

Date: 07<sup>th</sup> September, 2023

<b>To,</b> The Corporate Relations Department, <b>BSE Limited,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	<b>To,</b> Listing Department, <b>National Stock Exchange of India Ltd.,</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
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**Scrip Code: 540879**

**Symbol: APOLLO**

**ISIN: INE713T01028**

Dear Sir(s),

**Sub: Annual Report of the Company for the financial year 2022-23 along with the Notice of the 26<sup>th</sup> Annual General Meeting**

This is to inform that the 26th Annual General Meeting (“AGM”) of the Members of the Company is scheduled to be held on Friday, 29<sup>th</sup> day of September, 2023 at 03:00 P.M. (IST) through Video Conferencing / Other Audio-Visual Means in accordance with relevant circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India time to time.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year ended 2022-23 which is being sent only through electronic mode to the Members.

The Annual Report containing the Notice is also uploaded on the Company’s website <https://apollo-micro.com/wp-content/uploads/2023/09/Annual-Report-%E2%80%93FY-2022-23.pdf>

We request you to kindly take the above on record and bring to the notice of all concerned.

Thanking You  
Yours Faithfully

**FOR APOLLO MICRO SYSTEMS LIMITED**

**RUKHYA PARVEEN**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**



# Forging Synergies.

*To Achieve Greater Heights and Explore new Horizons.*



# Navigating this Report

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You can also find this report online on:

<https://apollo-micro.com>

### Reporting Scope and Boundary

This Report covers the reporting period between April 1, 2022, to March 31, 2023 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.

## The story of our evolution is defined by our relentless pursuit of excellence, our willingness to challenge established conventions, and our ability to innovate fearlessly.

Our shared vision to make a positive impact and drive progress helped us push through the challenges. However, within the ever-shifting terrain of today's business environment, where change remains a constant companion and adaptation is imperative, we've come to realise that breaking free from the conventional thinking is a prerequisite for surpassing one's former self.

Our relentless pursuit of excellence, willingness to challenge established conventions, and ability to innovate fearlessly define the story of our evolution. Our shared vision to positively impact and drive progress helped us push through the challenges. However, within the ever-shifting terrain of today's business environment, where change remains a constant companion and adaptation is imperative, we've come to realise that breaking free from conventional thinking is a prerequisite for surpassing one's former self.

As we stand today at the crossroads of opportunity and innovation, the power of strategic acquisitions emerges as a potent tool in our pursuit of sustainable and exponential growth. Just as blacksmiths meld and shape multiple metal objects into one strong and purposeful structure, combining strength and precision, we, too, weave together companies into one potent Apollo Micro Systems to create a tapestry of success.



As we embarked on our next leg of growth through strategic collaborations or acquisitions, we often faced questions like:

## Why this was **important?**

**Is this a judicial  
decision, as it would  
lead to an increased  
financial burden?**



For the naysayers, our strategic collaborations or acquisitions embody more than just a financial transaction for us.

By forging synergies, we can pool our collective knowledge and experiences to tackle complex challenges that lie ahead.

It represents a fusion of vision, capability, and resources that can enable us to broaden our portfolio, enhance our capabilities, access new markets, and enhance our competitive advantage.

By forging synergies, we can pool our collective knowledge and experiences to tackle complex challenges that lie ahead.

But beyond the financial metrics lies a more profound significance - the synergy of cultures, talents, and expertise.

By forging synergies, we open doors to explore new horizons and encourage us to step out of our comfort zones for a brighter tomorrow.

The synergy it brings helps us create a harmonious environment where diverse ideas, perspectives, and skills converge to generate innovative solutions and secure our sustainable growth.

# Because,

**For us, the pursuit of excellence never ends. We continuously strive to transcend our achievements and seek opportunities to elevate our standards.**

# Enumerated below are the many ways we have persisted in our pursuit of excellence.

When stakeholders focused on achievements,

**We said, 'Better to focus on what we have not achieved' instead.**

When customers expressed satisfaction with our deliveries,

**We said, 'We would rather focus on how we can partner in their successes' instead.**

When competitors focused on diversifying portfolios,

**We said, 'It might be better to diversify our end-user industries' instead.**

When our research team felt we had achieved what customers wanted,

**We said, 'We must focus on what they require tomorrow as technologies evolve' instead.**

When competitors focused on building scale,

**We said, 'We should focus on emerging as a solution provider' instead.**

When competitors focused on brownfield expansions,

**We said, 'We would rather focus on strategic acquisitions to build on our capabilities' instead.**

When others focused on controlling costs because of the competitive business environment,

**We said, 'Better to build on our technological capabilities to be more efficient'.**

When others focused on enhancing profitability,

**We said, 'Better to focus on becoming the best amongst the competition'.**

# The results of our tireless pursuit of excellence

**₹29,752.60 lakhs**

Revenue from operation, FY23

**₹6,217.49 lakhs**

EBIDTA, FY23

**₹1,906.79 lakhs**

PAT, FY23

**22.34%**

Revenue growth (y-o-y)

**₹2,661.22 lakhs**

R&D Expenses

**30.43%**

PAT growth (y-o-y)

**34.34%**

EBIDTA growth (y-o-y)

**6.41%**

PAT margin in FY23

**20.90%**

EBIDTA margin in FY23





## About us

# This is the story of Apollo Micro Systems Limited

We started our journey as an organisation focused on safeguarding the interest of our nation, Apollo Micro Systems Limited, through dedicated research and development and product innovation.

**But, with each passing year, we grew from strength to strength.**

**We did so...**

- ▶ **By raising our benchmark.**
- ▶ **By hiring the best of the people.**
- ▶ **By seeking opportunities in uncertainty.**
- ▶ **By imbibing the spirit of pushing the boundaries.**
- ▶ **By pioneering the development of new products.**
- ▶ **By keeping our commitments made to our stakeholders.**

Thus, after nearly three and half decades of existence, we have been successful in making a mark of ourselves in the Indian defence, space and homeland security industry.

We strategically met the needs of not just our private customers but also stringent government players, and continued to focus on our research and development activities to deliver solutions for our clients.

**What resulted was a multi-decadal sustainable performance that allowed us to further cement our position in the industry.**

Our relentless focus on adopting sophisticated technology and upholding the highest standards of operational excellence allowed us to create a name for ourselves.



## WHO WE ARE

Established in 1985, Apollo Micro Systems Limited (AMS) has evolved to emerge as one of India's leading electronic, electro-mechanical, engineering designs, manufacturing, and supplies company.

With sustainability as an unwavering core value, we are engaged in the manufacturing and marketing of high-performance, mission and time critical solutions to defence, space and homeland security for the Ministry of Defence, government controlled public sector undertakings and private sector companies.

Utilizing standardized hardware and software technology intellectual properties, our tailored solutions are meticulously crafted to adapt flawlessly to the specific demands and domain prerequisites of our esteemed clientele.

Empowered by our strong R&D capabilities, AMS has meticulously carved a distinctive niche within the intricate tapestry of the industry landscape. This endeavour has culminated in the provision of products finely attuned to cater to the ever-evolving needs of our discerning consumers. Each system and product traverses through a comprehensive array of approval stages, encompassing pivotal junctures such as design, prototyping, functional validation, manufacturing, and qualification testing.

Given the inherently exclusive nature of our systems, meticulously designed for individual programs, the resultant systems and products naturally attain a privileged proprietary standing across the majority of programs.



## 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”**.



## About us

# What we have on offer

We firmly embrace the power derived from our identity, our actions, and the compelling array of products and services we offer.

Fuelled by our impressive R&D prowess, profound industry acumen, and a profound grasp of customer requisites, we have meticulously crafted an expansive array of specialized products and services within the realm of defence and space. Additionally, we extend tailor-made solutions from our repository of Commercially Off-The-Shelf (COTS) innovations, meticulously designed to align with the specific needs of our esteemed defence and space clientele.

### PRODUCT BASED SOLUTIONS

- Avionic systems** ▶ On-board & ground support equipment for avionics
- Aerospace systems** ▶ On-board electronic weapon systems and ground support equipment for missile systems
- Naval systems** ▶ On-board weapon electronics and ground support equipment for torpedoes, decoys-jammers, submarines and ships
- Satellite space systems** ▶ Payload checkout systems and earth station acquisition systems for space applications
- Homeland security** ▶ Integrated surveillance systems, perimeter security systems, anti drones, drones, ads-b systems

### SERVICE BASED SOLUTIONS

**Electronic manufacturing services**

**Electronic and Mechanical CAD**

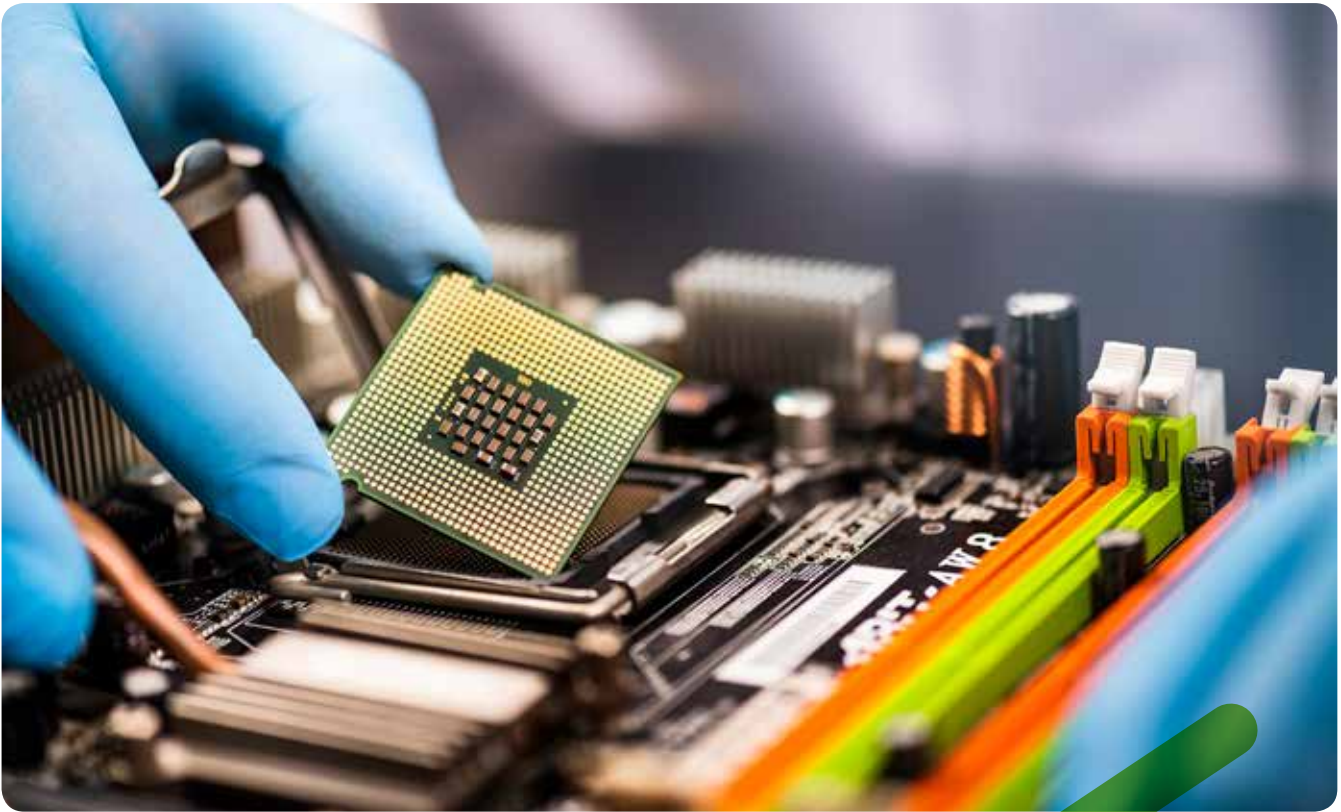
**IT & Software services**

**Weapon and platform integration**

**Hardware designing**

**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.

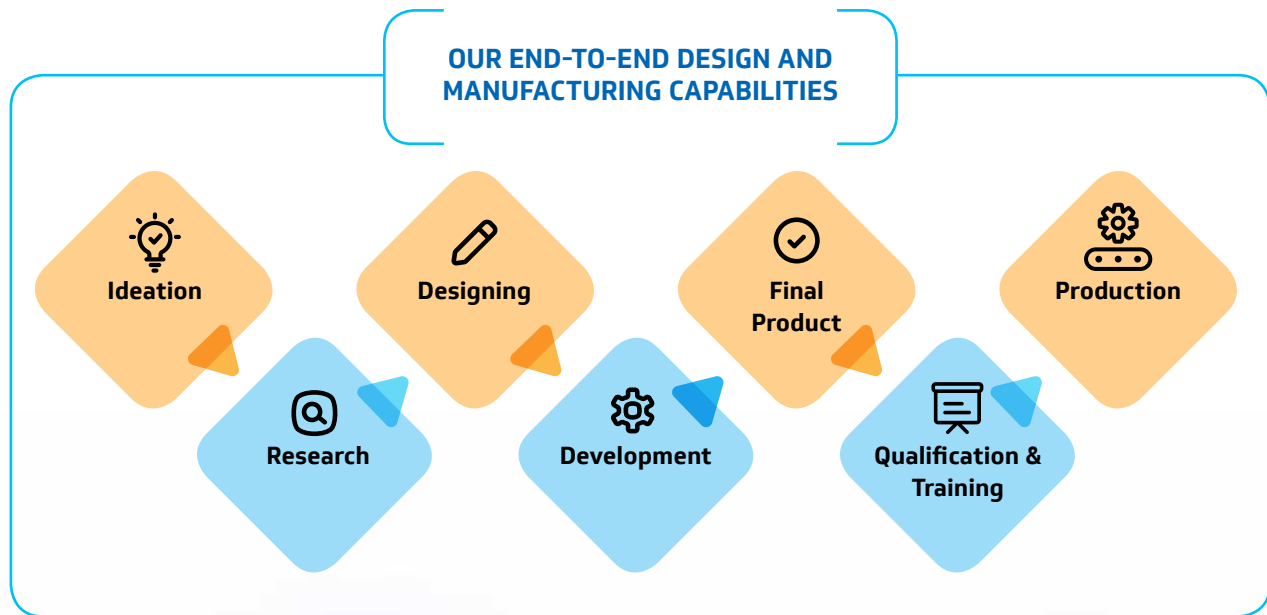
### **Qualification Testing**

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

## About us

# Where we are

Headquartered in Hyderabad, Telangana, India, We have our state-of-the-art manufacturing facility located in Hyderabad only and have product presence spread across India.



# We are driven by

We are driven by our values, our purpose, our priorities, and the beliefs by which we conduct ourselves.



## 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.

## How AMS plan to drive efficiency and innovation?

By investing in contemporary technology and by undertaking strategic acquisitions, thereby building stronger foundations and enabling future growth.

Investment in contemporary technology is expected to help deliver more customised outcome



Undertaking targeted acquisitions can help build capabilities and expand our offerings



Accurate and timely project completion and management



Better operational functionality and flexibility



Better understanding the customer need

## AMS Journey

## From good to great

2010

Successfully configured indigenous automatic launcher controller for the Government's AGNI range of missiles.

2007

Pioneered the introduction of a Developmental Model of Expendable Decoy supplied for Indian Navy & Delivered Fully Indigenous Integrated Mine

Management System for Coal & Iron Ore Mines

2000

Pioneered the introduction of indigenous pay-load checkout system is supplied to ISRO replacing legacy imported systems

2004

Obtained ISO certification in the Defence Electronics segment, first private Company to achieve this certification

1990

Started offering indigenous processor boards for defence applications

1985

Incorporation of AMS as proprietary company offering Electronic CAD design services

2005

Launched telemetry products for ISRO applications

1992

Started offering on-board systems for defence sector

## 2018

Enhanced our presence by getting the company listed on BSE and NSE.

## 2015

- The company reached a significant milestone of generating over ₹1 billion in revenue.
- Established state-of-the-art facility for Defence Systems Manufacturing facility.

## 2017

Doubled our revenue and achieved the milestone of ₹2 billion in revenues.

## 2021

Expanded our capabilities by venturing in the RF & Microwave designs space through the strategic acquisition of an established RF Company.

## 2022

Embarked on expanding our capabilities by setting up our new Weapon Integration Facility.

### Industries we cater



Missile  
Defence



Naval  
Defence



Ground  
Defence



Avionics



Space



Homeland  
Security



Automotive



Telecom



# Message from the Chairman



**As I reflect upon the past year, I am delighted to share with you the exceptional results achieved by us, demonstrating a steadfast pursuit of excellence.**

Dear Shareholder's,

It is always a matter of pride and pleasure for me to pen down my thoughts at the conclusion of yet another exciting year at Apollo Micro Systems Limited (AMS). AMS's journey in FY23 was a case of hard work and dedication. It was, in many ways an exceptional year, from both operational and financial perspective. On the one hand, it was a year with very strong growth not just in terms of revenue but also in terms of our order book. On the other hand, it was a year where we materialised a number of our strategic coals keeping mind how we plan to

grow in the near future.

### **Harnessing our strengths**

As I reflect upon the past year, I am delighted to share with you the exceptional results achieved by us, demonstrating a steadfast pursuit of excellence. As we continued to adapt to the changing business environment, during the year, we focused on harnessing our manufacturing strength by embarking on setting up two new units at a cost outlay of nearly ₹1,500 million. This not only takes us to the next level but also helps us

address the existing and prospective needs. We also focused on enhancing our customisation capabilities by integrating the latest technologies with our manufacturing prowess.

Our core competence covers the entire spectrum of services, including electronic manufacturing, hardware designing, weapon integration and platform integration. Throughout the course of FY23, we focused on realigning our working strategy by focusing on forging strategic partnerships or through targeted

acquisitions of other innovative players within our industry space to strengthen product and service offerings. As we continue to work closely with some of the renowned Indian business entities in the defence and homeland security space (both government and private), our focus remains on emerging as a solution provider with an aim at strengthening the nation's defence system and help emerge India as a self-reliant 'Atmanirbhar' nation.

### Looking back on the year gone by

Coming to our financial performance, we reported commendable across different parameters. Our total revenue for FY23 stood at ₹ 29,752.60 lakhs; 22.34% increase on a year-on-year basis. Our profit before tax stood at ₹ 2,944.02 lakhs, a 45.33% increase compared to the previous year. On the profitability front, our PAT stood at ₹1,906.79 lakhs for the year.

During the fiscal, we completed the commercialisation of the unit at Adibatla, Hyderabad, the construction of which we had commenced in FY22. This not only boosts our capacity but also propels our position in the RF related business activities.

### Embedding sustainability in everything we do

At AMS, we recognize the importance of environmental, social, and governance (ESG) factors in promoting sustainable development. Throughout the year, we have made significant progress in establishing a strong governance system and implementing a comprehensive policy framework to guide our ESG initiatives. Our primary goal is to reduce carbon emissions, protect valuable natural resources, increase the use of renewable energy

sources, and promote responsible business practices. Moving forward, we are fully committed to providing sustainable benefits to all our stakeholders and making a positive contribution to the environment for a cleaner and healthier planet.

### Putting our people first

We take it upon ourselves to ensure that our team is inclusive and representative of the communities we serve. It is essential to create a work environment that enables the thriving of a diverse community of individuals in order to ensure the recruitment and retention of top talent. We are delighted to announce that we have made significant progress in establishing a genuinely inclusive organization and a joyful work environment for our team throughout the year.

### Geared to seize the potential that lies ahead

By diversifying our portfolio, venturing into the newer segments like design, development, production, maintenance, and supply of RF (Radio Frequency), Microwave components, subsystems, and systems using conventional and LTCC (Low temperature co-fired ceramic) technologies, we intend to leverage our expertise and resources to create innovative products and service solutions that helps meet the need of our esteemed clients such as DRDO, ISRO, Ministry of Defence, government controlled public sector undertakings and other private players. Our goal is to innovate and develop cutting-edge technologies, that will help us stay ahead of the curve. Our continual focus on R&D will ensure that we keep delivering added value to our customers and grow business with sustained profitability. Further, with our increasing focus on strategic

**During the fiscal, we completed the commercialisation of the unit at Adibatla, Hyderabad, the construction of which we had commenced in FY22.**

partnerships and targeted acquisitions we intend to continue broadening our horizon. In the years ahead, we are looking forward to venture into different markets and maximise our growth potential.

Considering the favourable macroeconomic conditions in India and the rising focus of the government on enhancing our defence capabilities, we are confident that AMS is strongly positioned to seize market opportunities. This provides us with an excellent chance to generate value, particularly as we focus on growing our presence at an exponential rate over the next few years.

On behalf of every member of the AMS family, we thank our shareholders for the trust they have reposed on us. We are truly grateful for your sustained cooperation throughout our journey. Together, we will achieve a better and more sustainable future.

With the best wishes

**Raghupathy Goud Theegala**

Chairman and Independent Director

# From the Managing Directors desk



**Over the period, we have sincerely worked on our commitments, ensured we kept our promises and thus, today AMS has emerged as one of the leading players in the Indian defence, space and homeland security space.**

Dear Shareholder's,

I am pleased to present AMS's FY23 performance. On the face of it, the year 2022-23 marked a watershed in our existence. Commencing our voyage in 1985, we have nurtured consistent growth throughout the years, culminating in an accomplished presence spanning over three and a half decades within the industry. However, an epiphany has dawned upon us, signalling that the moment is ripe for an accelerated expansion, thereby engendering amplified value for our esteemed stakeholders.

What made this journey incredible is that we have successfully embarked on our strategic vision and have achieved a majority of the milestones set by the management over the course of our journey. Over the period, we have sincerely worked on our commitments, ensured we kept our promises and thus, today AMS has emerged as one of the leading players in the Indian defence, space and homeland security space.

That being said, the big message that I wish to communicate today is that we are working very hard to sustain such crests and will continue to work

tirelessly to create a sustainable future growth strategy for the Company, and our time starts now.

### **There were a number of reasons behind this optimism**

The Indian defence sector has become a crucial part of the Indian economy as India aims to become a global military power. The Ministry of Defence, under the Government of India, has allocated ₹5,25,166 crores for the modernization of armed forces, production facilities, maintenance, and research and development. Additionally, in August 2022, the Ministry of Defence approved

the purchase of military equipment and platforms worth ₹76,390 crores from domestic industries. India's proactive approach to foreign trade and its increasing joint agreements with countries like UAE, Kazakhstan, and the US for defence manufacturing and strengthening defence ties present significant opportunities for growth in the defence manufacturing sector in India.

I am pleased to state that at AMS we had foreseen this industry optimism a few years back and thus accordingly realigned our business strategy to tap on these opportunities. We believe that this prudent approach has led to one best performing year in the history of AMS, thereby enhancing stakeholder value.

### Our performance in FY23

In FY23, AMS clocked revenue of ₹29,752.60 lakhs, representing a 22.34% increase YoY, on the back of an increase in the orders executed. Our EBITDA margins grew to 20.90% from 19.03% in FY22 on the back of lower material cost and continued focus on efficient cost management. Net income for the stood at ₹1,906.79 lakhs, a 30.43% increase over the prior year and PAT margin stood at 6.41%, an increase of 40 bps compared to the previous year. Our EBITDA for the year stood at ₹6,217.49 lakhs, an increase of 34.34% compared to the previous year.

### The next growth phase

In a competitive and regulated sector like ours, the luxury of standing still does not exist.

Companies that need to enhance their competitiveness need to keep growing all the time, either by enhancing their manufacturing capacity, or by investing in cutting-edge technologies, or by undertaking strategic alliances or acquisitions that enhance our capability, bolster our product and

service offering.

Considering that the Company is operating at its optimum capacity utilization, we realised that there is a limited headroom to expand our horizon, until and unless we invest in additional manufacturing capacity.

In view of this, we allocated ₹3,077.71 lakhs during the year towards capacity expansion as we plan to set up two new manufacturing units at our Hyderabad location over the next few years through organic means. Once operational, we expect our manufacturing capacity is expected to expand to 3,30,000+ sq. ft. On the inorganic front, we have set our eyes on targeted acquisitions and strategic collaborations to expand our capabilities. During the year, we got engaged in discussions with different innovative start-up companies in the defence and space research space with the objective to acquire and integrate their innovative technologies with ours. We are almost in the deal finalisation stage with several companies in FY23 and expect to integrate them with the AMS ecosystem once the legal formalities are completed.

We believe that there is considerable relationship head room available for us to deploy additional manufacturing and technological capacities in servicing the growing needs of our esteemed clients and acquire a larger wallet share.

### Growing opportunities

At AMS, we foresee India emerging as the shining star of the global economy, poised to sustain an annual GDP growth surpassing 7% well into the foreseeable future. Against this backdrop, the realization of the government's vision for India as a military superpower, a global manufacturing hub, and an 'Atmanirbhar' India is within reach. As these aspirations come to fruition, we expect a substantial surge in

demand for diverse defence and space equipment and services, thereby presenting a captivating opportunity for a forward-looking company like ours.

### AMS's preparedness

At AMS, we will not only increase our manufacturing and technical capacities to address the markets of the future, but also reinforce our industry position by aggressively engaging in acquisition and collaboration activities. Further, by investing nearly 7% to 8% of revenues on R&D every year, we intend to enhance our operating efficiency and build on our capabilities to introduce pioneering products and services.

As we continue to grow our presence, we intend to focus on building our strengths in key projects such as Universal Homing 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, among others.

### Road ahead

AMS has reached an exciting turning point, and we are eager to see where it takes us. Thanks to our corporate strategy, we have been able to maintain an EBITDA margin of 15% or higher, regardless of market fluctuations.

Therefore, we believe that our planned capacity expansion and acquisition strategy, combined with positive macroeconomic developments, will allow us to achieve sustainable revenue growth, increased surpluses, and enhanced shareholder value at a faster rate in the near future.

With best wishes

**Karunakar Reddy Baddam**  
Managing Director .

# Transforming with profitable growth

## Total revenue (₹ in lakhs)



## EBIDTA (₹ in lakhs)



## EBIDTA margin (in %)



## PAT (₹ in lakhs)



## Net profit (PAT) margin (in %)



## EPS (₹)



**Net worth (₹ in lakhs)****Return on capital employed (RoCE) (in %)****Debt-equity ratio****Interest coverage ratio**

# Forging Synergies

## How we plan to grow in the near future?

We are growing **faster** than the industry.

We are capturing **higher** market share with each passing year.

We are becoming **stronger** in terms of our product offerings.

**This is how Apollo Micro Systems plans to grow in the near future**



### BY STRENGTHENING OUR CORE BUSINESS

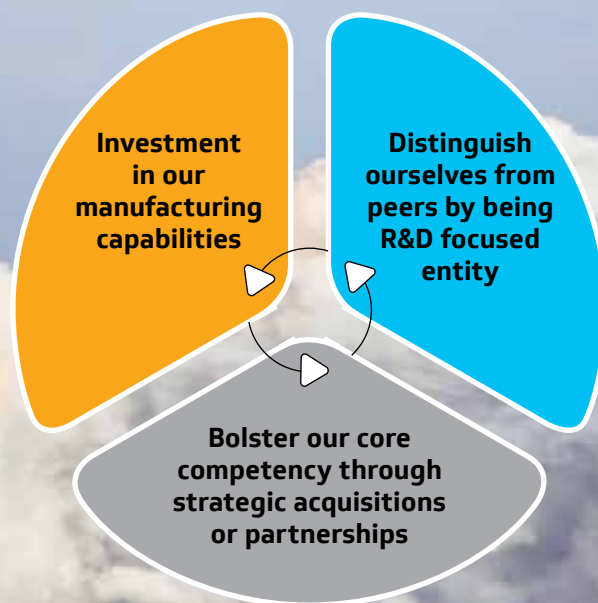
We are vigorously fortifying and expanding our presence to ensure our agile response to the ever-evolving demands of our customers. Embracing an inorganic strategy, we are resolute in bolstering our foundational competencies. Guided by strategic partnerships and targeted acquisition of similar companies, we are determined to amplify our market presence. The company is resolutely pursuing its vision of harnessing its technological proficiencies through discerning acquisitions and venturing into untapped markets, thus embracing an inorganic trajectory in the forthcoming years. This transformative approach entails an augmentation in the spectrum of products and services we offer, consequently rendering AMS even more enticing to our clientele. In this pursuit, we are poised to emerge as a holistic problem-solving partner.

### BY BEING RESEARCH DRIVEN BUSINESS ENTITY

We are focused on improving our relevance by being research focused entity. We would continue to invest in research and development to better understand the changing technological landscape, thereby enabling us to efficiently adopt new technologies and update the existing ones to meet the evolving needs of our customers. Adopting new methods and technologies helps us in increasing the efficiency and productivity of our assets, processes, and operations. A fast, efficient and effective manufacturing process helps the company by saving time and by increasing the manufacturing churn within the existing capacities, thereby enabling the business to sustain profitability.

### BY BUILDING ON OUR MANUFACTURING CAPABILITIES FOR FUTURE GROWTH

We are fortifying our robust foundations to foster enduring and sustainable growth, directing investments into essential infrastructure that aligns with the evolving demands of our customers over the long haul. This strategic endeavour empowers us not only to introduce innovation into our array of offerings, but also facilitates our agility in swiftly accommodating shifting trends. In a bid to amplify its manufacturing prowess, the Company has embarked upon a journey to augment its capabilities by undertaking a monumental undertaking manifesting as the establishment of two cutting-edge manufacturing facilities. This audacious feat entails a substantial capital expenditure amounting to nearly ₹1,500 million.





## Our business model

# How we add value to our business

### INPUTS



#### Financial capital

Financial resources that the Company has or obtains through financing.

