

Date: 3<sup>rd</sup> September, 2020

<b>BSE Limited,</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	<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: INE713T01010

Dear Sir(s),

**Sub: Annual Report of the Company for the financial year 2019-20 along with the Notice of the 23<sup>rd</sup> Annual General Meeting**

This is to inform that the 23<sup>rd</sup> Annual General Meeting (“AGM”) of the Company will be held on Friday, 25<sup>th</sup> September, 2020 at 11:00 A.M (IST) through Video Conferencing / Other Audio Visual Means.

Pursuant to Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), we are enclosing herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2019-20 which is being sent through electronic mode to the Members.

The Annual Report containing the Notice is also uploaded on the Company’s website [www.apollo-micro.com](http://www.apollo-micro.com) under the section “Investors”.

Kindly take the same on your record and bring to the notice of all concerned.

Thanking you,

**For Apollo Micro Systems Limited**

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

*Enclosures: as above*

# Achieving Tomorrow by **TODAY**



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

### Forward-looking statements

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

# Navigating our **FUTURE**



Standing at the cusp of a new world order, we are feeling the contours of change. Our **relentless focus** on **accomplishing goals**, delivering **cutting-edge** solutions and defying norms endows us with the courage to **look beyond today** and carve the foundations for a **better tomorrow**.

AMS believes in capitalizing on emerging opportunities and therefore, remains unfazed by changing industry dynamics. Bolstered by our capacity to **innovate** and **act decisively** amidst crisis, we continue to outperform competition while successfully **strengthening our roots**. Today, we rest on our endearing capabilities to pursue our **growth** goals and remain confident about **accelerating transformations** to **navigate our future**.

# Company **OVERVIEW**

An established business entity in the Aerospace, Defence, Space and Homeland security sectors, Apollo Micro Systems Limited (AMS) is a pioneer in design, development, assembly and testing of electronic and electro mechanical solutions.

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



## Vision



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

## Mission



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

## How AMS delivers value



- Our technical expertise enables us to conceptualize and deliver innovative products and solutions critical to our customers.
- Established brand reputation and market presence empowers us to provide superior return on investment
- Growing demand for our products and services in domestic and international

markets provides an opportunity to grow and expand our operations.

- Constant focus on operational improvement to assure highest quality standards, ensure on-time delivery and sustain cost synergies to improve profitability and margins.



## Highlighting Performance FY 2019-20

Rs **24590.41** Lakhs

Revenue from operations

Rs **5026** Lakhs

EBITDA

Rs **1401.12** Lakhs

PAT

Rs **29591.52** Lakhs

Networth

Rs **6.75**

EPS



### Our Solutions

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



### Our services

- Electronic manufacturing
- IT & Software
- Mechanical - CAD
- Hardware designing
- Electronic – CAD

# Chairman's **MESSAGE**



**We are perfectly poised to offer the finest quality products that help customers to retain their competitiveness in a robust and dynamic industry.** ”

Dear Shareholders,

The fiscal 2019-20 was yet another Challenging year from varied domestic and global macroeconomic factors added to this was a hit by pandemic at the fag end of the year. Despite this, your company delivered sustained performances and continued to create value for its customers across sectors including aerospace, defence and space, and homeland security.

The year was marked by several headwinds including the escalation of trade wars between major economies, uncertainties around BREXIT, rising



**To effectively utilize upcoming opportunities, we remained vigilant about enhancing our capabilities, operational efficiencies and investments in R&D.** ”

debt levels in emerging economies and sustained geopolitical tensions. Amidst this, the COVID-19 pandemic caused severe social and economic distress across the globe. Many countries, including India, imposed nationwide lockdowns to curb the spread of the virus and businesses were compelled to shut down, forcing economic activity to slow down and subsequently a complete halt.

The Indian economy too continued to reel under domestic as well as global pressures. However, despite challenges, India ranked among the fastest growing emerging economies in the world. Favourable government policies added some strength to an ailing economy and a stimulus package of Rs. 20 lakh crore was announced to revive growth. The government's sustained emphasis on 'Atmanirbhar Bharat' also aimed to improve industry confidence.

The government is also set to spend Rs. 8000 crore on the National Mission on Quantum Technologies & Applications, over a period of 5 years (2020-2025). It is expected to benefit aero-space engineering, IOT's, Drones and Artificial intelligence which are relevant to our core

areas of working. These technological areas are expected to benefit AMS, and consolidate our dominance in the ESDM industry in varied verticals. To effectively utilize upcoming opportunities, we remained vigilant about enhancing our capabilities, operational efficiencies and investments in R&D. We continue to foster ourselves in new technological reaches and we outreach to meet the goals through a strategic steps to achieve the same. In line to this we have acquired 51% stake in Anaya SIP RF Technologies Private Limited. We also intend to set-up a state of the art microwave design cum production facility.

This strategic move will further strengthen our technological prowess and empowers us to deliver competitive and innovative products which are a combination of RF & Digital and would take us to a different league of competition.

Our ability to innovate and ideate novel concepts allows us to translate our customer's concepts into reality. With our constant R&D investments, we are perfectly poised to offer the finest quality products that help customers to retain their competitiveness in a robust and dynamic industry. In the years to come, we will focus

on strengthening our existing facilities and its expanding to newer territories, globally.

I would like to take this opportunity to sincerely thank our shareholders for their continuous support and encouragement. I also express my deepest gratitude towards the management, our business partners, suppliers and other stakeholders for their sustained contributions towards our success.

We look forward with enthusiasm and optimism, to another year of innovation, rewarding experiences and greater operational efficiencies – to scale our business and accomplish goals to reiterate our market leadership.

