,000) equity shares of ₹.1 (31 March 2023: ₹ 10) each	3,600.00	3,600.00
<b>Issued, subscribed and fully paid-up</b>		
28,23,58,860 (March 31, 2023: 20,763,886) equity shares of ₹.1 (31 March 2023: ₹ 10) each fully paid-up	2,823.59	2,076.39
<b>Total</b>	<b>2,823.59</b>	<b>2,076.39</b>

**Notes forming part of the Standalone Financial Statements**

Note: Effective 4 May 2023, the Company received approval of its equity shareholders for sub-division of its equity shares with face value of ₹ 10 each in to 10 equity shares with face value of ₹ 1 each.

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

Particulars	For the year ended			
	31 March 2024		31 March 2023	
	No. of equity shares (Face Value ₹ 1/-)	Amount ₹	No. of equity shares (Face Value ₹ 10/-)	Amount ₹
Outstanding at the Beginning of the year	207,638,860	2,076.39	20,763,886	2,076.39
Add:				
i) Issued during the year	-	-	-	-
ii) Conversion of warrants	74,720,000	747.20	-	-
At the end of the year	282,358,860	2,823.59	20,763,886	2,076.39

**(b) Terms / rights attached to the equity shares**

Rights, preferences and restrictions attached to equity shares having face value of ₹1 each. Each shareholder is eligible for one vote per share held and each share carries a right to dividend. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuring Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in the proportion to their shareholding.

**(c) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy	150,256,900	53.21%	12,271,690	59.10%
Nexpact Limited	19,000,000	6.73%	-	-

**d) Details of Shares held by promoters**

Name	As at 31 March 2024				
	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	122,716,900	27,540,000	150,256,900	53.21%	(9.96)
Srilakshmi Reddy Vangeti	100	-	100	0.00%	-
<b>Total</b>	<b>122,717,000</b>		<b>150,257,000</b>		

Name	As at 31 March 2023				
	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	12,271,690	-	12,271,690	59.10%	-
Srilakshmi Reddy Vangeti	100	-	100	0.00%	-
<b>Total</b>	<b>12,271,790</b>		<b>12,271,790</b>		

**Notes forming part of the Standalone Financial Statements**
**e) Dividend declared and paid**

Particulars	31 March 2024	31 March 2023
Final Dividend for the financial year 2023-24: Company declared a final dividend of ₹.0.025 per share, approved by its shareholders in Annual General Meeting held on 29 Septemeber 2023.	58.24	
Final Dividend for the financial year 2022-23: Company declared a final dividend of ₹.0.25 per share, approved by its shareholders in Annual General Meeting held on 20 Septemeber 2022		51.91

- f) The company has issued 98,85,070 fully convertible share warrants in equal number of equity shares in which 24,13,070 warrants are outstanding for conversion as on 31 March 2024.
- g) Equity shares issued during the year: The Company issued 74720000 equity shares of ₹1 each by way of preferential allotment during the financials year 2023-24.
- h) No claim of shares have been bought back/issued as a bonus shares by the Company during the period of five years immediately preceding the current year end.

**14 Other equity**

	As at 31 March 2024	As at 31 March 2023
<b>Securities premium</b>		
Opening balance	16,537.57	16,537.57
Add: Premium on fresh issue	13,150.72	-
Closing balance	<b>29,688.29</b>	<b>16,537.57</b>
<b>Retained earnings</b>		
Opening balance	15,142.11	13,287.21
Add: Profit for the year	3,166.90	1,906.82
Less: Dividend paid during the year	(58.24)	(51.91)
Closing balance	<b>18,250.77</b>	<b>15,142.11</b>
<b>Other comprehensive income</b>		
Opening balance	28.56	30.07
Add: Actuarial gain/(loss) recognised	25.70	(1.51)
Closing balance	<b>54.26</b>	<b>28.56</b>
<b>Money received against share warrants</b>		
Opening balance	4,596.56	-
Add: Warrants received	10,423.44	4,596.56
Less: Adjusted during the year	(13,897.92)	-
Closing balance	<b>1,122.08</b>	<b>4,596.56</b>
<b>Total other equity</b>	<b>49,115.40</b>	<b>36,304.81</b>

**Note:**

- 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.
- c) Other comprehensive income: 'Remeasurement of defined benefit obligations represents the actuarial gain/(loss) recognised on the defined benefit liabilities and will not be reclassified to retained earnings.
- d) Money received against share warrants: 'Represents the amounts received by the Company for issuance of share warrants.



## Notes forming part of the Standalone Financial Statements

## 15 Borrowings

## (a) Non-current borrowings

	As at 31 March 2024	As at 31 March 2023
<b>Secured:</b>		
<b>From Banks</b>		
Vehicle loans (refer note (i) below)	152.48	98.25
<b>From others</b>		
Inter corporate loans (refer note (ii) below)	791.24	-
	<b>943.72</b>	<b>186.64</b>

**Notes:****(i) Vehicle Loans:**

The loans were taken from HDFC Bank for purchase of vehicles, and loan is repayable in 60 monthly instalment from the date of loan taken and loans carries an interest rate 7.50% to 12.05%

**(ii) Inter corporate loans:**

Lender	Interest rate p.a	Tenure
BMW India Financial Services Pvt Ltd	9.25%	48 instalments
Bajaj Finance Limited	10.25%	36 instalments

The above loans is secured by hypothecation of the vehicle/machinery for which the loan was taken.

There is no default as at 31st March, 2024 and 31st March 2023, in repayment of loans and interest payments.

## (b) Current borrowings

	As at 31 March 2024	As at 31 March 2023
<b>Secured,</b>		
<b>From Banks (Repayable on demand or over draft from)</b>		
- State Bank of India	6,012.19	3,488.31
- HDFC Bank	9,949.49	5,961.64
- Axis Bank	-	1,469.40
<b>From others (refer note below)</b>		
-National Small Industries Corporation	491.06	487.97
- Intercorporate loans	2,400.00	2,573.91
-Current maturities of long-term debts	807.93	80.49
<b>Total current borrowings</b>	<b>19,660.67</b>	<b>14,061.72</b>

**Notes: Loans repayable on demand:**

Name of the Bank	Rate of interest	Nature
State Bank of India	10.50%	Overdraft
HDFC Bank	9.95%	Overdraft
<b>Inter corporate loans:</b>		
Bajaj Finance Ltd	10.10%	Overdraft
National Small Industries Corporation	9.00%	Raw material assistance

The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of inventories, and book debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercorporate loan Equitable Mortgage of factory land and building. The Loans are further secured by personal guarantee of managing director in his individual capacity.

**Notes forming part of the Standalone Financial Statements**
**16 Lease liabilities**

	As at 31 March 2024	As at 31 March 2023
Lease liabilities:		
(a) Non-current	105.19	84.58
	<b>105.19</b>	<b>84.58</b>
(b) Current	71.44	28.86
	<b>71.44</b>	<b>28.86</b>
(refer note 39)	<b>176.63</b>	<b>113.44</b>

**17 (a) Deferred tax liabilities (net)**

Particulars	As at 31 March 2024	As at 31 March 2023
Analysis of deferred tax asset/(liabilities)		
Deferred tax liabilities	3,406.63	2,692.82
Deferred tax assets	(39.09)	(42.15)
Deferred tax liability (net)	<b>3,367.54</b>	<b>2,650.67</b>

**(b) The balance comprises temporary differences attributable to:**

Particulars	As at 1 April 2023	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2024
Difference between tax base and books base:				
-Property, plant & equipment	2,692.82	703.25	-	3,396.07
-Employee benefits, others	(42.15)	3.07	10.56	(28.53)
<b>Total</b>	<b>2650.67</b>	<b>706.31</b>	<b>10.56</b>	<b>3,367.53</b>

Particulars	As at 1 April 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2023
Difference between tax base and books base:				
-Property, plant & equipment	2,010.25	682.57	-	2,692.82
-Employee benefits, others	(33.16)	(8.37)	0.62	(42.15)
<b>Total</b>	<b>1977.09</b>	<b>674.19</b>	<b>0.62</b>	<b>2,650.67</b>

**18 Provisions**

	As at 31 March 2024	As at 31 March 2023
<b>(a) Non-current</b>		
Provision for employee benefits		
- Gratuity (refer Note 37)	109.16	115.13
- Compensated absences	1.39	4.83
	<b>110.55</b>	<b>119.96</b>
<b>(b) Current</b>		
Provision for employee benefits		
- Gratuity (refer Note 37)	22.17	24.26
- Compensated absences	1.52	0.53
	<b>23.69</b>	<b>24.79</b>

## Notes forming part of the Standalone Financial Statements

## 19 Trade payables

	As at 31 March 2024	As at 31 March 2023
Trade payables		
- Dues of micro enterprises and small enterprises (refer Note 38)	-	-
- Dues of other than micro enterprises and small enterprises	16,555.66	11,228.59
	<b>16,555.66</b>	<b>11,228.59</b>

## Trade payables ageing schedule

## As at 31 March 2024

Particulars	Not due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) - Others	16,158.77	62.00	179.70	33.97	121.21	16,555.66
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) - Others	-	-	-	-	-	-
<b>Total</b>	<b>16,158.77</b>	<b>62.00</b>	<b>179.70</b>	<b>33.97</b>	<b>121.21</b>	<b>16,555.66</b>

## As at 31 March 2023

Particulars	Not due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) - Others	4,161.45	6,852.88	134.59	36.04	43.63	11,228.59
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) - Others	-	-	-	-	-	-
<b>Total</b>	<b>4,161.45</b>	<b>6,852.88</b>	<b>134.59</b>	<b>36.04</b>	<b>43.63</b>	<b>11,228.59</b>

## 20 Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Creditors for capital goods	103.87	40.10
Employee related payables	141.92	104.27
Provision for expenses	393.73	735.53
Unpaid dividend	1.51	1.17
	<b>641.03</b>	<b>881.07</b>

## 21 Other liabilities

	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
Advance from customers	1,077.02	592.84
Statutory remittances	107.92	474.18
	<b>1,184.94</b>	<b>1,067.02</b>

## 22 Current tax liabilities

	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
Provision for income tax	642.97	274.80
Pertaining to earlier years	243.56	243.56
	<b>886.53</b>	<b>518.36</b>

## 23 Revenue from operations

	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products	35,702.93	26,641.48
Sale of services	1,460.49	3,111.12
	<b>37,163.42</b>	<b>29,752.60</b>

Disaggregation disclosures as per IndAS-115, Revenue from Contracts with customers is furnished in Note No.46

## Notes forming part of the Standalone Financial Statements

**24 Other income**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income	263.13	127.94
Rental income	0.25	-
	<b>263.38</b>	<b>127.94</b>

**25 Cost of materials consumed**

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Raw materials and stores</b>		
Opening stock	14,118.71	12,978.52
Add: Purchases	34,362.18	25,042.40
Add: other incidental cost	680.55	472.97
	49,161.44	38,493.90
Less : Closing stock	20,842.06	14,118.71
Consumption	<b>28,319.38</b>	<b>24,375.19</b>

**26 Changes in inventories and work in progress**

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Closing stock</b>		
Finished goods	610.43	1,594.75
Work in process	21,898.60	18,439.50
Total (A)	22,509.04	20,034.25
<b>Opening stock</b>		
Finished goods	1,594.75	4,466.41
Work in process	18,439.50	12,170.63
Total (B)	20,034.25	16,637.04
<b>(Increase) / Decrease in inventories and work in progress (B)-(A)</b>	<b>(2,474.78)</b>	<b>(3,397.22)</b>

**27 Employee benefits expense**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and wages	1,292.08	911.18
Contribution to provident and other funds	71.27	50.48
Gratuity expense (refer note no.37)	29.89	27.73
Managerial remuneration (refer note no.33)	228.00	228.00
Directors sitting fee	7.20	3.20
Staff welfare expenses	60.09	25.79
	<b>1,688.53</b>	<b>1,246.38</b>

**28 Depreciation and amortization expense**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation (refer Note 4 (a))	1,076.49	1,016.82
Amortisation of ROU (refer Note 4 (b))	41.08	13.14
Amortisation (refer Note 4(c))	11.99	6.67
	<b>1,129.56</b>	<b>1,036.63</b>

## Notes forming part of the Standalone Financial Statements

## 29 Finance costs

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Interest on</b>		
Vehicle loans	21.62	12.09
Working capital loans	1,462.54	1,190.34
Bank charges and commissions	1,545.99	1,034.42
	<b>3,030.15</b>	<b>2,236.85</b>