Total capital employed - ₹**41,327.32 lakhs**

Debt-equity ratio – **0.80**

Capex investment – ₹**3,077.71 lakhs**



#### Manufacturing capital

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

Number of manufacturing units – 1

Fixed Assets – ₹**10,547.75 lakhs**



#### Intellectual capital

R&D knowledge, intangible, knowledge-based assets

R&D spending – ₹**2,661.22 lakhs**

R&D team size – **150**



#### Human capital

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

Total employees – **298**

Employee benefit expense – ₹**1,243.19 lakhs**



#### Social and relationship capital

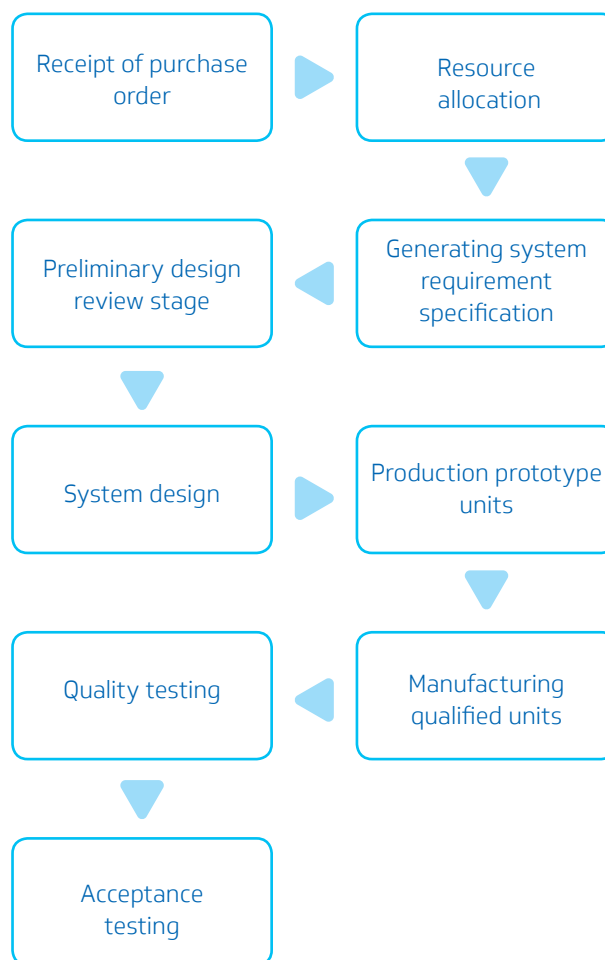
Harmonious blend of expertise and proficiency of our formidable workforce helps us grow sustainably



#### Natural capital

Natural resources impacted by Company's activities

### Value creation process



#### Functions which help us create value

- Manufacturing
- Finance and accounts
- Human resources and administration
- Secretarial and legal
- Supply chain
- Research and development
- IT and digital services

## OUTPUT

World-class products and services offerings across different verticals.

### Product offerings

Aerospace Systems  
Ground Defence  
Space  
Avionic Systems  
Homeland Security & Transportation

### Service offerings

- Electronic manufacturing services
- IT & Software services
- Electronic and Mechanical CAD
- Weapon and platform integration
- Hardware designing
- Embedded software design, development & sustenance

## Focus areas

Culture  
Knowledge  
Governance

Responsibility  
Customisation  
Employees

Value creation  
Stakeholder  
value

## Strengths

- TRUSTED NAME
- SKILLED MANPOWER
- ENDURING CUSTOMER RELATIONSHIPS
- DIVERSITY OF PRODUCT APPLICATION
- STRINGENT ADHERENCE TO QUALITY
- END-TO-END ENGINEERING SOLUTIONS
- ZERO TOLERANCE FOR ERRORS
- STATE-OF-THE-ART INFRASTRUCTURE & DIVERSIFIED OPERATIONS
- MARQUEE CUSTOMERS
- GROWING PORTFOLIO

## OUTCOMES

### Financial

Total income: ₹29,752.60 lakhs  
EBIDTA : ₹6217.49 lakhs  
PAT : ₹1,906.79 lakhs  
RoCE : 13.32%

### Manufacturing

55,000 sq. ft.  
manufacturing space

### Intellectual

Our operations are AS 9100D and ISO 9001:2015 certified  
Our Design team is CEMILAC certified to design and develop airworthy products

### Human

- Prioritising engagement, retention, and effective talent management
- Prioritize employee well-being and promote work-life balance
- Bridging skillset gaps through targeted learning and development programmes

### Social

Our CSR activities revolve around promoting Health Care, Education, Remove Hunger and Poverty, among others.

### Natural

We focused on maximum utilisation of the natural resources and intend to enhance the reuse of natural resources.

## Forging Synergies

# By Strengthening Relationships.

Our business is built on the pillars of three key relationships – customers, suppliers and employees. These relationships provide us with the required stability and help us to grow business. In FY23, we continued to nurture these relationships and focused on forging many new ones to ensure long-term sustainability of our operations.



### **BUILDING LASTING CONNECTIONS WITH CLIENTS TO INCREASE LOYALTY**

We diligently fostered ongoing involvement with our valued customers, guaranteeing the fulfilment of their needs while steadfastly upholding exceptional quality standards and punctual deliveries. Our unwavering commitment to cultivating trust and promoting transparency has been consistently woven into every facet of our business transactions. By assuming the role of a collaborative partner, we have successfully orchestrated an unparalleled customer experience. Furthermore, our dedication to catering to the different needs of our clients remains resolute – exemplified by our investments in sustainable technologies, capacities and R&D, a testament to our unwavering dedication to providing end-to-end solutions to our clients.



### **STRENGTHENING RELATIONSHIPS WITH OUR STAKEHOLDERS**

We embarked on initiatives aimed at securing the enduring generation of sustainable business, while also fostering the long-term value creation of our stakeholders. Aligned with this strategic vision, we have systematically broadened our portfolio beyond the confines of Electronic CAD design services. Our offerings now encompass a diverse array of products and services spanning the defence and space industry.

Moreover, we have cultivated our proficiency in hardware and software domains, as well as engineering design, culminating in the development of functional prototypes. This multifaceted approach has allowed us to not only meet but exceed our customers' expectations, while propelling the expansion of our business.

Furthermore, our commitment to innovation has driven us to establish comprehensive end-to-end engineering capabilities. This commitment not only serves to gratify our clientele but also serves as a cornerstone for the prosperous evolution of our enterprise.

### **INVESTING IN EMPLOYEE RELATIONSHIPS**

Our people's well-being and safety were of the utmost importance, and we took great care to safeguard their health. Stringently implementing essential safety protocols throughout our facilities, we left no room for any health risks to affect our workforce. Simultaneously, our commitment to their growth remained unwavering, as we provided essential skill development training to elevate their expertise. Additionally, we orchestrated captivating and enjoyable activities to sustain a remarkable level of motivation among them. Today, our team comprises of 150+ engineers and research scholars.

## Expanding Horizons

# By Investing in our People

At AMS, our invaluable employees form the backbone of our organization, bringing their collective wisdom and expertise to navigate forward. We prioritize recruiting, nurturing, and retaining top talent to lead the industry. With decades of effort, we've cultivated a diverse cohort, embodying innovation, excellence, and integrity.

Empowerment is paramount; our nurturing work environment drives growth and success. Workplace transformation is central to our sustainable framework, focusing on health, safety, diversity, equity, and inclusion. Our aim is an ecosystem of equal opportunities and motivation.

This transformative approach unlocks our workforce's full potential, yielding lasting benefits through varied skills and perspectives.

### ATTRACTING AND RETAINING THE RIGHT TALENT

Over the years, our main goal has been to attract top talent. To achieve this, we've employed a comprehensive recruitment strategy, including targeted sourcing, rigorous selection, and effective onboarding. Our focus

is on bringing in skilled individuals who align with our values and culture. Beyond hiring, we've heavily invested in engaging employees to enhance camaraderie and ownership. This fosters personal growth and fuels our company's expansion. We strongly believe in involving employees in cross-functional projects, promoting teamwork and contributing to our success.

### LEARNING AND DEVELOPMENT

We emphasize nurturing our current talent through substantial investments in training, leadership development, and partnerships with renowned institutes. Our program grooms future leaders by imparting crucial skills like strategic thinking, communication, and decision-making. Additionally, we encourage employees to pursue

knowledge-enhancing courses for improved effectiveness.

### PROMOTING DIVERSITY, EQUITY AND INCLUSION

Our people strategy emphasizes diversity, gender parity, and inclusivity at all organizational levels. Our talented pool represents varied backgrounds, cultures, and regions, in line with our equal-opportunity commitment.

### EMPLOYEE WELL-BEING

We are dedicated to our employees' well-being, promoting work-life balance, supporting mental health, and fostering a positive culture. We offer flexible work options, wellness programs, health check-ups, and comprehensive benefits to create a supportive and healthy environment.



# Caring for communities



We allocated ₹1.21 lakhs in FY23 to the Development on Communication Arts & Culture Science Economic & Education Centre under the ongoing CSR projects. This funding will benefit various causes, including health, education, women and children, environment, and rural development.

At the core of AMS's values lies a strong dedication to community development, built on our deep understanding of the interconnected relationship between our progress and the well-being of the communities we operate within. These communities, as important stakeholders, provide us with the crucial social support that validates our presence.

Our efforts focus on fostering lasting, comprehensive progress for marginalized and underprivileged groups. We enthusiastically support initiatives in education, healthcare, community growth, and ecological balance, all aimed at driving the ongoing success of these communities.

During the year, we spent ₹40 lakhs through Arunodaya Trust for Sensitization of Students and Communities on HIV, Tuberculosis, and Cancer in the Telangana region.



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



**Karunakar Reddy Baddam**  
Managing Director

Mr. Karunakar Reddy Baddam has more than 37 years of business experience. He is the Founder and Managing Director of the Company. Under his leadership, AMS has evolved from a design company to a provider of complete solutions. Currently, we are successfully delivering subsystems and complete system solutions.

He has played a crucial role in developing solutions for defence and space programs by using innovative ideas and miniaturization techniques. He is a visionary and has worked tirelessly to develop import substitution. He is the driving force behind AMS, providing guidance, direction, and motivation for the company's success over the years. His journey has been characterized by his ambitious and entrepreneurial vision, which has allowed the company to steadily grow and achieve significant milestones in a sustainable manner.



**Chandrapati Venkata Siva Prasad**  
Wholetime Director (Technical)

Mr. Venkata Siva Prasad Chandrapati is the Whole-Time Director (Technical) of the Company. With 25 years of experience in various technologies, he holds an M. Tech degree in Digital Signal Processing and is highly skilled in the industry. His expertise, knowledge, and managerial abilities drive the Research & Development (R&D) groups of the Company. He is responsible for leading and successfully executing the Company's Defence projects. Mr. Chandrapati began his journey with AMS in 1999, after working for several other companies for over eight years. His proficiency in design and product development makes him the top choice in the industry. He is the mastermind behind the construction of intricate weapon system electronics, which have greatly contributed to the success of numerous indigenous defence programs. His extensive knowledge of Space systems has led to the creation of complex Payload Checkout systems and Telemetry Systems for Space Programs.



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

Mr. Krishna Sai Kumar Addepalli is the Whole-time Director (Operations) of the Company. He is an Engineering Graduate in Electronics and Communication with 21 Years of varied experience in marketing, finance & operations. He is serving AMS since 2003, and was instrumental in expanding its customer base, diversifying the company into various markets and implementing reforms in quality processes, building robust supply chain management. He is actively involved in business development and focuses on enhancing the footprints of the company into various forays under defence and non-defence areas.



**Karunasree Samudrala**  
**Independent director**

Mrs. Karunasree Samudrala is a Fellow Member of the Institute of Chartered Accountants of India and a Commerce Graduate from Kakatiya University, Telangana. She has 22 years of extensive experience in Accounting, Audit, and Taxation. She has post-qualification experience in handling Audit Engagements and has worked with various types of audits such as Statutory, Internal, and Tax Audits, as well as audits in the FMCG, stock market, and banking sectors. She has also worked closely with Statutory Auditors, Income Tax Authorities, and Investor Relationship Management. In addition, she holds certifications in International Financial Reporting Standards (IFRS), Certified Internal Auditor (CIA), and Concurrent Audit of Bank from the Institute of Chartered Accountants of India (ICAI). She joined the company's Board as an Independent Director in May 2018.



**Kavya Gorla**  
**Non-Executive Director**

Ms. Kavya Gorla has a Graduate degree in the field of Electronics and Communication Engineering. Her passion for airplanes led her to pursue flight training in Florida, United States of America. She has been a qualified pilot since 2007. She has extensive knowledge in the design and application of Airplane Aerodynamics, Airplane Engines, Avionics, and Radio Navigation Systems.

She has industry experience working as a qualified pilot with Air Deccan, Kingfisher Airlines, and Jet Airways. Her last flight assignment was with Jet Airways India Limited. She is presently pursuing entrepreneurial ventures in the manufacture of heavy engineering applications in the fields of Mining, Automobile, Oil and Gas, and Electrical Infrastructure.





**Aditya Kumar Halwasiya**  
**Non-Executive Director**

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.

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. The Universal-Halwasiya Group has a Turnover in excess of INR 2,000 crores annually. He is a shareholder & 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 & Projects in India.



**Chandrashekar Matham**  
**Independent Director**

Mr. Chandrashekar Matham holds a Ph.D. in "VLSI and Embedded Systems" from SK University, Anantapur, earned in 2009. He also completed an M. Tech. in EIE at the Indian Institute of Science (I.I.Sc.), Bangalore, in 1994. Additionally, he achieved an M. Sc. (Tech.) in 3-year Integrated Applied Electronics from Osmania University Campus in 1986.

He has 21 years of Defence Industrial R&D experience and 11 years of Engineering Teaching Experience for UG & PG at Central and State Universities. He worked as a Senior Manager (R&D) in Missile Technology at Bharat Dynamics, Hyderabad, Ministry of Defense, Government of India. He is well-known for his significant contributions towards the indigenous design, development of Embedded Test Systems Deployment. He worked as Lecturer in Electronics for Seven years, 1987 to 1993 at SSGM College of Engineering, Shegaon,

# Leadership Team



**Sudarshan Chiluveru**  
CFO



**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)



**N Narender**  
Chief General Manager  
(Projects)

# Corporate Information

## Board of Directors

### Raghupathy Goud Theegala

Chairman and Independent director  
DIN: 07785738

### Karunakar Reddy Baddam

Managing Director  
DIN: 00790139

### Kavya Gorla

Non-Executive Director  
DIN: 06407238

### Krishna Sai Kumar Addepalli

Whole Time Director (Operations)  
DIN: 03601692

### Venkata Siva Prasad Chandrapati

Whole Time Director (Technical)  
DIN: 03601703

### Karunasree Samudrala

Independent director  
DIN: 06960974

### Aditya Kumar Halwasiya

Non-Executive Director  
DIN: 08200117

### Dr. Chandrashekar Matham

Independent director  
DIN: 09844975

## Chief Financial Officer

### Sudarshan Chiluveru

## Company Secretary and Compliance Officer

### Vitta Chaitanya Siva Shankar

(Resigned w.e.f. 31.05.2023)

## Registered Office

Plot No 128/A, Road No. 12, BEL Road  
IDA Mallapur, Uppal Mandal, Hyderabad,  
Rangareddy, Telangana – 500 076 India  
Email : cs@apollo-micro.com  
Phone : 91 40 27167000  
Fax: 91 40 27150820  
Website : https://apollo-micro.com  
CIN : L72200TG1997PLC026556

## Statutory Auditors

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

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

## Internal Auditors

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

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

## Secretarial Auditors

### Venkatesh Reddy Datla

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

## Cost Auditors

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

## Committees of the Board Audit Committee

### Karunasree Samudrala

Chairman

### Raghupathy Goud Theegala

Member

### Addepalli Krishna Sai Kumar

Member

## Nomination and Remuneration Committee

### Karunasree Samudrala

Chairman

### Kavya Gorla

Member

(Appointed in a committee w.e.f. 12<sup>th</sup> November 2022)

## Sri Lakshmi Reddy Vangeti Member

(Resigned w.e.f 04<sup>th</sup> November 2022)

### Raghupathy Goud Theegala

Member

## Stakeholders Relationship Committee

### Raghupathy Goud Theegala

Chairman

### Karunakar Reddy Baddam

Member

### Venkata Siva Prasad Chandrapati

Member

### Corporate Social Responsibility Committee

#### Karunakar Reddy Baddam

Chairman

#### Raghupathy Goud Theegala

Member

#### Kavya Gorla

Member

(Appointed in a committee w.e.f. 12<sup>th</sup> November 2022)

#### Sri Lakshmi Reddy Vangeti,

Member

(Resigned w.e.f. 04<sup>th</sup> November 2022)

### Risk Management Committee

#### Venkata Siva Prasad Chandrapati

Chairman

#### Karunakar Reddy Baddam

Member

#### Karunasree Samudrala

Member

### Executive Committee of Directors & CFO

#### Karunakar Reddy Baddam

Chairman

#### Venkata Siva Prasad Chandrapati

Member

#### Krishna Sai Kumar Addepalli

Member

#### Sudarshan Chiluveru (CFO)

Member

### Securities Allotment Committee

#### Raghupathy Goud Theegala

Chairman

#### Karunasree Samudrala

Member

#### Karunakar Reddy Baddam

Member

#### Krishna Sai Kumar Addepalli

Member

### Bankers to the Company

#### 1. State Bank of India

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

#### 2. Axis Bank Limited

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

#### 3. HDFC Bank Limited

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

### Registrar and Transfer Agent

#### Bigshare Services Private Limited

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

**SEBI Registration No.: INR000001385**

### Listing

BSE Limited (BSE)  
National Stock Exchange of India  
Limited (NSE)

# **STATUTORY REPORTS**

# NOTICE

Notice is hereby given that the TWENTY SIXTH (26th) Annual General Meeting (“AGM”) of the Members of **Apollo Micro Systems Limited** (“the Company”) will be held on FRIDAY the **29<sup>th</sup> SEPTEMBER 2023** at **3:00 P.M.** (IST) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

## ORDINARY BUSINESS

### 1. Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2023, together with the Reports of the Board of Directors and, in this regard, the Auditors thereon and to consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolution:

**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended 31st March, 2023 including the Audited Balance sheet as at 31st March, 2023; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date along with the Schedules and Notes thereto and the reports of the Board of Directors and Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted

### 2. Adoption of Audited Consolidated Financial Statements

To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2023 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 31st March, 2023 including the Audited Balance sheet as at 31st March, 2023; the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that

date along with the Schedules and Notes thereto and the report of Auditor thereon as circulated to the members with the Notice of the Annual General Meeting and submitted to this meeting be and are hereby considered and adopted

### 3. Declaration of Dividend

To declare a final dividend on equity shares for the financial year ended as on 31st March, 2023 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 ₹ 0.025 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 31st March, 2023 and the same be paid out of the profits of the Company.”

### 4. Re-appointment of a Director

To appoint a Director in place of Ms Kavya Gorla [DIN 06407238], who retires by rotation and, being eligible, offers herself for re-appointment and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 Ms Kavya Gorla having [DIN: 06407238], who retires by rotation and being eligible offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company, who is liable to retire by rotation.”

## SPECIAL BUSINESS

### 5. Ratification of Remuneration of Cost Auditors

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

**“RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses payable to 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, 2024.

**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.”

6. **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.**

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

**“RESOLVED THAT** pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015 and other applicable provisions, if any and as per recommendation of Nomination and Remuneration Committee, the consent Company be and is hereby accorded to the Board for the payment of remuneration in excess of threshold limits as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] to Mr Karunakar Reddy Baddam, Managing Director (Promoter) till the expiry of his current term.

**“RESOLVED THAT** pursuant to Sec 196, 197, and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), other consents, approvals, permissions, consent of the Members be and is hereby accorded to for payment of remuneration exceeding ₹ 2,00,00,000/- (Rupees two crores only) Mr Karunakar Reddy Baddam, Managing Director of the Company.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the currency of tenure of the appointment, the Managing Director shall be paid salary, perquisites and other allowances as the minimum remuneration, subject to ceiling as specified in Schedule V of the Companies Act, 2013 from time to time, if so required, in accordance with the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** all other terms and conditions relating to appointment as approved by the shareholders through postal ballot voting which concluded on 11 May 2022 and increased limits of managerial remuneration as approved in the annual general meeting held on 28 September 2021 remain unchanged.

**RESOLVED FURTHER THAT** Board of Directors of the Company be authorised to be alter, enhance, widen or vary the extent and quantum of salary, perquisites and any payment thereof in accordance with the provisions of Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all steps as may be necessary, proper and expedient to give effect to this resolution.”

**NOTES:**

1. Considering the ongoing Covid-19 pandemic and pursuant to General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 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 (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 all other relevant circulars issued by the Ministry of Corporate Affairs the Company is convening the 26th Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company situated at Plot No 128/A, Road No. 12, Bel Road, IDA Mallapur, Uppal Mandal, Hyderabad - 500076.

2. The Statement, pursuant to Section 102 of the Companies Act, 2013, as amended (‘Act’) setting out material facts concerning the business with respect to Item Nos. 5&6 forms part of this Notice. Additional information, pursuant to Regulation 36(3) and 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘SEBI Listing Regulations’) and Secretarial Standard - 2 on General Meetings/issued by The Institute of Company Secretaries of India, in respect of Director retiring by rotation seeking re-appointment at this Annual General Meeting (‘Meeting’ or ‘AGM’) is furnished as an Annexure to the Notice.
3. **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
5. Dispatch of Annual Report through Electronic Mode:

In compliance with the MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2022-23 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 2022-23 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 [srinadati@gmail.com](mailto:srinadati@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, 22<sup>nd</sup> September, 2023** as the 'Record Date' for determining entitlement of members to dividend for the financial year ended 31st March, 2023, if approved at the AGM.
10. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23<sup>rd</sup> September, 2023 to Friday, 29<sup>th</sup> September 2023 (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 2022-23, if approved/declared at the AGM, the payment of such dividend subject to deduction of tax at source will be made within a period of 30 days from the date of declaration.
  - i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on **Friday, 22<sup>nd</sup> September, 2023** the 'Record Date'.
  - ii. To all Members in respect of shares held in physical form after giving effect to transmission or transposition requests lodged with the Company as of the close of business hours on **Friday 22<sup>nd</sup> September, 2022** the 'Record Date'.
12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this,

Members are requested to claim their dividends from the Company, within the stipulated timeline. The Interim Dividend declared for the financial year 2018-19 would be the first to become due for transfer to IEPF in December, 2026. The Final Dividend declared for the financial year 2019-20 would be the first to become due for transfer to IEPF in September, 2027. The Final Dividend declared for the financial year 2020-21 would be the first to become due for transfer to IEPF in September, 2028. Members, who have not claimed the Unpaid Dividend so far, are requested to make their claim to the Company's Registrar & Transfer Agents (R & T Agents).

Pursuant to the provisions of the Companies act, 2013, rules made there under and IEPF rules the details of the unpaid/unclaimed dividend of the shareholders w.r.t to the interim dividend declared for the FY 2018-19, Final Dividend declared for the financial year 2019-20, Final Dividend declared for the financial year 2020-21 and Final Dividend declared for the financial year 2021-22 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.

13. 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.

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, 16th September, 2023 to email id cs@apollo-micro.com. The same will be replied 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 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 [https://apollo-micro.com/wp-content/uploads/2022/08/2.-Form\\_SH-13.pdf](https://apollo-micro.com/wp-content/uploads/2022/08/2.-Form_SH-13.pdf). 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 <https://apollo-micro.com/wp-content/uploads/2022/08/3.-Form-ISR-3.pdf> or SH-14 <https://apollo-micro.com/wp-content/uploads/2022/08/1.-Form-No.-SH-14.pdf> as the case may be. The said forms can be downloaded from the Company's website [www.apollo-micro.com/investors/](http://www.apollo-micro.com/investors/). Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to TCPL in case the shares are held in physical form.
17. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to cs@apollo-micro.com by 11:59 p.m. IST on **Friday, 22<sup>nd</sup> September, 2023**. 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. The aforesaid declarations and documents need to be submitted by the shareholders on or before 11:59 p.m. IST on **Friday, 22<sup>nd</sup> September, 2023**.

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  
 Website: www.bigshareonline.com

19. As directed by SEBI, Members are requested to-
  - i) Intimate to the DP, changes if any, in their registered addresses and/or changes in their bank account details, if the shares are held in dematerialized form.
  - ii) Intimate to the Company's RTA, changes if any, in their registered addresses, in their bank account details, if the shares are held in physical form (share certificates).
  - iii) Consolidate their holdings into one folio in case they

hold Shares under multiple folios in the identical order of names.

- iv) **Dematerialize the Physical Shares to Electronic Form (Demat) to eliminate all risks associated with Physical Shares. Our Registrar and Transfer Agents viz., Bigshare Services Private Limited, Hyderabad (Phone 91 40 401 44582) may be contacted for assistance, if any, in this regard. Further, as per amendment to Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form effective 1st April, 2019. Members are advised to Dematerialize the shares held by them in physical form.**
20. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through electronic modes of payment to investors wherever bank details are available. In case Bank details are not available or incorrect, the Company will print the available details on the payment instrument for distribution of dividend. Due to prevailing pandemic Covid-19 the postal services are not working widely as it used to be, thus members are requested to update their bank account details with the Depositories and Company's Registrar and Transfer Agents for receiving the dividend through electronic mode of payment.
21. **The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form who have not done so are requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA.**
22. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
23. The result declared along with the Scrutinizer's Report shall be placed on the Company's website <https://apollo-micro.com/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.
24. **CDSL e-Voting System – For e-voting and Joining Virtual meetings.**
- As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
  - 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.
  - 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, 25<sup>th</sup> September, 2023 (09:00 A.M. IST)** and ends on **Thursday, 28<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 **22<sup>nd</sup> September, 2023** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

also enhancing ease and convenience of participating in e-voting process.

**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>	<p>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.</p> <p>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.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReq.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReq.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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

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

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- 1) Click on “Shareholders” module.
- 2) 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.
- 3) Next enter the Image Verification as displayed and Click on Login.

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.

- 4) If you are a first-time user follow the steps given below:

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

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> (in our case, select “Apollo Micro Systems Limited”) on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as

desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

It is Mandatory that, a scanned copy of the Board

Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

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

- (i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

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 16<sup>th</sup> September 2023, 11:59 P.M. mentioning their name, demat account number/folio number, email id, mobile number at company email id 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 16<sup>th</sup> September 2023, 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. These queries will be replied to by the company suitably by email.

- (vii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- (viii) 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.
- (ix) 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 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, MarathonFuturex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

By Order of the Board <b>For Apollo Micro Systems Limited</b>	
Place: Hyderabad Date: 10 <sup>th</sup> August 2023	<b>Karunakar Reddy Baddam Managing Director DIN: 00790139</b>

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

Particulars	Ms Kavya Gorla
Director Identification Number (DIN)	06407238
Date of Birth / Age	19/07/1984 (39 Years)
Date of first appointment on the Board	13/10/2022
Educational Qualification	She has a Graduate degree in the field of Electronics and Communication Engineering. Her passion for airplanes led her to pursue flight training in Florida, United States of America. She has been a qualified pilot since 2007. She has extensive knowledge in the design and application of Airplane Aerodynamics, Airplane Engines, Avionics, and Radio Navigation Systems.
Experience (including expertise in specific functional areas) / Brief Resume	She has industry experience working as a qualified pilot with Air Deccan, Kingfisher Airlines, and Jet Airways. Her last flight assignment was with Jet Airways India Limited. She is presently pursuing entrepreneurial ventures in the manufacture of heavy engineering applications in the fields of Mining, Automobile, Oil and Gas, and Electrical Infrastructure.
Directorships held in other companies	1. Spitfire Forgings Private Limited
Memberships/ Chairmanships of committees across companies	Apollo Micro Systems Limited-Member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee
Relationship with other Directors/Key Managerial Personnel	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 Directors during the year and remuneration drawn/sitting fees received, please refer to the Boards' Report and the Corporate Governance Report forming part of the Annual Report.

In terms of the provisions of Section 152(6) of the Act, Ms Kavya Gorla (DIN: 06407238), retires by rotation at the meeting. The Board of Directors recommends her re-appointment.

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

**ITEM 5 : 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 29<sup>th</sup> May, 2023 considered the appointment of Messrs G H REDDY & ASSOCIATES, Cost

Accountants (Firm Registration Number – 002110) as the Cost Auditors of the Company for FY 2023-24. 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 2023-24.

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 2023-24 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 2023-24. 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 2023-24.

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, 2024.

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.

**ITEM 6: To consider the approval for increase in remuneration limits of Managerial Remuneration of Mr. Karunakar Reddy Baddam in terms of SEBI (LODR) Regulations 2015 and Companies Act, 2013**

The members at their meeting held on 28<sup>th</sup> September 2021 accorded their approval for increase in overall limit of Managerial remuneration payable by the Company in respect of any financial year from 11% (eleven percent) to 18% (Eighteen percent) of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 and increase the limit specified for the remuneration payable under section 197 (1) (i) to Managing Director and Whole-Time

Directors (to all such directors and manager taken together) payable by the Company in respect of any financial year from 10% (ten per cent) to 17% (Seventeen Percent) of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 and to increase the Remuneration including Commission/ Salary upto 10% of the net profits of the Company computed in the manner laid down in section 198 of the Companies Act, 2013 or ₹ 2,00,00,000/- (Rupees Two crores only) whichever is higher to Mr. Karunakar Reddy Baddam, Managing Director of the Company.

As per Regulation 17(6) (e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the fees or compensation payable to executive director who is a promoter or member of the promoter group shall be subject to approval of shareholders by special resolution in general meeting if (a) The annual remuneration payable to such executive director exceeds Rs. 5 Crores or 2.5 percent of the net profits of the Company (calculated as per the provisions of Section 198 of the Companies Act, 2013) whichever is higher. Currently, Mr. Karunakar Reddy, Managing Director is the promoter of the Company.