Warm Regards,

Sd/-

**Raghupathy Goud Theegala**

Chairman & Independent Director



# Message from **MANAGING DIRECTOR**



Dear Shareholders,

In the fiscal year 2019-20, we continued to make steady progress towards accomplishing our mission of turning our customers' requirements into reality. We remained focused on building an agile and resilient business, with an ability to sustain excellence and efficient operational performances.

During the year under review, our revenue from operations stood at Rs. 245 crores, as against Rs 262 crores in the in the FY 2018-19. Our EBITDA was Rs. 50.2 crores in FY 2019-20, as compared to Rs. 51.6 crores in FY 2018-19 and PAT stood at Rs 14 crores in FY 2019-20 from Rs. 29 crores in FY 2018-19.

As we strengthened our balance sheet further, our debt equity ratio stood at 0.57 times, as on 31st March 2020. To sustain our growth in the short term and improve return on capital employed, we emphasised on investments in state-of-the-art technology, a strong product pipeline and a keen interest to enhance our operational capabilities.

In a constant thirst to innovate new technologies, which are the basis of our sustenance and our future, we have developed several new technologies and also improved the existing technologies which have seen success in trials conducted by our customers. Our constant technological innovation and our goal to develop globally acceptable and competitive technologies has marked a



**To sustain our growth in the short term and improve return on capital employed, we emphasised on investments in state-of-the-art technology, a strong product pipeline and a keen interest to enhance our operational capabilities.**



significant phase in this fiscal year 2019-20, wherein we have signed a strategic alliance with Israel Defence company for developing and producing Inertial Navigation Solutions which is still a relatively new area for Indian Defence Private Players. We have also marked this year towards initiation of developing critical SONAR systems which would safeguard Indian Coastal belt, which would be ready for trials during fiscal year 2020-21. Our team has collaborated with DRDO during the Lockdown for the development of advanced Ultra Violet Germicidal Curing Conveyor machine to deactivate the DNA/RNA of microbial organisms. At a time, when the world is grappling with the Coronavirus outbreak, this is expected to be a path breaking innovation for curbing the virus. The system has passed stringent tests and is certified to be used in public places like airports, hospitals and schools to eliminate virus thriving on bags and luggage. This is our contribution to the society battling with pandemic.

Government of India has recently announced embargo on 101 Defence items for a period of four years, and it further voices a strong intention to promote Indian Defence companies. India's premier defence research institute, DRDO, has identified 108 military systems and subsystems like navigation radars, tank transporters and missile canisters which can be designed, developed and manufactured by the domestic defence industry. Indian Defence Industry is delighted with these twin decisions amidst a challenging period during the pandemic. These strategic moves by the Ministry of Defence and DRDO shall lay a solid foundation for sustained growth of the Indian Defence Industry, working to establish its Self Reliance.

Our success as a company is strongly rooted in our strategic ability to invest in products and solutions that enhance our efficiency and cater to evolving customer requirements. Our teams, therefore, strive



**We have also marked this year towards initiation of developing critical SONAR systems which would safe guard Indian Coastal belt, which would be ready for trials during fiscal year 2020-21.**



to create exceptional outcomes that drive the Company to newer heights of success.

We believe, our employees are our biggest asset and therefore continue to invest in their growth and development. We provide a conducive working environment and offer opportunities for availing trainings and apprenticeships in a safe and rewarding environment, encouraging them to develop long and rewarding careers with us. I would like to take this opportunity to appreciate our team for their continued commitment, hard work and sincerity to fulfil organizational objectives.

The COVID-19 pandemic developed rapidly into a global crisis, forcing government to enforce lock-downs of all economic activity. The Pandemic has affected the supply chain of the business. As our business involves inspection and testing at every stage and so the same has slowed down since mid January 2020 and subsequent lock-down in March 2020 has further added to the effect. Although there are uncertainties due to the pandemic but the Company is well positioned to navigate the challenges ahead and gain better sustainability both in terms of growth and unlocking new opportunities in the years to come.

At AMS, we ensured the safety of our employees and the community during the recent COVID-19 crisis. We followed safety protocols across our operations and implemented necessary changes in the Standard Operating Procedures (SOP) to protect our people and enable business continuity.

As we look forward to the government's positive steps and its focus on Indigenization in Defence and Space sector provides our Company a huge opportunity to lay the path for achieving a sustained turnover of Rs 1000 crores by FY 2025. We have set this target under our mission "Sahasra-2025". The word "Sahasra" means thousand and our target is to achieve this milestone by 2025. We re-affirm all our stakeholders that our plans for continual and sustained growth cannot be dented by the temporary phases and we shall strive to work with more velocity and steer the company to the next level with the support of our stakeholders including employees, Customers, Bankers, Investors and Suppliers. The huge gamut of initiatives by Government of India through Self Reliance and Make in India is a big boost for Indian Defence and Space sector and the voice of Indigenous companies like AMS is heard well by the Government and the approach implemented by Indian Government is going to reap good benefits and growth for AMS in future. We also strive to preserve our innovative culture with significant investments in technology, R&D and our people. Remaining steadfast in our approach to augur business sustainability, we seek to uncover new avenues of success.