## 30 Other expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
Business development expenses	43.02	100.96
Professional and consultancy charges	375.25	229.22
Travel and conveyance	270.73	208.72
Power and fuel	65.39	54.32
Rent (refer note 40)	27.31	22.32
Insurance	80.34	55.41
Office maintenance	30.34	36.34
Repairs and maintenance	77.33	58.64
Printing and stationery	34.85	17.83
Communication expenses	14.46	9.98
Advertisement	3.63	4.18
Late delivery charges	109.13	225.86
Audit fees (refer note 35)	8.60	7.50
Rates and taxes	8.87	5.04
Corporate social responsibility expenses (refer note.36)	43.41	41.21
Security charges	7.28	8.32
Donations	26.93	4.55
Loss on foreign currency transactions (net)	17.18	26.05
	<b>1,244.05</b>	<b>1,116.45</b>

## 31 Tax expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Income tax expense</b>		
Current tax on profits for the year	642.97	363.03
Earlier year tax adjustment	(26.27)	-
<b>Total current tax expenses (A)</b>	<b>616.70</b>	<b>363.03</b>
<b>Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	3.07	9.62
(Decrease)/Increase in deferred tax liabilities	713.80	663.96
<b>Total deferred tax expense/(benefit) (B)</b>	<b>716.87</b>	<b>673.57</b>
<b>Recognised in Other comprehensive income</b>	<b>10.56</b>	<b>(0.62)</b>
<b>Income tax expenses (A+B)</b>	<b>1,323.01</b>	<b>1,037.23</b>

## Notes forming part of the Standalone Financial Statements

**Reconciliation of effective tax rate**

The income tax expense for the year can be reconciled to the accounting profit as follows :

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before taxes	4,489.91	2,944.04
Exceptional items	-	-
<b>(A) Total net profit before tax</b>	<b>4,489.91</b>	<b>2,944.04</b>
<b>(B) Applicable tax rate under normal provisions</b>	<b>29.12%</b>	<b>29.12%</b>
<b>(C) Tax payable under provisions as per applicable rate = (A*B)</b>	<b>1,307.46</b>	<b>857.31</b>
<b>(D) Increase/decrease in tax on account of :</b>		
Depreciation as per books	328.93	301.87
Depreciation as per income tax act, 1961	(175.30)	(167.64)
Others items	(138.08)	45.70
<b>Tax as per normal provision under Income tax (C+D)</b>	<b>1,323.01</b>	<b>1,037.23</b>
<b>Effective tax rate in %</b>	<b>29.47</b>	<b>35.23</b>

The Company's average effective tax rate for the year ended 31 March 2024 and 31 March 2023 were 29.47% and 35.23% respectively

**32 Contingent liabilities and commitments (to the extent not provided)**

Particulars	As at 31 March 24	As at 31 March 23
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (refer note below)	310.15	325.66
(b) Outstanding Guarantees and counter guarantees to various Banks, in respect of the guarantees given by those banks in favour of various authorities and others	2,470.23	1,844.00
ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed and not provided for;	Nil	Nil

**Note:**

(a) The Income tax department raised demands on the Company in respect of past years in spite of payments already made by the Company and has submitted/submitted proof of payments made for dropping demands against the Company. Pending removal of demands, the Company has not acknowledged the amounts as payable.

**33 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 2024 and balance as on that date are given below:

**List of related parties**

Name of the Parties	Relationship
Ananya SIP RF Technologies Private Limited	Subsidiary company
Apollo Defence Industries Private Limited	Subsidiary company
Baddam Karunakar Reddy	Managing Directors (Key Management Personnel)
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)
Rukhya Parveen	Company Secretary
Vitta Chaitanya Siva Shankar	Company Secretary
Raghupathy Goud Theegala	Non-executive Director
Karunasree Samudrala	Non-executive Director
Chandrashekar Matham	Non-executive Director

**Notes forming part of the Standalone Financial Statements**

Notes:

1. Related parties with whom Company has no transactions during the year are not provide above.
2. As per clause 8 of (general) instructions to Division II of Schedule III to the Companies Act, the above related parties are identified as per the terms and meaning assigned in Ind AS 24 Related Party Disclosures.

**a. Transactions during the year:**

Name of the party	Nature of Transaction	For the year ended 31 March 2024	For the year ended 31 March 2023
Baddam Karunakar Reddy	Remuneration	180.00	180.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	20.10	13.50
Chandrapati Venkata Siva Prasad	Remuneration	24.00	24.00
Rukhya Parveen	Remuneration	6.87	-
Vitta Chaitanya Siva Shankar	Remuneration	1.26	7.58
Raghupathy Goud Theegala	Sitting fees	3.40	1.40
Karunasree Samudrala	Sitting fees	2.60	1.60
Chandrashekar Matham	Sitting fees	1.20	0.20
Ananya SIP RF Technologies Private Limited	Loans & Advances	391.70	222.95
Ananya SIP RF Technologies Private Limited	Interest received	80.60	45.70
Ananya SIP RF Technologies Private Limited	Job work charges	3.90	-
Apollo Defence Industries Private Limited	Rent received	0.25	-

- a) On the equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.68 lakhs (2022-23: ₹30.91 lakhs).

**b. Outstanding balances:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Rent to Baddam Karunakar Reddy	0.72	9.76
<b>Remuneration payable to:</b>		
Baddam Karunakar Reddy	11.45	11.44
Addepalli Krishna Sai Kumar	1.98	1.87
Chiluveru Sudarshan	0.96	1.00
Chandrapati Venkata Siva Prasad	1.29	1.72
Rukhya Parveen	0.62	0.52
Raghupathy Goud Theegala	3.06	-
Karunasree Samudrala	2.34	-
Chandrashekar Matham	1.08	0.18
Ananya SIP RF Technologies Private Limited (Loan)	976.26	593.00
Ananya SIP RF Technologies Private Limited (others)	3.90	-
Apollo Defence Industries Private Limited	0.10	-

**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 except loan to Subsidiary company.

## Notes forming part of the Standalone Financial Statements

**34 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.

**35 Payment to auditors**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Statutory audit fee	6.50	6.50
Tax Audit fee	1.00	1.00
Certification fee	1.10	0.00
<b>Total</b>	<b>8.60</b>	<b>7.50</b>

**36 Corporate Social Responsibility(CSR) expenses :**

The Company is covered by provisions of Section 135 of Companies Act, 2013 to spend 2% of Average net profits towards CSR. The details of CSR are furnished below:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1 Amount required to be spent by the Company during the year	42.77	39.99
2 Amount incurred	-	-
(a) CSR expenditure:		
(i) Construction/acquisition of asset		
(ii) For purposes other than (i) above	43.00	40.00
(b) CSR expenditure for ‘Ongoing Projects	0.41	1.21
<b>(c) Total CSR expenditure incurred during the year</b>	<b>43.41</b>	<b>41.21</b>
3 Excess/(shortfall) at the end of the year {2(c) -1}	0.64	1.22
4 Previous years excess/(shortfall)	(0.41)	(1.63)
5 Total excess/(shortfall)	0.23	(0.41)
6 Reasons for shortfall	NA	* Note mentioned below
7 Details of Related party transactions	Nil	Nil
8 Provisions made with respect to a liability incurred by entering into a contractual obligation and movement in provisions thereon	NA	NA
<b>9 Details showing activity wise CSR expenditure</b>		
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	43.00	40.00
Promotion of education (ongoing project)	0.41	1.21
<b>Total</b>	<b>43.41</b>	<b>41.21</b>

\* The unspent CSR obligation for the previous year ₹ 0.41/- lakhs pertaining to the on going project it was approved in the previous financial year and unspent amount was duly deposited with in time in Company’s CSR unspent account and same has been spent during the financial year.



## Notes forming part of the Standalone Financial Statements

## 37 Employee benefits

## A) Defined contribution plan

Employees Contribution to provident fund and employees state insurance (ESI) are recognised as expenditure in statement of profit and loss account, as they are incurred, there are no other obligation other than the contribution payable to aforesaid respective Trust/Government Authorities.

## B) Defined benefit plan

The Company's obligation towards the Gratuity (LIC) is a defined benefit plan and is funded with Life Insurance Corporation of India. The following table sets out the funded status of the defined benefit scheme and the amount recognised in financial statements as per Actuarial Valuation.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Changes in present value of obligations</b>		
Present value at the beginning of the year	0.00	113.27
Interest cost	10.58	8.12
Current Service Cost	19.73	19.86
Cost PSC - Vested	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligations	(33.03)	1.76
Present value at the end of the year	(2.71)	143.01
<b>Changes in fair value of planned assets</b>		
Fair value of plan assets at the beginning of the year	3.61	3.39
Acquisition adjustments	(0.03)	(0.02)
Expected return on plan assets	0.45	0.24
Contributions	5.00	-
Benefits paid	-	-
Actuarial (gain)/loss on planned assets	(0.07)	0.00
Fair value of plan assets at the end of the year	8.96	3.61
<b>Amount recognized in the balance sheet</b>		
Present value of obligations as at the end of year	140.29	143.01
Fair value of plan assets as at the end of year	(8.96)	(3.61)
Net asset/(liability) recognized in balance sheet	131.33	139.39
<b>Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	19.73	19.86
Interest cost	10.58	8.12
Expected return on plan assets	(0.42)	(0.24)
Total Actuarial Gain/Loss.	29.89	27.73
<b>Amount recognized in Other Comprehensive income</b>		
Actuarial (gain)/ loss on obligations	(33.03)	1.76
Actuarial (gain)/loss - plan assets	0.07	(0.00)
Actuarial (gain)/loss recognized in the year	(32.95)	1.76

## (i) Regulatory Framework in which Plan operates:

The payment of Benefit is governed by the Provisions of Life Insurance Corporation. (Further details for disclosure to be decided by the LIC)

(ii) **Entity's Responsibilities for Governance:** All monetary amounts are in Indian Rupees (in lakhs) (₹), unless mentioned otherwise

(iii) **Risk exposures:** Valuations are performed on certain basic set of pre-determined assumptions and other

**Notes forming part of the Standalone Financial Statements**

regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

- (a) Interest Rate risk: The plan exposes the Company to the rise of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- (b) Liquidity Risk: This is the risk that the Company is not able to meet the short-term Benefit payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- (c) Salary escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (d) Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (e) Regulatory Risk: Benefit is paid in accordance with the Provisions of Gratuity Act 1972 (as may be amended from time to time). There is a risk of change in provisions of Gratuity Act requiring higher Plan Benefit pay outs (e.g. change in benefit formula).
- (f) Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.
- (g) Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**(iv) Amendments, Curtailments and Settlements** - Not applicable in this case

**(v) Disaggregation of plan assets:** The Gratuity plan's weighted-average assets allocation at 31 March 2024 and 31 March 2023, by asset category was as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Funds managed by insurers	100.00%	100.00%
Others	0.00%	0.00%

**(vi) Principal actuarial assumptions**

**(a) Demographic assumptions**

- a) Retirement age of employees of the company are assumed at 60 years.
- b) The mortality Rate is as per (% of IALM 2012-14).
- c) Average past service : 4.4 years
- d) Withdrawal rate : 1 to 3% depending upon age

**(b) Financial assumptions**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate(p.a)	7.10%	7.40%
Expected rate of return (p.a)	6.00%	6.00%
Salary escalation rate (p.a)	3.00%	3.00%

## Notes forming part of the Standalone Financial Statements

**(vii) Sensitivity analysis**

Discount Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
+ 1% change	9.80	8.70
- 1% change	(8.20)	(7.40)
<b>Salary increase</b>		
+ 1% change	13.20	14.00
- 1% change	(16.70)	(18.00)

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.

**(viii) Asset Liability Matching Reserves:** The Company has Life Insurance Corporation (Group Gratuity Manager) for administering the Plan liability. The funds of the Plan liability are invested by the Life Insurance Corporation, (LIC), pay the benefits to members of the enterprise as per Rules of the LIC. So the LIC is exposed to the liquidity risk of not being able to arrange for the benefit outgo due to cash liquidity problems and so the LIC faces a liquidity risk.

**(ix) Funding arrangements and Funding Policy:** The Company has Life Insurance Corporation (Group Gratuity Manager) for administering the Plan liability. The funds of the Plan liability are invested by the Life Insurance Corporation. LIC pay the benefits to members of the enterprise as per Rules of the LIC. So the LIC is exposed to the liquidity risk of not being able to arrange for the benefit outgo due to cash liquidity problems and so the LIC faces a liquidity risk. If the LIC purchased a Group insurance policy from an Insurance Company, the insurance Company, as part of the policy rules, makes payment of all the Plan Benefit.

**(x) The expected future contributions in respect of gratuity as at 31 March 2024 were as follows:**

Particulars	Amount in Lakhs
<b>Expected contributions</b>	
During the year ended 31 March 2025 (estimated)	19.73
<b>Expected future benefit payments and maturity profile</b>	
1 year	0.39
2 to 5 years	33.13
6 to 10 years	40.05
More than 10 years	464.78

**Compensated absences:**

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the recognised compensated absences and recognised them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was `274 and `549 as at 31 March 2024 and 31 March 2023, respectively.