The remuneration of Managing Director is proposed to exceed ₹5 Crores in the coming financial year(s) and hence seeking approval of shareholders by way of special resolution in order to comply with the Regulation 17 (6) (e) of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. Except the above, all other existing terms and conditions of appointment as approved by the members till the expiry of his term shall remain unchanged.

The Board approved the above proposal in their meeting held on 10th August, 2023 after considering the contributions of Mr. Karunakar Reddy, Managing Director towards the overall growth and development of the Company.

The Board recommends the special resolution as set out in item No.6 of the Notice for approval by the shareholders. Except Mr. Karunakar Reddy and his relatives, none of the Directors and Key Managerial Personnel key managerial personnel of the company including their relatives is concerned or interested in the resolution, financially or otherwise, except to the extent of their shareholding, if any, in the Company.

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

**Karunakar Reddy Baddam**  
**Managing Director**  
**DIN 00790139**

**Place: Hyderabad**  
**Date: 10th August 2023**

# Board's Report

To the Members,

The Directors are pleased to present you the 26th Annual Report of Apollo Micro Systems Limited ("the Company or AMS") along with the audited financial statements for the financial year ended 31st March, 2023.

## 1. FINANCIAL RESULTS

The audited financial statements of the Company as on 31st March, 2023 are prepared in accordance with

the relevant applicable Ind AS and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and provisions of the Companies Act, 2013 ("Act").

**The summary of financial performance (standalone & consolidated) for the Financial Year ended 31st March, 2023 and the corresponding figures for the Financial Year ended 31st March, 2022 are as under:**

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

Particulars	Standalone		Consolidated	
	Current year (2022-23)	Previous year (2021-22)	Current year (2022-23)	Previous year (2021-22)
Revenue from Operations	29,752.60	24,319.11	29,752.60	24,319.11
Other Income	127.94	75.90	82.37	75.94
<b>Total Revenue</b>	<b>29,880.54</b>	<b>24,395.01</b>	<b>29,834.97</b>	<b>24,395.05</b>
Cost of materials Consumed	24,375.19	19,988.75	24,375.19	19,988.75
Changes in inventories of finished goods, WIP, stock-in-trade	(3,397.22)	(1,876.06)	(3,397.22)	(1,876.06)
Employee Benefit Expenses	1,243.19	977.04	1,243.19	977.04
Other Expenses	1,119.66	677.08	1,122.33	677.65
Financial charges	2,236.84	1,704.80	2,236.88	1,704.89
Depreciation	1,036.64	897.65	1,036.64	897.65
<b>Profit or Loss Before exceptional and extraordinary items and tax</b>	<b>3,266.24</b>	<b>2,025.75</b>	<b>3,217.96</b>	<b>2,025.13</b>
Exceptional Items	322.22	-	322.22	-
<b>Profit or Loss Before tax (PBT)</b>	<b>2,944.02</b>	<b>2,025.75</b>	<b>2,895.73</b>	<b>2,025.13</b>
Tax Expenses: a) Current Tax	363.03	208.66	347.79	208.46
b) Earlier Tax Adjustments	-	-	-	-
c) Deferred Tax	674.19	355.15	674.19	355.15
<b>Total Tax Expense</b>	<b>1,037.23</b>	<b>563.81</b>	<b>1,021.99</b>	<b>563.61</b>
<b>Net Profit or Loss After Tax (NP)</b>	<b>1,906.79</b>	<b>1,461.94</b>	<b>1,873.75</b>	<b>1,461.52</b>
<b>Earnings Per Share (Basic)</b>	<b>9.18</b>	<b>7.04</b>	<b>9.02</b>	<b>7.04</b>
<b>Earnings Per Share (Diluted)</b>	<b>6.22</b>	<b>7.04</b>	<b>6.11</b>	<b>7.04</b>

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

The financial statements for the year ended 31st March, 2023 and 31st March, 2022 have been prepared as per the Ind AS (Indian Accounting Standards). There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

## 2. COMPANY'S PERFORMANCE

During the year under review FY 2022-23, the standalone performance of your company was reported as under:

The revenue from operations is ₹29,752.60 lakhs against ₹24,319.11 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been increased by 34.34% to ₹6,217.49

lakhs against ₹4,628.20 lakhs in the previous year. The Profit before Tax (“PBT”) for the year under review is ₹2,944.02 lakhs as against ₹2,025.76 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 30.43% to ₹1,906.79 lakhs against ₹1,461.94 lakhs in the previous year. The Earning per Share (“EPS”) of the Company for the year under review is ₹9.18/- (basic) and ₹6.22/- (diluted) per share.

The key aspect of your Company’s consolidated performance during the FY 2022-23 are as follows:

The revenue from operations is ₹29,752.60 lakhs against ₹24,319.11 lakhs in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization (“EBITDA”) has been increased by ₹33.31% to ₹6,169.25 lakhs against ₹4,627.67 lakhs in the previous year. The Profit before Tax (“PBT”) for the year under review is ₹2,895.73 lakhs as against ₹2,025.13 lakhs in the previous year. The Net profit after tax of the Company for the year under review has been increased by 28.21% to ₹1,873.75 lakhs against ₹1,461.52 lakhs in the previous year. The Earning per Share (“EPS”) of the Company for the year under review is ₹9.02/- (basic) and ₹6.11/- (diluted) per share.

### 3. BUSINESS OUTLOOK

As world is witnessing a Military aggression across nations and an unconventional war practice being followed for sustenance in the war field and constant thrust to gain or regain new and old positions in the war-torn lands it has become very important for every country to keep themselves equipped under any eventuality. This has become more important in the present times as the present war has given some hard lessons of isolation and alliances by countries. So why are we talking about this?. Yes, we are talking about this as the present situation has given an alarm to all countries not only to equip themselves with Defence equipment but also to choose a long-term Defence ally for supply of Defence equipment and technology. This scenario has given an unprecedented opportunity to India and Defence eco-system in India. Although the world is continuing to face challenges through semiconductor war the growing demands in Defence equipment across world and more

so in India with a thrust for Make in India and 100% Self Reliance has kept the Defence Growth story on strong foot. Although some term this as sunrise industry, we term this as Industry where now the UV Index is at peak and convert this energy for better growth of the Defence companies for a sustained business for the years to come. The huge encouragement given by Govt of India is also supporting the local industry to aspire and export various products and technologies across the world.

### 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 ₹260.00 Crores Line of Credit (short term ₹210 Crores & long term ₹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 & Short-Term rating has been assigned as “Stable” by the credit rating agency.

### 5. SHARE CAPITAL

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

During the year under review, the Authorised Share Capital of the Company was increased from ₹27,00,00,000/- (Rupees Twenty Seven Crores Only) divided into 2,70,00,000 (Two Crores Seventy Lakhs Only) Equity Shares of ₹10/- (Rupees Ten Only) each to ₹36,00,00,000/- (Rupees Thirty Six Crores Only) divided into 3,60,00,000 (Three Crores Sixty Lakhs Only) Equity Shares of ₹10/- (Rupees Ten Only) each by the addition there to a sum of ₹9,00,00,000/- (Rupees Nine Crores Only) divided into 90,00,000 (Ninety Lakhs) Equity Shares of ₹10/- (Rupees Ten Only) each.

Further, the Company sought approval of members through postal ballot for sub-division of 1 Equity Share of the face value of ₹10/- per share to 10 Equity Shares of face value of ₹1/- per share. Accordingly the Authorised share capital of the Company as on 31<sup>st</sup> March 2023, stands at ₹36,00,00,000/- (Rupees

Thirty Six Crores Only) divided into 36,00,00,000 (Thirty Six Crores Only) Equity Shares of ₹1/- (Rupee One Only) each.

As on 31st March, 2023 Paid-up capital of the Company stood at ₹20,76,38,860/- comprising of 2,07,63,886 equity shares of ₹10/- each. This is subsequent to the sub-division of one equity share of your Company having face value of ₹10/- into Ten equity shares of face value of ₹1/- each and consequent alteration in the Capital Clause of the Memorandum of Association of the Company which was approved by the Share Holders on 28<sup>th</sup> Day of March 2023. The effective date / record date for the same is 4th May 2023.

#### (b) Status of Shares

As the members are aware, the Company's shares are compulsorily tradable in electronic form. Out of the total paid up capital representing 2,07,63,886 equity shares, the following equity shares of the Company are in dematerialized and physical form as on 31st March, 2023:

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialised form in CDSL	38,86,859	18.72
2.	Held in dematerialised form in NSDL	1,68,77,019	81.28
3.	Physical	8	negligible
	Total	2,07,63,886	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

During the year the company has taken approval from Shareholders to issue 1,01,00,070 warrants to promoters and non-promoters in accordance with provisions of SEBI (ICDR) Regulations, 2018. The Company has applied to BSE Limited and National Stock Exchange of India Limited for the in-principle approval and the same is received from both the Stock Exchanges for 98,85,070 warrants on 22 November 2022.

#### 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, 2023 is available on the Company's website at <https://apollo-micro.com/wp-content/uploads/2023/09/Annual-Return-F.Y.-2022-2023.pdf>

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

During the year under review, Seven (7) meetings of the Board of Directors of the Company were held on 28<sup>th</sup> May, 2022, 23<sup>rd</sup> July 2022, 12<sup>th</sup> August, 2022, 13<sup>th</sup> October, 2022, 12<sup>th</sup> November, 2022, 21<sup>st</sup> January, 2023 and 10<sup>th</sup> February 2023. 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 10<sup>th</sup> February 2023 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, 2023, 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 Company has made delay of 8 days in filing of disclosures of related party transactions, pertaining to Quarter ended 31-March-2022, with National

Stock Exchange of India Limited.

- The Company has made delay of 23 days in appointment of Independent Director between October 13, 2022 to November 04, 2022, for the Quarter ended 31/12/2022. The requirement of an Independent Director is due to appointment of another Non-Executive Director.
- The Company has appointed M/s. G H Reddy & Associates, Cost Accountants (Firm Registration Number - 002110), for carrying out cost audit for Financial Year 2021-22. However, the cost audit report has not been filed by the Company with Registrar of Companies, for the financial year ended 31st March, 2022 as on date of this report.

The Board took note of the above observations of the auditors at their meeting held on 10<sup>th</sup> August 2023 and resolved to ensure due compliance henceforth and make sure that all reportings 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 2022-23, the Company has given loan to Ananya SIP RF Technologies Private Limited, subsidiary Company (details mentioned below) and has not given any guarantees to any person or other bodies corporate or acquired securities of any other body corporate as referred to in Section 186 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014. Further, the company has not made any investment during the period under review.

During the year under review, the Company has given a loan of ₹222.95 lakhs and amount outstanding as on 31 March 2023 is ₹593.00 lakhs. The loan to subsidiary is repayable on demand with interest at 9.80% p.a.

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

Your Company has one (1) subsidiary company. M/s

Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) is the subsidiary of the Company with 51% stake in the aforementioned Company other than that the Company does not have any joint ventures/Associate Companies during the year under review.

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

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

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

#### **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 2022-23 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 2022-23, 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 2022-23, 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 2.5% (₹0.025/- 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 2022-23. The said dividend, if approved by the shareholders, would result into a cash outflow of approximately ₹76,62,239/- (assuming the conversion of 98,85,070 warrants issued and allotted on 5<sup>th</sup> December 2022 into equity shares)

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**

Pursuant to Regulation 43A of the SEBI Listing Regulations mandates top 1000 Listed Companies based on their market capitalization to formulate Dividend Distribution Policy. As per Regulation 43A of SEBI Listing Regulations, your company has voluntarily adopted the Dividend Distribution policy.

Accordingly, the policy was adopted to set out parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to the shareholders. The Policy is also available on the Company's website under the web link <https://apollo->

micro.com/wp-content/uploads/2017/12/DIVIDNED-DECLARATION-POLICY.pdf. The Policy is also annexed herewith as **Annexure-E** to the Board's Report.

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

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

#### 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 developing state of the art Naval technologies, Drones & Jammers, Varied Fuses for Artillery and Weapons, Actuators for Avionics Platforms.

Our Research & Design team has done significant study on futuristic requirements and problem statements of Armed forces in India and other countries and has initiated these development activities to meet their pressing requirements.

We foresee these technologies would give exponential benefit in future. We have been working closely with our clients in improvising these technologies and testing them for their end use and the results are more than satisfactory and we are confident of they getting inducted in various projects from time to time.

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 2024 and FY 2025. We have spent ₹2,661.22 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 31st March, 2023 (Amount in Lakhs)	Year ended 31st March, 2022 (Amount in Lakhs)
Value of imported raw-materials on CIF basis	₹1,566.84	₹989.70
Other Expenses: Foreign Travel Expenses	₹15.22	Nil
Earnings in foreign currency: FOB Value of Exports 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 10<sup>th</sup> February, 2023 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 as available on the website of the Company under the web link [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 2022-23, no grant of options was made to the employees of the company, under the ESOS scheme. The disclosures according to the provisions of the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on 31st March, 2023 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 2022-23.

#### **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 except to the extent 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, 2023. 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 2022-23, the following changes occurred in Board composition.

1. Appointment of Mrs. Kavya Gorla (DIN 06407238) as the Director of the Company w.e.f 13th October 2022. Shareholders' approval has been taken in the Extra ordinary General Meeting held on 12th November 2022
2. Appointment of Dr. Chandrashekar Matham (DIN: 09844975) as the Director of the Company, in the capacity of Independent Director, with effect from 21st January 2023. Shareholders' approval has been taken through Postal Ballot dated 28th March 2023.
3. Appointment of Mr. Aditya Kumar Halwasiya (DIN: 08200117) as the Director of the Company, in the capacity of Non-Executive Non-Independent Director, with effect from 21st January 2023. Shareholders' approval has been taken through Postal Ballot dated 28th March 2023.
4. Re-appointment of Mrs. Karunasree Samudrala as the Independent Director the Company for the Second Term of 5 years from of 29th May 2023 to 28th May 2028.
5. Resignation of Sri Lakshmi Reddy Vangeti (DIN: 02757567) from the Board w.e.f. 04th November 2022.
6. Re-appointment of Mr. Karunakar Reddy Baddam

(DIN: 00790139) as Managing Director (“MD”) of the Company, for a further period of 5 (five) years commencing from April 1, 2022 till March 31, 2027(both days inclusive).

7. Re-appointment of Mr. Venkata Siva Prasad Chandrapati (DIN: 03601703), as Whole Time Director (Technical) of the Company, for a further period of 5 (five)years commencing from August 22, 2022 till August 21, 2027 (both days inclusive)
8. Re-appointment of Mr. Krishna Sai Kumar Addepalli (DIN: 03601692), as Whole Time Director (Operations) of the Company, for a further period of 5 (five)years commencing from August 22, 2022 till August 21, 2027 (both days inclusive)
9. Re-appointment of Mr. Raghupathy Goud Theegala (DIN: 07785738), who has submitted a declaration that he meets the criteria of Independence as provided under the Act and the Listing Regulations, as an Independent Director, not liable to retire by rotation, for a further period of 5 (five) years from August 22, 2022 till August 21, 2027 (both days inclusive)

Further in compliance with SEBI Listing Regulations, consent of the shareholders for the appointment/re-appointment was taken within 3 months of appointment by the Board through postal ballot.

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

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

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

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

During the financial year 2022-23, there was no change in the Key Managerial Persons (KMP’s) of the Company.

Mrs. Kavya Gorla (DIN:06407238) retires by rotation at the ensuing 26<sup>th</sup> Annual General Meeting and being eligible, offers herself for reappointment.

Additional information on reappointment of Mrs. Kavya Gorla (DIN:06407238) as director and as required under regulation 36 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. SIGNIFICANT AND MATERIAL ORDERS [RULE 8(5) (vii) OF COMPANIES (ACCOUNTS) RULES, 2014]

During the financial year 2022-23, 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 2023-24 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 above proposal forms part of the Notice of the AGM for your approval.

The report of the Statutory Auditor forms part of this Annual Report and Annual Accounts 2022-23. The said report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors did not report any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

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

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

**(b) Internal Auditors**

As per the provisions of Section 138 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors had appointed M/s Surya Pavan & Co, Chartered Accountants, Vijayawada (ICAI Firm Registration No. 0156125), as Internal Auditor to conduct the internal audit of the Company for the Financial Year 2023-24 on a remuneration of ₹1,50,000/- per annum.

The Internal Audit Report for the Financial Year 2022-23 issued by M/s Surya Pavan & Co, Chartered Accountants, Vijayawada is submitted which is self-explanatory and do not call for any further explanation of the Board.

**(c) Cost Auditors**

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

The Board of Directors of the Company has, on the recommendation of the Audit Committee, approved the appointment of M/s G H Reddy & Associates, Cost Accountants (Firm Registration Number – 002110) for the year ending March 31, 2024. 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 2023-24. The same is placed for ratification of Members and forms part of the Notice of the AGM.

**(d) Secretarial Auditors**

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

of the Company for the Financial Year 2022-23.

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, issued by Mr. Venkatesh Reddy Datla, Practicing Company Secretary, in Form MR-3 for the financial year 2022-23 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 : P2017TLO59600) as the Secretarial Auditor of the Company for the Financial Year 2023-24 in the Board Meeting held on 10<sup>th</sup> August 2023.

**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. POLICY ON SEXUAL HARASSMENT

Your Company is committed to provide work environment that ensures every employee is treated with dignity and

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

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

Further, the Company has complied with provisions relating to constitution of Internal Complaints Committee ("ICC") under Sexual Harassment of women at workplace (Prevention, Prohibition, & Redressal) Act, 2013. The Committee has been set up to redress complaints received regarding sexual harassment. The detail of the committee members is available on the website of the Company <https://apollo-micro.com/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. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

**Sd/-**

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sd/-**

**Krishna Sai Kumar Addepalli**

Whole Time Director (Operations)

DIN: 03601692

Place: Hyderabad

Date: 10<sup>th</sup> Aug, 2023



## 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. During the year under review the Board approved the revised CSR Policy of the Company in accordance with the Companies Act amendments from time to time. The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at <https://apollo-micro.com/wp-content/uploads/2017/12/CSR-POLICY.pdf>

2. Composition of CSR Committee:

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

\* Appointed w.e.f 12<sup>th</sup> November 2022. She was entitled to attend one meeting held on 10<sup>th</sup> February 2023

\*\* Resigned w.e.f 04<sup>th</sup> November 2022

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/2021/03/committees-of-board-and-others12022021.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): ₹1,999.38 Lakhs

Financial Year	Profit before tax (in ₹ Lakhs)
2019-20	2,526.09
2020-21	1,446.29
2021-22	2,025.76
<b>TOTAL</b>	<b>5,998.14</b>
Average of the PBT	1,999.38

7. (a) Two percent of average net profit of the company as per section 135(5): ₹39.99 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): ₹39.99 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.
₹41.21 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	Dis-trict						Name	CSR Reg-istration 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.	Sensitization of Students and Communities on HIV/ Tuberculosis and Cancer	(i)	Yes	Telangana	Hyderabad	₹40.00 Lakhs	No	Arunodaya Trust	CSR00012742
	<b>Total</b>					₹40.00 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 2022-23 (8b+8c+8d+8e): ₹41.21 Lakhs

Note: During the FY 2020-21 an amount of ₹11.62 Lakhs has been designated towards ongoing project approved. During the financial years 2021-22 and 2022-23, an amount of ₹10.00 Lakhs and ₹1.21 Lakhs was spent respectively and the remaining amount of ₹0.41 Lakhs is being maintained in the said designated account (in a separate bank

account opened for this purpose].

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹39.99 Lakhs
(ii)	Total amount spent for the Financial Year	₹40.00 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹(0.01) 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)]	Nil

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	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) Sl. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project (in ₹).	(7) Amount spent on the project in the reporting Financial Year (in ₹ Lakhs).	(8) Cumulative amount spent at the end of reporting Financial Year. (in ₹)	(9) Status of the project - Completed / Ongoing.
1.	CSR 01/2020-21	Renovation of Govt. School	2020-21	3 years	₹11.62 Lakhs	₹1.21 Lakhs	₹11.21 Lakhs	Ongoing

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

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

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

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

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

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not applicable.

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

Place: Hyderabad  
 Date: 10<sup>th</sup> Aug, 2023

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

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

## Annexure-B

UDIN: F012173E000774088

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31 March, 2023

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

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **APOLLO MICRO SYSTEMS LIMITED** (CIN L72200TG1997PLC026556) (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2023, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Company for the financial year ended 31<sup>st</sup> March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [Applicable only to the extent of Foreign Direct Investment]
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) and as amended from time to time:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- g) The other regulations of the Securities and Exchange Board of India as may be applicable to the Company.
- vi. The Management of the Company has identified and confirmed the following laws as applicable to the Company:-
- i. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
  - ii. The Negotiable Instruments Act, 1881
  - iii. The Customs Act, 1962
  - iv. The Telangana Shops And Establishments Act, 1988
  - v. The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
  - vi. The Foreign Trade Policy 2009-14
  - vii. Information Technology Act, 2000

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

- I. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
- II. The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;
- III. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

During the period under review, the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc., as mentioned above for the time it was applicable to the Company, except as follows:-

- The Company has made delay of 8 days in filing of disclosures of related party transactions, pertaining to Quarter ended 31-March-2022, with National Stock Exchange of India Limited.

- The Company has made delay of 23 days in appointment of Independent Director between October 13, 2022 to November 04, 2022, for the Quarter ended 31/12/2022. The requirement of an Independent Director is due to appointment of another Non-Executive Director.
- The Company has appointed M/s. G H Reddy & Associates, Cost Accountants (Firm Registration Number - 002110), for carrying out cost audit for Financial Year 2021-22. However, the cost audit report has not been filed by the Company with Registrar of Companies, for the financial year ended 31st March, 2022 as on date of this report.

I further report that:-

- Subject to the above qualification on composition of Board, the Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and Listing Regulations.
- Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice for which necessary approvals were obtained as per applicable provisions. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions at Board Meetings and Committees meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

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

I further report that during the audit period under review, there were no specific events/actions having a major bearing

on Company's affairs in pursuance of the above referred laws, rules, regulations, standards, etc., except the following:-

By virtue of Postal Ballot concluded on May 11, 2022:-

- Reappointment of Mr. Karunakar Reddy Baddam (DIN: 00790139) as Managing Director of the Company for a further period of 5 (five) years commencing from April 1, 2022 till March 31, 2027;
- Reappointment of Mr. Venkata Siva Prasad Chandrapati (DIN: 03601703), as Whole Time Director (Technical) of the Company for a further period of 5 (five) years commencing from August 22, 2022 till August 21, 2027;
- Reappointment of Mr. Krishna Sai Kumar Addepalli (DIN: 03601692), as Whole Time Director (Operations) of the Company for a further period of 5 (five) years commencing from August 22, 2022 till August 21, 2027;
- Reappointment of Mr. Raghupathy Goud Theegala (DIN: 07785738) as an Independent Director of the Company for a further period of 5 (five) years from August 22, 2022 till August 21, 2027.

Resignation of Mrs. Srilakshmi Reddy Vangeti, as Non-Executive & Non-Independent Director with effect from 4<sup>th</sup> November 2022

By virtue of shareholders resolution passed at an Extra Ordinary General meeting held on 12<sup>th</sup> November, 2022:-

- the Company's Authorised share capital has been increased from ₹27.00 Crores to ₹36.00 Crores and necessary alteration to the Memorandum of Association of the Company thereof;
- Issue of 1,01,00,070 (One Crore One Lakh and Seventy) Convertible Equity Warrants ("Warrants") on preferential basis Convertible Equity Warrants on preferential basis to

Promoter and certain identified non promoter persons/entities, however the Company has received in-principle approval from Stock Exchanges for 98,85,070 warrants only;

- Regularization of Additional Director, Mrs. Kavya Gorla (DIN: 06407238) as Non-Executive and Non-Independent Director of the Company.

By virtue of Postal Ballot concluded on March 28, 2023: -

- Sub-division of 1 Equity share of Face value of ₹10/- each to 10 Equity shares of Re.1/- each and necessary alteration to the Memorandum of Association of the Company thereof;
- Regularization of Dr. Chandrashekar Matham (DIN: 09844975) as the Director of the Company, in the capacity of Independent Director
- Regularization of Mr. Aditya Kumar Halwasiya (DIN: 08200117) as the Director of the company, in the capacity of Non-Executive and Non-Independent Director
- Reappointment of Mrs. Karunasri Samudrala (DIN: 06960974) as an Independent Director of the Company for a further period of 5 (five) years from May 29, 2023 till May 28, 2028.

The compliance by the Company of applicable financial laws like Direct and Indirect tax laws has not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

**DATLA VENKATESH**

Place: Hyderabad

FCS: 12173 CP. No.: 14074

Date: August 10, 2203

PR No.: 1831/2022

**Annexure A**

To

The Members

**APOLLO MICRO SYSTEMS LIMITED**

CIN L72200TG1997PLC026556

Registered office:

Plot No 128/A, Road No. 12, BEL Road,

IDA Mallapur, Uppal Mandal, Hyderabad, Rangareddi, Telangana, India – 500076

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad

Date: August 10, 2203

**DATLA VENKATESH**

FCS: 12173 CP. No.: 14074

PR No.: 1831/2022

## ANNEXURE-C

**FORM AOC-1**

Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014

**Details of subsidiaries**

S. No	Particulars	Details
1.	<b>Name of the subsidiary Company</b>	Ananya SIP RF Technologies Private limited (CIN: U74990TG2015PTC097610)
2.	<b>Date of becoming subsidiary</b>	August 03, 2020
3.	<b>Start date of accounting period of subsidiary</b>	1 <sup>st</sup> April, 2022
4.	<b>End date of accounting period of subsidiary</b>	31 <sup>st</sup> March, 2023
5.	<b>Reporting Currency</b>	INR
6.	<b>Exchange Rate</b>	N. A
7.	<b>Share Capital</b>	₹41.36 Lakhs
8.	<b>Reserve and Surplus</b>	₹158.64 Lakhs
9.	<b>Total Assets</b>	₹803.93 Lakhs
10.	<b>Total Liabilities</b>	₹803.93 Lakhs
11.	<b>Investments</b>	Nil
12.	<b>Turnover</b>	Nil
13.	<b>Profit before/(loss) Tax</b>	(₹2.59)
14.	<b>Provision for Tax</b>	Nil
15.	<b>Profit after/(loss) Tax</b>	(₹2.59)
16.	<b>Proposed Dividend</b>	Nil
17.	<b>% of Shareholding</b>	51%
18.	<b>Country</b>	India

Note:

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

Note: There are no associate or joint venture companies.

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

Place: Hyderabad  
Date: 10 Aug, 2023

**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, 2023, 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, 2023 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 9.50% p.a. The amount of Loan outstanding as on balance sheet date ₹593 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. Krishna Sai Kumar Addepalli Whole Time Director(Operations)	Remuneration	Continuous transaction	Remuneration paid ₹24.00 Lakhs	Continuous transaction	-
Mr. Karunakar Reddy Baddam-Managing Director	Rent Paid	Continuous transaction	Rent Paid ₹8.40 Lakhs	Continuous transaction	-
Mr. Chiluveru Sudarshan - Chief Financial Officer (Key Managerial Personnel)	Remuneration	Continuous transaction	Remuneration paid ₹13.50 Lakhs	Continuous transaction	-
Mr. Vitta Chaitanya Siva Shankar – Company Secretary (Key Managerial Person)	Remuneration	Continuous transaction	Remuneration paid ₹7.58 Lakhs	Continuous transaction	-

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

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

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

Place: Hyderabad  
Date: 10 Aug, 2023

## ANNEXURE-E

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

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

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

#### Objective

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

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

### 2. POLICY

Declaration and payment of Dividend In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Dividend for a financial year shall be paid after the annual financial statements of the Company are finalised and the amount of distributable profits is available. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

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

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

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

##### Financial Parameters and Internal Factors:

- i. Operating cash flow of the Company;
- ii. Profit earned during the year;
- iii. Profit available for distribution;
- iv. Accumulated Profits;
- v. R & D Expenditure
- vi. Free Reserves;
- vii. Earnings Per Share (EPS);
- viii. Working capital requirements;

- ix. Capital expenditure requirement;
  - x. Business expansion and growth;
  - xi. Likelihood of crystallization 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, 2023

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, 2022	
	Number of options outstanding at the beginning of the period	Nil
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
	Loan repaid by the Trust during the year from exercise price received	NIL
	Number of options outstanding at the end of the year	Nil
	Number of options exercisable at the end of the year	Nil

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

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

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

##### (i) General information

Sl. No.	Particulars	Details
1	Name of the Trust	Apollo Employees Foundation
2	Details of the Trustee(s)	1. Srisailam Aerpula, Managing Trustee 2. Shiva Shankar Rampally, Trustee
3	Amount of loan disbursed by company, during the year	Nil
4	Amount of loan outstanding (repayable to company) as at the end of the year	₹ 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: 10 Aug, 2023

**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 2022-23 are as under:

Sl. No	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	Nil	95.85
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	12.78
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	Nil	12.78
4.	Raghupathy Goud Theegala	Independent Director	Nil	N.A
5.	Sri Lakshmi Reddy Vangeti#	Non- Executive Director	Nil	N.A
6.	Karunasree Samudrala	Independent Director	Nil	N.A
7.	Sudarshan Chiluveru	Chief Financial Officer	Nil	-
8.	Chaitanya Vitta Siva Shankar	Company Secretary & Compliance Officer	23.64%	-

# voluntarily waived to receive the sitting fees and commission.

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the period under review is provided in the above table. Independent Directors were paid only sitting fees for attending meeting on Board/ Committees during the financial year under review. Hence, their ratio to MRE has been shown as Not Applicable.
- The Median Remuneration of Employees was 1.88 Lakhs per annum for the FY 2022-23. As compared to the financial year 2021-22, MRE has been increased by 11.24%
- The Number of Permanent employees on the Rolls of the company as on 31st March, 2023 were 298.
- average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration of employees excluding KMPs: 15%

Average increase in remuneration of KMPs: 25%

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

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

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

**Sd/-**

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Sd/-**

**Krishna Sai Kumar Addepalli**

Whole Time Director (Operations)

DIN: 03601692

Place: Hyderabad

Date: 10 Aug, 2023



## ANNEXURE-H

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and 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’).