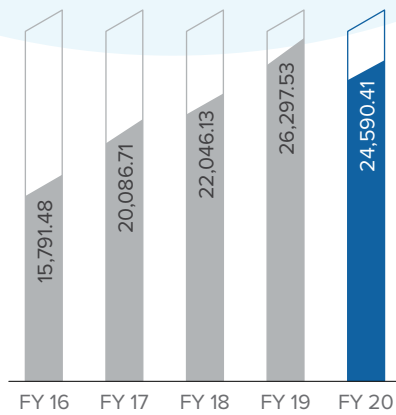
Regards,

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

# Financial Performance Highlights - 5 YEARS

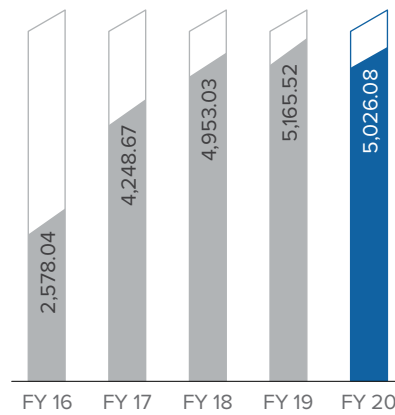
## Revenue from Operations

(Rs. in lakhs)



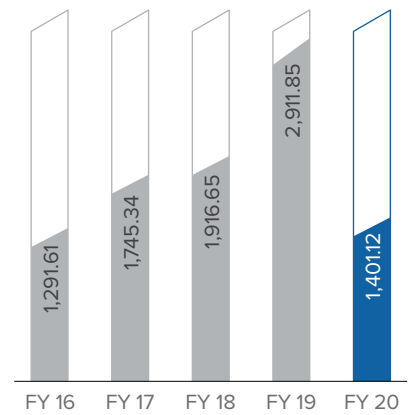
## EBITDA

(Rs. in lakhs)



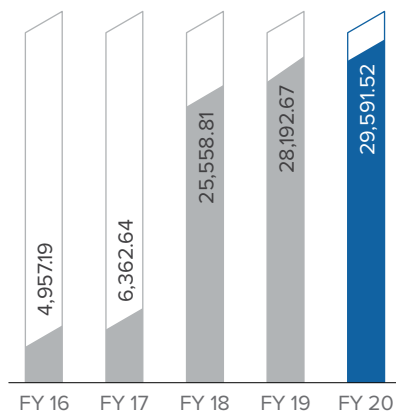
## PAT

(Rs. in lakhs)



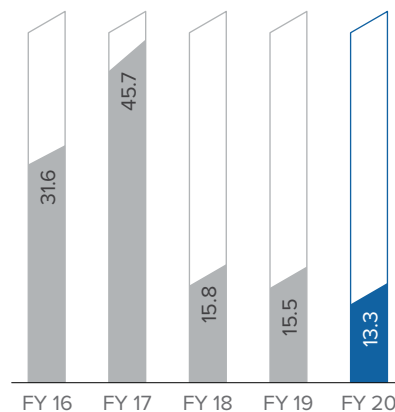
## Net worth

(Rs. in lakhs)



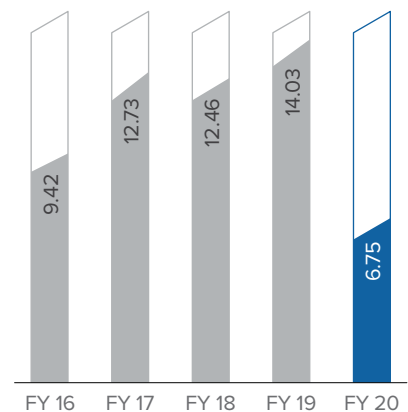
## RoCE

(in %)



## EPS

(in Rs.)



## Five years at a glance

(Amount in ₹)

	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Statement of Profit and Loss</b>					
Revenue from operations	2,459,041,260	2,629,753,243	2,204,613,913	2,008,670,952	1,579,148,852
EBIDTA	502,608,398	516,552,977	495,303,492	424,867,581	257,803,751
Depreciation	98,954,464	61,950,838	64,984,581	39,259,661	27,237,059
Finance costs	151,044,733	127,604,212	120,737,974	114,375,551	81,436,795
Profit before exceptional items and tax	252,609,201	326,997,926	321,773,041	257,822,929	149,129,897
Exceptional items	-	-	12,192,105	13,409,440	-
Profit before tax	252,609,201	326,997,926	309,580,936	271,232,369	149,129,897
Tax expenses	112,496,424	35,812,660	117,915,736	96,697,406	19,968,652
<b>Profit after tax</b>	<b>140,112,777</b>	<b>291,185,266</b>	<b>191,665,200</b>	<b>174,534,963</b>	<b>129,161,245</b>
EBIDTA / Revenue	20.44%	19.64%	22.47%	21.15%	16.33%
PBT / Revenue	10.27%	12.43%	14.04%	13.50%	9.44%
PAT / Revenue	5.70%	11.07%	8.69%	8.69%	8.18%
<b>Balance sheet</b>					
Share capital	207,588,860	207,588,860	207,638,860	137,117,000	137,117,000
Reserves and surplus	2,751,563,221	2,611,678,763	2,348,242,133	499,147,190	358,602,014
Share warrants	-	-	-	-	-
<b>Networth</b>	<b>2,959,152,081</b>	<b>2,819,267,623</b>	<b>2,555,880,993</b>	<b>636,264,190</b>	<b>495,719,014</b>
Non-current liabilities					
Long-term liabilities and provisions	7,454,290	9,446,381	47,564,688	138,874,448	227,984,902
Deferred tax liability	131,971,561	94,439,404	121,212,106	68,385,601	6,542,159
Current liabilities	1,552,589,916	1,583,317,150	1,909,890,031	1,615,059,144	1,263,116,013
<b>Total liabilities</b>	<b>4,651,167,848</b>	<b>4,506,470,559</b>	<b>4,634,547,818</b>	<b>2,458,583,383</b>	<b>1,993,362,088</b>
Non-current assets					
Gross fixed assets	767,563,162	584,247,340	394,690,757	339,079,647	304,889,898
Accumulated depreciation	264,948,849	166,195,081	104,244,243	39,259,661	93,525,387
Unallocated expenditure pending capitalisation					
<b>Net fixed assets</b>	<b>502,614,313</b>	<b>418,052,260</b>	<b>290,446,514</b>	<b>299,819,986</b>	<b>211,364,511</b>
Capital work in progress	365,231,912	283,479,718	286,916,657	128,645,850	101,182,148
Other net intangible assets	802,780				
Investments	-	-	-	-	-
Other non-current assets	-	-	25,915,382	43,590,382	-
Current assets	3,782,518,844	3,804,938,581	4,031,269,265	1,986,527,165	1,680,815,429
<b>Total assets</b>	<b>4,651,167,848</b>	<b>4,506,470,559</b>	<b>4,634,547,818</b>	<b>2,458,583,383</b>	<b>1,993,362,088</b>
Return on capital employed	13.3%	15.5%	15.8%	45.7%	31.6%
Return on networth	4.7%	10.3%	7.5%	27.4%	26.1%
Debt / equity	0.57	0.60	0.81	2.86	3.02
Current ratio	2.44	2.40	2.11	1.23	1.33
<b>Per share</b>					
Book value per share - Rs.	142.51	135.78	123.09	46.40	36.15
Earnings per share (basic) - Rs.	6.75	14.03	12.46	12.73	9.42
Earnings per share (dilluted) - Rs.	6.75	14.02	12.08	12.73	9.42
*Dividend per share - Rs.		1/-	-	-	-
<b>No. of shares</b>	<b>20,763,886</b>	<b>20,763,886</b>	<b>20,763,886</b>	<b>13,711,700</b>	<b>13,711,700</b>