**Notes forming part of the Standalone Financial Statements**
**38 Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006**

The Company seeks information from suppliers whether they registered unit under MSME Act, 2006 based on the information received from the creditors the following information as required are given as under

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
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

**39 Employee Stock Option Scheme (ESOS)**

Pursuant to ESOS Scheme approved by members in December 2018, the Company constituted a trust. As at the year ended 31 March 2024 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

**40 Leases**

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowings rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowings rate at the date of initial application.

**The changes in the carrying value of ROU assets for the year ended 31 March 2024 are as follows:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	118.27	-
Additions	100.75	131.41
Amortisation	41.08	13.14
Closing balance	177.94	118.27

**The break-up of current and non-current lease liabilities as at 31 March 2024 is as follows:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current	71.44	28.86
Non-current	105.19	84.58
<b>Total</b>	<b>176.63</b>	<b>113.44</b>

## Notes forming part of the Standalone Financial Statements

The movement in lease liabilities during the year ended 31 March 2024 is as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	113.44	-
Lease liability recognised during the year	99.43	124.65
Finance cost during the year	7.74	3.55
Payment of lease	(43.98)	(14.76)
Closing balance	176.63	113.44

Lessor	Interest rate p.a	Tenure
Origa Markets Private Limited	10.00%	36 instalments
Origa Markets Private Limited	5.25%	60 instalments

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 amount to ₹ 27.31 (for the year ended 31 March 2023: ₹22.32).

#### 41 Earnings per share

Effective 4 May 2023, the Company received approval of its equity shareholders for sub-division of its equity shares with face value of ₹ 10 each in to 10 equity shares with face value of ₹ 1 each.

Computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Net profit for the year (₹ in lakhs)	3,166.90	1,906.82
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	250,073,151	20,763,886
Weighted average number of equity shares outstanding during the year – diluted	267,057,088	30,648,956
<b>Earnings per share</b>		
Earnings per share of par value ₹ 1 – basic (₹)	1.27	9.18
Earnings per share of par value ₹ 1 – diluted (₹)	1.19	6.22

#### 42 Particulars of loans, guarantees or investments in accordance with Section 186 (4) of the Companies Act, 2013

Following are the details of loan and investments in equity shares of subsidiaries:

S No	Name of the entity to whom loan/ investments was given/made	Relation	For the year ended 31 March 2024		For the year ended 31 March 2023	
			No of shares	Amount ₹	No of shares	Amount ₹
1	Ananya SIP RF Technologies Private Limited					
	investments	Subsidiary	210940	132.89	210940	132.89
	loan	Subsidiary	NA	1,001.39	NA	593.00
2	Apollo Defence Industries Private Limited- investments	Subsidiary	7600	0.76	-	-

## Notes forming part of the Standalone Financial Statements

**43 Ratio analysis**

Particulars	Numerator	Denominator	31 March 2024	31 March 2023	% change	Reason for variance
Current ratio	Current asset	Current liabilities	1.98	1.99	(0.29)	
Debt-equity ratio	Total debt	Shareholder's Equity	0.84	0.80	4.31	
Debt service coverage ratio	Earning available for debt service	debt service	16.41	26.85	(38.87)	Due to increase in loans during the year
Return on equity ratio	Net profit after taxes	Average shareholder's equity	7.01	5.42	29.29	Due to increase in profits during the year
Inventory turnover ratio	Cost of goods Sold	Average inventory	0.67	0.66	1.37	
Trade receivable turnover ratio	Net sales	Average trade receivable	1.95	2.10	(7.43)	Due to increased in trade receivables
Trade payable turnover ratio	Net Purchases	Average Trade Payable	2.47	2.08	18.63	
Net capital turnover ratio	Net sales	Average working capital	1.13	1.19	(5.14)	
Net profit ratio	Net profit after tax	Revenue from operation	8.52%	6.41%	32.96	Due to increase in profits during the year
Return on capital employed ratio	Earning before interest and taxes	Average capital employed	0.13	0.13	0.25	
Return on investment ratio	Non operating income from investment	Average Investment	-	-	-	

- 1 Total Debts = Borrowings + Leased Liabilities
- 2 Earnings available for Debts Service = Net Profit after taxes + Non-cash operating expenses + Interest - Non-cash operating incomes
- 3 Debt Services = Borrowings + Leased Liabilities
- 4 Capital Employed = Tangible net worth + Lease Liabilities
- 5 Return on investments of the company "Not Applicable" as the company doesn't have traded investments

**44 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 Director 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 31 March 2024 and 31 March 2023. 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.

**Notes forming part of the Standalone Financial Statements**

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 31 March 2024 and 31 March 2023.

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:

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>31 March 2024</b>		
Rupee	+1%	(206)
Rupee	-1%	206
<b>31 March 2023</b>		
Rupee	+1%	(142)
Rupee	-1%	142

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.

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:

## Notes forming part of the Standalone Financial Statements

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended 31 March 2024</b>						
Borrowings	18,924.17	201.98	605.95	1,048.91	-	20,781.02
Trade payables	16,555.66	-	-	-	-	16,555.66
<b>Year ended 31 March 2023</b>						
Borrowings	13,981.23	20.12	60.37	271.22	-	14,332.94
Trade payables	11,228.59	-	-	-	-	11,228.59

#### 45 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.

The capital structure as of 31 March 2024 and 31 March 2023 was as follows:

Particulars	31 March 2024	31 March 2023
Total equity attributable to the equity shareholders of the Company	51,938.99	38,381.20
As a percentage of total capital	71.6%	72.9%
Long term borrowings including current maturities	1,751.66	267.13
Short term borrowings	18,852.74	13,981.23
Total borrowings	<b>20,604</b>	<b>14,248</b>
As a percentage of total capital	28.4%	27.1%
Total capital (equity and borrowings)	72,543.38	52,629.55

#### 46 Revenue from Contracts with customers

##### A. Disaggregated revenue information

Particulars	Year Ended 31 March 2024 ₹ Lakhs	Year Ended 31 March 2023 ₹ Lakhs
<b>1 Type of goods or service</b>		
Product	35,702.93	26,641.48
Service Income	1,460.49	3,111.12
Total revenue from contracts with customers	<b>37,163.42</b>	<b>29,752.60</b>
<b>2 Geographical revenue</b>		
Revenue from contracts with customers		
-Within India	37,163.42	29,752.60
-Outside India	Nil	Nil
	<b>37,163.42</b>	<b>29,752.60</b>
<b>3 Timing of revenue recognition</b>		
Goods transferred at a point in time	35,702.93	26,641.48
Services transferred at a point in time	1,460.49	3,111.12
Total revenue from contracts with customers	<b>37,163.42</b>	<b>29,752.60</b>

\* Trade receivables are non-interest bearing and on credit allowed to certain customers. There is no significant increase in trade receivable compared to last year.

\*\* Contract Liability represents short term advances received from customer to deliver the goods.



## Notes forming part of the Standalone Financial Statements

**B. Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

Particulars	Year Ended 31 March 2024 ₹ Lakhs	Year Ended 31 March 2023 ₹ Lakhs
Contract price	37,163.42	29,752.60
Less: Discounts and disallowances	NIL	NIL
Revenue from contract with customers	37,163.42	29,752.60

**C. Contract balances:**

Particulars	Refer Note No.	For the year ended 31 March 2024 ₹ Lakhs	For the year ended 31 March 2023 ₹ Lakhs
Trade receivables	8	23,527.17	14,659.54
Contract liabilities		-	-
Advance from customers	21	1,077.02	592.84

**D. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:**

Particulars	Refer Note No.	For the year ended 31 March 2024 ₹ Lakhs	For the year ended 31 March 2023 ₹ Lakhs
Trade Receivables	8	14,659.54	13,640.78
Contract Liabilities		NIL	NIL
Advance from Customers	21	592.84	44.86

**Performance obligation:**

**Sale of Products:** The Performance obligations in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of goods and payment is generally due as per the terms of contract with customers.

**Sale of Service:** The Performance obligations in respect of services is satisfied at point of time and acceptance of the customers. In respect of these services, payment is generally due upon completion of the work and acceptance of the customers.

**47 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 held with the company are not subjected to any revaluation during the year.
- (3) The Intangible assets held with the company are not subjected to any revaluation during the year
- (4) 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.
- (5) The Company is not holding any Benami property and no proceeding has been initiated or pending against the company for the year ended 31 March 2024.
- (6) 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)
- (7) (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.

**Notes forming part of the Standalone Financial Statements**

- (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.
- (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) The Company is not declared as wilful defaulter by any Bank or Financial Institutions or RBI or other lenders.
- (10) There are no charges or satisfaction of charges yet to be registered with Registrar of Companies beyond the statutory period.
- (11) 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.
- (12) There are no Schemes of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- (13) The Company has not invested or traded in Crypto currency or Virtual Currency during the financial year.

**48 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.

**49 Approval of Standalone Financial Statements**

These Standalone Financial Statements were approved for issue by the Board of Directors in their meeting held on 20 May 2024.

Signatures to Note 1 to 49

As per our report of even date attached

**for S.T.Mohite & Co**  
 Chartered Accountants  
 Firm Registration Number: 0114105

**CA.Hima Bindu S**  
 Partner  
 Membership No.: 231056

Place: Hyderabad  
 Date: 20 May 2024  
 UDIN: 24231056BKFSMG7000

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**Karunakar Reddy Baddam**  
 Managing Director  
 DIN: 00790139

**Sudarshan Chiluveru**  
 Chief Financial Officer

Place: Hyderabad  
 Date: 20 May 2024

**Krishna Sai Kumar Addepalli**  
 Director  
 DIN: 03601692

**Rukhya Parveen**  
 Company Secretary  
 Membership No: A65112

**CONSOLIDATED  
FINANCIAL  
STATEMENT**

# INDEPENDENT AUDITOR’S REPORT

**TO THE MEMBERS  
APOLLO MICRO SYSTEMS LIMITED**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Apollo Micro Systems Limited (here in after referred to as the “Holding Company”) and its subsidiaries (Holding Company and its two subsidiaries together referred to as ‘the Group’), which comprise the Consolidated Balance Sheet as at 31 March 2024, 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 Consolidate Financial Statements, including material accounting policies and other explanatory information.

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 other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Key audit matters

Key audit matter	Auditor’s response
<p><b>1. Capital work in progress (CWIP):</b></p> <p>Appropriateness of recording of costs as ‘capital work in progress’: Refer the note 4(c) to the consolidated financial statements. As at 31 March 2024, the company has recorded CWIP aggregating to ₹ 2,397.75 lakhs towards various testing tools and instruments and expansion of its manufacturing facilities and civil works at ₹ 3075.59 with regards to CWIP, management has identified certain specific costs incurred for ₹3167.08 lakhs and has applied judgement to assess if these costs incurred relating to CWIP meet the recognition criteria of Property, Plant and Equipment in accordance with Ind AS 16- Property, Plant and Equipment. Accordingly, this is determined as key audit matter due to the significance of the capital expenditure during the year.</p>	<p>We assessed the Company’s process to verify the Capital expenditure incurred during the year.</p> <p>Our audit approach included testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>We have performed detailed discussion with the management to understand their business plans, assumptions used in assessing future technology products and their relevance to meet future demands.</p> <ul style="list-style-type: none"> <li>Review of CAPEX business plans, documents/information thereto and their controls effectiveness.</li> </ul>

### 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 Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports except in case of a subsidiary, which is not material, referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion.

### 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 matter	Auditor's response
	<ul style="list-style-type: none"> <li>• Substantive tests including testing on a sample basis the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the Company's policy and accounting standards.</li> <li>• Tested the source documentation to determine whether the expenditure is in capital nature and has been appropriately approved and segregated into appropriate categories.</li> <li>• Scrutiny of relevant general ledgers to assess if the expenditure has been correctly accounted for.</li> <li>• Review of physical verification reports, for the verification carried out by the management for CWIP.</li> <li>• Our procedures as mentioned above did not identify any costs that has been inappropriately capitalised.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Review of compliance with respect to Companies Act, Income tax Act, Customs duty and GST Act, particularly for accounting of CAPEX additions, deletions, depreciation and of carrying amounts thereof.</li> </ul>
<p><b>2. Inventories:</b></p> <p>Refer to note-7 of the consolidated financial statements</p> <p>The Company carries significant inventories amounting to ₹ 43,351 lakhs as on 31 March 2024. Inventory constitutes 56% of total current assets and 45.40% of total assets</p> <p>With such a huge volume of inventories there is a remote risk of obsolescence. Since the inventories are specific for customers, possibility of obtaining accurate NRV is also not feasible.</p> <p>Given the significant judgment and estimates involved in the management assessments, the inventories are identified as key audit matter.</p>	<p>In view of significance of the matter we applied the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design implementation and operating effectiveness of management's key internal controls relating to physical verification of inventories by the management, identification of obsolete and slow-moving inventory, monitoring of inventory ageing and assessment of provisioning.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Reviewed the management judgements applied in calculating risk of obsolescence at the time of material procurement taking into consideration the inside technical expertise and management assessment of present and future condition of inventory</li> <li>• Assessing the design implementation and operating effectiveness of management's key internal controls over classification valuation and valuation models.</li> <li>• Reviewed the policy of management for physical verification and the documents related to management physical count procedure followed.</li> <li>• Sample testing of management's physical verification of reports.</li> <li>• Compare the cost of inventory with estimated net realisable value by comparing actual selling price prevailing around and subsequent to the year end.</li> <li>• We have made a detailed analysis of order book, in order to study whether the value of the WIP along with finished goods are in line with the value of pending orders in term of value.</li> <li>• Assessed and valued the appropriateness of disclosure made in the standalone financial statements.</li> </ul>

## Other Information

The Holding 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 thereto, Business Responsibility Report, Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the additional information, as mentioned above, that would be included in the Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions as applicable under the relevant laws and regulations.

### Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding 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 Indian Accounting Standards ("Ind AS") specified under section 133 of the Act. The respective Board of Directors of the companies 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 Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies which are incorporated in India, has adequate internal financial controls with reference to Consolidated Financial Statements in place system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the 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 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.

We communicate with those charged with governance of

the Holding 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.

#### 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 of the aforesaid consolidated financial statements.
  - 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 and the reports of the other auditors, except for the matters stated in paragraph 1(h)(iv) below on reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014, as amended.
  - 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 and records maintained for the purpose of preparation

of the consolidated financial statements.

- 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 Holding Company and its subsidiaries which are incorporated in India as on 31 March 2024 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 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to other remarks paragraph 1(b) above on reporting under section 143(3)(b) and paragraph 1(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014
- g) 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**' which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of 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 holding company and its subsidiaries incorporated in India, have paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
  - i) 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

as on 31 March 2024, on the consolidated financial position of the Group. Refer note 31 of Consolidated Financial Statements.

- ii) The Group didn't have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary 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 and the other auditor of such subsidiaries respectively 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 recorded in writing or 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 and the other auditors of such subsidiaries, 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.
- vi) The holding/ Group company has paid dividends during the year which was declared for the previous year is in compliance with the provisions of section 123 of the Act to the extent that it applies to payment of dividend.
- vii) *Based on the examination which included test checks and accordance with requirements of the implementation guide on reporting on audit trail under Rule 11(g) of companies (Audit and Auditors) Rules 2014 the Holding company and its subsidiary companies has used accounting software for maintain its books of account, where in the accounting software did not have the audit trail (edit log) feature throughout the financial year under review and accordingly reporting on tampering or preservation of the audit trail is not applicable.*
2. 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: 20 May 2024

**ICAI UDIN: 24231056BKFSMH9980**

## Annexure A to the Independent Auditors' 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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of Consolidated Financial Statements of the Apollo Micro Systems Limited ("the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiaries (Holding Company and its subsidiaries together referred as 'the Group') which are incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective management and Board of Directors of the Holding company and its subsidiary companies are 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 Holding company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated 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 Consolidated 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 Holding company's internal financial controls system over financial reporting.

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

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated 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 consolidated 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 consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated 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 Holding company and its subsidiary companies 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 31 March 2024, 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: 20 May 2024

**ICAI UDIN: 24231056BKFSMH9980**

# Consolidated Balance Sheet as at 31 March 2024

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

Particulars	Note No	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4(a)	14,070.45	10,481.16
(b) Right-to-use assets	4(b)	177.94	118.27
(c) Capital work-in-progress	4(c)	3,483.69	3,163.72
(d) Other intangible assets	4(d)	183.09	11.66
(e) Goodwill		1.89	1.89
(f) Other non-current assets	5	305.34	175.98
		<b>18,222.40</b>	<b>13,952.68</b>
<b>2 Current assets</b>			
(a) Inventories	6	43,355.87	34,152.96
(b) Financial assets			
(i) Trade receivables	7	23,527.17	14,659.54
(ii) Cash and cash equivalents	8	19.66	24.86
(iii) Other bank balances	9	2,054.60	1,383.11
(iv) Loans	10	719.44	-
(c) Other current assets	11	7,724.93	5,089.99
		<b>77,401.67</b>	<b>55,310.46</b>
<b>TOTAL ASSETS</b>		<b>95,624.07</b>	<b>69,263.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	12	2,823.59	2,076.39
Other equity	13	49,028.40	36,272.77
Equity attributable to owners		51,851.99	38,349.16
Non controlling interest		69.91	70.95
<b>Total equity</b>		<b>51,921.90</b>	<b>38,420.11</b>
<b>LIABILITIES</b>			
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14(a)	955.93	189.84
ii) Lease liabilities	15(a)	105.19	84.58
b) Deferred tax liabilities (net)	16	3,367.54	2,650.67
c) Provisions	17(a)	110.55	24.79
		<b>4,539.21</b>	<b>2,949.88</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14(b)	19,671.88	14,061.72
ii) Lease liabilities	15(b)	71.44	28.86
iii) Trade payables:-	18		
- Dues of micro enterprises and small enterprises		-	-
- Dues of creditors other than micro enterprises and small enterprises		16,573.61	11,228.81
iv) Other financial liabilities	19	643.63	883.77
b) Other current liabilities	20	1,332.08	1,067.26
c) Current tax liabilities (net)	21	846.63	502.73
d) Provisions	17(b)	23.69	119.97
<b>TOTAL LIABILITIES</b>		<b>39,162.96</b>	<b>27,893.14</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,624.07</b>	<b>69,263.14</b>

Corporate information &amp; material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31 to 47

As per our report of even date attached

 For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**
**for S.T.Mohite & Co**  
 Chartered Accountants  
 Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
 Managing Director  
 DIN: 00790139

**Krishna Sai Kumar Addepalli**  
 Director  
 DIN: 03601692

**CA.Hima Bindu S**  
 Partner  
 Membership No.: 231056

**Sudarshan Chiluveru**  
 Chief Financial Officer

**Rukhya Parveen**  
 Company Secretary  
 Membership No: A65112

 Place: Hyderabad  
 Date: 20 May 2024  
 UDIN: 24231056BKFSMH9980

 Place: Hyderabad  
 Date: 20 May 2024

# Consolidated Statement of Profit and Loss for the year ended 31 March 2024

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

Particulars	Note No	For the year ended 31 March 2024	For the year ended 31 March 2023
I Revenue from operations	22	37,163.42	29,752.60
II Other income	23	182.57	82.37
III <b>Total income (I+II)</b>		<b>37,345.99</b>	<b>29,834.97</b>
IV <b>Expenses</b>			
Cost of materials consumed	24	28,316.02	24,375.18
Changes in inventories and work in progress	25	(2,474.78)	(3,397.21)
Employee benefits expenses	26	1,688.53	1,246.38
Depreciation and amortisation expenses	27	1,129.56	1,036.63
Finance costs	28	3,030.17	2,236.89
Other expenses	29	1,247.09	1,119.12
<b>Total expenses (IV)</b>		<b>32,936.59</b>	<b>26,616.99</b>
V <b>Profit before tax (III-IV)</b>		<b>4,409.40</b>	<b>3,217.98</b>
VI Exceptional item	44	-	322.22
VIII <b>Profit before tax</b>		<b>4,409.40</b>	<b>2,895.76</b>
VIII <b>Tax expense</b>			
Current tax	30	618.70	347.79
Tax adjustments for earlier years		(26.27)	-
Deferred tax		706.31	674.19
Total tax expense		1,298.74	1,021.98
IX <b>Profit for the year (V-VI)</b>		<b>3,110.66</b>	<b>1,873.78</b>
X <b>Items that will not be reclassified to profit or loss:</b>			
a) Re-measurement gains/ (losses) on defined benefit obligations		36.25	(2.13)
b) Income-tax thereon	30	(10.56)	0.62
XI <b>Total comprehensive income (VII+VIII)</b>		<b>3,136.35</b>	<b>1,872.27</b>
XII <b>Net Profit / (loss) attributable to</b>			
a) Owners of the Company		3,111.94	1,875.05
b) Non controlling interest		(1.28)	(1.27)
XIII <b>Other Comprehensive income/(loss) attributable to</b>			
a) Owners of the Company		25.70	(1.51)
b) Non controlling interest		-	-
XIV <b>Total Comprehensive income/(loss) attributable to</b>			
a) Owners of the Company		<b>3,137.64</b>	<b>1,873.54</b>
b) Non controlling interest		<b>(1.28)</b>	<b>(1.27)</b>
XV <b>Earnings per equity share ([FV ₹1 (Previous year ₹10)]</b>	40		
Basic (₹)		1.24	9.02
Diluted (₹)		1.16	6.11

Corporate information & material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31 to 47

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**for S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

**Krishna Sai Kumar Addepalli**  
Director  
DIN: 03601692

**CA.Hima Bindu S**  
Partner  
Membership No.: 231056

**Sudarshan Chiluveru**  
Chief Financial Officer

**Rukhya Parveen**  
Company Secretary  
Membership No: A65112

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMH9980

Place: Hyderabad  
Date: 20 May 2024

# Consolidated Statement of Cash Flows for the year ended 31 March 2024

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>4,409.40</b>	<b>2,895.76</b>
Adjustments:		
Depreciation and amortisation	1,129.56	1,036.63
Finance income	(182.57)	(82.37)
Finance costs	3,030.17	2,236.89
Re-measurement gains on defined benefit obligations	36.25	(2.13)
<b>Operating profit before working capital changes</b>	<b>8,422.81</b>	<b>6,084.78</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
-Trade receivables	(8,867.64)	(1,018.77)
-Inventories	(9,202.91)	(4,537.40)
-Loans - current	(719.44)	(56.16)
-Other assets - current	(2,634.95)	(1,218.31)
Adjustment for (increase)/decrease in operating liabilities		
-Trade payables	5,344.80	(1,576.75)
-Other financial liabilities - current	67.26	971.38
-Provisions	(10.52)	30.89
<b>Cash generated from operations</b>	<b>(7,600.58)</b>	<b>(1,320.34)</b>
Income taxes paid	(248.53)	(308.51)
<b>Net cash generated from/(used in) operating activities</b>	<b>(7,849.11)</b>	<b>(1,628.85)</b>
<b>II. Cash flows from investing activities</b>		
Purchase of PPE (including capital work in progress)	(5,399.28)	(3,341.41)
Bank deposits (having original maturity of more than three months) - net	(671.49)	(216.66)
Interest Income	182.57	82.37
<b>Net cash used in investing activities</b>	<b>(5,888.20)</b>	<b>(3,475.70)</b>
<b>III. Cash flows from financing activities</b>		
Dividend Paid	(58.24)	(51.91)
Money received against share warrants	10,423.44	4,596.56
Share capital	0.24	-
(Repayment) /Proceeds from borrowings (net)	6,376.25	2,702.76
(Repayment) /Proceeds lease liabilities	20.61	84.58
Interest paid	(3,022.43)	(2,231.27)
Interest on lease liabilities	(7.74)	(5.61)
<b>Net cash provided by financing activities</b>	<b>13,732.13</b>	<b>5,095.11</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(5.19)</b>	<b>(9.43)</b>
Cash and cash equivalents at the beginning of the year	24.86	<b>34.29</b>
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>19.66</b>	<b>24.86</b>
<b>Note:</b>		
<b>Cash and cash equivalents comprise (refer note 8)</b>		
Cash on hand	8.02	13.21
Balances with banks:		
- in current accounts	11.64	11.65
	<b>19.66</b>	<b>24.86</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 & material accounting policies 1 to 3  
The accompanying notes are an integral part of the financial statements. 31 to 47

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**for S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

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Partner  
Membership No.: 231056

**Sudarshan Chiluveru**  
Chief Financial Officer

**Rukhya Parveen**  
Company Secretary  
Membership No: A65112

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMH9980

Place: Hyderabad  
Date: 20 May 2024

# Consolidated Statement of Changes in Equity for the year ended 31 March 2024

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

## a. Equity Share Capital

	No. of shares	Amount ₹
Balance as at 1 April 2022 (₹.10 each fully paid)	20,763,886	2,076.39
Changes in equity share capital	-	-
Balance as at 31 March 2023	207,638,860	2,076.39
Issue of equity share capital (₹.1 each fully paid)	74,720,000	747.20
Balance as at 31 March 2024 (₹.1 each fully paid)	282,358,860	2,823.59