Note: The Board Composition during the period from 13<sup>th</sup> October 2022 to 4<sup>th</sup> November 2022 was not in

accordance with provisions of Regulation 17 of SEBI (LODR) Regulations 2015 w.r.t number of Independent Directors on Board due to appointment of non-executive director Mrs. Kavya Gorla. However, the same was complied w.e.f 4<sup>th</sup> November 2022. For the non-compliant period of 23 days, BSE Limited and National Stock Exchange of India Limited levied penalties as per

SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 and the Company paid the same within time.

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)	Executive Director	21-08-2017	-	-	-
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	21-08-2017	-	-	-
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	01-04-1999	Resigned W.e.f04.11.2022	-	-
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive - Independent Director CUM Chairman	21-08-2017	-	-	-
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	29-05-2023	-	1 (Independent Director- Roopa Industries Limited)	1 (Roopa Industries Limited)
7.	Mrs. Kavya Gorla (DIN 06407238)	Non-Executive - Non-Independent Director	13-10-2022	-	-	-
8.	Dr. Chandrashekar Matham (DIN: 09844975)	Non-Executive - Independent Director	21-01-2023	-	-	-
9.	Mr. Aditya Kumar Halwasiya (DIN: 08200117)	Non-Executive - Non Independent Director	21-01-2023	-	1 UNIVERSAL PETRO-CHEMICALS LTD	-

#Sri Lakshmi Reddy Vangeti (DIN: 02757567) resigned from the Board w.e.f. 04<sup>th</sup> November 2022

# 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 2022-23, the Board of Directors has

1. Appointed Mrs. Kavya Gorla (DIN 06407238) as the Director of the Company w.e.f. 13<sup>th</sup> October 2022. Shareholders' approval has been taken in the Extra ordinary General Meeting held on 12<sup>th</sup> November 2022;
2. Appointed Dr. Chandrashekar Matham (DIN: 09844975) as the Director of the Company, in the capacity of Independent Director, with effect from 21<sup>st</sup> January 2023. Shareholders' approval has been taken through Postal Ballot dated 28<sup>th</sup> March 2023.
3. Appointed Mr. Aditya Kumar Halwasiya (DIN: 08200117) as the Director of the Company, in the capacity of Non-Executive Non Independent Director, with effect from 21<sup>st</sup> January 2023. Shareholders' approval has been taken through Postal Ballot dated 28<sup>th</sup> March 2023.
4. 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, subject to the approval of the shareholders which is placed in the notice.
5. Re-appointed Mr. Karunakar Reddy Baddam (DIN: 00790139) as Managing Director ("MD") of the Company, for a further period of 5 (five) years commencing from April 1, 2022 till March 31, 2027(both days inclusive),
6. Re-appointed Mr. Venkata Siva Prasad Chandrapati

(DIN: 03601703), as Whole Time Director (Technical) of the Company, for a further period of 5 (five)years commencing from August 22, 2022 till August 21, 2027 (both days inclusive)

7. Re-appointed Mr. Krishna Sai Kumar Addepalli (DIN: 03601692), as Whole Time Director (Operations) of the Company, for a further period of 5 (five)years commencing from August 22, 2022 till August 21, 2027 (both days inclusive)
8. Re-appointed Mr. Raghupathy Goud Theegala (DIN: 07785738), who has submitted a declaration that he meets the criteria of Independence as provided under the Act and the Listing Regulations, as an Independent Director, not liable to retire by rotation, for a further period of 5 (five) yearsfrom August 22, 2022 till August 21, 2027 (both days inclusive)

Further in compliance with SEBI Listing Regulations, consent of the shareholders has been taken within 3 months for the directors who were appointed by the Board of Directors.

As per the provisions of the Companies Act, 2013, one-third of the Directors retires by rotation and, if eligible, seeks re-appointment at the AGM of shareholders. Mrs. Kavya Gorla (DIN 06407238) will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended her re-appointment.

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

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

In order to transact some urgent business, which may come up after circulation agenda papers, the same is

placed before the Board by way of Special Agenda item.

During the year under review, the Board met Seven (7) 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 25<sup>th</sup> (Twenty Fifth) Annual General Meeting (AGM) of the Company was held on Tuesday the 20th September, 2022.

Sl. No	Name of the Director and DIN	Designation	Attendance at the Meeting held on							No. of meetings attended	25th AGM 20th September 2022
			28th May, 2022	23 <sup>rd</sup> July 2022	12th Aug, 2022	13 <sup>th</sup> Oct, 2022	12 <sup>th</sup> Nov, 2022	21 <sup>st</sup> Jan, 2023	10 <sup>th</sup> Feb 2023		
1	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	✓	✓	✓	✓	✓	✓	✓	7	✓
2	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	✓	✓	✓	✓	✓	✓	✓	7	✓
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	✓	✓	✓	✓	✓	✓	✓	7	✓
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	Leave of Absence	Leave of Absence	✓	Leave of Absence	N.A. (Resigned wef 4 <sup>th</sup> November 2022)	N.A	N.A	1\$	Leave of Absence
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive -Independent Director CUM Chairman	✓	✓	✓	✓	✓	✓	✓	7	✓
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	✓	✓	✓	✓	✓	✓	✓	7	✓
7.	Mrs. Kavya Gorla (DIN 06407238)	Non-Executive - Non Independent Director	N.A	N.A	N.A	N.A (Presented as a Special Invitee)	✓	✓	✓	3*	N.A
8.	Dr. Chandrashekar Matham (DIN: 09844975)	Non-Executive - Independent Director	N.A	N.A	N.A	N.A	N.A	N.A	✓	1#	N.A
9.	Mr. Aditya Kumar Halwasiya (DIN: 08200117)	Non-Executive - Non Independent Director	N.A	N.A	N.A	N.A	N.A	N.A	✓	1#	N.A

\$ - Number of Meeting required to be attend are 4. Number of meeting attended 1.

\* - Number of Meeting required to be attend are 3. Number of meeting attended 3.

# - Number of Meeting required to be attend is 1. Number of meeting attended 1.

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 10<sup>th</sup> February, 2023 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 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. Sri Lakshmi Reddy Vangeti and 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 of individual Director’s are highlighted:

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

#### 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/2022/09/Familiarisation-Programme-of-Independent-Directors.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 Financial Year."

21. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Audit Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. During the year under review, the Audit Committee met 6 (Six) times on 28<sup>th</sup> May 2022, 23<sup>rd</sup> July 2022, 12<sup>th</sup> August 2022, 08<sup>th</sup> September 2022, 12<sup>th</sup> November 2022 and 10<sup>th</sup> February 2023. The details of member's attendance at the Audit Committee Meetings during the financial year 2022-23 are as under:

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

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 (Appointed in a committee w.e.f. 12 <sup>th</sup> November 2022)	Non-Executive – Non Independent Director
4.	Sri Lakshmi Reddy Vangeti, Member (Resigned w.e.f. 04 <sup>th</sup> November 2022 )	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 3 (Three) times on 23<sup>rd</sup> July 2022, 13<sup>th</sup> October 2022 and 21<sup>st</sup> January 2023

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2022-23 are as follows:

Name& Designation	No of Meetings attended
Karunasree Samudrala, Chairman	3
Raghupathy Goud Theegala, Member	3
Kavya Gorla	1
Sri Lakshmi Reddy Vangeti, Member	-

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

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

#### Performance evaluation criteria for Independent Directors

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

#### c) STAKEHOLDERS GRIEVANCE/ RELATIONSHIP COMMITTEE

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

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

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

The terms of reference, powers and scope of the Stakeholders' Relationship Committee of our Company include:

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

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

During the year under review, the Stakeholders Relationship Committee met once on 10<sup>th</sup> February, 2023.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2022-23 are as follows:

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

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

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

- (a) Name of non-executive director heading the committee: Mr. Raghupathy Theegala - Non-executive Director

- (b) Name and designation of compliance officer: Mr. Vitta Chaitanya Siva Shankar, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (LODR) Regulations, 2015.

- (c) The details of complaints received and resolved during the Financial Year ended 31st March, 2023 are given in the table below:

Complaints outstanding as on April 1, 2022	Nil
Complaints received during the year ended March 31, 2023	Nil
Complaints resolved during the year ended March 31, 2023	Nil
Complaints pending as on March 31, 2023	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 (w.e.f 12 <sup>th</sup> November 2022)	Non-Executive - Non Independent Director
4	Sri Lakshmi Reddy Vangeti, Member (Resigned w.e.f 04 <sup>th</sup> November 2022)	Non-Executive - Non Independent Director

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

Terms of reference of the Committee includes the following:

1. To formulate and recommend to the Board, a

Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII as amended from time to time;

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

During the year under review, the Corporate Social Responsibility Committee met 2 (Two) times on 02<sup>nd</sup> June 2022, and 10<sup>th</sup> February 2023.

The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the financial year 2022-23 are as follows:

Name & Designation	No of Meetings attended
Karunakar Reddy Baddam, Chairman	2
Raghupathy Goud Theegala, Member	2
Kavya Gorla, Member	1#
Sri Lakshmi Reddy Vangeti, Member	-

# Number of meetings entitled to attend 1. Number of meetings attended 1.

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:

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

During the year under review, the Risk Management Committee met once on 10<sup>th</sup> February 2023

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2022-23 are as follows:

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

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

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

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

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

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

Sr. No.	Name & Designation	Directorship/Other
1.	Karunakar Reddy Baddam, Chairman	Managing Director
2.	Venkata Siva Prasad Chandrapati, Member	Whole Time Director (Technical)
3.	Addepalli Krishna Sai Kumar, Member	Whole Time Director (Operations)
4.	Sudarshan 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 17<sup>th</sup> October 2022 and 23<sup>rd</sup> December 2022.

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

3. To lay down procedures to inform Board members; and
4. To perform such other functions which are appropriate and necessary.

During the year under review, the Securities Allotment Committee met once on 05<sup>th</sup> December 2022

The details of member's attendance at the Securities Allotment Committee Meetings during the financial year 2022-23 are as follows:

Name & Designation	No of Meeting attended
Raghupathy Goud Theegala- Chairman	1
Karunasree Samudrala, Member	1
Karunakar Reddy Baddam, Member	1
Addepalli Krishna Sai Kumar, Member	1

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.

#### 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 2022-23.

##### 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, 2023 are as follows-

(Amounts in ₹ Lakhs)

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)	Sri Lakshmi Reddy Vangeti (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	Nil	₹228.00
2.	Stock Option	0	0	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0	0	0
4.	Commission - as % of profit - others, specify...	0	0	0	0	0	0	0	0
5.	Others, please specify- Provident Fund Contribution	0	0	0	0	0	0	0	0
6.	Sitting Fee for attending board / committee meetings	0	0	0	₹1.40	₹1.60	₹0.20	₹1.40	3.20
	Total	₹180.00	₹24.00	₹24.00	₹1.40	₹1.60	₹0.20	Nil	₹231.20

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, 2023, 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, 2023.

Date: 10<sup>th</sup> Aug, 2023  
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 AudioVisual Means ("OAVM")	12:30 P.M. (IST)	1
20 <sup>th</sup> September 2022	Members	AGM	through Video Conferencing ("VC") / Other AudioVisual Means ("OAVM")	12:30 P.M. (IST)	-
28 <sup>th</sup> September 2021	Members	AGM	through Video Conferencing ("VC") / Other AudioVisual Means ("OAVM")	12:30 P.M. (IST)	2
26 <sup>th</sup> September, 2020	Members	AGM	through Video Conferencing ("VC") / Other AudioVisual Means ("OAVM")	11:00 A.M (IST)	-

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

2021-22	Nil
2020-21	a) To increase the limits of overall managerial remuneration. b) 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.
2019-20 :	Nil

##### 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, postal ballot has been conducted on 11 May 2022 and 28 March 2023. Details as mentioned hereunder

**A) Resolutions passed on 11 May 2022**

Description	Type of resolution	No. of votes polled	Votes cast in favour	Votes cast against
To reappoint Mr. Karunakar Reddy Baddam (DIN: 00790139) as Managing Director of the Company	Ordinary	12836133	12490943	345190
To reappoint Mr. Venkata Siva Prasad Chandrapati (DIN: 03601703), as Whole Time Director (Technical) of the Company	Ordinary	12836133	12833059	3074
To reappoint Mr. Krishna Sai Kumar Addepalli (DIN: 03601692), as Whole Time Director (Operations) of the Company	Ordinary	12836133	12833053	3080
To reappoint Mr. Raghupathy Goud Theegala (DIN: 07785738) as Independent Director of the Company	Special	12836133	12831000	5133

**B) Resolutions passed on 28 March 2023**

Description	Type of resolution	No. of votes polled	Votes cast in favour	Votes cast against
Sub-Division of 1 Equity Share of the face value of ₹10/- pershare to 10 Equity Shares of face value of Re. 1/- per Share	Ordinary	13246064	13244298	1766
Amendment of the Memorandum of Association of the Company	Ordinary	13246064	13245514	550
Regularization of Dr.Chandrashekar Matham (DIN: 09844975) as the Director of the Company, in the capacity of Independent Director	Special	13245724	13245551	173
Regularization of Mr. Aditya Kumar Halwasiya (DIN: 08200117) as the Director of the Company, in the capacity of NonExecutive Non Independent Director	Ordinary	13245724	13245454	270
To re-appoint Mrs. Karunasree Samudrala (DIN: 06960974) as the Independent Director the Company for the second term of 5 years from of 29th May 2023 to 28th May 2028	Special	13245724	13245454	270

**e) Person who conducted the postal ballot exercise**

Mr. Datla Venkatesh, Company Secretary in Practice (CP No.: 14074)

**f) Whether any special resolution is proposed to be conducted through postal ballot : No**

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

**g) Procedure for Postal Ballot**

Company conducts a postal ballot, where required, in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder and applicable regulations.



## 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**  
 29 September 2023  
 Time: 3:00 P.M.  
 Venue: Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)
- b) **Financial Year**  
 1 April 2022 to 31 March 2023
- c) **Record Date**  
 22 September 2023
- d) **Book closure Date**  
 23 September 2023 to 29 September 2023
- 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 28 October 2023

## 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 2022-23 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 during the year under

review. There were no outstanding GDRs/ADRs/ as on 31 March, 2023.

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

Subsequently, 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, 4th May 2023. Hence, after considering stock split effects into number and price of warrant, the total 98,85,070 warrants outstanding for conversion into 9,88,50,700 equity share of Re. 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 4th 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, 2023 there is only 1 shareholders 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 2022-23 is as follows:

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-22	157.00	115.05	157.85	117.85
May-22	137.35	110.00	136.90	109.20
Jun-22	138.30	111.60	138.45	111.65
Jul-22	148.90	117.20	149.20	117.40
Aug-22	156.55	113.05	156.40	128.50
Sep-22	187.45	147.00	187.45	147.25
Oct-22	247.45	175.95	247.80	176.10
Nov-22	283.80	207.05	284.00	209.00
Dec-22	291.40	232.70	291.90	232.50
Jan-23	379.70	286.10	375.95	291.65
Feb-23	365.65	292.45	363.20	293.70
Mar-23	329.70	246.25	327.95	249.85

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

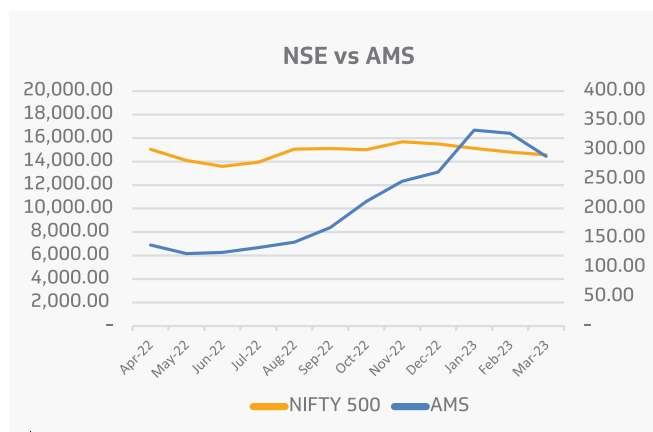
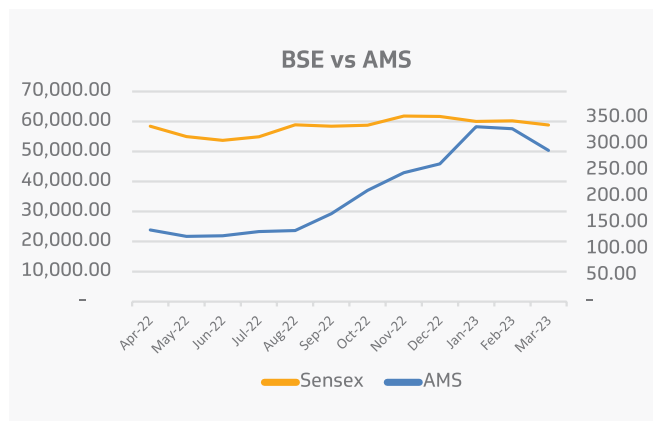
**p) Shareholding as on 31st March, 2023**

**a) Distribution of shareholding as on 31st March, 2023**

No of shares		No of shareholders	% of total	Share amount (in ₹)	% of total
1	5000	40862	95.9292	24406530	11.7543
5001	10000	887	2.0824	7110210	11.7543
10001	20000	421	0.9884	6272330	3.0208
20001	30000	137	0.3216	3510080	1.6905
30001	40000	68	0.1596	2472220	1.1906
40001	50000	66	0.1549	3156900	1.5204
50001	100000	82	0.1925	6234570	3.0026
100001	999999999	73	0.1714	154476020	74.3965
<b>Total</b>				207638860	

**b) Category wise shareholding pattern as on 31st March, 2023**

Category	Total No. of Shares	% of holding
Promoter & Promoter Group	12271700	59.10
Foreign Portfolio Investor	24874	0.12
Clearing Member	34345	0.17
Corporate Bodies	712353	3.43
Mutual Fund	732105	3.52
Non Resident Indian (NRI)	372171	1.79
Employees	97833	0.47
Public	6518505	31.40
<b>Total</b>	<b>20763886</b>	<b>100.00</b>

**q) Price Performance Compared to SENSEX and NIFTY 50****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 ₹260.00 Crores Line of Credit (short term & long term) of the Company which is as follows:

Long-Term Rating

ACUITE BBB (pronounced ACUITE triple B)

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

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

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.	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
2.	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 <http://apollo-micro.com/wp-content/uploads/2017/09/WHISTLE-BLOWER-POLICY.pdf>

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

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

- Separate posts of Chairman and Managing Director: The Company has maintained separate posts for Chairperson and Managing Director of the Company.
- Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.
- The Company has voluntarily constituted the Risk Management Committee of the Company and adopted the Risk Management Policy which is uploaded on the website of the Company <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

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

- 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 indentify potential risks to the strategy of the Company and take effective measures to mitigate the same in the best possible manner. The Board is also periodically updated on the key risks, steps and processes initiated for reducing and, if feasible, eliminating various risks.

#### **m) CEO/CFO certification**

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

- n)** The Company has complied with the requirements of Schedule V of Corporate Governance Report sub-para (2) to (10) of the Securities Exchange Board of India (Listing

obligation and Disclosure Requirements) Regulations, 2015,

#### o) Corporate Governance Compliance Certificate

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

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

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

\* The Board Composition during the period from 13<sup>th</sup> October 2022 to 4<sup>th</sup> November 2022 was not in accordance with provisions of Regulation 17 of SEBI (LODR) Regulations 2015 w.r.t number of Independent Directors as mentioned earlier in this report.

#### p) Certificate on Non-disqualification of Directors

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

#### q) Recommendations of the Committees of the Board

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

#### r) Total fees paid to Statutory Auditors

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

Particulars	Amount in ₹
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

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

#### t) Equity shares in the suspense account

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

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2023	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, 2023	1	50

The voting rights on the shares outstanding in the suspense account as on 31st March, 2023 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 year the company raised ₹45,96,55,755 (Rupees Forty Five Crores Ninety Six Lakhs Fifty Five Thousand Seven Hundred and Fifty Five only) being 25% of the issue price of 98,85,070 Share Warrants which were issued at ₹186/- (Rupees One hundred and eighty six Only) per warrant and allotted on 5<sup>th</sup> December 2022. 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.

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

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



## Annexure-I

UDIN: F012173E000774099

**CERTIFICATE ON CORPORATE GOVERNANCE**

The Members of

**APOLLO MICRO SYSTEMS LIMITED**

CIN L72200TG1997PLC026556

I have examined the compliance of the conditions of Corporate Governance by APOLLO MICRO SYSTEMS LIMITED ('the Company'), for the year ended on 31 March 2023, as per the Regulations 17 to 27, clauses (b) to (i) and (t) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

**Management Responsibility**

Compliance with the Conditions of Corporate Governance is the responsibility of the Management of the Company. The responsibility includes the design, implementation, and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditors Responsibility**

My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations' as applicable, except for the following:

A. During the period under review, there was non-compliance with Regulation 23(9), since the Company has made delay of 8 days in filing of disclosures of related party transactions, pertaining to Quarter ended 31-March-2022, with National Stock Exchange of India

Limited;

B. During the period under review, from 13<sup>th</sup> October 2022 to 4<sup>th</sup> November 2022, composition of the Board of Directors was not in compliance with the provisions of Regulation 17(1) (b), since the Board did not have requisite number of Independent Directors which is due to the appointment of Mrs. Kavya Gorla as non-executive & non-independent director with effect from 13<sup>th</sup> October 2022. However, the same has been complied by resignation of Mrs. Sri Lakshmi Reddy Vangeti, non-executive & non-independent director with effect from 4<sup>th</sup> November 2022.

I 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.

**Other Matters and Restrictions on use**

This report 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.

This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and the applicable guidelines and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

UDIN: F012173E000774099

Date: 10-August-2023

**DATLA VENKATESH**

FCS: 12173

CP. No.: 14074

Place: Hyderabad

PR No.: 1831/2022

## ANNEXURE-J

**CFO CERTIFICATION**

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

- A. I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2023 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: 10 August 2023

Place: Hyderabad

# Management Discussion and Analysis

## Global economy overview

The global economy saw significant progress in 2022 as it recovered from the impact of the Covid-19 pandemic. Growth was around 3.4%, aided by effective policies, increasing vaccination rates, and the easing of restrictions. However, challenges such as the Russian invasion of Ukraine, high inflation, a slower economy in China, rising interest rates, liquidity issues, and actions by the US Federal Reserve hindered the pace of recovery. As a result, global growth is expected to decrease to 2.8% in 2023 due to central banks combating inflation and ongoing geopolitical pressures. Despite these difficulties, the global economy remains resilient and shows modest improvement, but it falls short of the long-term average growth rate of 3.0%.

In 2022, the global economy experienced a significant rise in inflation due to various factors such as moderate spending, disrupted trade, and higher energy expenses. However, the situation began to change in the last quarter of 2022 when central banks responded by increasing interest rates, and fuel and energy commodity prices started to decrease. As a result, global headline inflation started to decline. Although the decline is happening at a slower pace than initially predicted, it is expected that global inflation will

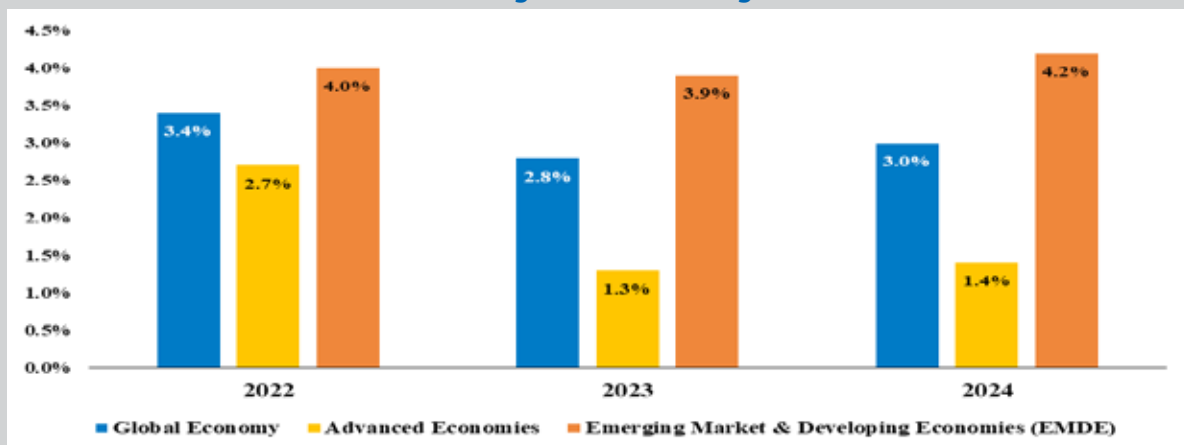
decrease from 8.7% in 2022 to 7.0% this year and further drop to 4.9% in 2024.

The year 2022 witnessed significant progress in the global economic recovery, but it was not without its share of obstacles. While the world experienced notable growth and stabilization, it also grappled with ongoing risks arising from the pandemic and geopolitical developments. Looking ahead, the global economy is expected to face further challenges in 2023, leading to a slight decline in growth. Nonetheless, the global economy remains resilient, and although the estimates fall below the long-term average, there is still room for cautious optimism.

## Outlook

While the balance of risks remains skewed towards the downside, there has been a moderation in these risks. There is a possibility of a stronger boost from pent-up demand in various economies or a faster decline in inflation. However, it is important to note that certain factors could exacerbate debt distress and lead to sudden repricing in financial markets. These factors include the rise in central bank rates to combat inflation, ongoing geopolitical conflicts, and the potential tightening of global financing costs.

Global economic growth (real GDP growth in %)



(Source: <https://www.imf.org/-/media/Images/IMF/Publications/WEO/2023/April/English/growth-projections.ashx?h=2160&w=3841&la=en>)

Therefore, it is crucial for most economies to prioritize achieving sustained disinflation. This necessitates the implementation of macro-prudential tools and the reinforcement of debt restructuring frameworks to maintain financial and debt stability.

In conclusion, the global economy is gradually recovering from the repercussions of the pandemic, and there are positive projections for inflation and growth in the upcoming years. Nevertheless, the persistent geopolitical and economic challenges continue to pose risks to the economy. To mitigate these risks effectively, it is imperative to adopt measures that are targeted and provide better fiscal support. Additionally, strengthening multilateral cooperation is essential to safeguard the gains from the rules-based multilateral system and attain sustainable economic growth.

#### Indian economy overview

India has once again demonstrated its unwavering determination and ability to achieve robust economic growth, even in the face of global uncertainties, persistent inflation, and ongoing geopolitical challenges.

According to the latest report from the Ministry of Statistics and Programme Implementation, India's GDP is projected to grow by 7% in FY23, compared to 9.1% in FY22. This slight decrease in the year-on-year growth rate can be attributed in part to the fading of pandemic-induced base effects, which had contributed to higher growth figures in the previous fiscal year.

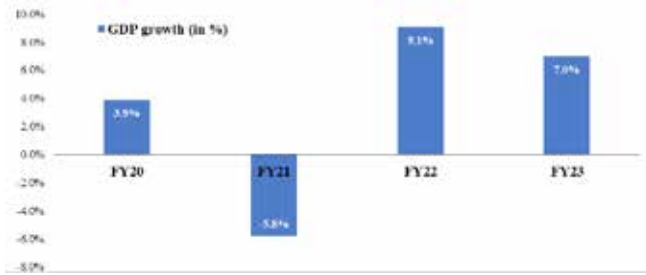
The government's substantial capital expenditure disbursements, along with the recovery in auto sales and improved capacity utilization at a macro level, have played a crucial role in driving India's economic progress. The Centre for Monitoring Indian Economy (CMIE) reported that new projects worth ₹6 trillion were announced in the December quarter, marking a significant 44% increase compared to the previous year. Additionally, India's exports surged by 14% to reach a record US\$770 billion in FY23, primarily driven by the services sector. However, imports reached a new peak of US\$892 billion due to subdued demand for goods amid global challenges.

**There is a possibility of a stronger boost from pent-up demand in various economies or a faster decline in inflation. However, it is important to note that certain factors could exacerbate debt distress and lead to sudden repricing in financial markets.**

Looking ahead, the World Bank expects India's GDP growth to moderate to 6.3% in FY24, mainly due to a sluggish recovery in private capital expenditure and a projected decrease in urban consumption. Furthermore, the recent increase in interest rates by the central bank (with the benchmark repo rate raised by 250 basis points between May 2022 and February 2023) is anticipated to impact private sector performance and capital expenditure. The International Monetary Fund (IMF) has also revised its GDP growth estimate for India in FY24 to 5.9%, down from its initial projection of 6.1%.

As India forges ahead, it is essential to acknowledge the challenges that persist, such as inflationary pressures and geopolitical fractures. These factors necessitate a proactive approach from policymakers and stakeholders to ensure sustainable and inclusive growth. By addressing these challenges head-on, India can further strengthen its economic foundations and create an environment conducive to long-term prosperity.

## India's economic growth



(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

Despite high inflation, the Indian economy achieved a remarkable GDP growth rate of ~7% in FY23. This impressive performance can be attributed to the sustained growth in GST collections, electronic toll collections, and the volume of e-waybills generated, all of which indicate a promising momentum. Furthermore, key indicators of manufacturing activity, such as the PMI-manufacturing, the Index of Industrial Production, and the Index of Core Industries (ICI), demonstrate a steady growth in this sector. Similarly, indicators of the services sector, including UPI transactions and high credit demand, also point towards sustained expansion.