\*Board recommended Dividend @ 5% i.e. Rs 0.5 per share for FY 2019-20

# Sustainably Catering to **STAKEHOLDERS**



## Our inputs

### Financial resources

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

### State-of-the-art facilities

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

### People and culture

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

### Long-standing relationship

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

### Engineering capabilities

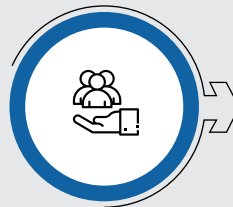
Our technical know-how and robust engineering capabilities enable us to develop innovative and unique products and solutions.

### Service capabilities

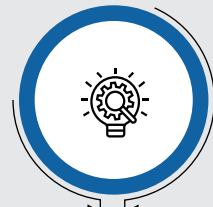
Our ability to provide efficient and timely service ensure maximum customer satisfaction while improving our ability to deliver exceptional products, every time.



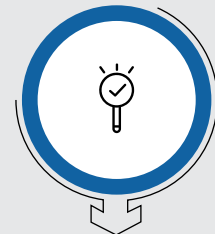
## Process



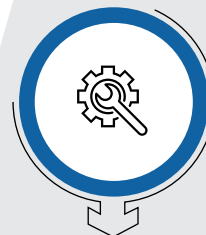
**Identifying customer's need**



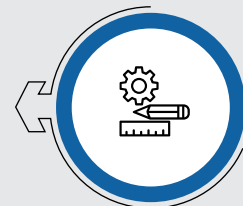
**Research and Development**



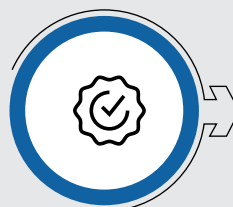
**Bidding and contracting**



**Initiating manufacturing**



**Designing and development**



**Quality check**



**Final dispatch**



## Strategy

### Clear goals

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

### Sound governance

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

### Operating responsibly

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

### Managing risk

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

### Rewarding success

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

### Develop differentiated products

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

### Investments to ensure operational excellence and build capabilities

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



## Value created

### Customers

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

### Customized

Solutions that meet customers' requirement

### Shareholders and investors

Sustaining market capitalization

### Dividend

Board recommended Dividend @ 5% i.e. Rs 0.5 per share for FY 2019-20

### Credit rating

Long-Term Rating [ICRA] BBB- (pronounced ICRA triple B MINUS)

Short-Term Rating [ICRA] A3 (pronounced ICRA A three)

Credit rating by ICRA Limited

### Community

#### Rs. 51.5 lakhs

Spent towards CSR activities in FY 2019-20

### Reduction

In our environmental footprint

Constantly investing towards the **upliftment** of society at large

### People

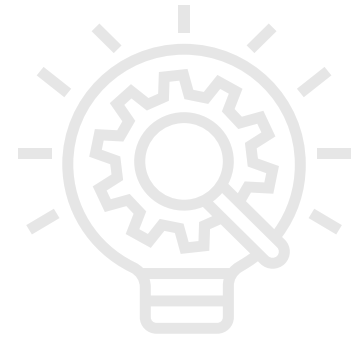
#### Rs. 762 lakhs

Employee benefit expenses

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

# Focused on Research & DEVELOPMENT

At AMS, our desire to deliver innovative and advanced products drives us to improve our technological capacities. We continue to focus on latest technological innovations and aspire to improve our engineering excellence to lay the foundation for robust research and development programmes.