## b. Other equity

Particulars	Reserves and surplus		Other comprehensive income	Money received against share warrants	Other Equity attributable to owners of the Company	Non-Controlling Interest
	Securities premium	Retained earnings				
<b>As at 1 April, 2022</b>	16,537.57	13,286.98	30.07	-	29,854.62	72.22
Profit for the year	-	1,875.02	-	-	1,875.02	(1.27)
Other comprehensive income	-	-	(1.51)	-	(1.51)	-
Additions during the year	-	-	-	4,596.56	4,596.56	-
Adjustment against share warrants	-	-	-	-	-	-
Dividend Paid	-	(51.91)	-	-	(51.91)	-
<b>Balance as of 31 March 2023</b>	<b>16,537.57</b>	<b>15,110.09</b>	<b>28.56</b>	<b>4,596.56</b>	<b>36,272.77</b>	<b>70.95</b>
<b>As at 1 April, 2023</b>	<b>16,537.57</b>	<b>15,110.09</b>	<b>28.56</b>	<b>4,596.56</b>	<b>36,272.77</b>	<b>70.95</b>
Profit for the year	-	3,111.94	-	-	3,111.94	(1.28)
Other comprehensive income	-	-	25.70	-	25.70	-
Additions during the year	13,150.72	-	-	10,423.44	23,574.16	0.24
Adjustment against share warrants	-	-	-	(13,897.92)	(13,897.92)	-
Dividend paid	-	(58.24)	-	-	(58.24)	-
<b>Balance as of 31 March 2024</b>	<b>29,688.29</b>	<b>18,163.78</b>	<b>54.26</b>	<b>1,122.08</b>	<b>49,028.40</b>	<b>69.91</b>

Corporate information & material accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31 to 47

As per our report of even date attached

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

for **S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

**Karunakar Reddy Baddam**  
Managing Director  
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Chief Financial Officer

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Company Secretary  
Membership No: A65112

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMH9980

Place: Hyderabad  
Date: 20 May 2024

# Notes forming part of the Consolidated Financial Statements

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

## 1 Corporate information

Apollo Micro Systems Limited (“AMS” or “the Company”) was incorporated on 3 March 1997 as private limited company and it got converted in to public limited company with effect from 1 April 2017 and is listed on NSE and BSE. The Registered office of the Company is situated at Plot No. No.128/A, Road No-12, BEL Road, IDA Mallapur, Uppal Mandal, Rangareddy Dist-500076. The Company is mainly into 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.

### Material accounting policies

These notes provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been identified as material accounting policies and have been consistently applied to all the years presented, unless otherwise stated.

## 2 Basis for 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.

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III of the Companies Act,2013.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents,

the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### 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 3 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 31 March 2024 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 2024	% of Holding as on 31 March 2023
Apollo Defence Industries Private Limited	India	76%	NA
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:

- ◇ certain financial assets and liabilities are measured at fair value;
- ◇ long term borrowings are measured at amortized cost using the effective interest rate method.
- ◇ defined benefits plans and plan assets measured at fair value.



## 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:

### Provision and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources will be required to settle the obligation and the amount can be readily estimated.

Contingent liabilities are disclosed when there is a possible obligation arising from the past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain further events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made.

Where the likelihood of outflow of resources is remote, no provision or disclosure as specified in Ind AS 37 "Provision, Contingent liabilities and contingent assets" is made.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at 31 March 2024 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 Material accounting policies

### 3.1 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. Past trends are used to estimate and provide for the discounts/ right of return, using the expected value method.

### 3.2 Leases

As a lessee, the Company mainly has lease arrangement for buildings. The Company assesses whether a contract is or contains a lease at inception of the contract. The assessment involves the exercise of judgement about whether there is an identified asset, whether the Company has the right to direct the use of the asset and whether the Company obtains substantially all the economic benefits from use of that asset.

The Company recognise a right-of-use asset (ROU) and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company uses the incremental borrowing rate.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease initiatives. ROU assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying assets. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or if not readily determinable, using the incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustments to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

### 3.3 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 currency monetary items, outstanding at

the balance sheet date are restated at year end rates. Non-monetary items are measured in terms of historical cost in foreign currency and exchange differences on non-monetary items if any, are recognised at prevailing rates on balance sheet date.

### 3.4 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the statement of Profit and loss except to the extent that it relates to items recognized in the other comprehensive income or directly in the equity, in which case the current and deferred taxes are also recognised in other comprehensive income or directly 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 approach, 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 assets and liabilities are recognised for deductible temporary differences arising between the tax base of the assets and liabilities and their carrying amounts, except when the deferred income tax arises from the initial recognition of an asset or liability is a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be resolved or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

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.

### 3.5 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.

### 3.6 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. Free lands at is carried at historical costs less any accumulated impairment losses and is not depreciated. 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".

### 3.7 Depreciation and amortisation

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
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.

### 3.8 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 as and 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 (capital work-in progress) 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.

### 3.9 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.

### 3.10 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.

### 3.11 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.

### 3.12 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 to have a low credit risk at the reporting date.

The Company has carried out annual review of impairment of fixed assets, based on the report of the technical executives it is observed there is no necessity for any impairment.

### 3.13 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.

#### i) Defined contribution plans:

A defined contribution plan is a post employment benefit plan which an entity pays fixed contribution into a Separate entity and will have no legal or Constructive obligation to pay further amounts. The Company makes specified monthly contribution towards Government administered provident Fund scheme and other funds obligation for contribution plans recognized as an employee benefit expense in statement of profit and loss in the period during which the related service are rendered by employees.

#### (ii) Defined benefit plans:

For defined benefits plans, the cost of providing benefits is actually valued used by the projected unit credit method at the end of each annual reporting period re- measurement comprising actuarial gains and losses the effect of changes to the asset ceiling (if applicable) and return on plan Assets (excluding net interest ) is reflected immediately in balance sheet with a change or credit recognized in the compressive income (or) in the period in which they occur. Remeasurements recognized in OCI is reflected immediately in retained earnings and will not be reclassified to statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of plan amendment. Net interests is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post employment benefits plan others than a defined contribution plan The liability or asset recognized in the balance sheet is respect of defined benefit plan is the present value of defined benefits obligation at the end of reporting period less the fair value of plan asset.

The present value of the defined benefit obligation to determine by the discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gain and losses arising from experience adjustment and changes in actuarial assumptions or recognized in the period in which they occur, directly in the other comprehensive income they are included in retained earnings in the statement of changes in equity and in the balance sheet.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefits and when the entity recognizes any related restructuring costs.

Change in the present value of the defined benefit obligation resulting from plan amendment or curtailments are recognized immediately in profit or loss as past service costs.

### iii) compensated absence

Provision for compensated absence is made on the basis of actuarial valuation using the projected unit credit method the net interest on compensated absence which reflect the change in net liability that arises from the passage of time is included as 'finance cost'

### 3.14 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.

### 3.15 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.

### 3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- \* Financial assets at amortised cost
- \* Equity instruments at fair value through other comprehensive income (FVTOCI)

##### Financial assets at amortised cost

'Financial asset' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition

and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.

The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in P & L.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. Removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either

- (a) The Company has transferred substantially all the risks and rewards of the asset, or
- (b) The Company has neither transferred nor retained substantially all the risks and rewards

of the asset but has transferred control of the asset

#### Impairment of financial assets

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss.

The Company follows "Simplified approach" for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses'.

#### Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **3.17 Recent pronouncements**

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2014 as issued from time to time. On 31 March 2024, MCA has not notified any new standard or amendments to the existing standards applicable to the Company.



## Notes forming part of the Consolidated Financial Statements

**Notes forming part of the Consolidated Financial Statements**

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

**4 (a) Property, plant and equipment**

Particulars	Free hold land	Plant & machinery	Vehicles	Testing tools and instruments	Furniture and fixtures	Computers	Office equipment	Building	Electrical fittings	Total
<b>Cost</b>										
As at 1 April 2022	202.53	343.27	202.41	10,073.10	132.30	526.23	67.10	1,376.95	60.21	12,984.12
Additions	-	-	160.61	2,729.44	-	15.58	3.91	-	-	2,909.53
Deletions	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	202.53	343.27	363.02	12,802.54	132.30	541.81	71.01	1,376.95	60.21	15,893.65
As at 1 April 2023	202.53	343.27	363.02	12,802.54	132.30	541.81	71.01	1,376.95	60.21	15,893.65
Additions	1,041.18	31.35	165.48	3,247.66	21.72	41.29	14.33	102.78	-	4,665.78
Deletions	-	-	-	-	-	448.32	40.81	-	-	489.14
As at 31 March 2024	1,243.71	374.62	528.50	16,050.20	154.03	134.77	44.53	1,479.73	60.21	20,070.29
<b>Accumulated depreciation</b>										
As at 1 April 2022	-	218.82	85.03	2,858.85	82.50	508.48	54.84	536.90	50.24	4,395.67
Charge for the year	-	22.53	40.80	839.02	12.89	12.63	6.56	79.80	2.58	1,016.82
Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	-	241.35	125.84	3,697.88	95.39	521.10	61.40	616.71	52.82	5,412.49
As at 1 April 2023	-	241.35	125.84	3,697.88	95.39	521.10	61.40	616.71	52.82	5,412.49
Charge for the year	-	11.94	48.49	954.72	6.34	15.91	4.89	31.69	2.51	1,076.49
Adjustments	-	-	-	-	-	448.32	40.81	-	-	489.14
As at 31 March 2024	-	253.29	174.33	4,652.60	101.73	88.69	25.49	648.40	55.33	5,999.84
<b>Net carrying amount</b>										
As at 31 March 2023	202.53	101.92	237.18	9,104.67	36.91	20.70	9.61	760.25	7.39	10,481.16
As at 31 March 2024	1,243.71	121.33	354.17	11,397.60	52.30	46.08	19.04	831.33	4.89	14,070.45

**(b) Right-to-use assets**

Particulars	Amount ₹
<b>Cost</b>	
As at 1 April 2022	-
Additions	131.41
Deletions	-
As at 31 March 2023	131.41
As at 1 April 2023	131.41
Additions	100.75
Deletions	-
As at 31 March 2024	232.16
<b>Accumulated depreciation</b>	
As at 1 April 2022	-
Charge for the year	13.14
Adjustments	-
As at 31 March 2023	13.14
As at 1 April 2023	13.14
Charge for the year	41.08
Adjustments	-
As at 31 March 2024	54.22
<b>Net carrying amount</b>	
As at 31 March 2023	118.27
As at 31 March 2024	177.94

**Notes forming part of the Consolidated Financial Statements**
**(c) Capital work in progress**

Particulars	Testing tools and instruments	Civil work in progress	Total
<b>Cost</b>			
<b>As at 1 April 2022</b>	2,453.23	509.26	2,962.49
Additions	2,661.22	165.22	2,826.44
Deletions	2,625.21	-	2,625.21
<b>As at 31 March 2023</b>	<b>2,489.24</b>	<b>674.48</b>	<b>3,163.72</b>
<b>As at 1 April 2023</b>	<b>2,489.24</b>	<b>674.48</b>	<b>3,163.72</b>
Additions	2,978.83	508.22	3,487.05
Deletions	3,167.08	-	3,167.08
<b>As at 31 March 2024</b>	<b>2,300.99</b>	<b>1,182.70</b>	<b>3,483.69</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April 2022</b>	-	-	-
Charge for the year	-	-	-
Adjustments	-	-	-
<b>As at 31 March 2023</b>	-	-	-
<b>As at 1 April 2023</b>	-	-	-
Charge for the year	-	-	-
Adjustments	-	-	-
<b>As at 31 March 2024</b>	-	-	-
<b>Net carrying amount</b>			
As at 31 March 2023	2,489.24	674.48	3,163.72
<b>As at 31 March 2024</b>	<b>2,300.99</b>	<b>1,182.70</b>	<b>3,483.69</b>

\* Refer table below for CWIP ageing.

**(d) Other intangible assets**

Particulars	Amount ₹
<b>Cost</b>	
<b>As at 1 April 2022</b>	32.61
Additions	0.77
Deletions	-
<b>As at 31 March 2023</b>	<b>33.38</b>
<b>As at 1 April 2023</b>	33.38
Additions	183.42
Deletions	-
<b>As at 31 March 2024</b>	<b>216.80</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2022</b>	15.05
Charge for the year	6.67
Adjustments	-
<b>As at 31 March 2023</b>	<b>21.72</b>
<b>As at 1 April 2023</b>	21.72
Charge for the year	11.99
Adjustments	-
<b>As at 31 March 2024</b>	<b>33.71</b>
<b>Net carrying amount</b>	
As at 31 March 2023	11.66
<b>As at 31 March 2024</b>	<b>183.09</b>

**Notes**

- (i) All the properties are registered in the name of Company and the titles deeds of lands are held in the name of the Company.
- (ii) Depreciation is Calculated as per Straight Line Method based on useful life of assets as stipulated in Schedule-II of The Companies Act, 2013 and disclosed in Note.3.7
- (iii) All Properties Plant and Equipments are under charge created by the company for the loans availed from banks

## Notes forming part of the Consolidated Financial Statements

## Capital Work in Progress (CWIP) ageing schedule

## 1 Ageing details for Capital Work in Progress as on 31 March 2024

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in progress	2,300.99	-	-	-	2,300.99
Civil work in progress	508.22	165.22	281.73	227.53	1,182.70
Projects temporarily suspended	-	-	-	-	-

## Ageing details for Capital Work in Progress as on 31 March 2023

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in progress	2,489.24	-	-	-	2,489.24
Civil work in progress	165.22	281.73	227.53	-	674.48
Projects temporarily suspended	-	-	-	-	-

- 2 There are no projects as capital work in progress, as at 31 March 2024 and 31 March 2023 whose completion is overdue or cost of which has exceeded in comparison to its original plan

## 5 Non-current assets

	As at 31 March 2024	As at 31 March 2023
a) Other non-current assets		
Capital advances	272.63	152.35
Security deposits	32.71	23.63
	<b>305.34</b>	<b>175.98</b>

## 6 Inventories

	As at 31 March 2024	As at 31 March 2023
<b>Current assets</b>		
Raw material	20846.84	14118.71
Work in progress	21898.60	18439.50
Finished goods	610.43	1594.75
	<b>43355.87</b>	<b>34152.96</b>

## 7 Trade receivables

	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good	23,527.17	14,659.54
	<b>23,527.17</b>	<b>14,659.54</b>

Note:

- (i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Neither any trade nor other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) Trade receivables are non-interest bearing and generally on term of respective contracts.