In order to foster a virtuous cycle of infrastructure investment and job creation, the Union Government has significantly increased the capital expenditure outlay to ₹10 lakh crore, representing a remarkable 33% increase compared to the previous year. This substantial boost in infrastructure spending, particularly in tier II and tier III cities, is expected to have a profound impact on the Indian economy, generating new employment opportunities and stimulating overall growth. Overall, the demand conditions in India remain favorable for supporting economic activity. As we approach the coming financial year, India stands with confidence, underpinned by a foundation of macroeconomic stability. However, it is important to remain vigilant against potential political and geo-economic risks that may arise.

### Outlook

According to projections from the World Bank, India's GDP is expected to grow by 6.3% in FY24, driven by domestic demand and increased public investment.

Additionally, there is a possibility of a decline in India's retail inflation rate from 6.6% to 5.2% in FY24. This growth is likely to be supported by various factors, such as broad-based credit expansion, improved capacity utilization, and a reduction in trade deficits.

The government's implementation of production-linked incentive schemes is expected to provide further momentum to the economy, particularly benefiting downstream sectors. Despite an increase in interest rates, the outlook for private business investment remains positive. Moreover, India's economy has minimal exposure to Chinese economic weakness, which helps protect its long-term growth prospects.

With broad-based credit growth, improved capacity utilization, and the government's focus on capital

**Despite high inflation, the Indian economy achieved a remarkable GDP growth rate of ~7% in FY23. This impressive performance can be attributed to the sustained growth in GST collections, electronic toll collections, and the volume of e-waybills generated, all of which indicate a promising momentum. Furthermore, key indicators of manufacturing activity, such as the PMI-manufacturing**

spending and infrastructure development, investment activity is expected to receive a significant boost. As a result, firms operating in the manufacturing, services, and infrastructure sectors are optimistic about their business outlook. However, there are some downside risks to consider, including prolonged geopolitical tensions, tightening global financial conditions, and a slowdown in external demand.

### Global defence industry

The global defence industry faced challenges during the pandemic in 2020 and 2021. However, it has shown resilience and started to recover steadily in 2022. This positive trend has continued to gain momentum in 2023. The industry involves the sales of air-based, sea-based, and land-based military equipment by different entities like organizations, sole traders, and partnerships. These entities are also responsible for producing support equipment like radar, satellites, sonars, and other maintenance tools crucial for defence operations.

Based on industry reports, the global defence market has shown impressive growth, reaching a substantial value of almost \$474.69 billion in 2021. Over the period from 2016 to 2021, it maintained a steady compound annual growth rate (CAGR) of 4.0%. Looking ahead, the market is projected to continue its upward trajectory, anticipated to surge to \$687.84 billion by 2026, marking an impressive growth rate of 7.7%. Following this period, from 2026 onwards, the market is expected to sustain a CAGR of 4.0%, propelling it to reach an impressive value of \$838.03 billion by 2031. These numbers signify the strong and promising outlook for the global defence industry in the coming years.

The global aerospace and defence industry's revenues for 2022 reached \$741 billion, marking a slight 3% increase compared to the previous year. Simultaneously, operating profits soared to \$67 billion, showing a substantial 8% rise. Despite these positive developments, the industry's performance fell below expectations due to challenges in the supply chain and labor, which hampered meeting the growing demand in end markets.

## Key trends to shape the global defence industry



### Supply chain

Focus on supply chain visibility and resilience mitigate broader set of risks.

The aerospace and defence industry is facing challenges like the COVID-19 pandemic, workforce shortages, and the Russian invasion of Ukraine. These challenges have made supply chain operations more complex. In the coming year, there will likely be a shift from global to regional sourcing in the industry. This means exchanging raw materials, parts, and finished goods within the industry on a global scale. Additionally, most aerospace and defence companies are expected to focus on improving visibility into their supply chains. This proactive approach aims to improve supply control, coordination, and risk management related to third-party involvement.



### Digital transformation

Acceleration of digital thread and smart factory can drive improved efficiencies.

The rise of digital technologies is becoming increasingly important for businesses to gain a competitive edge and participate in government programs. Both new and established companies in the aerospace and defence industry need to adopt digital thread and smart factory practices to improve product design, development, and operational efficiency. Embracing these innovative approaches will be crucial for staying ahead in this rapidly changing industry.



### Talent

Attracting, retaining, and developing top talent remains a challenge. The workforce turnover rate remains high in the aerospace and defence industry, despite recovering most of the jobs lost during the pandemic. This is further worsened by an aging workforce, leading to a shortage of skilled employees. The industry is also changing owing to automation and the adoption of advanced digital technologies. This has resulted in a greater demand for professionals with

aerospace engineering, mathematical, data science, and digital skills. To take advantage of this growth potential, companies in this industry need to develop a long-term strategy that addresses both current and future workforce needs. This involves fostering a culture of innovation and prioritizing the acquisition of digital skills within the organization. By doing so, these companies can position themselves to succeed in the constantly evolving aerospace and defence landscape.



### Decarbonization

Lowering emissions and implementing sustainable manufacturing remain business priorities.

The aerospace and defence industry is recognizing the challenge of decarbonization and is actively exploring advanced manufacturing technologies to address sustainability issues. This includes adopting sustainable aviation fuels (SAFs) and innovative propulsion methods like electric, hydrogen, and hybrid technologies. The industry is seeking partnerships with various stakeholders, such as technology investors, energy companies, airlines, and government agencies, to drive innovation and accelerate sustainable practices. By 2023, commercial aerospace companies are expected to shift towards renewable energy usage at manufacturing facilities to reduce emissions and demonstrate their commitment to combating climate change. This industry is becoming a leader in creating a greener and more sustainable future.



### Emerging opportunities

Innovation accelerates growth in emerging areas.

In the coming years, we can expect transformative developments in various emerging sectors like space exploration, supersonics/hypersonics, and AAM (Advanced Air Mobility), which will undoubtedly reshape the industry's landscape and capabilities. The year 2023 is set to play a crucial role in these new markets, witnessing substantial investments, technological advancements, and regulatory changes. Our outlook survey indicates that organizations are particularly inclined to invest

in space-related technologies and AAM during this pivotal year.

### Indian defence industry

The Indian defence industry plays a critical role for the government and is recognized as one of the fastest-growing military forces worldwide. The major market segments in this industry include military aircraft, naval vessels, missiles, and more. Recently, the Indian defence manufacturing sector has gained importance with modernization and indigenization programs. The government promotes defence exports to boost the economy. To reduce reliance on imports and showcase its capabilities, the government is focusing on developing indigenous defence technologies and manufacturing. The aim is to foster innovation and meet the needs of the Armed Forces while also exporting defence items to friendly nations. In line with the Make in India initiative, the government has implemented various reforms such as increasing foreign direct investment and establishing defence corridors in specific states, which are expected to attract foreign investment and promote manufacturing and exports from India.

Furthermore, the government has taken several policy initiatives and introduced reforms over the past nine years to boost defence exports. Simplification of export procedures and the introduction of industry-friendly measures, such as end-to-end online export authorization, have minimized delays and improved the ease of doing business in this sector. Thanks to the unwavering dedication of the government, specifically the Ministry of Defence, the defence production value in FY23 has achieved a historic milestone, surging past ₹1 lakh crores for the very first time. The current value stands at an impressive ₹1,06,800 crores, marking a remarkable growth of over 12% compared to FY22, when the figure amounted to ₹95,000 crores.

- Indian defence sector was allocated ₹5.94 lakh crores in Budget 2023-24, a jump of 13% over the previous year.
- Allocated ₹1.38 lakh crores for the Defence Pensions
- Capital outlay pertaining to modernisation &

## Distribution of Ministry of Defence's (MoD's) Budget (2022-23 & 2023-24)

### Budget 2023-24 allocations for the Indian defence sector

	MoD (Civil)	Pension	Defence Services	Total MoD
2022-23 (BE) (INR billion)	201.00 (4%)	1,196.96 (23%)	3,853.70 (73%)	5,251.66 (100%)
2022-23 (RE) (INR billion)	218.76 (4%)	1,534.14 (26%)	4,095.00 (70%)	5,847.91 (100%)
2023-24 (BE) (INR billion)	226.13 (4%)	1,382.05 (23%)	4,327.20 (73%)	5,935.38 (100%)
% Increase in 2021-22 (BE) over 2020-21 (BE)	12.5	15.5	12.3	13.0
% Increase in 2021-22 (BE) over 2020-21 (RE)	3.4	-9.0	5.7	1.5

(Source: <https://www.orfonline.org/research/high-on-revenue-low-on-capital-indias-defence-budget-2023-24/>)

[Note: BE and RE represent Budget Estimates and Revised Estimates, respectively; Percentage figures in parentheses show the respective shares in MoD's total.]

infrastructure development of the defence sector increased to ₹1.62 lakh crores; 57% rise since 2019-20

- Capital budget of BRO enhanced by 43% to ₹5,000 crores
- Allocation to DRDO increased by 9% to stand at ₹23,264 crores

In FY23, India has achieved an unprecedented milestone in its defence sector by witnessing a remarkable surge in defence exports. The figures have skyrocketed from ₹686 crores (\$82 million) in FY14 to an impressive ₹16,000 crore (\$1.9 billion) in FY23. This extraordinary 23-fold increase is a testament to India's significant strides in the global defence manufacturing landscape. Currently, India is successfully exporting defence equipment to more than 80 countries worldwide. Among the prominent destinations for India's defence product exports are nations such as Sri Lanka, Nepal, Maldives, Italy, France, Russia, Saudi Arabia, Philippines, Poland, Spain, Mauritius, Bhutan, Israel, and Ethiopia, to name a few. Such a robust and diverse export portfolio underscores India's growing prowess as a key player in the international defence market.

### Key initiatives taken by the government to promote exports

**Simplification of export procedures:** The Indian government is making it easier for companies to export

defence equipment and technologies by simplifying export procedures. They have launched the India Defence Mart, an online portal that allows companies to apply for export licenses and track their applications. Additionally, the government has made the process of obtaining no-objection certificates (NOCs) from different agencies involved in exporting more efficient.

**Financial incentives:** The government has launched two schemes to enhance the export and modernization of the Indian defence industry. The Scheme for Promotion of Defence Exports (SPDE) provides financial aid for participating in international defence exhibitions and promoting Indian defence products abroad. The Technology Upgradation Fund Scheme (TUFS) offers monetary support for upgrading technology and modernizing manufacturing facilities in the defence sector.

**Strategic partnership model:** The government has introduced a Strategic Partnership Model to boost defence equipment production by partnering with foreign companies. This model encourages collaborations between domestic and foreign companies to develop new technologies and products. One example of this partnership is India and Russia working together to create a hypersonic version of the BrahMos missile. The BrahMos missile represents the strong defence cooperation between the two countries, and they are committed to further strengthening their



strategic partnership in the defence sector.

**Indian Governments 'Make' Projects:** With the vision to make India an 'Atmanirbhar Nirbhar' (Self-reliant) nation, the government introduced the provision of 'Make' category of capital acquisition in Defence Procurement Procedure (DPP). This is a key initiative on the part of the government for realising its vision of 'Make in India' by fostering indigenous capabilities through design & development of required defence equipment / product / systems or upgrades/ sub-systems/components /parts by both public and private sector industry / organization in a faster time frame.

The key sub-categories under the 'Make' project

- I. **Make-I (Government Funded):** Projects under 'Make-I' sub-category will involve Government funding of 90%, released in a phased manner and based on the progress of the scheme, as per terms agreed between MoD and the vendor.
- II. **Make-II (Industry Funded):** Projects under 'Make-II' category will involve prototype development of equipment/ system/ platform or their upgrades or their sub-systems/ sub-assembly/assemblies/ components, primarily for import substitution/ innovative solutions, for which no Government funding will be provided for prototype development purposes.

**The Defence Acquisition Procedure (DAP) 2020:** The government introduced this policy to help it achieve vision of 'Atmanirbhar Bharat Abhiyaan', in the sector of defence manufacturing. Through this policy measure the government aims to ease the procurement and acquisition of upgraded technology, products and services for the Tri-Services and other allied defence services. Additionally, the policy aims to establish a greater degree of public accountability, transparency, fair competition and a level playing field in the sector.

#### Key features of the policy:

- **Reservation in Categories for Indian vendors:** With FDI in defence manufacturing permitted up to 100% (up to 74% under Automatic route and beyond 74% under Government route), there is an

opportunity for the domestic industry to increase production in the sector.

- **Enhancement of Indigenous Content:** Each of the categories has seen an increase in the procurement and acquisition of indigenously manufactured products and technologies in the sector. This would also be facilitated by Inter-Governmental Agreements (IGAs) that would help enable Import Substitution of defence products, technologies and spare parts.

While India's exports grew, its defence imports declined by 11% between 2013-17 and 2018-22. This reduction can be attributed to various factors, including a complex procurement process, a deliberate strategy to diversify arms suppliers, and a strong push to replace imports with domestically produced goods. India is all set to spend ₹2.71 lakh crores (\$33 billion) on defence equipment in FY23 and 99% of this equipment has been sourced from Indian industries.

In FY23, India has earmarked an impressive ₹2.71 lakh crores (\$33 billion) for the procurement of defence equipment, showcasing a strong commitment to bolster its security forces. Remarkably, an overwhelming 99% of this equipment is being sourced from domestic industries, a testament to the nation's focus on fostering self-reliance and promoting the growth of its indigenous defence manufacturing sector.

Over the last two years, the Indian aerospace and defence sector has been consistently reporting on significant measures taken by the government. These include augmenting the defence budget and making concerted efforts to channel the allocated funds towards developing a robust defence-manufacturing ecosystem within the country. Consequently, India has witnessed remarkable progress in the development of new technologies and substantial improvements in defence infrastructure.

There is a silver lining and defence production has been looking up in the last decade. We can feel proud about the fact that defence exports grew by 334% in last five years and India is now exporting to over 80 countries. With Government initiatives, the expenditure

on defence procurement from foreign sources which used to be 46% of the overall expenditure has reduced to 36% over the last four years. India has around 194 defence tech startups building innovative tech solutions to empower and support the country's defence efforts. Government of India has set a target of ₹1.75 lakh crores of defence production by 2025, which includes an export target of \$5 billion. The Indian defence industry comprises public and private sector companies that manufacture defence equipment, systems, and technologies. India has been exporting a range of defence equipment, including helicopters, naval vessels, aircraft, missiles, and armoured vehicles, among others.

### Indian space industry

India's space endeavours are firmly oriented towards benefiting society and ensuring the long-term sustainability of outer space activities. It's worth noting that India's journey in this domain began in 1963, a time when the nation had recently gained independence and was perceived as a less affluent country in pursuit of cutting-edge technological advancements on a global scale. However, the last five decades have witnessed a remarkable transformation for India's space industry.

From those humble beginnings, the Indian space industry has managed to establish a solid and confident

**Indian space startups have received a total funding of over \$200 million since 2021 and with ISRO's plan to set up its own space station by 2030, there is potential for further investments by the private sector. From one start-up company in 2012, there are now 196 start-ups in the space sector registered with the Department for Promotion of Industry and Internal Trade (DPIIT).**

**Presently, FDI in the satellite establishment and operations is allowed up to 100% through government route only subject to sectoral guidelines of the Department of Space (DoS). This favourable policy can help the sector grow sustainably in the near future.**

position in the field. At present, the country's space sector is valued at US\$8 billion, contributing 2% to the global space economy. The government allocates around US\$2 billion to support space-related projects, and since 1999, India has successfully launched 381 foreign satellites for 34 countries, generating revenues of US\$279 million.

India's commitment to advancing its space exploration efforts for the benefit of humanity is evident in its progress in the sector. The government aims to make India's space sector account for 9% of the global industry by 2030 and has implemented various reforms and policies to achieve this goal. One such key policy, the Indian Space Policy 2023, aims to enhance India's space capabilities and provide regulatory certainty. The establishment of the Indian National Space Promotion and Authorization Center (IN-SPACe) is a pivotal component of this policy, as it collaborates closely with private players, including space tech startups. The policy promotes a collaborative environment for developing innovative solutions and services in the space sector. By fostering partnerships with the private sector, India is set to make significant progress in the global space industry and establish itself as a significant player in the international space community.

### Company overview

Apollo Microsystems, established in 1985, is a versatile company specializing in electronics, electro-mechanical engineering designs, manufacturing, and supplies. It has gained a reputation for delivering high-performance solutions crucial to Defence, Space, and Home Land 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.

Over the years, the company has amassed an extensive knowledge and technology base, setting a solid foundation for surpassing competitors and staying at the forefront of the market. Apollo Microsystems has actively participated in various Indigenous Missile programs, including underwater electronic warfare, underwater missiles, surface-to-air missiles, nuclear

## Key strategic priorities for the Company



Grow and strengthen network advantage



Deliver operational and organisational efficiencies



Disciplined allocation of capital and improved cash flow generation



Innovate offerings through focused R&D



Build a talented workforce

missile programs, surface-to-surface missile programs, indigenous submarine programs, UAVs with long and short endurance, as well as ships and space programs.

### Our core strengths

- Niche business model, helping AMS to deliver consistent value to the stakeholders.
- The company has a strong ability to conduct research and development, which has allowed them to create effective and time-sensitive solutions.
- We have a competitive advantage over our peers thanks to our strong technological competency and superior service offering capability.
- Multi-decadal experience in designing, developing and assembling custom-built electronics and electro-mechanical solutions.

### 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

#### A. Standalone Financial Performance

- Total Revenue:** During the Financial Year 2022-23, the revenue from operations of the Company increased by 22.34% from ₹24,319.11 lakhs to ₹29,752.60 lakhs as compared to the previous Financial Year 2021-22. Increase in sales is due to Increase in opportunities and closure of outstanding orders in faster pace.
- Expenditure:** During the year, total expenditure has increased by 18.98% from ₹22,369.26

			
Identification and assessment approach	Prevention and control strategy	Monitoring	Reviewing and reporting on the risk
Forecasting and calculating the probability of occurrence, magnitude, category and rating of the risk.	Devising plan of actions to prevent risk, temper its strength and reduce its aftermaths.	Gauging the potency of controls, reacting to the revelations and continuously honing the method.	Overseeing the process at regular intervals (at least annually).

lakhs in FY 2021-22 to ₹2,944.02 lakhs in current FY 2022-23. Increase in expenses was largely on account of raw material purchases commensurate with an increase in turnover coupled with employee expenditure and finance cost.

III. **Employee benefits expenses:** During the year under review, the Employee benefits expenses increased by 27.24% from ₹977.04 lakhs to ₹1,243.19 lakhs as compared to the previous Financial Year 2021-22. The key reason for increase in employee cost is salary hikes and an increase in head count, to take care of increased operations of the company.

IV. **Finance Cost:** The finance cost increased by 31.21% from ₹1,704.80 lakhs to ₹2,236.84 lakhs as compared to the previous FY 2021-22 mainly owing to hike in RBI repo rate which was

passed on to us by the financing banks and increase in the overall WC limits during the year.

V. **Operational & other Expenses:** The operational & other expenses increased by 65.37% from ₹677.08 lakhs to ₹1,119.66 lakhs as compared to the previous FY 2021-22 mainly on account of Business Promotion expenses such as participating in Defense Expos, advertisements and tours of the directors across places and movement of marketing staff across various centers.

VI. **Net Profit:** During the year, we recorded our highest-ever profit of ₹1,906.79 lakhs as compared to a net profit of ₹1,461.94 lakhs in the previous FY 2021-22 Net profit increase by 30.43% on account of increase in the revenue.

VII. **Non-Current Liabilities:** The non-current liabilities have increased by 38.15% from ₹2,132.63 lakhs to ₹2,946.15 lakhs as compared to the previous FY 2021-22 owing to long term loans availed for acquiring machinery, vehicles, etc.

VIII. **Current Liabilities:** The current liabilities have increased by 8.30% from ₹25,766.28 lakhs to ₹27,906.13 lakhs as compared to the previous FY 2021-22. on account of increase advances from customers, current borrowings etc. compared to the previous year.

IX. **Non-Current Assets:** The non-current assets have increased by 20.40% from ₹11,553.87 lakhs to ₹13,911.19 lakhs as compared to the previous FY 2021-22 on account of loans to Subsidiary and advance to purchase of capital assets.

X. **Current Assets:** The current assets have increased by 14.60% from ₹48,276.30 lakhs to ₹55,322.26 lakhs as compared to the previous FY 2021-22.

**The Company functions under a well-defined organization structure. Flow of information is well defined to avoid any conflict or communication gap between two or more departments. Second-level positions are created in each department to continue the work without any interruption in case of nonavailability of functional heads.**

## B. Consolidated Financial Performance

- I. **Total Revenue:** During the Financial Year 2022-23, the total revenue of the Company is increased by 22.34% from ₹24,319.11 lakhs to ₹29,752.60 lakhs as compared to the previous Financial Year 2021-22. Increase in sales is due to Increase in opportunities and closure of outstanding orders in faster pace.
- II. **Expenditure:** During the year, total expenditure has increased by 20.42% from ₹22,369.92 lakhs in FY 2021-22 to ₹26,939.24 lakhs in current FY 2022-23. Increase in expenses was largely on account of raw material purchases commensurate with an increase in turnover coupled with employee expenditure and finance cost.
- III. **Employee benefits expenses:** During the year under review, the Employee benefits expenses increased by 27.24% from ₹977.04 lakhs to ₹1,243.19 lakhs as compared to the previous Financial Year. The key reason for increase in employee cost is salary hikes and increase in head count, to take care of increased operations of the company.
- IV. **Finance Cost:** The finance cost increased by 31.20% from ₹ 1,704.89 lakhs in FY 2021-22 to ₹2,236.88 lakhs in FY 2022-23 as compared to the previous mainly owing to hike in RBI repo rate which was passed on to us by the financing banks and increase in the overall WC limits during the year.
- V. **Operational & other Expenses:** The operational & other expenses increased by 65.62% from ₹677.65 lakhs to ₹1,122.33 lakhs as compared to the previous FY 2021-22 mainly on account of Business Promotion expenses such as participating in Defense Expos, advertisements and tours of the directors across places and movement of marketing staff across various centers.
- VI. **Net Profit:** During the year, we recorded our highest-ever profit of ₹1,872.23 lakhs as compared to a net profit of ₹1,461.87 lakhs in the previous FY 2021-22 on account of 28.07% increase in order book compared to the previous year.
- VII. **Non-Current Liabilities:** The non-current liabilities have increased by 38.15% from ₹2132.63 lakhs to ₹2946.15 lakhs as compared to the previous FY 2021-22 owing to long term loans availed for acquiring machinery, vehicles, etc.
- VIII. **Current Liabilities:** The current liabilities have increased from ₹25,784.68 lakhs to ₹27,896.87 lakhs as compared to the previous FY 2021-22 increase by 8.19% on account of increase advances from customers and current borrowings etc. compared to the previous year.
- IX. **Non-Current Assets:** The non-current assets have increased by 19.83% from ₹11,624.27 lakhs to ₹13,929.04 lakhs as compared to the previous FY 2021-22 on account of loans to Subsidiary and advance to purchase of capital assets.
- X. **Current Assets:** The current assets have increased by 14.57% from ₹48,296.26 lakhs to ₹55,334.08 lakhs as compared to the previous FY 2021-22.

### Details of Key Financial Ratios:

In compliance with the requirement of the listing regulations, the key financial ratios were examined and the ratios with significant changes of 25% or more as compared to the immediately previous financial year have been provided hereunder along with the explanation for the changes, if any.

Key Financial Ratios	FY 2022-23	FY 2021-22	Reason for Significant Change, if any
Inventory Turnover Ratio (times)	0.66	0.69	-
Interest Coverage Ratio(times)	2.32	2.19	-
Current Ratio (times)	1.98	1.87	-
Debt-Equity Ratio (times)	0.80	0.87	-
Operating Profit Margin	16.98	15.03	-
Net Profit Margin	6.41	6.01	-
Return on Net Worth (RoNW)	4.97	4.58	-

### Risk management

A thorough risk-management framework allows us to pre-emptively monitor risks emanating from the internal and external environment. As a result, we have been able to consistently create value for all our stakeholders, despite industry cycles and economic headwinds.

### Our risk management process

#### Our risk mitigation plan

The Board takes the following steps as a part of its risk management and mitigation plan:

- Defines the roles and responsibilities of the Risk Management Committee
- Participates in major decisions affecting the organization's risk profile
- Integrates risk-management reporting with the Board's overall reporting framework

The Company functions under a well-defined organization structure. Flow of information is well defined to avoid any conflict or communication gap between two or more departments. Second-level positions are created in each department to continue the work without any interruption in case of nonavailability of functional heads. Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools

to ensure their availability for planned production programmes. Effective steps are being taken to reduce the cost of production on a continuing basis, taking various changing scenarios in the market.

### Human resource

Our intellectual capital is the foremost asset of our business and the satisfaction of workers within the organisation is a major factor in its prosperity. AMS thinks that the Company is governed by its people resources and our success is directly dependent on the success and growth of our people. Our commitment is to create an environment where personal growth is encouraged and supported in an inviting and secure atmosphere. In addition, the Company has often emphasized the importance of having a diverse team on board and cherishes each individual's input. Our aptitude for recognizing, enrolling, and preserving skill has propelled our expansion significantly. Our human capital is our greatest tool for shaping the future of the Company and is also critical for our smooth functioning.

The group's strength resides in working and growing as a team. Training and skill development are critical for contributing to the overall growth of personnel and the organisation. The Company organises training and development sessions for its workforce, motivating and empowering them to unleash their full potential. Further, we focus on following a flat communication structure to make it a lucid one when it comes to the employees sharing their view with the management. Such initiatives aid in the recruitment and retention of top talent across the sector and this has helped the Company enjoy the support of committed and well satisfied human capital. The Company has implemented important HR initiatives and people management practices effectively. As of 31st March 2023, the total workforce of AMS is well over 298 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 implemented Internal Financial Controls that are tailored to the size, scale, and complexity of its operations. The Board of Directors bears the responsibility of ensuring the adequacy and effectiveness of these Internal Financial Controls. The primary goal of the internal control framework is to provide reasonable assurance in terms of accurate financial and operational information, adherence to applicable laws, protection of assets against unauthorized use, proper authorization of transactions, and compliance with corporate policies.

The Company's internal financial control framework is aligned with the requirements of the Companies Act, 2013, and is appropriate for the business's size and operations. To guide the various functions, Standard Operating Procedures have been established, and the responsibility to ensure compliance with these procedures lies with the respective business heads.

The Internal Audit function has well-defined scope and authority. To maintain objectivity and independence,

the Internal Audit function directly reports to the Chairman of the Audit Committee. Each year, the Internal Audit team develops an audit plan based on the risk profile of the business activities, and this plan is subject to approval by the Audit Committee, which also monitors its compliance. The Internal Audit team evaluates the effectiveness and sufficiency of internal control systems within the Company, as well as compliance with operating systems, accounting procedures, and policies of the Company and its subsidiaries. Upon reviewing the Internal Audit function's reports, process owners take appropriate corrective actions in their respective areas to enhance the overall control environment.

### **Cautionary statement**

The MDA section contains forward-looking statements concerning the Company's future prospects. These statements entail various 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 report's assumptions rely on both internal and external information, forming the basis for specific facts and figures. However, it is crucial to acknowledge that these assumptions may change over time, leading to corresponding adjustments in the estimates. These forward-looking statements represent the Company's current intentions, beliefs, or expectations and are applicable as of their original date. Please note that the Company is under no obligation to revise or update these forward-looking statements, regardless of any new information, future events, or changing circumstances.

**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 Balance Sheet as at 31 March, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes forming part of standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

In our opinion and to the best of our knowledge and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

**Key Audit Matters:**

<b>Key Audit Matter</b>	<b>Auditor's Response</b>
<p>1. Capital work in progress (CWIP):</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, 2023, the company has recorded CWIP aggregating to ₹2,489.24 lakhs towards various testing tools and instruments and expansion of its manufacturing facilities at ₹2,661.22 with regards to CWIP, management has identified certain specific costs incurred for ₹2,625.21 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. 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 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>• 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>• Tested other costs charged to the statement of profit and loss, on a sample basis, to ascertain whether these meet the criteria for capitalisation.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Our procedures as mentioned above did not identify any costs that has been inappropriately capitalised.</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>

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

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

statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of

our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### 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, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principle generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of 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.
- 2) As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over with reference standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure-B'. Our report expresses an unmodified opinion on the adequacy and the operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.
  - g. With respect to other matters to be included in the Auditors Report in accordance with requirements of section 197(6) of the Act, as amended:

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its director's during the year is within the limits prescribed as per the provisions of section 197 of the Act.

h. 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 has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts (including derivative contracts).
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - 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.
- iv. The Company has paid dividends during the year which is declared for the previous year that is in compliance with the provisions of section 123 of the Act to the extent that it applies to payment of dividend.
- v. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

Place: Hyderabad

Date: 29 May 2023

ICAI UDIN: 23015635BGYJLH9473

**Annexure 'A' to the Independent Auditors' Report**

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

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

- i) In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets:
- A) The Company has maintained proper records up to immediately preceding year showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. However, the details of current year are also being compiled for updation in a software.
- B) The Company has maintained proper records showing full particulars of intangible assets.
- a) The Company has a regular program of physical verification of its Property, Plant and Equipment, and right-of-use assets so to cover all the assets are verified on annual basis, in our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- b) The Company is not holding any immovable properties (Other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable to the Company for the year under review.
- c) 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.
- d) 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 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988(as amended in 2016) and rules made thereunder.
- e) 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.
- f) 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.
- g) The Company has, during the year, made investments in one partly owned subsidiary 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:	222.96
-Subsidiaries	-
-Others	-
Balance outstanding as at balance sheet date in respect of above cases:	593.00
-Subsidiaries	-
-Others	-

The Company has not provided any corporate guarantee or offered security during the year.