Our in-house designing team constantly strives to develop reliable and futuristic solutions for our customers. We leverage our expertise and technical know-how to develop and deliver state-of-the-art solutions, tailored to meet customer requirements. Our solutions cater to diverse customers from varied fields including Aerospace, Avionics, Space, Naval and Defence sectors. We also utilize our exceptional R&D facilities to offer customized solutions for our valued customers.

Rs **1967** Lakhs

Spent towards R&D in FY 2019-20

**150**

Team size of R&D team as on 31<sup>st</sup> March 2020

Collaborative **R&D Partner** **CEMILAC**

Recognized by Bharat Electronics Limited

Certified R&D centre

## Focus areas

During the year under 2019-20, we have developed critical technologies On-Board Aircraft technologies like Next Generation Gimbals and Fire Control Systems. We continued our development activity on SONAR systems in this year as well, on underwater Homing and Signal Processing which has given excellent results in initial phase of trials. Our team has also invested significant efforts in development of Coastal Surveillance Moored Mine

electronics which is a potential import substitution. A new foray of technologies are developed which are not only unique but also laid foundation to the future roadmap of the companies growth which would get converted into volume business.

## Portfolio of New Products and Solutions

### Automatic Test Equipment (ATE)

In association with 'FORM Co. Ltd', Russia, we have launched

Automatic Test Equipment (ATE) for IC, semiconductor, relay and circuit board testing.

### Inertial Navigation Solutions

We have launched Inertial Navigation Solutions (INS) such as Inertial Measurement Unit (IMUs), IRU, Gyrocompass and North Finder in association with Cielo Inertial Solutions Ltd, Israel.

## Ultra Violet Germicidal Baggage Disinfecter Conveyor Systems - **INVISIBLE ENEMY V/S INVISIBLE LIGHT**

It is a very proud moment for us at AMS as we introduce a truly novel technology to fight the 'Invisible' enemy with invisible light rays.

AMS, in collaboration with Defence Research and Development Organisation (DRDO) and has developed a technology to mitigate the potential risks of the novel coronavirus on bags and luggage. It is an ideal technology to cope with invisible microbes in areas such as airports, malls, theatres, schools, government institutions and other public places frequented by a large number of people.

The technology will be used to deactivate DNA/RNA of microbial organisms to prevent the virus from mutating and spreading further. UVC rays

( $\lambda = 253.7\text{nm}$ ) have the potential to destroy genetic material of living organisms, if exposed to appropriate wavelengths of UVC

rays. The system has undergone rigorous testing and has been certified to successfully address the problem.



### Application

- Airports
- Commercial Buildings
- Customs
- Govt. buildings
- Prisons
- Seaports
- Security Checkpoints
- Malls
- Colleges
- Schools
- Worship Areas



### Usage

- FFP / N95 Masks
- Respiration Masks
- Shoes
- Cutlery
- Glasses
- Money
- Plastic Jars
- Mobile Phones
- Baggage
- And many more



### Advantage

- 360 degrees of irradiation and disinfection
- Simple handling
- Short disinfection times
- Material-friendly disinfection
- Long lifespan of UV lamps
- Highest safety standards
- Chemical-free, dry disinfection



# Towards a **BRIGHTER FUTURE**

In today's world of rapid changes, it is pivotal for us to upgrade our processes, systems and strategy to ensure business sustainability. At AMS, our aim is to deliver sustainable value through engineering and operational excellence, strategizing novel ways to create a future ready organization.



**Aspiring to build a brighter future, we continue to focus on the following:**

### **Designing a stronger portfolio**

Our continued investments in differentiated technology and R&D facilities are aimed at developing a strong pipeline of products. We constantly look for opportunities in defence as well as non-defence segments to further expand our operations. We also undertake strategic alliances with various organizations to further strengthen our capabilities to build best-in-class products for our customers.

### **Delivering finest quality products**

Our products undergo stringent quality checks, right from sourcing of raw materials to delivery of products, to ensure adherence to the highest standards of quality. Further, we also offer product lifecycle support services to increase its longevity and efficiency. During the year under review, we have obtained 'AS 9100D' certification from NVT Quality Certification Pvt. Ltd. for implementation of the Quality Management System. This certificate stands testimony to our ability to produce and offer superior quality products that are at par with global standards.



### Strengthening our infrastructure

We constantly fortify our manufacturing facilities with cutting edge technology and machinery. Our investments are aimed at driving cost synergies, increasing operational efficiency and reducing defects. Our robust facilities also enable us to undertake small as well as bulk orders from customers across the globe.

### Building a high performance culture

We strive to build a work environment that is encouraging, motivating, diverse and inclusive. We believe that a motivated and engaged workforce is the key to our success. Therefore, we encourage employees to participate in various training and skill development programs to further improve their capabilities in line with changing market dynamics.

### Agile and resilient business model

At AMS, we have built a strong and resilient business model that enables us to mitigate unforeseen challenges on our way. Further, our ability to quickly and smoothly adapt to changing industry dynamics gives us a competitive edge over our competitors.



# Improving **VISIBILITY**

**At AMS, we believe that it is pivotal to showcase our products and capabilities to expand our reach and acquire more customers. Thereby, we continue to participate in various trade fairs and expos to enhance our visibility and further strengthen our market share.**



During the year under review, we participated in various trade fairs and expos including DEFEXPO 2020, organized by the Department of Defence Production, Ministry of Defence. During the expo, we showcased Defence products and latest technologies utilized by AMS. It also provided us a unique opportunity to strengthen our business network. We also participated in Defence & Aerospace 10th Strategic Electronics Summit 2019, organized by the Electronic Industries Association of India (ELCINA).