**Notes forming part of the Consolidated Financial Statements**
**Trade receivable ageing**

<b>As at 31 March 2024</b>							
<b>Particulars</b>	<b>Not due</b>	<b>&lt; 6 month</b>	<b>6 month-1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>&gt; 3year</b>	<b>Total</b>
<b>(i) Undisputed trade receivables</b>							
-considered good	12,367.45	-	6,888.39	1,046.38	85.53	3,139.42	23,527.17
-considered doubtful							
<b>(ii) Disputed trade receivables</b>							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>12,367.45</b>	<b>-</b>	<b>6,888.39</b>	<b>1,046.38</b>	<b>85.53</b>	<b>3,139.42</b>	<b>23,527.17</b>

**As at 31 March 2023**

<b>Particulars</b>	<b>Not due</b>	<b>&lt; 6 month</b>	<b>6 month-1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>&gt; 3year</b>	<b>Total</b>
<b>(i) Undisputed trade receivables</b>							
-considered good	7,521.48	3,318.27	111.58	449.03	3,254.33	4.85	14,659.54
-considered doubtful	-	-	-	-	-	-	-
<b>(ii) Disputed trade receivables</b>							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>7,521.48</b>	<b>3,318.27</b>	<b>111.58</b>	<b>449.03</b>	<b>3,254.33</b>	<b>4.85</b>	<b>14,659.54</b>

**8. Cash and cash equivalents**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Balances with banks:		
- in current accounts	11.64	11.65
Cash on hand	8.02	13.21
	<b>19.66</b>	<b>24.86</b>

**9. Other bank balances**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Term deposits with Banks (original maturities of more than 3 months and less than 1 year* )	2,053.09	1,381.94
<b>Earmarked balances with banks:</b>	-	-
Unpaid dividend account (Earmarked for dividend payment)	1.51	1.17
	<b>2,054.60</b>	<b>1,383.11</b>

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

**10. Loans**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Unsecured, considered good unless otherwise stated		
Loan to others *	719.44	-
	<b>719.44</b>	<b>-</b>

\* Note: Loan to Advik capital limited is granted for a period of 12 months for working capital purpose. Loan is unsecured and repayable on demand. Interest is charged @ 13% p.a. loan has been utilized for the purpose it was granted

## Notes forming part of the Consolidated Financial Statements

## 11. Other current assets

	As at 31 March 2024	As at 31 March 2023
<i>Unsecured, considered good</i>		
Other advances		
Security deposits	700.40	434.40
Other advances:		
-For materials	5,614.82	3,594.43
-For expenses	39.59	48.74
-Employee advances	30.18	16.73
-Others	94.55	37.47
Balances with Government authorities	1,046.57	836.39
Prepaid expenses	198.82	121.82
	<b>7,724.93</b>	<b>5,089.98</b>

## 12 Share capital

	31 March 2024	31 March 2023
<b>Authorised</b>		
360,000,000 (March 31, 2023: 36,000,000) equity shares of ₹.1 (31 March 2023: ₹ 10) each	3,600.00	3,600.00
<b>Issued, subscribed and fully paid-up</b>		
28,23,58,860 (March 31, 2023: 20,763,886) equity shares of ₹.1 (31 March 2023: ₹ 10) each fully paid-up	2,823.59	2,076.39
<b>Total</b>	<b>2,823.59</b>	<b>2,076.39</b>

Note: Effective 4 May 2023, the Company received approval of its equity shareholders for sub-division of its equity shares with face value of ₹ 10 each in to 10 equity shares with face value of ₹ 1 each.

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

Particulars	For the year ended			
	31 March 2024		31 March 2023	
	No. of equity shares (Face Value ₹ 1/-)	Amount ₹	No. of equity shares (Face Value ₹ 10/-)	Amount ₹
Outstanding at the Beginning of the year	207,638,860	2,076.39	20,763,886	2,076.39
Add:				
i) Issued during the year	-	-	-	-
ii) Conversion of warrants	74,720,000	747.20	-	-
At the end of the year	282,358,860	2,823.59	20,763,886	2,076.39

## (b) Terms / rights attached to the equity shares

Rights, preferences and restrictions attached to equity shares having face value of ₹1 each. Each shareholder is eligible for one vote per share held and each share carries a right to dividend. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in the proportion to their shareholding.

## (c) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2024		31 March 2023	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy	150,256,900	53.21%	12,271,690	59.10%
Nexpact Limited	19,000,000	6.73%	-	-

## Notes forming part of the Consolidated Financial Statements

## d) Details of Shares held by promoters

Name	As at 31 March 2024				
	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	122,716,900	27,540,000	150,256,900	53.21%	(9.96)
Srilakshmi Reddy Vangeti	100	-	100	0.00%	-
<b>Total</b>	<b>122,717,000</b>		<b>150,257,000</b>		

Name	As at 31 March 2023				
	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	12,271,690	-	12,271,690	59.10%	-
<b>Total</b>	<b>12,271,690</b>		<b>12,271,690</b>		

## e) Dividend declared and paid

Particulars	31 March 2024	31 March 2023
Final Dividend for the financial year 2023-24: Company declared a final dividend of ₹.0.025 per share, approved by its shareholders in Annual General Meeting held on 29 September 2023.	58.24	
Final Dividend for the financial year 2022-23: Company declared a final dividend of ₹.0.25 per share, approved by its shareholders in Annual General Meeting held on 20 September 2022		51.91

- f) The company has issued 98,85,070 fully convertible share warrants in equal number of equity shares in which 24,13,070 warrants are outstanding for conversion as on 31 March 2024.
- g) Equity shares issued during the year: The Company issued 74720000 equity shares of ₹1 each by way of preferential allotment during the financials year 2023-24.
- h) No claim of shares have been bought back/issued as a bonus shares by the Company during the period of five years immediately preceding the current year end.

## 13 Other equity

	31 March 2024	31 March 2023
<b>Securities premium</b>		
Opening balance	16,537.57	16,537.57
Add: Premium on fresh issue	13,150.72	-
Closing balance	<b>29,688.29</b>	<b>16,537.57</b>
<b>Retained earnings</b>		
Opening balance	15,110.09	13,286.98
Add: Profit for the year	3,111.94	1,875.02
Less: Dividend paid during the year	(58.24)	(51.91)
Closing balance	<b>18,163.79</b>	<b>15,110.09</b>
<b>Other comprehensive income</b>		
Opening balance	28.56	30.07
Profit/(loss) for the year	25.70	(1.51)
Closing balance	<b>54.26</b>	<b>28.56</b>
<b>Money received against share warrants</b>		
Opening balance	4,596.56	-
Add: Warrants received	10,423.44	4,596.56
Less: Adjusted during the year	(13,897.92)	-
Closing balance	<b>1,122.08</b>	<b>4,596.56</b>
<b>Total other equity</b>	<b>49,028.42</b>	<b>36,272.78</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.

## Notes forming part of the Consolidated Financial Statements

- c) Other comprehensive income: Remeasurement of defined benefit obligations represents the actuarial gain/(loss) recognised on the defined benefit liabilities and will not be reclassified to retained earnings.
- d) Money received against share warrants represents the amounts received by the Company for issuance of share warrants.

## 14 Borrowings

## (a) Non-current Borrowings

	As at 31 March 2024	As at 31 March 2023
<b>Secured:</b>		
<i>From Banks</i>		
Vehicle loans (refer note (i) below)	152.48	98.25
<i>From others</i>		
Inter corporate loans (refer note (ii) below)	791.24	88.38
<b>Unsecured Borrowings:</b>		
<i>Loans Repayable on demand</i>		
(i) 'From Related Parties		
- Loan from Director	11.21	2.21
- from Parent Company	-	-
(ii) 'From Others		
- Intercorporate Loans	1.00	1.00
- Loan from Banks	-	-
	-	-
	<b>955.93</b>	<b>189.84</b>

## Notes:

## (i) Vehicle Loans:

The loans were taken from HDFC Bank for purchase of vehicles, and loan is repayable in 60 monthly instalment from the date of loan taken and loans carries an interest rate 7.50% to 12.05%

## (ii) Inter corporate loans:

Lender	Interest rate p.a	Tenure
BMW India Financial Services Pvt Ltd	9.25%	48 instalments
Bajaj Finance Limited	10.25%	36 instalments

The above loans is secured by hypothecation of the vehicle/machinery for which the loan was taken.

There is no default as at 31st March, 2024 and 31st March 2023, in repayment of loans and interest payments.

## (b) Current borrowings

## Secured,

## From Banks (Repayable on demand or over draft from)

	As at 31 March 2024	As at 31 March 2023
-Bank of India	11.19	-
- State Bank of India	6,012.19	3,488.31
- HDFC Bank	9,949.49	5,961.64
- from Axis Bank	-	1,469.40
<b>From other</b>		
- Inter corporate Loans	2,400.00	2,573.91
-National Small Industries Corporation	491.06	487.97
-Current maturities of long-term debts	807.95	80.49
<b>Total current borrowings</b>	<b>19,671.88</b>	<b>14,061.72</b>

## Notes forming part of the Consolidated Financial Statements

**Notes: Loans repayable on demand:**

Name of the Bank	Rate of interest	Nature
State Bank of India	10.50%	Overdraft
HDFC Bank	9.95%	Overdraft
National Small Industries Corporation	9.00%	Raw material assistance
<b>Intercorporate loans:</b>		
Bajaj Finance Ltd	10.10%	Overdraft

The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of inventories, and book debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercorporate loan Equitable Mortgage of factory land and building. The Loans are further secured by personal guarantee of managing director in his individual capacity.

**15 Lease liabilities**

	As at 31 March 2024	As at 31 March 2023
Lease liabilities:		
(a) Non-current	105.19	84.58
	<b>105.19</b>	<b>84.58</b>
(b) Current	71.44	28.86
	<b>71.44</b>	<b>28.86</b>
(refer note 39)	<b>176.63</b>	<b>113.44</b>

**16 (a) Deferred tax liabilities (net)**

Particulars	As at 31 March 2024	As at 31 March 2023
Analysis of deferred tax asset/(liabilities)		
Deferred tax liabilities	3,406.63	2,692.82
Deferred tax assets	(39.09)	(42.15)
Deferred tax liability (net)	<b>3,367.54</b>	<b>2,650.67</b>

**(b) The balance comprises temporary differences attributable to:**

Particulars	As at 1 April 2023	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2024
Difference between tax base and books base:				
-Property, plant & equipments	2,692.82	703.25	-	3,396.07
-Employee benefits, others	(42.15)	3.07	10.56	(28.53)
<b>Total</b>	<b>2650.67</b>	<b>706.31</b>	<b>10.56</b>	<b>3,367.53</b>

Particulars	As at 1 April 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2023
Difference between tax base and books base:				
-Property, plant and equipments	2,010.25	682.57	-	2,692.82
-Employee benefits, others	(33.16)	(8.37)	0.62	(42.15)
<b>Total</b>	<b>1977.09</b>	<b>674.19</b>	<b>0.62</b>	<b>2,650.67</b>



## Notes forming part of the Consolidated Financial Statements

## 17 Provisions

	As at 31 March 2024	As at 31 March 2023
(a) <b>Non-current</b>		
Provision for employee benefits		
- Gratuity (refer Note 36)	109.16	24.26
- Compensated absences	1.39	0.53
	<b>110.55</b>	<b>24.79</b>
(b) <b>Current</b>		
Provision for employee benefits		
- Gratuity (refer Note 36)	22.17	115.13
- compensated absences	1.52	4.84
	<b>23.69</b>	<b>119.97</b>