The above amounts are included in note 5 (ii) to the standalone financial statements.

- h) 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.
- i) 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, the schedule of repayment of principal is not stipulated and payment of interest has been stipulated on annual basis and receipts of interest have generally been regular as per stipulation.
- j) 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.
- k) 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.
- l) 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	-	-	-
No items or repayments terms are specified	-	-	593.00
Total	-	-	593.00
Percentage of the total loans granted			100%

The above loan is included in note 5 (ii) to the standalone financial statements.

- ii) In our opinion and according to the information and explanation given to us, the Company has complied 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.
- iii) 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 under review.
- iv) Pursuant to the rules made by the 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 and complete.
- v) 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 few cases on some occasions.

There were no 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 as at March 31, 2023 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 2023 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	Assessment Officer (AO)	AY 2014-15	296.72
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

- vi) 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.
- g) 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.
- h) During the year, the Company has issued 98,85,070 fully convertible share warrants convertible in to equal number of equity shares. These warrants are outstanding for conversion as on date of balance sheet.



- i) 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.
  - j) 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.
  - k) 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.
- vii) 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.
- viii) 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.
- ix) 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) and (c) 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)(d) of the Order is not applicable.
- x) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding the financial year.
- xi) 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.
- xii) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the

audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

a) During the year the company has incurred expenditure of ₹41.21 lakhs (including amount spent on ongoing project ₹1.22 lakhs) against current year CSR obligation of ₹39.99 lakhs resulting in ₹0.01 lakhs excess paid during the year to be carry forwarded 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) There is an amount of 0.41 Lakhs remaining unspent pursuant to an ongoing project and the unspent amount has been transferred to / available in a special bank account in compliance with section 135(6) of the Act.

xiii) 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: 29 May 2023

ICAI UDIN: 23015635BGYJLH9473

## Annexure 'B' to the Independent Auditors' Report

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

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

We have audited the internal financial controls with reference to standalone financial statements of Apollo Micro Systems Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the Orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over to financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2023, 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: 29 May 2023

ICAI UDIN: 23015635BGYJLH9473

## STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

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

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4 (a)	10,429.49	8,536.77
(b) Right -to-use assets	4 (b)	118.27	-
(c) Capital work-in-progress	4 (c)	2,489.24	2,453.23
(d) Other intangible assets	4 (d)	11.65	17.56
(e) Financial assets			
(i) Investments	5(i)	132.89	132.89
(ii) Loans	5(ii)	593.00	370.04
(f) Other non-current assets	6	136.67	43.38
		<b>13,911.19</b>	<b>11,553.87</b>
<b>2 Current assets</b>			
(a) Inventories	7	34,152.96	29,615.56
(b) Financial assets			
(i) Trade receivables	8	14,659.54	13,640.78
(ii) Cash and cash equivalents	9	13.91	16.78
(iii) Other bank balances	10	1,805.21	1,588.55
(iv) Loans	11	70.58	14.94
(c) Other current assets	12	4,620.06	3,399.69
		<b>55,322.26</b>	<b>48,276.30</b>
<b>TOTAL ASSETS</b>		<b>69,233.45</b>	<b>59,830.16</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(i) Equity share capital	13	2,076.39	2,076.39
(ii) Other equity	14	36,304.78	29,854.86
<b>Total equity</b>		<b>38,381.17</b>	<b>31,931.25</b>
<b>2 LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	186.64	67.14
(ii) Lease liabilities	16	84.58	-
(b) Deferred tax liabilities (net)	17	2,650.67	1,977.09
(c) Provisions	18	24.26	88.40
		<b>2,946.15</b>	<b>2,132.63</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	14,061.74	11,507.34
(ii) Lease liabilities	16	28.86	-
(iii) Trade payables	19	-	-
- Dues of micro enterprises and small enterprises		-	-
- Dues of creditors other than micro and small enterprises		11,228.59	12,793.14
(iv) Other financial liabilities	20	881.07	801.99
(b) Other current liabilities	21	1,067.02	174.49
(c) Current tax liabilities (net)	22	518.36	463.85
(d) Provisions	18	120.50	25.47
<b>TOTAL LIABILITIES</b>		<b>27,906.13</b>	<b>25,766.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,233.45</b>	<b>59,830.16</b>

Corporate information & significant accounting policies  
The accompanying notes are an integral part of the financial statements.

1 to 3  
32 to 50

As per our report of even date

For and on behalf of the Board of Directors

**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

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.: 015635

**Sudarshan Chiluveru**  
Chief Financial Officer

**Chaitanya Siva Shankar Vitta**  
Company Secretary  
Membership No: ACS49765

Place: Hyderabad  
Date: 29 May 2023  
UDIN: 23015635BGYJLH9473

Place: Hyderabad  
Date: 29 May 2023

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

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

Particulars		Note No	Year ended 31 March 2023	Year ended 31 March 2022
I	Revenue from operations	23	29,752.60	24,319.11
II	Other income	24	127.94	75.90
III	<b>Total income</b>		<b>29,880.54</b>	<b>24,395.01</b>
IV	<b>Expenses</b>			
	Cost of materials consumed	25	24,375.19	19,988.75
	Changes in inventories and work in progress	26	(3,397.22)	(1,876.06)
	Employee benefits expense	27	1,243.19	977.04
	Depreciation and amortisation	28	1,036.64	897.65
	Finance cost	29	2,236.84	1,704.80
	Other expenses	30	1,119.66	677.08
	<b>Total expenses</b>		<b>26,614.30</b>	<b>22,369.26</b>
V	<b>Profit before tax (III-IV)</b>		<b>3,266.24</b>	<b>2,025.75</b>
	Exceptional item	46	322.22	-
	<b>Profit before tax</b>		<b>2,944.02</b>	<b>2,025.75</b>
VI	<b>Tax expense</b>			
	Current tax	31	363.03	208.66
	Deferred tax		674.19	355.15
	Total tax expense		1,037.23	563.81
VII	<b>Profit for the year (V-VI)</b>		<b>1,906.79</b>	<b>1,461.94</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 plan		(2.13)	0.49
	Income-tax thereon	31	0.62	(0.14)
	<b>Other comprehensive income for the year, net of tax</b>		<b>(1.51)</b>	<b>0.35</b>
IX	<b>Total comprehensive income for the year</b>		<b>1,905.28</b>	<b>1,462.28</b>
X	<b>Earnings per equity share</b>	41		
	Basic (₹)		9.18	7.04
	Diluted (₹)		6.22	7.04

Corporate information & significant accounting policies

The accompanying notes are an integral part of the financial statements.

1 to 3

32 to 50

As per our report of even date

For and on behalf of the Board of Directors

**for S.T.Mohite & Co**

Chartered Accountants

Firm Registration Number: 0114105

**Karunakar Reddy Baddam**

Managing Director

DIN: 00790139

**Krishna Sai Kumar Addepalli**

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Company Secretary

Membership No: ACS49765

Place: Hyderabad

Date: 29 May 2023

UDIN: 23015635BGYJLH9473

Place: Hyderabad

Date: 29 May 2023

## STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>2,944.02</b>	<b>2,025.75</b>
Adjustments		
Depreciation and amortisation	1,036.64	897.65
Interest income	(127.94)	(70.60)
Finance costs (including fair value change in financial instruments)	2,236.84	1,704.80
(Profit)/loss on Property, plant and equipments	-	(5.30)
Re-measurement gains on defined benefit plans	(2.13)	0.49
<b>Operating profit before working capital changes</b>	<b>6,087.43</b>	<b>4,552.79</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
-Trade receivables	(1,018.76)	3,309.06
-Inventories	(4,537.40)	(7,046.26)
-Loans - current	(55.64)	(2.53)
-Other assets - current	(1,220.37)	(1,372.33)
Adjustment for (increase)/decrease in operating liabilities		
-Trade payables	(1,564.54)	4,963.33
-Other financial liabilities - current	971.60	30.22
-Provisions	30.89	21.31
<b>Cash generated from operations</b>	<b>(1,306.80)</b>	<b>4,455.59</b>
Income taxes paid (net)	(308.52)	(147.62)
<b>Net cash generated from/(used in) operating activities</b>	<b>(1,615.32)</b>	<b>4,307.96</b>
<b>II. Cash flows from investing activities</b>		
Purchase of PPE (including capital work in progress)	(3,171.01)	(1,972.95)
Investment in subsidiaries	(222.95)	(370.04)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	(216.66)	(261.25)
Interest received	127.94	70.60
<b>Net cash used in investing activities</b>	<b>(3,482.68)</b>	<b>(2,533.64)</b>
<b>III. Cash flows from financing activities</b>		
Money received against share warrants	4,596.56	-
Dividend paid	(51.91)	(51.91)
(Repayment) /Proceeds from borrowings (net)	2,787.33	(13.53)
Interest paid	(2,236.84)	(1,704.79)
<b>Net cash provided by financing activities</b>	<b>5,095.13</b>	<b>(1,770.23)</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(2.87)</b>	<b>4.09</b>
Cash and cash equivalents at the beginning of the year	16.78	12.69
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>13.91</b>	<b>16.78</b>
<b>Cash and cash equivalents comprise: (Refer Note 9)</b>		
Cash on hand	13.00	14.66
Balances with banks:		
- in current accounts	0.91	2.12
	<b>13.91</b>	<b>16.78</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 & significant accounting policies 1 to 3

The accompanying notes are an integral part of the financial statements. 32 to 50

As per our report of even date

For and on behalf of the Board of Directors

#### 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

#### Sreenivasa Rao T Mohite

Partner

Membership No.: 015635

#### Sudarshan Chiluveru

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#### Chaitanya Siva Shankar Vitta

Company Secretary

Membership No: ACS49765

'Place: Hyderabad

Date: 29 May 2023

UDIN: 23015635BGYJLH9473

Place: Hyderabad

Date: 29 May 2023

## STANDALONE STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2023

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

	No. of shares	Amount ₹
Balance as at 1 April 2021	20,763,886	2,076.39
Balance as at 31 March 2022	20,763,886	2,076.39
Balance as at 31 March 2023	20,763,886	2,076.39

#### b. Other equity

Particulars	Reserves and Surplus		Money received against share warrants	Other comprehensive income	Total equity
	Securities premium	Retained earnings			
<b>At 1 April 2021</b>	16,537.57	11,877.18	-	29.73	28,444.47
Profit for the year	-	1,461.95	-	0.35	1,462.29
Dividend Paid		(51.91)	-		(51.91)
<b>As at 1 April 2022</b>	16,537.57	13,287.22	-	30.07	29,854.86
Profit for the year		1,906.79		(1.51)	1,905.28
Additions during the year	-	-	4,596.56	-	4,596.56
Dividend paid	-	(51.91)			(51.91)
<b>Balance as of 31 March 2023</b>	16,537.57	15,142.09	4,596.56	28.56	36,304.78

Corporate information & significant accounting policies 1 to 3

The accompanying notes are an integral part of the financial statements. 32 to 50

As per our report of even date

For and on behalf of the Board of Directors

#### for S.T.Mohite & Co

Chartered Accountants  
Firm Registration Number: 0114105

#### Sreenivasa Rao T Mohite

Partner  
Membership No.: 015635

Place: Hyderabad  
Date: 29 May 2023  
UDIN: 23015635BGYJLH9473

#### Karunakar Reddy Baddam

Managing Director  
DIN: 00790139

#### Sudarshan Chiluveru

Chief Financial Officer

Place: Hyderabad  
Date: 29 May 2023

#### Krishna Sai Kumar Addepalli

Director  
DIN: 03601692

#### Chaitanya Siva Shankar Vitta

Company Secretary  
Membership No: ACS49765



## 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 Private Limited ("AMS" or "the Company") Started in 1985 as a Proprietary company converted in to Private Limited in 1997 and Public Limited from 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), avionics systems, ship borne systems, submarine systems, etc.

### 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 and there is no impact on total income and net profit.

#### 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 2023 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 Significant 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 are not translated again. The exchange differences on monetary items arising, if any are recognised in the statement of Profit and loss in the period in which they arise.

### 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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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. 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 when incurred.

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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.

#### Defined contribution plans (like contribution to provident fund, ESI)

The Company’s contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

#### Defined benefit plan-Gratuity

The liability in respect of defined benefit plans and other post-employment benefits are calculated using the projected unit credit method using actuarial valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality

corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### 3.14 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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 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. Recognition and initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b. Classification and Subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost;

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

activity.

### 3.17 Financial instruments

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at

a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss statement.

### 3.18 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA

amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1- Presentation of financial statements:** This amendment required the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

**Ind AS 8- Accounting policies, changes in Accounting Estimates and Errors:** This amendment has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

**Ind AS 12- Income taxes:** The amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

The Company evaluated the aforementioned amendments and there is no impact on its standalone financial statements.

## 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 & Software	Office Equipment	Electrical Fittings	Total
<b>Gross carrying value</b>										
<b>As at 1 April 2021</b>	150.85	1,376.95	335.90	92.64	5,644.97	126.08	523.02	57.49	60.21	8,368.12
Additions	-	-	44.57	109.77	4,428.13	6.23	3.20	9.61	-	4,601.52
Deletions	-	-	37.20	-	-	-	-	-	-	37.20
<b>As at 1 April 2022</b>	<b>150.85</b>	<b>1,376.95</b>	<b>343.27</b>	<b>202.41</b>	<b>10,073.10</b>	<b>132.30</b>	<b>526.23</b>	<b>67.10</b>	<b>60.21</b>	<b>12,932.44</b>
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>
<b>Accumulated depreciation</b>										
<b>As at 1 April 2021</b>	-	449.20	196.48	58.78	2,148.71	65.51	498.94	47.63	46.74	3,511.99
Charge for the year	-	87.70	29.79	26.26	710.14	16.98	9.54	7.21	3.50	891.13
Adjustments	-	-	7.45	-	-	-	-	-	-	7.45
<b>As at 1 April 2022</b>	<b>-</b>	<b>536.90</b>	<b>218.82</b>	<b>85.03</b>	<b>2,858.85</b>	<b>82.50</b>	<b>508.48</b>	<b>54.84</b>	<b>50.24</b>	<b>4,395.67</b>
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>
<b>Net carrying amount</b>										
As at 31 March 2022	150.85	840.05	124.45	117.38	7,214.25	49.80	17.75	12.26	9.97	8,536.77
<b>As at 31 March 2023</b>	<b>150.85</b>	<b>760.25</b>	<b>101.92</b>	<b>237.18</b>	<b>9,104.67</b>	<b>36.91</b>	<b>20.70</b>	<b>9.61</b>	<b>7.39</b>	<b>10,429.49</b>

### 4 (b). Right-to-use assets

Particulars	Amount ₹
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	-
Additions	-
Deletions	-
<b>As at 1 April 2022</b>	-
Additions	131.41
Deletions	-
<b>As at 31 March 2023</b>	<b>131.41</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	-
Charge for the year	-
Adjustments	-
<b>As at 1 April 2022</b>	-
Charge for the year	13.14
Adjustments	-
<b>As at 31 March 2023</b>	<b>13.14</b>
<b>Net carrying amount</b>	
As at 31 March 2022	-
<b>As at 31 March 2023</b>	<b>118.27</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 4 (c). Capital work-in-progress

Particulars	Amount ₹
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	4,993.59
Additions	1,474.92
Deletions	4,015.28
<b>As at 1 April 2022</b>	<b>2,453.23</b>
Additions	2,661.22
Deletions	2,625.21
<b>As at 31 March 2023</b>	<b>2,489.24</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	-
Charge for the year	-
Adjustments	
<b>As at 1 April 2022</b>	-
Charge for the year	-
Adjustments	
<b>As at 31 March 2023</b>	-
<b>Net carrying amount</b>	
As at 31 March 2022	2,453.23
<b>As at 31 March 2023</b>	<b>2,489.24</b>
Refer table below for CWIP ageing.	

### 4 (d). Other intangible assets

Particulars	Amount ₹
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	32.61
Additions	-
Deletions	
<b>As at 1 April 2022</b>	<b>32.61</b>
Additions	0.77
Deletions	-
<b>As at 31 March 2023</b>	<b>33.37</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	8.53
Charge for the year	6.52
Adjustments	-
<b>As at 1 April 2022</b>	<b>15.05</b>
Charge for the year	6.67
Adjustments	
<b>As at 31 March 2023</b>	<b>21.72</b>
<b>Net carrying amount</b>	
As at 31 March 2022	17.56
<b>As at 31 March 2023</b>	<b>11.65</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

Note:

- All the properties are registered in the name of Company and the titles deeds of land and buildings are held in the name of the Company.
- Depreciation is Calculated as per Straight Line Method based on useful life of assets as indicated in Schedule-II of The Companies Act, 2013 and Note.3.7
- All Properties Plant and Equipments are under charge created by the company for the loans availed.

### Apollo Micro Systems Limited

#### Notes forming part of the Standalone Financial Statements

##### Capital work in progress ageing

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	-	-	-	-	-

As on 31 March 2022

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

### 5. Non-current assets

	As at 31 March 2023	As at 31 March 2022
<b>Investment at carrying cost</b>		
<b>(i) Investment in equity instruments:</b>		
Investment in equity shares of subsidiary (Unquoted) fully paid up 2,10,940 (As on 31 March 2022: 2,10,940) Equity shares of ₹.10 each	132.89	132.89
	<b>132.89</b>	<b>132.89</b>
Note:		
i) Aggregate carrying value of unquoted investments	132.89	132.89
<b>(ii) Loans:</b>		
<b>Unsecured</b>		
<b>Loan to related parties</b>		
Loan to subsidiary (refer note below)	593.00	370.04
	<b>593.00</b>	<b>370.04</b>

#### Notes: Loan repayable on demand:

- Loan to Subsidiary is repayable on demand and the loan carries an interest rate of 9.80% per annum and interest payable quarterly basis.

### 6. Other non-current assets

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Capital advances	136.67	43.38
	<b>136.67</b>	<b>43.38</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 7. Inventories

	As at 31 March 2023	As at 31 March 2022
Raw material	14,118.71	12,978.52
Work in progress	18,439.50	12,170.63
Finished goods	1,594.75	4,466.41
	<b>34,152.96</b>	<b>29,615.56</b>

### 8. Trade receivables

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good	14,659.54	13,640.78
	<b>14,659.54</b>	<b>13,640.78</b>

### Trade receivable ageing schedule

#### 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	7,521	3,318.27	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>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>

#### As at 31 March 2022

Particulars	Not due	< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed trade receivables							
-considered good	-	8,933.34	1,706.71	2,088.02	689.40	223.30	13,640.78
-considered doubtful	-	-	-	-	-	-	-
(ii) Disputed trade receivables							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8,933.34</b>	<b>1,706.71</b>	<b>2,088.02</b>	<b>689.40</b>	<b>223.30</b>	<b>13,640.78</b>

### 9. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks:		
- in current accounts	0.91	2.12
Cash on hand	13.00	14.66
	<b>13.91</b>	<b>16.78</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 10. Other bank balances

	As at 31 March 2023	As at 31 March 2022
Term deposits with Banks (original maturities of more than 3 months and less than 1 year)*	1,804.04	1,587.92
Unpaid dividend account (Earmarked for dividend payment)	1.17	0.62
	<b>1,805.21</b>	<b>1,588.55</b>

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

### 11. Loans

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good unless otherwise stated		
Security deposits	70.58	14.94
	<b>70.58</b>	<b>14.94</b>

### 12. Other current assets

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Balances with Government authorities	839.78	1,011.78
Other advances		
-For materials	3,594.43	2,254.56
-For expenses	48.09	33.39
-Employee advances	16.73	9.69
Prepaid expenses	120.55	90.26
Accrued interest	0.47	-
	<b>4,620.06</b>	<b>3,399.69</b>

### 13. Share capital

	As at 31 March 2023	As at 31 March 2022
<b>Authorised</b>		
36,000,000 (March 31, 2022: 27,000,000) equity shares of ₹.10/- each	3,600.00	2,700.00
<b>Issued, subscribed and fully paid-up</b>		
20,763,886 (March 31, 2022: 20,763,886) equity shares of ₹.10/- each fully paid-up	2,076.39	2,076.39
Total	2,076.39	2,076.39

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

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	No. of equity shares	Amount ₹	No. of equity shares	Amount ₹
Beginning of the year	20,763,886	2,076.39	20,763,886	2,076.39
Issued during the year	-	-	-	-
At the end of the year	20,763,886	2,076.39	20,763,886	2,076.39

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### (b) Terms / rights attached to the equity shares

Rights, preferences and restrictions attached to equity shares having face value of ₹10 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	As at 31 March 2023		As at 31 March 2022	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy	12,271,690	59.10%	12,271,690	59.10%

### d) Details of Shares held by promoters

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>		

Name	As at 31 March 2022				
	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) Details of dividend paid

Particulars	31 March 2023	31 March 2022
During the FY 2022-23. The shareholders of the company at its 25 <sup>th</sup> annual general meeting held on 20 <sup>th</sup> September, 2022 approved payment of dividend of ₹0.25 per share of face value of ₹10/- (2.5%) for the year ended 31.03.2022, and dividend also paid during the year	51.91	
During the FY 2021-22. The shareholders of the company at its 24 <sup>th</sup> annual general meeting held on 28 <sup>th</sup> September, 2021 approved payment of dividend of ₹0.25 per share of face value of ₹10/- (2.5%) for the year ended 31.03.2022, and dividend also paid during the year.		51.91

- f) During the year the company has issued 98,85,070 fully convertible share warrants in equal number of equity shares. These warrants are outstanding for conversion as on date of balance sheet.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 14. Other equity

	As at 31 March 2023	As at 31 March 2022
<b>Securities premium</b>		
Opening balance	16,537.57	16,537.57
Add: Premium on fresh issue	-	-
Closing balance	<b>16,537.57</b>	<b>16,537.57</b>
<b>Retained earnings</b>		
Opening balance	13,287.21	11,877.18
Add: Profit for the year	1,906.79	1,461.94
Less: Dividend paid	(51.91)	(51.91)
Closing balance	<b>15,142.08</b>	<b>13,287.21</b>
<b>Other comprehensive income</b>		
Opening balance	30.07	29.73
Add: Actuarial gain/(loss) recognised	(1.51)	0.35
Closing balance	<b>28.56</b>	<b>30.07</b>
<b>Money received against share warrants</b>		
Opening balance		
Add: warrants received	4,596.56	-
Closing balance	<b>4,596.56</b>	-
<b>Total other equity</b>	<b>36,304.78</b>	<b>29,854.86</b>

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

### 15. Borrowings

Borrowings	As at 31 March 2023	As at 31 March 2022
<b>(a) Non-current borrowings</b>		
<b>Secured:</b>		
<b>From Banks</b>		
Vehicle loans	98.25	18.85
<b>From others</b>		
Inter corporate loans	88.38	-
	-	-
	<b>186.64</b>	<b>67.14</b>

#### Notes:

#### Name of the Bank/ finance institution

Vehicle Loans:	Rate of interest	Tenure
HDFC Bank	7.78%	Nov-2027
<b>Inter corporate loans:</b>		
Vehicle Loans		
BMW India financial Financial Services Private Limited	9.25%	Oct-2025
Machinery loan :		
Profectus Capital Private Ltd	14.51%	Nov-2024



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

The above loans are secured by hypothecation of the vehicle/machinery for which the loan was taken.

### (b) Current borrowings Secured,

#### From Banks (Repayable on demand or over draft from)

Borrowings	As at 31 March 2023	As at 31 March 2022
- State Bank of India	3,488.31	3,844.77
- HDFC Bank	5,961.64	2,495.78
- Axis Bank	1,469.40	2,959.27
<b>From others</b>		
- Line of credit from National Small Industries Corporation against raw material purchases	487.97	489.23
- Intercompany loans	2,573.91	1,663.97
-Current maturities of long-term debts	80.49	54.33
<b>Total current borrowings</b>	<b>14,061.73</b>	<b>11,507.34</b>

#### Notes: Loans repayable on demand:

Name of the Bank	Rate of interest	Nature
State Bank of India	10.15%	Overdraft
HDFC Bank	9.50%	Overdraft
Axis Bank	11.00%	Overdraft
National Small Industries Corporation	9.00%	Raw material assistance
<b>Inter corporate loans:</b>		
Bajaj Finance Ltd	9.75%	Overdraft
Oxyzo Financial Services Pvt Ltd	13.00%	Overdraft

The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of inventories, assignment of book debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercompany loan Equitable Mortgage of land & building. The Loans are further recovered by personal guarantee of a managing director in his individual capacity.

### 16. Lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liabilities:		
(a) Non-current	84.58	-
	<b>84.58</b>	-
(b) Current	28.86	-
	<b>28.86</b>	-
	<b>113.44</b>	-

### 17 (a). Deferred tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Analysis of deferred tax asset/(liabilities)		
Deferred tax liabilities	2,692.82	2,010.25
Deferred tax assets	(42.15)	(33.16)
Deferred tax liability (net)	<b>2,650.67</b>	<b>1,977.09</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### (b) The balance comprises temporary differences attributable to:

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	664.58	-	2,674.83
-Employee benefits, others	(33.16)	9.62	0.62	(24.16)
<b>Total</b>	<b>1977.09</b>	<b>674.19</b>	<b>0.62</b>	<b>2,650.67</b>

Particulars	As at 1 April 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2022
Difference between tax base and books base:				
-Property, plant & equipment	1,648.75	361.50	-	2,010.25
-Employee benefits, others	(26.95)	(6.35)	(0.14)	(33.16)
<b>Total</b>	<b>1621.80</b>	<b>355.15</b>	<b>(0.14)</b>	<b>1,977.09</b>

### 18. Provisions

	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity (refer Note 37)	24.26	88.40
	<b>24.26</b>	<b>88.40</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer Note 37)	115.13	22.08
- Compensated absences	5.37	3.39
	<b>120.50</b>	<b>25.47</b>

### 19. Trade payables

	As at 31 March 2023	As at 31 March 2022
Trade payables		
- Dues of micro enterprises and small enterprises (refer Note 38)	-	-
- Dues of other than micro and small enterprises	11,228.59	12,793.14
	<b>11,228.59</b>	<b>12,793.14</b>

### Trade payables ageing

#### 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>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### As at 31 March 2022

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

### 20. Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Creditors for capital goods	40.10	97.53
Employee related payables	104.27	78.36
Provision for expenses	735.53	625.48
Unpaid dividend	1.17	0.63
	<b>881.07</b>	<b>801.99</b>

### 21. Other liabilities

	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Advance from customers	592.84	44.86
Statutory remittances	474.18	129.63
	<b>1,067.02</b>	<b>174.49</b>

### 22. Current tax liabilities

	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Provision for income tax	274.80	208.66
Pertaining to earlier years	243.56	255.18
	<b>518.36</b>	<b>463.85</b>

### 23. Revenue from operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products	26,641.48	24,143.39
Sale of services	3,111.12	175.73
	<b>29,752.60</b>	<b>24,319.11</b>

Disclosures as per IndAS-115, Revenue from Contracts with customers furnished in Note No.47

### 24. Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	127.94	70.60
Profit on sale of Property, plant and equipment	-	5.30
	<b>127.94</b>	<b>75.90</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 25. Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Raw materials and stores</b>		
Opening stock	12,978.52	7,808.32
Add: Purchases	25,042.40	24,692.28
Add: other incidental cost	472.97	466.67
	38,493.90	32,967.27
Less : Closing Stock	14,118.71	12,978.52
Consumption	<b>24,375.19</b>	<b>19,988.75</b>

### 26. Changes in inventories and Work in progress

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Closing stock</b>		
Finished goods	1,594.75	4,466.41
Work in process	18,439.50	12,170.63
Total (A)	20,034.25	16,637.04
<b>Opening stock</b>		
Finished goods	4,466.41	3,905.45
Work in process	12,170.63	10,855.53
Total (B)	16,637.04	14,760.98
<b>(Increase) / Decrease in inventories and work in progress (B)-(A)</b>	<b>(3,397.22)</b>	<b>(1,876.06)</b>

### 27. Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	911.18	730.33
Contribution to provident and other funds	78.22	60.91
Managerial remuneration	228.00	168.00
Staff welfare expenses	25.79	17.80
	<b>1,243.19</b>	<b>977.04</b>

### 28. Depreciation and amortization expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation (refer Note 4 (a))	1,016.82	891.13
Amortisation of ROU (refer Note 4 (b))	13.14	-
Amortisation (refer Note 4(c))	6.67	6.52
	<b>1,036.64</b>	<b>897.65</b>

### 29. Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Interest on</b>		
Vehicle loans	12.09	4.40
Working capital loans	1,190.34	1,136.64
Bank charges and commissions	1,034.42	563.76
	<b>2,236.84</b>	<b>1,704.80</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 30. Other expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Business development expenses	100.96	13.38
Professional and consultancy charges	229.22	55.23
Travel and conveyance	208.72	113.51
Power and fuel	54.32	43.32
Rent	22.32	19.21
Insurance	55.41	52.42
Office maintenance	36.34	41.14
Repairs and maintenance	58.64	63.51
Printing and stationery	17.83	17.84
Communication expenses	9.98	10.01
Advertisement	4.18	3.25
Late delivery charges	225.86	151.95
Audit fees (refer Note 35)	7.50	5.00
Rates and taxes	5.04	4.42
Corporate social responsibility expenses (refer Note.36)	41.21	57.98
Security charges	8.32	7.83
Donations	4.55	2.18
Loss on foreign currency transactions (net)	26.05	12.91
Directors sitting fee	3.20	2.00
	<b>1,119.66</b>	<b>677.08</b>

### 31. Tax expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income tax expense</b>		
Current tax on profits for the year	363.03	208.66
<b>Total current tax expenses (A)</b>	<b>363.03</b>	<b>208.66</b>
<b>Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	9.62	(6.35)
(Decrease)/Increase in deferred tax liabilities	663.96	361.64
<b>Total deferred tax expense/(benefit) (B)</b>	<b>673.57</b>	<b>355.29</b>
<b>Recognised in Other comprehensive income</b>	<b>(0.62)</b>	<b>0.14</b>
<b>Income tax expenses (A+B)</b>	<b>1,037.23</b>	<b>563.81</b>

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 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 2023	For the year ended 31 March 2022
	Profit before taxes	3,266.24	2,025.75
	Exceptional items	(322.22)	-
<b>(A)</b>	<b>Total net profit before tax</b>	<b>2,944.02</b>	<b>2,025.75</b>
<b>(B)</b>	Applicable tax rate under normal provisions	29.12%	29.12%
<b>(C)</b>	Tax payable under provisions as per applicable rate = (A*B)	857.30	589.90
<b>(D)</b>	<b>Increase/decrease in tax on account of :</b>		
	Depreciation as per books	301.87	261.40
	Depreciation as per income tax act, 1961	(167.64)	(191.85)
	Others items	45.71	(95.63)
	<b>Tax as per normal provision under Income tax (C+D)</b>	<b>1,037.23</b>	<b>563.81</b>
	<b>Effective tax rate in %</b>	<b>35.23</b>	<b>27.83</b>

The Company's average effective tax rate for the year ended 31 March 2023 and 31 March 2022 were 35.23% and 27.83% respectively

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

Particulars	As at 31 March 23	As at 31 March 22
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (refer Note below)	325.66	363.96
(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	1,844.00	1,683.15
ii) Commitments:	Nil	Nil
(a) Estimated amount of contracts remaining to be executed and not provided for;	Nil	Nil
(b) Liability for import duty refund for non fulfilment of Export Obligation under Zero Duty EPCG Scheme	-	161.11

#### Notes:

- (a) The Income tax department raised demands on the Company in respect of past years in spite of payments already made by the Company and has submitted/submitted proof of payments made for dropping demands against the company. Pending removal of demands, the Company has not acknowledged as amount payable.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 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 2023 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
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)
Vitta Chaitanya Siva Shankar	Company Secretary

#### 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 2023	For the year ended 31 March 2022
Baddam Karunakar Reddy	Remuneration	180.00	120.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	13.50	16.20
Chandrapati Venkata Siva Prasad	Remuneration	24.00	24.00
Vitta Chaitanya Siva Shankar	Remuneration	7.58	6.13
Ananya SIP RF Technologies Private Limited	Loans & Advances	222.95	370.04

- a) The details of remuneration paid to Whole-time Directors are provided in note 27
- b) On the equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.91 lakhs (2021-22: ₹30.92 lakhs).