AMS participation in DEFEXPO 2020



# Building strength- **WITH OUR PEOPLE**

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

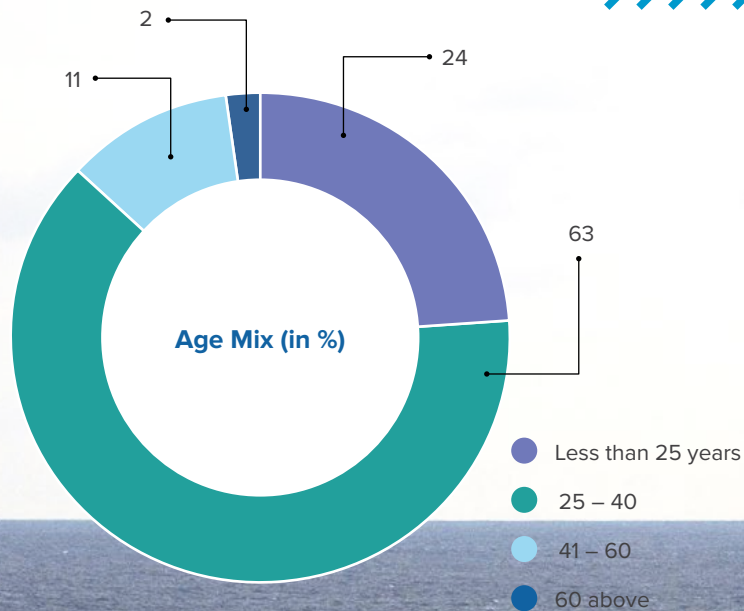


## 285

Employees as on 31st March 2020

## 24%

Female employees



### Training and Development

At AMS, training and development is an integral part of our people strategy. It not only improves the efficiency of our people but, also prepares our employees to successfully navigate through challenging circumstances. We organize induction programs for new joiners and provide role based technical trainings to existing employees on a regular basis.

### Employee engagement

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

### Our response to COVID-19 pandemic

Amidst the COVID-19 outbreak, our priority was to ensure the health and well-being of our employees. We followed stringent social distancing norms and regularly sanitized premises, maintained hygiene within the organization and conducted thermal screening of employees and visitors to ensure maximum safety of our people. We also organized COVID-19 tests for employees and distributed immunity boosting kits & medicine. Further, we have installed automatic sanitizer machines in our premises and hot water cans to keep our employees healthy and safe.



# Committed to **HOLISTIC DEVELOPMENT**

At AMS, we believe that business success and sustainability is integrally associated with our endeavours to create meaningful contributions to people and communities. As a responsible organization, we remain committed to uplifting the marginal sections of society, empowering them to lead better lives and in turn, contribute to the holistic development of society at large.

We undertake CSR activities in collaboration with third party agencies like Zion Educational Society, All India Social Education Charitable Trust, Women Development Society and Suraksha old age & health society.



**Focus areas:**

- Women empowerment, child support and assistance for differently abled people
- Healthcare services for underprivileged people through medical and health camps
- Education for children and differently abled

Rs **51.5** Lakhs

Spent towards CSR activities in FY 2019-20



Medical camp organized by Suraksha Old Age Society



### Our response to COVID-19 pandemic

The COVID-19 outbreak has wreaked havoc around the world, causing massive loss of lives and livelihoods. As jobs were lost and people suffered from unfathomable hardships, we tried to alleviate sufferings by delivering essentials. At AMS we stepped up efforts to serve communities by distributing ration packages consisting of 5kg rice, 1kg dal and 1 litre oil for every family. It helped financially distressed families to sustain during the crisis. 2000 families were benefited from our endeavours during the virus outbreak.



# 2000

Families benefited by ration distribution during lock down due to Covid pandemic



# Profile of **BOARD OF DIRECTORS**



## 01 Raghupathy Goud Theegala

### Chairman and Independent Director

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

## 02 Baddam Karunakar Reddy

### Founder and Managing Director

Mr. Karunakar Reddy Baddam has over 35 years of business experience. He is the Founder and Managing Director of the Company. Under his leadership, AMS has grown from a design company to a turnkey solutions provider and now we are at the stage of successful delivery of sub-systems and systems as a whole.

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

## 03 Venkata Siva Prasad Chandrapati

### Whole-Time Director (Technical)

He is the Whole-Time Director (Technical) of the Company. Mr. Venkata Siva Prasad Chandrapati has 23 years of experience working on varied technologies. He has done his M. Tech in Digital Signal Processing and his technical proficiency in the Industry is unmatched. His technical expertise, knowledge and managerial skills drive the Research & Development (R&D) groups of the Company. He undertakes the responsibility of heading & successful execution of the Defence projects of the Company.

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

## 04 Krishna Sai Kumar Addepalli

### Whole-Time Director (Operations)

He is the Whole-time Director (Operations) of the Company. He is an Engineering Graduate in Electronics and Communication with 19 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.

## 05 Karunasree Samudrala

### Independent director

She is a Fellow Member of the Institute of Chartered Accountants of India and a Commerce Graduate from Kakatiya University, Telangana, having 20 years of wide experience in Accounting, Audit, and Taxation. She has a Post Qualification experience in handling Audits Engagements, Extensive experience in handling Corporate Audits – Statutory, Internal and Tax Audits, FMCG, stock market, Bank Audits etc., working and Liaisoning with Statutory Auditors, Income Tax Authorities and handling Investor Relationship Management.