## 18 Trade payables

	As at 31 March 2024	As at 31 March 2023
Trade payables		
- Dues of micro enterprises and small enterprises (refer Note 37)	-	-
- Dues of other than micro enterprises and small enterprises	16,573.61	11,228.81
	<b>16,573.61</b>	<b>11,228.81</b>

## Trade payables ageing

As at 31 March 2024

Particulars	Not due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) - Others	16,176.72	62.00	179.70	33.97	121.21	16,573.61
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) - Others	-	-	-	-	-	-
<b>Total</b>	<b>16,176.72</b>	<b>62.00</b>	<b>179.70</b>	<b>33.97</b>	<b>121.21</b>	<b>16,573.61</b>

As at 31 March 2023

Particulars	Not due	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed dues- MSME	-	-	-	-	-	-
(ii) Others	4,161.45	6,853.10	134.59	36.04	43.63	11,228.81
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-
<b>Total</b>	<b>4,161.45</b>	<b>6,853.10</b>	<b>134.59</b>	<b>36.04</b>	<b>43.63</b>	<b>11,228.81</b>

## 19 Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Creditors for capital goods	103.87	40.10
Employee related payables	141.92	104.27
Provision for expenses	396.33	738.23
Unpaid dividend	1.51	1.17
	<b>643.63</b>	<b>883.77</b>

## 20 Other liabilities

	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
Advance from customers	1,222.90	592.84
Statutory remittances	109.18	474.42
	<b>1,332.08</b>	<b>1,067.26</b>

## Notes forming part of the Consolidated Financial Statements

**21 Current tax liabilities**

	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
Provision for income tax	618.70	259.57
Pertaining to earlier years	227.92	243.16
	<b>846.62</b>	<b>502.73</b>

**22 Revenue from operations**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Sale of products	35,702.93	26,641.48
Sale of services	1,460.49	3,111.12
	<b>37,163.42</b>	<b>29,752.60</b>

(Disaggregation disclosures as per IndAS-115, Revenue from Contracts with customers furnished in Note No.44)

**23 Other income**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest income	182.57	82.37
Profit on sale of Property, plant and equipment	-	-
	<b>182.57</b>	<b>82.37</b>

**24 Cost of materials consumed**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Raw materials and stores		
Opening stock	14,118.71	12,978.52
Add: Purchases	34,366.96	25,042.40
Add: other incidental cost	677.19	472.97
	49,162.86	38,493.90
Less : Closing stock	20,846.84	14,118.71
Consumption	<b>28,316.02</b>	<b>24,375.18</b>

**25 Changes in inventories and work in progress**

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Closing stock</b>		
Finished goods	610.43	1,594.75
Work in process	21,898.60	18,439.50
Total (A)	22,509.03	20,034.25
<b>Opening stock</b>		
Finished goods	1,594.75	4,466.41
Work in process	18,439.50	12,170.63
Total (B)	20,034.25	16,637.04
<b>(Increase) / Decrease in inventories and work in progress (B)-(A)</b>	<b>(2,474.78)</b>	<b>(3,397.21)</b>

**26 Employee benefits expense**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and wages	1,292.08	911.18
Contribution to provident and other funds	71.27	50.48
Gratuity expenses (refer note 36)	29.89	27.73
Managerial remuneration (refer note 32)	228.00	228.00
Director Sitting fee	7.20	3.20
Staff welfare expenses	60.09	25.79
	<b>1,688.53</b>	<b>1,246.38</b>

## Notes forming part of the Consolidated Financial Statements

## 27 Depreciation and amortization expense

	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation (refer Note 4 (a))	1,076.49	1,016.82
Amortisation of ROU (refer Note 4 (b))	41.08	13.14
Amortisation (refer Note 4(d))	11.99	6.67
	<b>1,129.56</b>	<b>1,036.63</b>

## 28 Finance costs

	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on		
Vehicle loans	21.62	12.09
Working capital loans	1,462.54	1,190.34
Bank charges and commissions	1,546.01	1,034.47
	<b>3,030.17</b>	<b>2,236.90</b>

## 29 Other expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
Business development expenses	43.02	100.96
Professional and consultancy charges	377.18	229.89
Travel and Conveyance	270.73	208.72
Power and fuel	65.39	54.32
Rent (refer note 39)	27.31	22.32
Insurance	80.34	55.41
Office maintenance	30.34	36.34
Repairs and maintenance	77.33	58.64
Printing and stationery	34.85	17.83
Communication expenses	14.46	9.98
Advertisement	3.63	4.18
Late Delivery Charges	109.13	225.86
Audit fees (refer note 34)	9.71	8.00
Rates and taxes	8.87	6.54
Corporate social responsibility expenses (refer note.35)	43.41	41.21
Security charges	7.28	8.32
Donations	26.93	4.55
Loss on foreign currency transactions (net)	17.18	26.05
	<b>1,247.09</b>	<b>1,119.12</b>

## 30 Tax expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Income tax expense</b>		
Current tax on profits for the year	618.70	347.79
Earlier year tax adjustment	(26.27)	
<b>Total current tax expenses (A)</b>	<b>592.43</b>	<b>347.79</b>
<b>Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	13.62	9.62
(Decrease)/Increase in deferred tax liabilities	703.25	663.96
<b>Total deferred tax expense/(benefit) (B)</b>	<b>716.87</b>	<b>673.57</b>
<b>Recognised in Other comprehensive income</b>	<b>10.56</b>	<b>(0.62)</b>
<b>Income tax expenses (A+B)</b>	<b>1,298.74</b>	<b>1,021.99</b>

## Notes forming part of the Consolidated Financial Statements

**Reconciliation of effective tax rate**

The income tax expense for the year can be reconciled to the accounting profit as follows :

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	4,409.40	3,217.98
Exceptional item	-	(322.22)
<b>Total Net profit before taxes</b>	<b>4,409.40</b>	<b>2,895.75</b>
Applicable tax rate under normal provisions	29.12%	29.12%
Tax payable under provisions as per applicable rate = (A*B)	1,284.02	843.24
<b>Increase/decrease in tax on account of :</b>		
Depreciation as per books	328.93	301.87
Depreciation as per income tax act, 1961	(175.30)	(167.64)
Others	(138.91)	44.52
<b>Tax as per normal provision under Income tax (C+D)</b>	<b>1,298.74</b>	<b>1,021.99</b>
<b>Effective tax rate in %</b>	<b>29.45</b>	<b>35.29</b>

The Company's average effective tax rate for the year ended 31 March 2024 and 31 March 2023 were 29.45% and 35.29% respectively

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

Particulars	As at 31 March 2024	As at 31 March 2023
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (refer note below)	310.15	325.66
(b) Outstanding Guarantees and counter guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Authorities and others	2,470.23	1,844.00
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)	-	-

**Note:**

- a) The Income tax department raised demands on the Company in respect of past years in spite of payments already made by the company and has submitted/submitted proof of payments made for dropping demands against the Company. Pending removal of demands, the Company has not acknowledged the amount as payable.

**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, 2024 and balance as on that date are given below:

**List of related parties**

Name of the Parties	Relationship
Ananya SIP RF Technologies Private Limited	Subsidiary Company
Apollo Defence Industries Private Limited	Subsidiary Company
Ananya Sip Technologies Pvt Ltd	Director has significant influence
Baddam Karunakar Reddy	Managing Directors (Key Management Personnel)
Satyanarayana Batchu	Directors (Key Management Personnel)
Venkata Subbarao Gupta Batchu	Directors (Key Management Personnel)
Raghupathy Goud Theegala	Directors (Key Management Personnel)
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)
Rukhya Parveen	Company Secretary (Key Management Personnel)
Karunasree Samudrala	Non-Executive Director
Chandrashekar Matham	Non-Executive Director

**Notes forming part of the Consolidated Financial Statements**

Notes:

1. Related parties with whom Company has no transactions during the year are not provide above.
2. As per clause 8 of (general) instructions to Division II of Schedule III to the Companies Act, the above related parties are identified as per the terms and meaning assigned in Ind AS 24 Related Party Disclosures.

**a. Transactions during the year:**

Name of the party	Nature of Transaction	For the year ended 31 March 2024	For the year ended 31 March 2023
Baddam Karunakar Reddy	Remuneration	180.00	180.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	20.10	13.50
Chandrapati Venkata Siva Prasad	Remuneration	24.00	24.00
Vitta Chaitanya Siva Shankar	Remuneration	1.26	7.58
Rukhya Parveen	Remuneration	6.87	-
Raghupathy Goud Theegala	Sitting fees	3.40	1.40
Karunasree Samudrala	Sitting fees	2.60	1.60
Chandrashekar Matham	Sitting fees	1.20	0.20
Ananya SIP Technologies Private Limited	Loan taken	-	-
Venkata Subbarao Gupta Batchu	Loan taken	-	-

- a) On the equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.68 lakhs (2022-23: ₹30.91 lakhs).

**b. Outstanding balances:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Rent to Baddam Karunakar Reddy	0.72	9.76
<b>Remuneration payable to:</b>		
Baddam Karunakar Reddy	11.45	11.44
Addepalli Krishna Sai Kumar	1.98	1.87
Chiluveru Sudarshan	0.96	1.00
Chandrapati Venkata Siva Prasad	1.29	1.72
Vitta Chaitanya Siva Shankar	-	0.61
Rukhya Parveen	0.62	-
Raghupathy Goud Theegala	3.06	-
Karunasree Samudrala	2.34	-
Chandrashekar Matham	1.08	0.18
<b>Loan payable</b>		
Venkata Subbarao Gupta Batchu	2.21	2.21
Ananya SIP Technologies Private Limited	1.00	1.00

**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

**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 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.

**34 Payment to auditors**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Statutory audit fee	7.50	7.00
Tax audit fee	1.00	1.00
Certification fee	1.21	0.00
<b>Total</b>	<b>9.71</b>	<b>8.00</b>

**35 Corporate Social Responsibility(CSR) expenses :**

The Company is covered by provisions of Section 135 of Companies Act, 2013 to spend 2% of Average net profits towards CSR. The details of CSR are furnished below:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1 Amount required to be spent by the Company during the year	42.77	39.99
2 Amount incurred	-	-
(a) CSR expenditure:		
(i) Construction/acquisition of asset		
(ii) For purposes other than (i) above.	43.00	40.00
(b) CSR expenditure for ‘Ongoing Projects	0.41	1.21
<b>(c) Total CSR expenditure incurred during the year</b>	<b>43.41</b>	<b>41.21</b>
3 Excess/(shortfall) at the end of the year {2(c) -1}	0.64	1.22
4 Previous years excess/(shortfall)	(0.41)	(1.63)
5 Total excess/(shortfall)	0.23	(0.41)
6 Reasons for shortfall	NA	* Note mentioned below
7 Details of Related party transactions	Nil	Nil
8 Provisions made with respect to a liability incurred by entering into a contractual obligation and movement in provisions thereon	NA	NA
9 <b>Details showing activity wise CSR expenditure:</b>		
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	43.00	40.00
Promotion of education (ongoing project)	0.41	1.21
<b>Total</b>	<b>43.41</b>	<b>41.21</b>

\* The unspent CSR obligation for the previous year ₹ 0.41/- lakhs pertaining to the on going project it was approved in the previous financial year and unspent amount was duly deposited with in time in Company’s CSR unspent account and same has been spent during the financial year.

## Notes forming part of the Consolidated Financial Statements

**36 Employee benefits****A) Defined contribution plan**

Employees Contribution to provident fund and employees state insurance (ESI) are recognised as expenditure in statement of profit and loss account, as they are incurred, there are no other obligation other than the contribution payable to aforesaid respective Trust/Government Authorities.