#### b. Outstanding balances:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rent to Baddam Karunakar Reddy	9.76	2.20
<b>Remuneration payable to:</b>		
Baddam Karunakar Reddy	11.44	5.06
Addepalli Krishna Sai Kumar	1.87	2.37
Chiluveru Sudarshan	1.00	2.81
Chandrapati Venkata Siva Prasad	1.72	0.54
Vitta Chaitanya Siva Shankar	0.52	0.61
Ananya SIP RF Technologies Private Limited	593	370.04

#### 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

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

### 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 2023	For the year ended 31 March 2022
Statutory audit fee	6.00	4.00
Tax Audit fee	1.00	1.00
Certification fee	0.50	0.00
<b>Total</b>	<b>7.50</b>	<b>5.00</b>

### 36. Disclosure related to Corporate Social Responsibility (CSR)

(a)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i Amount required to be spent by the Company during the year	39.99	47.98
ii Amount incurred	-	-
(a) CSR expenditure:		
(i) Construction/acquisition of asset		
(ii) For purposes other than (i) above	40.00	47.98
iii Amount excess spent	(0.01)	-
<b>For ongoing project:</b>		
i Total of previous year shortfall	1.62	11.62
ii Amount of expenditure incurred during the year	1.21	10.00
iii <b>Amount unspent</b>	<b>0.41*</b>	<b>1.62*</b>
iv Reason for shortfall	Unspent amount pertaining to the on going project and expenditure incurred subsequent month	

(b) Shortfall/(excess spent)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i Unspent amount of earlier years (A)	-	-
ii Amount required to be spent by the Company for the current year (B)	39.99	47.98
iii Amount Spent by the Company for the current year (C)	40.00	47.98
<b>Amount unspent/(over spent) (D)=(C)-(B)-(A)</b>	<b>(0.01)</b>	<b>-</b>
<b>For ongoing project:</b>		
i Unspent amount of earlier years (A)	1.62	11.62
ii Amount Spent by the Company during the current year (B)	1.21	10.00
iii <b>Amount unspent/(over spent) (D)=(C)-(B)-(A)</b>	<b>0.41*</b>	<b>1.62*</b>

\* The unspent CSR obligation for the year ₹0.41/- lakhs (previous year ₹1.62 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.



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### (c) Break up of CSR expenditure under various heads of expenses is as below:

Nature of expenditure		For the year ended 31 March 2023	For the year ended 31 March 2022
i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care	40.00	25.00
ii)	Promotion of education (ongoing project)	1.21	32.98
<b>Total</b>		<b>41.21</b>	<b>57.98</b>

### 37. Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of present value of the defined benefit obligations:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Opening balance</b>	113.27	88.79
Service cost	19.86	15.12
Interest cost	8.12	5.99
Benefits paid	0.00	-1.30
Actuarial loss/(gain)	1.76	4.67
<b>Closing balance</b>	<b>143.01</b>	<b>113.27</b>
Present value of projected benefit obligation at the end of the year	143.01	113.27
Fair value of plan assets at the end of the year	3.61	2.79
Net liability recognised in the balance sheet	139.39	110.48
Non-current	24.26	88.40
Current	115.13	22.08

### Expenses recognised in statement of profit and loss

	For the year ended 31 March 2023	For the year ended 31 March 2022
Service cost	19.86	15.12
Interest cost	7.88	5.69
<b>Gratuity</b>	<b>27.73</b>	<b>20.81</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	1.79	5.32
Return on plan assets greater (less) than discount rate	(0.00)	0.02
<b>Total expenses routed through OCI</b>	<b>1.78</b>	<b>5.34</b>

Principal assumptions	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.40%	7.17%
Escalation rate	6.00%	6.00%
Attrition rate	3.00%	3.00%

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### Sensitivity analysis

Principal assumptions	For the year ended 31 March 2023	For the year ended 31 March 2022
+ 1% change	8.70	9.93
- 1% change	(7.40)	(8.26)
<b>Salary increase</b>		
+ 1% change	18.00	17.04
- 1% change	(14.00)	(13.23)

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.

### 38. Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006 ('MSMED ACT')

The Company seeks information from suppliers whether they registered unit under MSMED 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 2023	For the year ended 31 March 2022
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. However, during the year ended 31 March 2023 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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

**The changes in the carrying value of ROU assets for the year ended 31 March 2023 are as follows: (₹in lakhs)**

Particulars	Amount ₹
Balance as at 1 April 2022	-
Additions	131.41
Deletions	-
Amortisation	13.14
Balance as at 31 March 2023	118.27

**The break-up of current and non-current lease liabilities as at 31 March 2023 is as follows:**

Particulars	Amount ₹
Current	28.86
Non-current	84.58
<b>Total</b>	<b>113.44</b>

**The movement in lease liabilities during the year ended 31 March 2023 is as follows:**

Particulars	Amount ₹
Balance as at 1 April 2022	-
Lease liability recognised during the year	124.65
Finance cost during the year	3.55
Payment of lease	(14.76)
Balance as at 31 March 2023	113.44

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 ₹22.32 (for the year ended 31 March 2022: ₹19.21).

### 41. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit for the year	1,907	1,462
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	20,763,886	20,763,886
Weighted average number of equity shares outstanding during the year – diluted	30,648,956	20,763,886
<b>Earnings per share</b>		
Earnings per share of par value ₹10 – basic (₹)	9.18	7.04
Earnings per share of par value ₹10 – diluted (₹)	6.22	7.04

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 42. Disclosure under Section 186 (4) of the Companies Act, 2013

The Company has not made any securities or guarantees. The Company has made loan and investments in equity shares of Subsidiary as per details given below:

S No	Name of the entity to whom loan/investments was given/made	Relation	No of shares	Amount ₹
1	Ananya SIP RF Technologies Private Limited- investments	Subsidiary	210940	132.89
2	Ananya SIP RF Technologies Private Limited- loan	Subsidiary	NA	593.00

### 43. Ratio analysis

Particulars	Numerator	Denominator	31 March 2023	31 March 2022	% change	Reason for variance
Current ratio	Current asset	Current liabilities	1.98	1.87	5.81	
Debt-equity ratio	Total debt	Shareholder's Equity	0.80	0.87	(8.00)	
Debt service coverage ratio	Earning available for debt service	debt service	26.85	52.55	(48.91)	Due to increase in loans during the year
Return on equity ratio	Net profit after taxes	Average shareholder's equity	5.42	4.68	15.85	Due to increase in profits during the year
Inventory turnover ratio	Cost of goods Sold	Average inventory	0.66	0.69	(5.22)	
Trade receivable turnover ratio	Net sales	Average trade receivable	2.10	1.59	32.24	Due to increased in trade receivables
Trade payable turnover ratio	Net Purchases	Average Trade Payable	2.08	2.39	(12.93)	
Net capital turnover ratio	Net sales	Average working capital	1.19	1.07	11.23	
Net profit ratio	Net profit after tax	Revenue from operation	6.41%	6.01%	6.61	
Return on capital employed ratio	Earning before interest and taxes	Average capital employed	0.13	0.11	21.59	
Return on investment ratio	Non operating income from investment	Average Investment	-	-	-	

### 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.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 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 2023 and 31 March 2022. 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 2023 and 31 March 2022.

#### 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 2023</b>		
Rupee	+1%	(142)
Rupee	-1%	142
<b>31 March 2022</b>		
Rupee	+1%	(116)
Rupee	-1%	116

### b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend and based on the analysis has not provided any

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended 31 March 2023</b>						
Borrowings	14,010.10	20.12	60.37	271.22	-	14,361.81
Trade payables	11,228.59	-	-	-	-	11,228.59
<b>Year ended 31 March 2022</b>						
Borrowings	11,453.02	13.58	40.74	67.14	-	11,574.48
Trade payables	12,793.14	-	-	-	-	12,793.14

### 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. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2023 and 31 March 2022 was as follows:

Particulars	31 March 2023	31 March 2022
Total equity attributable to the equity shareholders of the Company	38,381.17	31,931.25
As a percentage of total capital	72.9%	73.4%
Long term borrowings including current maturities	267.13	121.47
Short term borrowings	13,981.24	11,453.02
<b>Total borrowings</b>	<b>14,248</b>	<b>11,574</b>
As a percentage of total capital	27.1%	26.6%
<b>Total capital (equity and borrowings)</b>	<b>52,629.53</b>	<b>43,505.73</b>

### 46. Exceptional item:

During the financial year 2014-15, the company availed exemption from payment of duty amounting to ₹322 under the EPCG Scheme. However, the Company has not fulfilled the conditions relating to export obligations within the stipulated time. Accordingly, the Company has charged an amount of ₹322 lakhs towards the Customs duty and interest there of as an exceptional item in the statement of profit and loss.

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### 47. Disclosures as per IndAS-115, Revenue from Contracts with customers

#### A. Disaggregated revenue information

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>1 Type of goods or service</b>		
Product	26,641.48	24,143.39
Service Income	3,111.12	175.72
Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>2 Geographical</b>		
India	29,752.60	24,319.11
Outside India	Nil	Nil
Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>3 Timing of revenue recognition</b>		
Sale on transfer of goods to customer at a point in time	26,641.48	24,143.39
Service Income as and when services completed	3,111.12	175.72
Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>4 Revenue</b>		
External customer	29,752.60	24,319.11
Inter-Unit	Nil	Nil
Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>5 Contract balances</b>		
Trade receivables*	14,659.54	13,640.78
Contract Liability Advances from Customers**	592.84	44.86

\* 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	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue as per contracted price	29,752.60	24,319.11
Adjustments:		
Sales return	NIL	NIL
Variable Consideration off invoice	NIL	NIL
Revenue from contract with customers	29,752.60	24,319.11

#### C. Reconciliation of the Revenue from Contracts with Customers with the amounts disclosed in the segment information:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Revenue</b>		
External Sales	29,752.60	24,319.11
Inter Segment Revenue	<b>NIL</b>	<b>NIL</b>
<b>Total</b>	29,752.60	24,319.11
<b>Less: Inter Segment Revenue</b>	<b>NIL</b>	<b>NIL</b>
<b>Revenue from Operations</b>	29,752.60	24,319.11

## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

### D. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:

Particulars	Refer Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade Receivables	8	14,659.54	13,640.78
Contract Liabilities		NIL	NIL
Advance from Customers		592.84	44.86

### E. The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at Balance Sheet date are, as follows:

Particulars	Refer Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
Advances from Customers	21	592.84	44.86

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year Disclosures.

### F. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:

Particulars	Refer Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade Receivables	8	14,659.54	13,640.78
Contract Liabilities		NIL	NIL
Advance from Customers	21	592.84	44.86

## 48. Additional Regulatory Information:

The MCA vide notification dated March 24, 2021 has amended Schedule III of Companies Act, 2013 in respect of certain disclosures. Amendments are applicable from April 1, 2021. The Company has incorporated the changes as per the said amendment in the financial statements and has also changed comparative numbers wherever applicable.

- (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 2023.
- (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)



## NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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 willful 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.

### 49. 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.

### 50. Approval of Standalone Financial Statements

These standalone financial statements were approved for issue by the Board of Directors in their meeting held on 29 May 2023.

As per our report of even date attached

For and on behalf of the Board of Directors

**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

**Sreenivasa Rao T Mohite**  
Partner  
Membership No.: 015635

**Sudarshan Chiluveru**  
Chief Financial Officer

**Chaitanya Siva Shankar Vitta**  
Company Secretary  
Membership No: ACS49765

Place: Hyderabad  
Date: 29 May 2023  
UDIN: 23015635BGYJLH9473

Place: Hyderabad  
Date: 29 May 2023

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

# 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 subsidiary (Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March, 2023, 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 a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows

for the year then ended.

Basis for opinion

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

Key Audit Matter	Auditor's Response
<p>1. Capital work in progress (CWIP):</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, 2023, the company has recorded CWIP aggregating to ₹3,163.72 lakhs towards various testing tools and instruments and expansion of its manufacturing facilities at ₹2,826.44 with regards to CWIP, management has identified certain specific costs incurred for ₹2,625.21 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. 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 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>• 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>• Tested other costs charged to the statement of profit and loss, on a sample basis, to ascertain whether these meet the criteria for capitalisation.</li> <li>• Ensuring adequacy of disclosures in standalone financial statements.</li> <li>• Our procedures as mentioned above did not identify any costs that has been inappropriately capitalised.</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>

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

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 to Board's Report, Business Responsibility Report, Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does

not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, and the reports of the other auditors as furnished to us, 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.

## 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 total comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the 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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about

whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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 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.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the 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.
  - 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 Accounting Standards 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 subsidiary which are incorporated in India as on 31 March 2023 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 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Consolidated Financial Reporting.
- g) 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 2023, on the consolidated financial position of the Group. Refer note 31 of Consolidated Financial Statements.
  - ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India.
    - (a) The respective Managements of the Company and its subsidiary 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 subsidiary 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 subsidiary 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 subsidiary ("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 subsidiary 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 subsidiary, 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 subsidiary 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 subsidiary 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 subsidiary 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.

- iv) Dividend is paid during the year which was declared for the previous year that is in compliance with the provisions of section 123 of the Act, to the extent that it applies to payment of dividend.
- v) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiary, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary, which are incorporated in India is in accordance with the

provisions of section 197 and Schedule V of the Act. The remuneration paid to any director by the Holding Company and its subsidiary, which are incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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 subsidiary 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: 29 May 2023

ICAI UDIN: 23015635BGYJLG6597



## Annexure A to the Independent Auditors' Report

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

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

We have audited the internal financial controls with reference to Consolidated financial statements of Apollo Micro Systems Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the Orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated

effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over to financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidate Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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: 29 May 2023

ICAI UDIN: 23015635BGYJLG6597

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

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

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4(a)	10,481.16	8,588.45
(b) Right-to-use assets	4(b)	118.27	-
(c) Capital work-in-progress	4(c)	3,163.72	2,962.49
(d) Other intangible assets	4(d)	11.65	17.56
(e) Goodwill		1.89	1.89
(f) Other non-current assets	5	152.35	53.88
		<b>13,929.04</b>	<b>11,624.27</b>
<b>2 Current assets</b>			
(a) Inventories	6	34,152.96	29,615.56
(b) Financial assets			
(i) Trade receivables	7	14,659.54	13,640.78
(ii) Cash and cash equivalents	8	24.85	34.33
(iii) Other bank balances	9	1,805.21	1,588.55
(iv) Loans	10	73.40	17.24
(c) Other current assets	11	4,618.11	3,399.80
		<b>55,334.08</b>	<b>48,296.26</b>
<b>TOTAL ASSETS</b>		<b>69,263.12</b>	<b>59,920.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	12	2,076.39	2,076.39
Other equity	13	36,272.77	29,854.62
Equity attributable to owners		38,349.16	31,931.01
Non controlling interest		70.95	72.22
<b>Total equity</b>		<b>38,420.11</b>	<b>32,003.23</b>
<b>2 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14	186.64	67.14
ii) Lease liabilities	15	84.58	-
b) Deferred tax liabilities (net)	16	2,650.67	1,977.09
c) Provisions	17	24.26	88.40
		<b>2,946.15</b>	<b>2,132.63</b>
<b>3 Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14	14,064.94	11,510.55
ii) Lease liabilities	15	28.86	-
iii) Trade payables:-	18		
- Dues of micro enterprises and small enterprises		-	-
- Dues of creditors other than micro and small enterprises		11,228.80	12,805.55
iv) Other financial liabilities	19	883.77	803.49
b) Other current liabilities	20	1,067.27	176.16
c) Current tax liabilities (net)	21	502.73	463.45
d) Provisions	17	120.50	25.47
<b>TOTAL LIABILITIES</b>		<b>27,896.87</b>	<b>25,784.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,263.12</b>	<b>59,920.54</b>

Corporate information & significant accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31-48

As per our report of even date

For and on behalf of the Board of Directors

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

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

**Sudarshan Chiluveru**

Chief Financial Officer

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

Place: Hyderabad

Date: 29 May 2023

UDIN: 23015635BGYJLG6597

Place: Hyderabad

Date: 29 May 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH 2023

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

Particulars	Note No	For the year ended 31 March 2023	For the year ended 31 March 2022
I Revenue from operations	22	29,752.60	24,319.11
II Other income	23	82.37	75.94
III <b>Total income (I+II)</b>		<b>29,834.97</b>	<b>24,395.05</b>
IV <b>Expenses</b>			
Cost of materials consumed	24	24,375.19	19,988.75
Changes in inventories and work in progress	25	(3,397.22)	(1,876.06)
Employee benefits expense	26	1,243.19	977.04
Depreciation and amortisation	27	1,036.64	897.65
Finance cost	28	2,236.88	1,704.89
Other expenses	29	1,122.33	677.65
<b>Total expenses</b>		<b>26,617.01</b>	<b>22,369.92</b>
V <b>Profit before tax (III-IV)</b>		<b>3,217.96</b>	<b>2,025.13</b>
VI Exceptional item	44	322.22	-
VIII <b>Profit before tax</b>		<b>2,895.73</b>	<b>2,025.13</b>
VIII <b>Tax expense</b>			
Current tax	30	347.79	208.46
Deferred tax		674.19	355.15
Total tax expense		1,021.99	563.61
IX <b>Profit for the year (V-VI)</b>		<b>1,873.75</b>	<b>1,461.52</b>
Other comprehensive income			
X <b>Items that will not be reclassified to profit or loss:</b>			
a) Re-measurement gains/ (losses) on defined benefit plan		(2.13)	0.49
b) Income-tax thereon	30	0.62	(0.14)
XI <b>Total comprehensive income (VII+VIII)</b>		<b>1,872.23</b>	<b>1,461.87</b>
XII <b>Net Profit / (loss) attributable to</b>			
a) Owners of the Company		1,875.02	1,461.83
b) Non controlling interest		(1.27)	(0.31)
XIII <b>Other Comprehensive income attributable to</b>			
a) Owners of the Company		(1.51)	0.35
b) Non controlling interest		-	-
XIV <b>Total Comprehensive income attributable to</b>			
a) Owners of the Company		<b>1,873.50</b>	<b>1,462.18</b>
b) Non controlling interest		<b>(1.27)</b>	<b>(0.31)</b>
XV <b>Earnings per equity share (nominal value of INR 10) in INR</b>	40		
Basic (₹)		9.02	7.04
Diluted (₹)		6.11	7.04

Corporate information & significant accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31-48

As per our report of even date

For and on behalf of the Board of Directors

**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

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

**Sudarshan Chiluveru**

Chief Financial Officer

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

Place: Hyderabad

Date: 29 May 2023

UDIN: 23015635BGYJLG6597

Place: Hyderabad

Date: 29 May 2023

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>2,895.73</b>	<b>2,025.13</b>
Adjustments:		
Depreciation and amortisation	1,036.64	897.65
Finance income	(82.37)	(70.63)
Finance costs	2,236.88	1,704.89
(Profit)/Loss on Property, plant and equipments	-	(5.30)
Re-measurement gains on defined benefit plans	(2.13)	0.49
<b>Operating profit before working capital changes</b>	<b>6,084.74</b>	<b>4,552.22</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
-Trade receivables	(1,018.77)	3,309.05
-Inventories	(4,537.40)	(7,046.26)
-Loans - current	(56.16)	(4.33)
-Other assets - current	(1,218.31)	(1,372.40)
Adjustment for (increase)/decrease in operating liabilities		
-Trade payables	(1,576.75)	4,975.75
-Other financial liabilities - current	971.38	30.63
-Provisions	30.89	21.31
<b>Cash generated from operations</b>	<b>(1,320.37)</b>	<b>4,465.98</b>
Income taxes paid	(308.51)	(147.63)
<b>Net cash generated from/(used in) operating activities</b>	<b>(1,628.88)</b>	<b>4,318.35</b>
<b>II. Cash flows from investing activities</b>		
Purchase of PPE (including capital work in progress)	(3,341.41)	(2,274.25)
Sale of Property, plant and equipments	-	35.05
(Investments in)/ redemption of bank deposits - net	(216.66)	(261.25)
Interest Income	82.37	70.63
<b>Net cash used in investing activities</b>	<b>(3,475.70)</b>	<b>(2,429.81)</b>
<b>III. Cash flows from financing activities</b>		
Money received against share warrants	4,596.56	-
Dividend Paid	(51.91)	(51.91)
(Repayment) /Proceeds from borrowings (net)	2,787.34	(110.21)
Interest paid	(2,236.88)	(1,704.89)
<b>Net cash provided by financing activities</b>	<b>5,095.10</b>	<b>(1,867.01)</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(9.47)</b>	<b>21.52</b>
Cash and cash equivalents at the beginning of the year	34.33	12.80
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>24.85</b>	<b>34.33</b>
<b>Note:</b>		
<b>Cash and cash equivalents comprise (refer note 8)</b>		
Cash on hand	13.21	14.92
Balances with banks:		
- in current accounts	11.65	19.41
	<b>24.85</b>	<b>34.33</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 & significant accounting policies 1 to 3  
The accompanying notes are an integral part of the financial statements. 31-48

As per our report of even date

For and on behalf of the Board of Directors

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

**Sreenivasa Rao T Mohite**

Partner  
Membership No.: 015635

**Sudarshan Chiluveru**

Chief Financial Officer

**Chaitanya Siva Shankar Vitta**

Company Secretary  
Membership No: ACS49765

\*Place: Hyderabad  
Date: 29 May 2023  
UDIN: 23015635BGYJLG6597

Place: Hyderabad  
Date: 29 May 2023

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

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

## a. Equity Share Capital

	No. of shares	Amount ₹
Balance as at 1 April 2021	20,763,886	2,076.39
Balance as at 31 March 2022	20,763,886	2,076.39
Balance as at 31 March 2023	20,763,886	2,076.39

## b. Other equity

Particulars	Reserves and Surplus		Other comprehensive income	Money received against share warrants	Total equity
	Securities premium	Retained earnings			
<b>As at 1 April, 2021</b>	16,537.57	11,877.06	29.73	-	28,444.36
Profit for the year	-	1,461.83	0.35	-	1,462.18
Dividend Paid		(51.91)		-	(51.91)
<b>As at 1 April, 2022</b>	<b>16,537.57</b>	<b>13,286.98</b>	<b>30.07</b>	-	<b>29,854.62</b>
Profit for the year		1,875.02	(1.51)	4,596.56	6,470.06
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>

## Non-Controlling Interest

Particulars	As on 31 March 2023	As on 31 March 2022
Share Premium	54.39	54.39
Share Capital	20.26	20.26
Share of Pre-acquisition profit or ( loss )	(1.82)	(1.82)
Share of Post-tacquisition profit or ( loss ) (49%)		
Opening	(0.61)	(0.30)
Add: During the year profit or (loss)	(1.27)	(0.31)
<b>Closing</b>	<b>70.95</b>	<b>72.22</b>

Corporate information & significant accounting policies

1 to 3

The accompanying notes are an integral part of the financial statements.

31-48

As per our report of even date

For and on behalf of the Board of Directors

### 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

### Sreenivasa Rao T Mohite

Partner

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Chief Financial Officer

### Chaitanya Siva Shankar Vitta

Company Secretary

Membership No: ACS49765

\*Place: Hyderabad

Date: 29 May 2023

UDIN: 23015635BGYJLG6597

Place: Hyderabad

Date: 29 May 2023

## 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 Private Limited ("AMS" or "the Company") was incorporated on 3 March 1997. 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.

### 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 and there is no impact on total income and net profit.

#### 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 2023 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 2023	% of Holding as on 31 March 2022
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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 2023 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

### 2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3 Significant accounting policies

### 3.1 Revenue recognition

Revenue from goods and services is recognized, when the Company satisfies a performance obligation by



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 are not translated again. The exchange differences on monetary items arising, if any are recognised in the statement of Profit and loss in the period in which they arise.

### 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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. 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 when incurred.

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

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

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

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

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

### 3.9 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans (like contribution to provident fund, ESI)

The Group's contributions to defined contribution plans are charged to the income statement as and when the services are received from the employees.

#### Defined benefit plan-Gratuity

The liability in respect of defined benefit plans and other post-employment benefits are calculated using the projected unit credit method using actuarial valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### 3.14 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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 3.16 Financial instruments

#### a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b. Classification and Subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost;

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at

FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

### 3.17 Financial instruments

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities:** Classification, Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on Derecognition is also recognised in profit or loss.

### Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss statement.

### 3.18 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1- Presentation of financial statements:** This amendment required the entities to disclose their

material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

### Ind AS 8- Accounting policies, changes in Accounting

**Estimates and Errors:** This amendment has introduced a definition of "accounting estimates" and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

**Ind AS 12- Income taxes:** The amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment in annual periods beginning on or after 1 April 2023.

The Company evaluated the aforementioned amendments and there is no impact on its standalone 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>Gross carrying value</b>										
<b>As at 1 April 2021</b>	202.53	335.90	92.64	5,644.97	126.08	523.02	57.49	1,376.95	60.21	8,419.80
Additions	-	44.57	109.77	4,428.13	6.23	3.20	9.61	-	-	4,601.52
Deletions	-	37.20	-	-	-	-	-	-	-	37.20
<b>As at 1 April 2022</b>	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	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>202.53</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>1,376.95</b>	<b>60.21</b>	<b>15,893.65</b>
<b>Accumulated depreciation</b>										
<b>As at 1 April 2021</b>	-	196.48	58.78	2,148.71	65.51	498.94	47.63	449.20	46.74	3,511.99
Charge for the year	-	29.79	26.26	710.14	16.98	9.54	7.21	87.70	3.50	891.13
Adjustments	-	7.45	-	-	-	-	-	-	-	7.45
<b>As at 1 April 2022</b>	-	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	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</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>616.71</b>	<b>52.82</b>	<b>5,412.49</b>
<b>Net carrying amount</b>										
As at 31 March 2022	202.53	124.45	117.38	7,214.25	49.80	17.75	12.26	840.05	9.97	8,588.45
<b>As at 31 March 2023</b>	<b>202.53</b>	<b>101.92</b>	<b>237.18</b>	<b>9,104.67</b>	<b>36.91</b>	<b>20.70</b>	<b>9.61</b>	<b>760.25</b>	<b>7.39</b>	<b>10,481.16</b>

### 4(b) Right-to-use assets

Particulars	Amount ₹
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	-
Additions	-
Deletions	-
<b>As at 1 April 2022</b>	-
Additions	131.41
Deletions	-
<b>As at 31 March 2023</b>	<b>131.41</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	-
Charge for the year	-
Adjustments	-
<b>As at 1 April 2022</b>	-
Charge for the year	13.14
Adjustments	-
<b>As at 31 March 2023</b>	<b>13.14</b>
<b>Net carrying amount</b>	
As at 31 March 2022	-
<b>As at 31 March 2023</b>	<b>118.27</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 4(c) Capital work in progress

Particulars	Testing Tools and Instruments	Civil work in progress
<b>Gross carrying value</b>		
<b>As at 1 April 2021</b>	4,993.59	227.53
Additions	1,474.92	281.73
Deletions	4,015.28	-
<b>As at 1 April 2022</b>	<b>2,453.23</b>	<b>509.26</b>
Additions	2,661.22	165.22
Deletions	2,625.21	-
<b>As at 31 March 2023</b>	<b>2,489.24</b>	<b>674.48</b>
<b>Accumulated depreciation</b>		
<b>As at 1 April 2021</b>	-	-
Charge for the year	-	-
Adjustments		
<b>As at 1 April 2022</b>	-	-
Charge for the year	-	-
Adjustments		
<b>As at 31 March 2023</b>	-	-
<b>Net carrying amount</b>		
As at 31 March 2022	2,453.23	509.26
<b>As at 31 March 2023</b>	<b>2,489.24</b>	<b>674.48</b>

Refer table below for CWIP ageing.