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

## 06 Sri Lakshmi Reddy Vangeti

### Non – Executive Director

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

# Profile of **LEADERSHIP TEAM**



## 01 Ramidi Narasimha Reddy

### Chief Operating Officer

\*Ramidi Narasimha Reddy is the Chief Operating Officer (COO) of our Company. He has completed his diploma in electrical communications engineering from State Board of Technical Education and Training and holds a Bachelor's degree in Engineering and a Master's in Engineering from Osmania University. He is also a member of the Institution of Telecommunication Engineers and Institution of Electronics and Telecommunication Engineers. He is experienced in information technology, administration services and corporate sector. Prior to joining our Company, he was working with Bharat Dynamics Limited, Sigma Microsystems Private Limited and Vem Technologies Private Limited. He has been associated with our Company since March 4, 2016.

*\* Resigned w.e.f July 17, 2020*

## 02 Sudarshan Chiluveru

### Chief Financial Officer

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

## 03 Vitta Chaitanya Siva Shankar

### Company Secretary and Compliance Officer

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

## 04 T. Ratnamani

### Vice President-Technology

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

Her major contribution have been in the field of design, development and verification of systems for underwater acoustic application, underwater communication systems, embedded systems for digital signal processing, signal conditioning and data acquisition. Her research expertise also includes modelling and simulation, algorithm development, algorithm optimization and implementation. She has successfully completed projects based on various advanced processors and embedded hardware. Dr. Ratnamani has good expertise on DSP-processors from Analog devices/TI with DSP-architectures. She has wide experience in the fields of

signal processing, communication systems and image processing.

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

is experienced in human resources and management. She has been on the board of our Company since April 1, 1999.

## 05 Tara Singh

### Vice President- Heading Western Zone

Tara Singh is serving as the Vice President- Heading Western Zone since December 2018 at AMS. He is a retired Scientist after having a distinguished service of more than 37 years at ARDE (DRDO). His professional experience includes as Principal Investigator for Testing of Electronic Fuze modules of munitions and Field trials of Prachand device, worked on Ceramic Technology projects and process development and establishing Ceramic Technology Centre, Development of Magnesium Production Technology at Defence Metallurgical Research Lab (DMRL), acted as a Division Head (Planning), infrastructure development and establishment of facilities like Rocket Technology Centre, NFM Facility, Information Centre for Armament Technology, Gun Integration Bay for Advanced Towed Artillery Gun Project, Climatic Test Centre, etc. at DRDO-Armament Research & Development Estt.

# Profile of LEADERSHIP TEAM

(ARDE) etc. He hold a Bachelor degree B. Tech (E & TC) from Pune University, Graduate of The Institute of Electronics and Telecommunication Engineers (India) Diploma in Electronics and communication in Electrical Engineering Engg at Govt. Polytechnic Hyderabad.

## 06 KC Satyanarayana Head of Special Products

KC Satyanarayana, is the head of Special Products group of AMS. He joined the AMS in July, 2019. He possess 30+ years of experience in the field of design, development of products, project management across domains like Embedded Software, DSP Software, Application Software for M2M/ IoT, SoCs, VoIP SoCs, 1394, USB and Defense Applications. He expertises in handling Embedded Software & Hardware Development. Digital Signal Processing Software related to Voice/ Telecom/ Electro Optics. He worked for the projects like Railway Display Network (RDN): RDN is an IoT platform - proposed to become one of the biggest Digital Signage System across Indian Railway Stations; Development of Thermal (Infrared) Module; Products in Electro Optics Domain: both Image Intensifier Based and IR based Devices. Worked on Systems like Real Time Train Information – IoT- System for CRIS, Indian Railways; Automatic Identification System (AIS) for Maritime Communication for Coast Guard; Radar Trans/ Receive system; Vehicle-Tracking Solutions based on GPS/ GSM/GPRS technology; Development of Android based Application on a Rugged Hand Held Device for Marine Commandos to transmit/ receive messages etc.

## 07 Supriya Kondap Associate Vice President (Projects)

Supriya Kondap, is the Associate Vice President (Projects) of our Company. She is a Qualified Electronics Engineer and MBA in Operations. She holds 20+ years of experience in the engineering industry as a Senior Technical professional. She has a Track record of setting up, establishing and heading Electronics Design and Operations teams and delivering targets in sync with the overall organizational goals. Expertise in system designing and integration, program management, proposal engineering, operations, process improvements, cost optimization, and resource management. She possess Analytical, problem solving and leadership qualities inherited by delivering solutions in conjunction with operational requirements. She joined the Company on May 17, 2018. She has also worked at LARSEN & TOUBRO LIMITED Defence IC Strategic System Complex, Talegoan, Pune, an Indian multi-national conglomerate with business interests in engineering, construction, manufacturing goods, information technology, and financial services.

## 08 Venkateswara Rao Aluri Associate Vice President

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

## 09 Jani Sulthana Begum Manager (Quality Control)

Jani Sulthana Begum is the Manager (Quality Control) of our Company. She holds a diploma in electronics and communication engineering from State Board of Technical Education and Training. She is experienced in assessment of quality sector and prior to joining our Company, she was working with Analogics Tech India Limited, Kernex Microsystems (India) Limited, Tisht Computer Education and Siri Control Systems. She has been associated with our Company since September 16, 2015 and is responsible for looking after the quality control and other allied activities of our Company.