**B) Defined benefit plan**

The Company's obligation towards the Gratuity (LIC) is a defined benefit plan and is funded with Life Insurance Corporation of India. The following table sets out the funded status of the defined benefit scheme and the amount recognised in financial statements as per Actuarial Valuation.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Changes in present value of obligations</b>		
Present value at the beginning of the year	0.00	113.27
Interest cost	10.58	8.12
Current Service Cost	19.73	19.86
Cost PSC - Vested	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligations	(33.03)	1.76
Present value at the end of the year	(2.71)	143.01
<b>Changes in fair value of planned assets</b>		
Fair value of plan assets at the beginning of the year	3.61	3.39
Acquisition adjustments	(0.03)	(0.02)
Expected return on plan assets	0.45	0.24
Contributions	5.00	-
Benefits paid	-	-
Actuarial (gain)/loss on planned assets	(0.07)	0.00
Fair value of plan assets at the end of the year	8.96	3.61
<b>Amount recognized in the balance sheet</b>		
Present value of obligations as at the end of year	140.29	143.01
Fair value of plan assets as at the end of year	(8.96)	(3.61)
Net asset/(liability) recognized in balance sheet	131.33	139.39
<b>Expenses recognized in Statement of Profit and Loss</b>		
Current service cost	19.73	19.86
Interest cost	10.58	8.12
Expected return on plan assets	(0.42)	(0.24)
Total Actuarial Gain/Loss.	29.89	27.73
<b>Amount recognized in Other Comprehensive income</b>		
Actuarial (gain)/ loss on obligations	(33.03)	1.76
Actuarial (gain)/loss - plan assets	0.07	(0.00)
Actuarial (gain)/loss recognized in the year	(32.95)	1.76

**(i) Regulatory Framework in which Plan operates:**

The payment of Benefit is governed by the Provisions of Life Insurance Corporation. (Further details for disclosure to be decided by the LIC)

**(ii) Entity's Responsibilities for Governance:** All monetary amounts are in Indian Rupees (in lakhs) (₹), unless mentioned otherwise

**(iii) Risk exposures:** Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

**Notes forming part of the Consolidated Financial Statements**

- (a) Interest Rate risk: The plan exposes the Company to the rise of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
- (b) Liquidity Risk: This is the risk that the Company is not able to meet the short-term Benefit payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- (c) Salary escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- (d) Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- (e) Regulatory Risk: Benefit is paid in accordance with the Provisions of Gratuity Act 1972 (as may be amended from time to time). There is a risk of change in provisions of Gratuity Act requiring higher Plan Benefit pay outs (e.g. change in benefit formula).
- (f) Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.
- (g) Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**(iv) Amendments, Curtailments and Settlements** - Not applicable in this case

**(v) Disaggregation of plan assets:** The Gratuity plan's weighted-average assets allocation at 31 March 2024 and 31 March 2023, by asset category was as follows:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Funds managed by insurers	100.00%	100.00%
Others	0.00%	0.00%

**(vi) Principal actuarial assumptions**

**(a) Demographic assumptions**

- a) Retirement age of employees of the company are assumed at 60 years.
- b) The mortality Rate is as per (% of IALM 2012-14).
- c) Average past service : 4.4 years
- d) Withdrawal rate : 1 to 3% depending upon age

**(b) Financial assumptions**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate(p.a)	7.10%	7.40%
Expected rate of return (p.a)	6.00%	6.00%
Salary escalation rate (p.a)	3.00%	3.00%



## Notes forming part of the Consolidated Financial Statements

**(vii) Sensitivity analysis**

Discount Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
+ 1% change	9.80	8.70
- 1% change	(8.20)	(7.40)
<b>Salary increase</b>		
+ 1% change	13.20	14.00
- 1% change	(16.70)	(18.00)

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.

**(viii) Asset Liability Matching Reserves:** The Company has Life Insurance Corporation (Group Gratuity Manager) for administering the Plan liability. The funds of the Plan liability are invested by the Life Insurance Corporation, (LIC), pay the benefits to members of the enterprise as per Rules of the LIC. So the LIC is exposed to the liquidity risk of not being able to arrange for the benefit outgo due to cash liquidity problems and so the LIC faces a liquidity risk.

**(ix) Funding arrangements and Funding Policy:** The Company has Life Insurance Corporation (Group Gratuity Manager) for administering the Plan liability. The funds of the Plan liability are invested by the Life Insurance Corporation. LIC pay the benefits to members of the enterprise as per Rules of the LIC. So the LIC is exposed to the liquidity risk of not being able to arrange for the benefit outgo due to cash liquidity problems and so the LIC faces a liquidity risk. If the LIC purchased a Group insurance policy from an Insurance Company, the insurance Company, as part of the policy rules, makes payment of all the Plan Benefit.

**(x) The expected future contributions in respect of gratuity as at 31 March 2024 were as follows:**

Particulars	Amount in Lakhs
<b>Expected contributions</b>	
During the year ended 31 March 2025 (estimated)	19.73
<b>Expected future benefit payments and maturity profile</b>	
1 year	0.39
2 to 5 years	33.13
6 to 10 years	40.05
More than 10 years	464.78

**Compensated absences:**

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the recognised compensated absences and recognised them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was `274 and `549 as at 31 March 2024 and 31 March 2023, respectively.

**Notes forming part of the Consolidated Financial Statements**
**37 Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006**

The Company seeks information from suppliers whether they registered unit under MSME Act, 2006 based on the information received from the creditors the following information as required are given as under

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
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

**38 Employee Stock Option Scheme (ESOS)**

Pursuant to ESOS Scheme approved by members in December 2018, the Group constituted a trust. As at the year ended 31 March 2024 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**

The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowings rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowings rate at the date of initial application.

**The changes in the carrying value of ROU assets for the year ended 31 March 2024 are as follows:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	118.27	-
Additions	100.75	131.41
Deletions	-	-
Amortisation	41.08	13.14
Closing balance	177.94	118.27

**The break-up of current and non-current lease liabilities as at 31 March 2024 is as follows:**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current	71.44	28.86
Non-current	105.19	84.58
<b>Total</b>	<b>176.63</b>	<b>113.44</b>

## Notes forming part of the Consolidated Financial Statements

The movement in lease liabilities during the year ended 31 March 2024 is as follows: (₹ in lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening balance	113.44	-
Lease liability recognised during the year	99.43	124.65
Finance cost during the year	7.74	3.55
Payment of lease	(43.98)	(14.76)
Closing balance	176.63	113.44

Lessor	Interest rate p.a	Tenure
Origa Markets Private Limited	10.00%	36 instalments
Origa Markets Private Limited	5.25%	60 instalments

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 amount to ₹ 27.31 (for the year ended 31 March 2023: ₹22.32).

#### 40 Earnings per share

Effective 4 May 2023, the Company received approval of its equity shareholders for sub-division of its equity shares with face value of ₹ 10 each in to 10 equity shares with face value of ₹ 1 each.

Computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Net profit for the year (₹ in lakhs)	3,110.66	1,873.78
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	250,073,151	20,763,886
Weighted average number of equity shares outstanding during the year – diluted	267,057,088	30,648,956
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic (₹)	1.24	9.02
Earnings per share of par value ₹ 10 – diluted (₹)	1.16	6.11

#### 41 Ratio Analysis

Particulars	Numerator	Denominator	31 March 2024	31 March 2023	% change	Reason for variance
Current ratio	Current asset	Current liabilities	1.98	1.98	(0.33)	
Debt-equity ratio	Total debt	Shareholder's Equity	0.84	0.80	4.85	
Debt service coverage ratio	Earning available for debt service	debt service	16.20	26.55	(38.97)	Due to increase in loans during the year
Return on equity ratio	Net profit after taxes	Average shareholder's equity	6.89	5.32	29.41	Due to increase in profits during the year
Inventory turnover ratio	Cost of goods Sold	Average inventory	0.67	0.66	1.35	
Trade receivable turnover ratio	Net sales	Average trade receivable	1.95	2.10	(7.43)	Due to increased in trade receivables
Trade payable turnover ratio	Net Purchases	Average Trade Payable	2.47	2.08	18.64	
Net capital turnover ratio	Net sales	Average working capital	1.09	1.07	1.91	

**Notes forming part of the Consolidated Financial Statements**

Particulars	Numerator	Denominator	31 March 2024	31 March 2023	% change	Reason for variance
Net profit ratio	Net profit after tax	Revenue from operation	8.37%	6.30%	32.91	Due to increase in profits during the year
Return on capital employed ratio	Earning before interest and taxes	Average capital employed	0.13	0.13	(0.07)	
Return on investment ratio	Non operating income from investment	Average Investment	-	-	-	

- 1 Total Debts = Borrowings + Leased Liabilities
- 2 Earnings available for Debts Service = Net Profit after taxes + Non-cash operating expenses + Interest - Non-cash operating incomes
- 3 Debt Services = Borrowings + Leased Liabilities
- 4 Capital Employed = Tangible net worth + Lease Liabilities
- 5 Return on investments of the company "Not Applicable" as the company doesn't have traded investments

**42 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 31 March 2024 and 31 March 2023. 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 31 March 2024 and 31 March 2023.

**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

**Notes forming part of the Consolidated Financial Statements**

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:

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>31 March 2024</b>		
INR	+1%	(206.28)
INR	-1%	206.28
<b>31 March 2023</b>		
INR	+1%	(142.52)
INR	-1%	142.52

**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:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended 31 March 2024</b>						
Borrowings	18,935.37	201.99	605.97	1,061.12	-	20,804.45
Trade payables	16,573.61	-	-	-	-	16,573.61
<b>Year ended 31 March 2023</b>						
Borrowings	14,010.08	20.12	60.37	274.43	-	14,365.00
Trade payables	11,228.81	-	-	-	-	11,228.81

**43 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**

The capital structure as of March 31, 2024 and March 31, 2023 was as follows:

Particulars	31 March 2024	31 March 2023
Total equity attributable to the equity shareholders of the Company	51,922	38,420
As a percentage of total capital	71.6%	72.9%
Long term borrowings including current maturities	1,763.89	270.34
Short term borrowings	18,864	13,981
Total borrowings	<b>20,628</b>	<b>14,252</b>
As a percentage of total capital	28.4%	27.1%
Total capital (equity and borrowings)	72,550	52,672

**44 Disclosures as per IndAS-115, Revenue from Contracts with customers**
**A. Disaggregated revenue information:**

Particulars	Year Ended 31 March 2024 ₹ Lakhs	Year Ended 31 March 2023 ₹ Lakhs
<b>1 Type of goods or service</b>		
Product	35,702.93	26,641.48
Service Income	1,460.49	3,111.12
Total revenue from contracts with customers	<b>37,163.42</b>	<b>29,752.60</b>
<b>2 Geographical</b>		
Revenue from contracts with customers	37,163.42	29,752.60
-Within India	Nil	Nil
-Outside India	<b>37,163.42</b>	<b>29,752.60</b>
<b>3 Timing of revenue recognition</b>		
Goods transferred at a point in time	35,702.93	26,641.48
Services transferred at a point in time	1,460.49	3,111.12
Total revenue from contracts with customers	<b>37,163.42</b>	<b>29,752.60</b>

\* Trade receivables are non-interest bearing and on credit allowed to certain customers. There is no significant increase in trade receivable compared to last year.

\*\* Contract Liability represents short term advances received from customer to deliver the goods.

**B. Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:**

Particulars	Year Ended 31 March 2024 ₹ Lakhs	Year Ended 31 March 2023 ₹ Lakhs
Contract price	37,163.42	29,752.60
Less: Discounts and disallowances	NIL	NIL
Revenue from contract with customers	37,163.42	29,752.60

**C. Contract balances:**

Particulars	Refer Note No.	For the year ended 31 March 2024 ₹ Lakhs	For the year ended 31 March 2023 ₹ Lakhs
Trade receivables	7	23,527.17	14,659.54
Contract liabilities		-	-
Advance from customers	20	1,222.90	592.84

## Notes forming part of the Consolidated Financial Statements

**D. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:**

Particulars	Refer Note No.	For the year ended 31 March 2024 ₹ Lakhs	For the year ended 31 March 2023 ₹ Lakhs
Trade Receivables	7	23,527.17	14,659.54
Contract Liabilities		NIL	NIL
Advance from Customers	20	1,222.90	592.84

**Performance obligation:**

**Sale of Products:** The Performance obligations in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of goods and payment is generally due as per the terms of contract with customers.

**Sale of Service:** The Performance obligations in respect of services is satisfied at point of time and acceptance of the customers. In respect of these services, payment is generally due upon completion of the work and acceptance of the customers.

**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 held with the company are not subjected to any revaluation during the year.
- (3) The Intangible assets held with the company are not subjected to any revaluation during the year
- (4) 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.
- (5) The Company is not holding any Benami property and no proceeding has been initiated or pending against the company for the year ended 31 March 2024.
- (6) 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)
- (7) (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.
- (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) The Company is not declared as wilful defaulter by any Bank or Financial Institutions or RBI or other lenders.
- (10) There are no charges or satisfaction of charges yet to be registered with Registrar of Companies beyond the statutory period.
- (11) 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.

## Notes forming part of the Consolidated Financial Statements

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

(13) 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 Consolidated Financial Statements

These Group financial statements were approved for issue by the Board of Directors in their meeting held on 20 May 2024.

Signatures to Note 1 to 47

As per our report of even date attached

**for S.T.Mohite & Co**  
Chartered Accountants  
Firm Registration Number: 0114105

**CA.Hima Bindu S**  
Partner  
Membership No.: 231056

Place: Hyderabad  
Date: 20 May 2024  
UDIN: 24231056BKFSMH9980

For and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**

**Karunakar Reddy Baddam**  
Managing Director  
DIN: 00790139

**Sudarshan Chiluveru**  
Chief Financial Officer

Place: Hyderabad  
Date: 20 May 2024

**Krishna Sai Kumar Addepalli**  
Director  
DIN: 03601692

**Rukhya Parveen**  
Company Secretary  
Membership No: A65112









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**CIN No: L72200TG1997PLC026556**



Conceptualized and Developed By