### 4(d) Other intangible assets

Particulars	Amount ₹
<b>Gross carrying value</b>	
<b>As at 1 April 2021</b>	32.61
Additions	-
Deletions	
<b>As at 1 April 2022</b>	32.61
Additions	0.77
Deletions	-
<b>As at 31 March 2023</b>	<b>33.37</b>
<b>Accumulated depreciation</b>	
<b>As at 1 April 2021</b>	8.53
Charge for the year	6.52
Adjustments	-
<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>Net carrying amount</b>	
As at 31 March 2022	17.56
<b>As at 31 March 2023</b>	<b>11.65</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Notes

- All the properties are registered in the name of Company and the titles deeds of land and buildings are held in the name of the Company.
- Depreciation is Calculated as per Straight Line Method based on useful life of assets as indicated in Schedule-II of The Companies Act, 2013 and Note.3.7
- All Properties Plant and Equipments are under charge created by the company for the loans availed.

### Apollo Micro Systems Limited

#### Notes forming part of the Consolidated Financial Statements

#### Capital work in progress ageing

##### 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	-	-	-	-	-

##### As on 31 March 2022

Particulars	<1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
Projects in progress	1,474.92	978.31	-	-	2,453.23
Civil work in progress	281.73	227.53	-	-	509.26
Projects temporarily suspended	-	-	-	-	-

### 5. Non-current assets

	As at 31 March 2023	As at 31 March 2022
a) Other non-current assets		
Unsecured, considered good		
Capital advances	152.35	53.88
	<b>152.35</b>	<b>53.88</b>

### Current assets

#### 6. Inventories

	As at 31 March 2023	As at 31 March 2022
Raw material	<b>14118.71</b>	12978.52
Work in progress	<b>18439.50</b>	12170.63
Finished goods	<b>1594.75</b>	4466.41
	<b>34152.96</b>	<b>29615.56</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 7. Trade receivables

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good	14,659.54	13,640.78
	-	-
	<b>14,659.54</b>	<b>13,640.78</b>

### Trade Receivable ageing

#### 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	7,521	3,318.27	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>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>

#### As at 31 March 2022

Particulars	Not due	< 6 month	6 month-1 Year	1-2 Years	2-3 Years	> 3year	Total
(i) Undisputed trade receivables							
-considered good	-	8,933.34	1,706.71	2,088.02	689.40	223.30	13,640.78
-considered doubtful	-	-	-	-	-	-	-
(ii) Disputed trade receivables							
-considered good	-	-	-	-	-	-	-
-considered doubtful	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8,933.34</b>	<b>1,706.71</b>	<b>2,088.02</b>	<b>689.40</b>	<b>223.30</b>	<b>13,640.78</b>

### 8. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks:		
- in current accounts	11.65	19.41
Cash on hand	13.21	14.92
	<b>24.85</b>	<b>34.33</b>

### 9. Other bank balances

	As at 31 March 2023	As at 31 March 2022
Term deposits with Banks (original maturities of more than 3 months and less than 1 year* )	1,804.04	1,587.92
<b>Earmarked balances with banks:</b>	-	-
Unpaid dividend account (Earmarked for dividend payment)	1.17	0.62
	<b>1,805.21</b>	<b>1,588.55</b>

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 10. Loans

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good unless otherwise stated		
Security deposits	73.40	17.24
	<b>73.40</b>	<b>17.24</b>

### 11. Other current assets

	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Balances with Government authorities	836.39	1,011.78
Other advances		
-For materials	3,594.43	2,254.56
-For expenses	48.74	33.51
-Employee advances	16.73	9.69
Prepaid expenses	121.82	90.26
	<b>4,618.11</b>	<b>3,399.80</b>

### 12 Share capital

	31 March 2023	31 March 2022
<b>Authorised</b>		
36,000,000 (March 31, 2022: 27,000,000) equity shares of ₹.10/- each	3,600.00	2,700.00
<b>Issued, subscribed and fully paid-up</b>		
20,763,886 (March 31, 2022: 20,763,886) equity shares of ₹.10/- each fully paid-up	2,076.39	2,076.39
Issued, Subscribed and Paid up Share Capital	2,076.39	2,076.39

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

Particulars	For the year ended			
	31 March 2023		31 March 2022	
	No. of equity shares	Amount ₹	No. of equity shares	Amount ₹
Beginning of the year	20,763,886	2,076.39	20,763,886	2,076.39
Issued during the year	-	-	-	-
At the end of the year	20,763,886	2,076.39	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 ₹10 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 2023		31 March 2022	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy	12,271,690	59.10%	12,271,690	59.10%

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### d) Details of Shares held by promoters

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>		

Name	As at 31 March 2022				
	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 2023	31 March 2022
During the FY 2022-23. "The shareholders of the company at its 25th annual general meeting held on 20th September, 2022 approved payment of dividend of ₹0.25 per share of face value of ₹10/-(2.5%) for the year ended 31.03.2022, and dividend also paid during the year	51.91	
During the FY 2021-22. "The shareholders of the company at its 24th annual general meeting held on 28th September, 2021 approved payment of dividend of ₹0.25 per share of face value of ₹10/-(2.5%) for the year ended 31.03.2022, and dividend also paid during the year		51.91

f) During the year the company has issued 98,85,070 fully convertible share warrants in equal number of equity shares. These warrants are outstanding for conversion as on date of balancesheet.

## 13 Other equity

	31 March 2023	31 March 2022
<b>Securities premium</b>		
Opening balance	16,537.57	16,537.57
Add: Premium on fresh issue	-	-
Closing balance	<b>16,537.57</b>	<b>16,537.57</b>
<b>Retained earnings</b>		
Opening balance	13,286.98	11,877.06
Add: Profit for the year	1,875.02	1,461.83
Less: Dividend paid	(51.91)	(51.91)
Closing balance	<b>15,110.09</b>	<b>13,286.98</b>
<b>Other comprehensive income</b>		
Opening balance	30.07	29.73
Profit/(loss) for the year	(1.51)	0.35
Closing balance	<b>28.56</b>	<b>30.07</b>
<b>Money received against share warrants</b>		
Opening balance	-	-
Add: warrants received	4,596.56	-
Closing balance	<b>4,596.56</b>	-
<b>Total other equity</b>	<b>36,272.77</b>	<b>29,854.62</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

### 14. Borrowings

#### (a) Non-current Borrowings

Borrowings	As at 31 March 2023	As at 31 March 2022
<b>Secured:</b>		
From Banks		
Vehicle loans (refer note below)	98.25	18.85
From others		
Inter corporate loans (refer note below)	88.38	48.29
	<b>186.64</b>	<b>67.14</b>

#### Notes:

##### Name of the Bank/ finance institution

Vehicle Loans:	Rate of interest	Tenure
HDFC Bank	7.78%	Nov-2027
<b>Inter corporate loans</b>		
<b>Vehicle Loans:</b>		
BMW India financial Financial Services Private Limited	9.25%	Oct-2025
<b>Machinery loan :</b>		
Profectus Capital Private Ltd	14.51%	Nov-2024

The above loans are secured by hypothecation of the vehicle/machinery for which the loan was taken.

#### (b) Current borrowings

Borrowings	As at 31 March 2023	As at 31 March 2022
<b>Secured,</b>		
<b>From Banks (Repayable on demand or over draft from)</b>		
- State Bank of India	3,488.31	3,844.77
- HDFC Bank	5,961.64	2,495.78
- from Axis Bank	1,469.40	2,959.27
- Inter corporate Loans	2,573.91	1,663.97
- Line of credit from National Small Industries Corporation against raw material purchases	487.97	489.23
-Current maturities of long-term debts	80.49	54.33
<b>Unsecured Borrowings:</b>		
Loans Repayable on demand		
(i) 'From Related Parties		
- Loan from Director	2.21	2.21
(ii) 'From Others		
- Intercorporate Loans	1.00	1.00
<b>Total current borrowings</b>	<b>14,064.94</b>	<b>11,510.55</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Notes: Loans repayable on demand:

	Name of the Bank	Rate of interest	Nature
	State Bank of India	10.15%	Overdraft
	HDFC Bank	9.50%	Overdraft
	Axis Bank	11.00%	Overdraft
	National Small Industries Corporation	9.00%	Raw material assistance
<b>Intercorporate loans:</b>			
	Bajaj Finance Ltd	9.75%	Overdraft
	Oxyzo Financial Services Pvt Ltd	13.00%	Overdraft

The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of inventories, assignment of book debts ranking pari passu with loans from SBI, HDFC, AXIS Bank and other Intercorporate loan Equitable Mortgage of land & building. The Loans are further recovered by personal guarantee of a managing director in his individual capacity.

### 15. Lease liabilities

	As at 31 March 2023	As at 31 March 2022
Lease liabilities:		
(a) Non-current	84.58	-
	<b>84.58</b>	-
(b) Current	28.86	-
	<b>28.86</b>	-
	<b>113.44</b>	-

### 16. (a) Deferred tax liabilities (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Analysis of deferred tax asset/(liabilities)		
Deferred tax liabilities	2,692.82	2,010.25
Deferred tax assets	(42.15)	(33.16)
Deferred tax liability (net)	<b>2,650.67</b>	<b>1,977.09</b>

### (b) The balance comprises temporary differences attributable to:

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 & equipments	2,010.25	664.58	-	2,674.83
-Employee benefits, others	(33.16)	9.62	0.62	(24.16)
<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

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

Particulars	As at 1 April 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at 31 March 2022
Difference between tax base and books base:				
-Property, plant and equipments	1,648.75	361.50	-	2,010.25
-Employee benefits, others	(26.95)	(6.35)	(0.14)	(33.16)
<b>Total</b>	<b>1621.80</b>	<b>355.15</b>	<b>(0.14)</b>	<b>1,977.09</b>

### 17. Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Provision for employee benefits		
- Gratuity (refer Note 36)	24.26	88.40
	<b>24.26</b>	<b>88.40</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer Note 36)	115.13	22.08
- compensated absence	5.37	3.39
	<b>120.50</b>	<b>25.47</b>

### 18. Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
- Dues of micro enterprises and small enterprises (refer Note 37)	-	-
- Dues of other than micro and small enterprises	11,228.80	12,805.55
	<b>11,228.80</b>	<b>12,805.55</b>

### Trade payables ageing

#### 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>

#### As at 31 March 2022

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 19. Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Creditors for capital goods	40.10	97.53
Employee related payables	104.27	78.36
Provision for expenses	738.23	626.97
Unpaid dividend	1.17	0.63
	<b>883.77</b>	<b>803.49</b>

### 20. Other liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Advance from customers	592.84	44.86
Statutory remittances	474.42	131.30
	<b>1,067.27</b>	<b>176.16</b>

### 21. Current tax liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Provision for income tax	259.57	208.46
Pertaining to earlier years	243.16	254.98
	<b>502.73</b>	<b>463.44</b>

### 22. Revenue from operations

Particulars	For the year 31 March 2023	For the year 31 March 2022
Sale of products	26,641.48	24,143.39
Sale of services	3,111.12	175.73
	<b>29,752.60</b>	<b>24,319.11</b>

(Disclosures as per IndAS-115, Revenue from Contracts with customers furnished in Note No.45)

### 23. Other income

Particulars	For the year 31 March 2023	For the year 31 March 2022
Interest income	82.37	70.63
Profit on sale of Property, plant and equipment	-	5.30
	<b>82.37</b>	<b>75.94</b>

### 24. Cost of materials consumed

Particulars	For the year 31 March 2023	For the year 31 March 2022
Raw materials and stores		
Opening stock	12,978.52	7,808.32
Add: Purchases	25,042.40	24,692.28
Add: other incidental cost	472.97	466.67
	38,493.90	32,967.27
Less : Closing Stock	14,118.71	12,978.52
Consumption	<b>24,375.19</b>	<b>19,988.75</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 25. Changes in inventories and Work in progress

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Closing stock</b>		
Finished goods	1,594.75	4,466.41
Work in process	18,439.50	12,170.63
Total (A)	20,034.25	16,637.04
<b>Opening stock</b>		
Finished goods	4,466.41	3,905.45
Work in process	12,170.63	10,855.53
Total (B)	16,637.04	14,760.98
<b>(Increase) / Decrease in inventories and work in progress (B)-(A)</b>	<b>(3,397.22)</b>	<b>(1,876.06)</b>

### 26. Employee benefits expense

Particulars	For the year 31 March 2023	For the year 31 March 2022
Salaries and wages	911.18	730.33
Contribution to provident and other funds	78.22	60.91
Managerial remuneration	228.00	168.00
Staff welfare expenses	25.79	17.80
	<b>1,243.19</b>	<b>977.04</b>

### 27. Depreciation and amortization expense

Particulars	For the year 31 March 2023	For the year 31 March 2022
Depreciation (refer Note 4 (a))	1,016.82	891.13
Amortisation of ROU (refer Note 4 (b))	13.14	-
Amortisation (refer Note 4(c))	6.67	6.52
	<b>1,036.64</b>	<b>897.65</b>

### 28. Finance costs

Particulars	For the year 31 March 2023	For the year 31 March 2022
Interest on		
Vehicle loans	12.09	4.40
Working capital loans	1,190.34	1,136.64
Bank charges and commissions	1,034.47	563.85
	<b>2,236.89</b>	<b>1,704.89</b>

### 29. Other expenses

Particulars	For the year 31 March 2023	For the year 31 March 2022
Business development expenses	100.96	13.38
Professional and consultancy charges	229.89	55.27
Travel and Conveyance	208.72	113.55
Power and fuel	54.32	43.32
Rent	22.32	19.21
Insurance	55.41	52.42
Office maintenance	36.34	41.14
Repairs and maintenance	58.64	63.51
Printing and stationery	17.83	17.84

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	For the year 31 March 2023	For the year 31 March 2022
Communication expenses	9.98	10.01
Advertisement	4.18	3.25
Late Delivery Charges	225.86	151.95
Audit fees (refer Note 34)	8.00	5.50
Rates and taxes	6.54	4.42
Corporate social responsibility expenses (See Note.35)	41.21	57.98
Security charges	8.32	7.83
Donations	4.55	2.18
Loss on foreign currency transactions (net)	26.05	12.91
Director Sitting fee	3.20	2.00
	<b>1,122.33</b>	<b>677.65</b>

### 30. Tax expenses

Particulars	For the year 31 March 2023	For the year 31 March 2022
<b>Income tax expense</b>		
Current tax on profits for the year	347.79	208.46
<b>Total current tax expenses (A)</b>	<b>347.79</b>	<b>208.46</b>
<b>Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	9.62	(6.35)
(Decrease)/Increase in deferred tax liabilities	663.96	361.64
<b>Total deferred tax expense/(benefit) (B)</b>	<b>673.57</b>	<b>355.29</b>
<b>Recognised in Other comprehensive income</b>	<b>(0.62)</b>	<b>0.14</b>
<b>Income tax expenses (A+B)</b>	<b>1,021.99</b>	<b>563.61</b>

### Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows :

Particulars	For the year 31 March 2023	For the year 31 March 2022
Profit before tax	3,217.96	2,025.13
Exceptional item	(322.22)	-
<b>Total Net profit before taxes</b>	<b>2,895.73</b>	<b>2,025.13</b>
Applicable tax rate under normal provisions	29.12%	29.12%
Tax payable under under provisions as per applicable rate = (A*B)	843.24	589.72
<b>Increase/decrease in tax on account of :</b>		
Depreciation as per books	301.87	261.40
Depreciation as per income tax act, 1961	(167.64)	(191.85)
Others	44.52	(95.65)
<b>Tax as per normal provision under Income tax (C+D)</b>	<b>1,021.98</b>	<b>563.61</b>
<b>Effective tax rate in %</b>	<b>35.29</b>	<b>27.83</b>

The Company's average effective tax rate for the year ended 31 March 2023 and 31 March 2022 were 35.29% and 27.83% respectively

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Particulars		As at 31 March 2023	As at 31 March 2022
i)	Contingent liabilities:		
	(a) Claims against the Company not acknowledged as debts (refer Note below)	325.66	363.96
	(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	1,844.00	1,683.15
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 (refer Note below)	-	161.11

#### 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 as amount 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, 2023 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
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)
Vitta Chaitanya Siva Shankar	Company Secretary (Key Management Personnel)
Ananya SIP Technologies Pvt Ltd	Director has significant influence

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 2023	For the year ended 31 March 2022
Baddam Karunakar Reddy	Remuneration	180.00	120.00
	Rent	8.40	8.40
Addepalli Krishna Sai Kumar	Remuneration	24.00	24.00
Chiluveru Sudarshan	Remuneration	13.50	16.20
Chandrapati Venkata Siva Prasad	Remuneration	24.00	24.00
Vitta Chaitanya Siva Shankar	Remuneration	7.58	6.13
Ananya SIP Technologies Private Limited	Loan taken	1.00	1.00
Venkata Subbarao Gupta Batchu	Loan taken	2.21	2.21

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### Notes:

- a) The details of remuneration paid to Whole-time Directors are provided in note 26.
- b) On the equity shares held by the Key management personnel, the Company has paid during the year dividend of ₹30.91 lakhs (2021-22: ₹30.92 lakhs).

### b. Outstanding balances:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rent to Baddam Karunakar Reddy	2.20	2.20
<b>Remuneration payable to:</b>		
Baddam Karunakar Reddy	5.06	5.06
Addepalli Krishna Sai Kumar	2.37	2.37
Chiluveru Sudarshan	2.81	2.81
Chandrapati Venkata Siva Prasad	0.54	0.54
Vitta Chaitanya Siva Shankar	0.61	0.61
<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.

## 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 2023	For the year ended 31 March 2022
Statutory audit fee	6.50	4.50
Tax audit fee	1.00	1.00
Certification fee	0.50	0.00
<b>Total</b>	<b>8.00</b>	<b>5.50</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(a)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i Amount required to be spent by the Company during the year	39.99	47.98
ii Amount of expenditure incurred during the year	40.00	47.98
Amount incurred	-	-
(a) CSR expenditure:		
(i) Construction/acquisition of asset		
(ii) For purposes other than (i) above.	40.00	47.98
iii Amount excess spent	(0.01)	-
<b>For ongoing project:</b>		
i Total of previous year shortfall	1.62	11.62
ii Amount of expenditure incurred during the year	1.21	10.00
iii <b>Amount unspent</b>	<b>0.41*</b>	<b>1.62*</b>
vi Reason for shortfall	Unspent amount pertaining to the on going project and expenditure incurred subsequent month	

(b) Shortfall/(excess spent)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i Unspent amount of earlier years (A)	-	-
ii Amount required to be spent by the Company for the current year (B)	39.99	47.98
iii Amount Spent by the Company for the current year (C)	40.00	47.98
<b>Amount unspent/(over spent) (D)=(C)-(B)-(A)</b>	<b>(0.01)</b>	<b>-</b>
<b>For ongoing project:</b>		
i Unspent amount of earlier years (A)	1.62	11.62
ii Amount Spent by the Company during the current year (B)	1.21	10.00
iii <b>Amount unspent/(over spent) (D)=(C)-(B)-(A)</b>	<b>0.41*</b>	<b>1.62*</b>

\* The unspent CSR obligation for the year ₹0.41/- lakhs (previous year ₹1.62 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.

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

Nature of expenditure	For the year ended 31 March 2023	For the year ended 31 March 2022
i Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care.	40.00	25.00
ii Promotion of education (ongoing project)	1.21	32.98
<b>Total</b>	<b>41.21</b>	<b>57.98</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 36. Gratuity

The Group provides its employees with benefits under a defined benefit plan, referred to as the “Gratuity Plan”. The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of present value of the defined benefit obligations:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Opening balance</b>	113.27	88.79
Service cost	19.86	15.12
Interest cost	8.12	5.99
Benefits paid	0.00	(1.30)
Actuarial loss/(gain)	1.76	4.67
<b>Closing balance</b>	<b>143.01</b>	<b>113.27</b>
Present value of projected benefit obligation at the end of the year	143.01	113.27
Fair value of plan assets at the end of the year	3.61	2.79
Net liability recognised in the balance sheet	<b>139.39</b>	<b>110.48</b>
Non-Current	24.26	88.40
Current	115.13	22.08

Expenses recognised in statement of profit and loss	For the year ended 31 March 2023	For the year ended 31 March 2022
Service cost	19.86	15.12
Interest cost	7.88	5.69
<b>Gratuity</b>	<b>27.73</b>	<b>20.81</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	1.79	5.32
Return on plan assets greater (less) than discount rate	(0.00)	0.02
<b>Total expenses routed through OCI</b>	<b>1.78</b>	<b>5.34</b>

Principal assumptions	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.40%	7.17%
Escalation rate	6.00%	6.00%
Attrition rate	3.00%	3.00%

#### Sensitivity analysis

Discount Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
+ 1% change	8.70	9.93
- 1% change	(7.40)	(8.26)
<b>Salary increase</b>		
+ 1% change	18.00	17.04
- 1% change	(14.00)	(13.23)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 37. Disclosure as required under section 22 of the Micro, Small and Medium Enterprises Act, 2006 ('MSMED ACT')

The Company seeks information from suppliers whether they registered unit under MSMED 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 2023	For the year ended 31 March 2022
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. However, during the year ended 31 March 2023 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 2023 are as follows:**

Particulars	Amount ₹
Balance as at 1 April 2022	-
Additions	131.41
Deletions	-
Amortisation	13.14
Balance as at 31 March 2023	118.27

**The break-up of current and non-current lease liabilities as at 31 March 2023 is as follows:**

Particulars	Amount ₹
Current	28.86
Non-current	84.58
<b>Total</b>	<b>113.44</b>

**The movement in lease liabilities during the year ended 31 March 2023 is as follows: (₹in lakhs)**

Particulars	Amount ₹
Balance as at 1 April 2022	-
Lease liability recognised during the year	124.65
Finance cost during the year	3.55
Payment of lease	(14.76)
Balance as at 31 March 2023	113.44

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 ₹22.32 (for the year ended 31 March 2022: ₹19.21).

### 40. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Computation of basic and diluted earnings per share:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net profit for the year	1,873.75	1,461.52
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	20,763,886	20,763,886
Weighted average number of equity shares outstanding during the year – diluted	30,648,956	20,763,886
<b>Earnings per share</b>		
Earnings per share of par value ₹10 – basic (₹)	9.02	7.04
Earnings per share of par value ₹10 – diluted (₹)	6.11	7.04

### 41 Ratio Analysis

Particulars	Numerator	Denominator	31 March 2023	31 March 2022	% change	Reason for variance
Current ratio	Current asset	Current liabilities	1.98	1.87	5.90	
Debt-equity ratio	Total debt	Shareholder's Equity	0.80	0.87	(7.97)	
Debt service coverage ratio	Earning available for debt service	debt service	26.55	52.54	(49.47)	Due to increase in loans during the year
Return on equity ratio	Net profit after taxes	Average shareholder's equity	5.32	4.67	13.96	Due to increase in profits during the year
Inventory turnover ratio	Cost of goods Sold	Average inventory	0.66	0.69	(5.22)	
Trade receivable turnover ratio	Net sales	Average trade receivable	2.10	1.59	32.24	Due to increased in trade receivables
Trade payable turnover ratio	Net Purchases	Average Trade Payable	2.08	2.39	(12.92)	
Net capital turnover ratio	Net sales	Average working capital	1.07	1.08	(1.56)	
Net profit ratio	Net profit after tax	Revenue from operation	6.30%	6.01%	4.79	
Return on capital employed ratio	Earning before interest and taxes	Average capital employed	0.13	0.11	20.68	
Return on investment ratio	Non operating income from investment	Average Investment	-	-	-	

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 2023 and 31 March 2022. 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 2023 and 31 March 2022.

#### **Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

#### **Interest rate sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in interest rate	Effect on profit before tax
<b>31 March 2023</b>		
INR	+1%	(142.52)
INR	-1%	142.52
<b>31 March 2022</b>		
INR	+1%	(115.78)
INR	-1%	115.78

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 2023</b>						
Borrowings	14,013.30	20.12	60.37	271.22	-	14,365.01
Trade payables	11,228.80	-	-	-	-	11,228.80
<b>Year ended 31 March 2022</b>						
Borrowings	11,456.23	13.58	40.74	67.14	-	11,577.69
Trade payables	12,805.55	-	-	-	-	12,805.55

## 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.

The capital structure as of March 31, 2023 and March 31, 2022 was as follows:

Particulars	31 March 2023	31 March 2022
Total equity attributable to the equity shareholders of the Company	38,420	32,003
As a percentage of total capital	72.9%	73.4%
Long term borrowings including current maturities	267.13	121.47
Short term borrowings	13,984	11,456
<b>Total borrowings</b>	<b>14,252</b>	<b>11,578</b>
As a percentage of total capital	27.1%	26.6%
<b>Total capital (equity and borrowings)</b>	<b>52,672</b>	<b>43,581</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 44. Exceptional items:

During the financial year 2014-15, the company availed exemption from payment of duty amounting to ₹322 under the EPCG Scheme. However, the Company has not fulfilled the conditions relating to export obligations within the stipulated time. Accordingly, the Company has charged an amount of ₹322 lakhs towards the Customs duty and interest there of as on exceptional item in the statement of profit and loss.

### 45. Disclosures as per IndAS-115, Revenue from Contracts with customers

#### A. Disaggregated revenue information:

Particulars		Year Ended 31 March 2023	Year Ended 31 March 2022
<b>1</b>	<b>Type of goods or service</b>		
	Product	26,641.48	24,143.39
	Service Income	3,111.12	175.72
	Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>2</b>	<b>Geographical</b>		
	India	29,752.60	24,319.11
	Outside India	Nil	Nil
	Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>3</b>	<b>Timing of revenue recognition</b>		
	Sale on transfer of goods to customer at a point in time	26,641.48	24,143.39
	Service Income as and when services completed	3,111.12	175.72
	Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>4</b>	<b>Revenue</b>		
	External customer	29,752.60	24,319.11
	Inter-Unit	Nil	Nil
	Total revenue from contracts with customers	<b>29,752.60</b>	<b>24,319.11</b>
<b>5</b>	<b>Contract balances</b>		
	Trade receivables*	14,659.54	13,640.78
	Contract Liability Advances from Customers**	592.84	44.86

\* 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 2023	Year Ended 31 March 2023
Revenue as per contracted price	29,752.60	24,319.11
Adjustments:		
Sales return	NIL	NIL
Variable Consideration off invoice	NIL	NIL
Revenue from contract with customers	29,752.60	24,319.11

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### C. Reconciliation of the Revenue from Contracts with Customers with the amounts disclosed in the segment information:

Particulars	For the year ended 31 March 2023 ₹ Lakhs	For the year ended 31 March 2022 ₹ Lakhs
<b>Revenue</b>		
External Sales	29,752.60	24,319.11
Inter Segment Revenue	<b>NIL</b>	<b>NIL</b>
<b>Total</b>	29,752.60	24,319.11
<b>Less: Inter Segment Revenue</b>	<b>NIL</b>	<b>NIL</b>
<b>Revenue from Operations</b>	29,752.60	24,319.11

### D. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:

Particulars	Refer Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade Receivables	7	14,659.54	13,640.78
Contract Liabilities		<b>NIL</b>	<b>NIL</b>
Advance from Customers		592.84	44.86

### E. The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at Balance Sheet date are, as follows:

Particulars	Refer Note No	For the year ended 31 March 2023 ₹ Lakhs	For the year ended 31 March 2022 ₹ Lakhs
Advances from Customers	20	592.84	44.86

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year Disclosures.

### F. Information about Receivables, Contract Assets and Contract Liabilities from Contracts with Customers:

Particulars	Refer Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade Receivables	7	14,659.54	13,640.78
Contract Liabilities		<b>NIL</b>	<b>NIL</b>
Advance from Customers	20	592.84	44.86

## 46. Additional Regulatory Information:

The MCA vide notification dated March 24, 2021 has amended Schedule III of Companies Act, 2013 in respect of certain disclosures. Amendments are applicable from April 1, 2021. The Company has incorporated the changes as per the said amendment in the financial statements and has also changed comparative numbers wherever applicable.

- (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 2023.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (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 pf 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 willful 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.

### 47. 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.

### 48. Approval of Consolidated Financial Statements

These Group financial statements were approved for issue by the Board of Directors in their meeting held on 29 May 2023.

As per our report of even date

For and on behalf of the Board of Directors

**for S.T.Mohite & Co**

Chartered Accountants  
Firm Registration Number: 011410S

**Karunakar Reddy Baddam**

Managing Director  
DIN: 00790139

**Krishna Sai Kumar Addepalli**

Director  
DIN: 03601692

**Sreenivasa Rao T Mohite**

Partner  
Membership No.: 015635

**Sudarshan Chiluveru**

Chief Financial Officer

**Chaitanya Siva Shankar Vitta**

Company Secretary  
Membership No: ACS49765

Place: Hyderabad  
Date: 29 May 2023  
UDIN: 23015635BGYJLG6597

Place: Hyderabad  
Date: 29 May 2023



apollo microsystems

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**Apollo Micro Systems Limited**

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Conceptualized and Developed By