## 10 A.S. Saranghapaani Associate Vice President

A.S. Saranghapaani is the Associate Vice President of our Company. He joined the Company in March, 2020 and handling marketing activities. He holds the Bachelor Degree of Engineering (B.E.) in Electronics & Communication Engineering (ECE) and having nearly 4 decades of experience and a certified holder of Green Belt on Six Sigma with expertise in Production Planning & Control, Operations and Quality Management, Testing and Marketing Operations. Before joining our Company he was associated with Bharat Electronics Limited (BEL) and headed Assembly, Testing, Quality Management, Marketing & Engineering Services in BEL Chennai unit and production & assembly of transistors, diodes quality functions including QCC, Six Sigma, ISO Certification, EMI/EMC Lab, RE-Lab, inspection & dispatch of Mechanical Parts ,DGQA evaluation & acceptance of EDM-14 & 20 motors, cable assembly inspection.

# Corporate INFORMATION

## Board of Directors

### Raghupathy Goud Theegala

Chairman and Independent director  
DIN: 07785738

### Karunakar Reddy Baddam

Managing Director  
DIN: 00790139

### Sri Lakshmi Reddy Vangeti

Non Executive Director  
DIN: 02757567

### Krishna Sai Kumar Addepalli

Whole Time Director (Operations)  
DIN: 03601692

### Venkata Siva Prasad Chandrapati

Whole Time Director (Technical)  
DIN: 03601703

### Karunasree Samudrala

Independent director  
DIN: 06960974

## Chief Financial Officer

### Sudarshan Chiluveru

## Company Secretary and Compliance Officer

### Vitta Chaitanya Siva Shankar

## Registered Office

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

## Statutory Auditors

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

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

## Internal Auditors

M/s. Surya Pavan & Co.  
Chartered Accountants  
D.No.29-7-3, Vishnuvardhan Rao Street,  
Suryarao pet, Vijayawada 520 010

## Secretarial Auditors

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

## Committees of the Board

### Audit Committee

#### Karunasree Samudrala,

Chairman

#### Raghupathy Goud Theegala,

Member

#### Raghupathy Goud Theegala,

Member

### Nomination and Remuneration Committee

#### Karunasree Samudrala,

Chairman

#### Sri Lakshmi Reddy Vangeti,

Member

#### Raghupathy Goud Theegala,

Member

### Stakeholders Relationship Committee

#### Raghupathy Goud Theegala,

Chairman

#### Karunakar Reddy Baddam,

Member

#### Venkata Siva Prasad Chandrapati,

Member

# Corporate INFORMATION

## Corporate Social Responsibility Committee

**Karunakar Reddy Baddam,**  
Chairman

**Sri Lakshmi Reddy Vangeti,**  
Member

**Raghupathy Goud Theegala,**  
Member

## Risk Management Committee

**Venkata Siva Prasad Chandrapati,**  
Chairman

**Karunakar Reddy Baddam,**  
Member

**Karunasree Samudrala,**  
Member

## Executive Committee of Directors & CFO

**Karunakar Reddy Baddam,**  
Chairman

**Venkata Siva Prasad Chandrapati,**  
Member

**Krishna Sai Kumar Addepalli,**  
Member

**Sudarshan Chiluveru (CFO)**  
Member

## Bankers to the Company

### 1. State Bank of India

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

### 2. ICICI Bank Limited

Commercial Branch  
6-2-1012, TGV Mansion  
Khairatabad, Hyderabad

### 3. Axis Bank Limited

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

## Registrar and Transfer Agent

### Bigshare Services Private Limited

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

**Email:** [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com)

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**SEBI Registration No.: INR000001385**

## Investor Grievance Email

[investor@bigshareonline.com](mailto:investor@bigshareonline.com)

## Listing

BSE Limited (BSE)

National Stock Exchange of India Limited  
(NSE)

# Notice

Dear Member,

Notice is hereby given that the Twenty Third (23rd) Annual General Meeting (“AGM”) of the Members of Apollo Micro Systems Limited (“the Company”) will be held on Friday the 25th September, 2020 at 11:00 A.M. (IST) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare the Final dividend on the Equity shares for the financial year 2019-20.
3. To appoint a Director in place of Mrs. Sri Lakshmi Reddy Vangeti [DIN 02757567], who retires by rotation and, being eligible, offers herself for re-appointment and in this connection to consider and if deemed fit, to pass the following Resolution as an Ordinary Resolution:

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

### Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. At the Adjourned Twentieth Annual General Meeting held on August 26, 2017 Members approved the appointment of M/s. S T Mohite & Co., Chartered Accountants (Registration number

011410S) as Statutory Auditors of the Company for one term of five consecutive financial years from the conclusion of Twentieth Annual General Meeting till the conclusion of the Twenty Fifth Annual General Meeting of the Company, subject to the ratification by the Members at the every Annual General Meeting held during the said term, in terms of the proviso under section 139 (1) of the Act.

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

3. Details of Directors seeking appointment/re-appointment as required under SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India in respect of directors seeking appointment / re-appointment at this Annual General Meeting (“AGM”) / “the meeting” is annexed hereto.
4. 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.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.  
  
However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to



attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [csvenkateshreddy25@gmail.com](mailto:csvenkateshreddy25@gmail.com) with a copy marked to [cs@apollo-micro.com](mailto:cs@apollo-micro.com)

7. The Company has fixed Friday, 18th September 2020 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2020, if approved at the AGM.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 19th September 2020 to Friday, 25th September 2020 (both days inclusive) for the purpose of Annual General Meeting.
9. Subject to the provisions of the Act, the dividend as recommended by the Board of Directors for the financial year 2019-20, 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, 18th September 2020 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, 18th September 2020 the 'Record Date'.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held in electronic form and to the Company's RTA in case the shares are held in physical form.
11. 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 at least 10 days before the meeting to email id [cs@apollo-micro.com](mailto:cs@apollo-micro.com). The same will be replied by the Company suitably.
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, 2025. 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 is available on the website of the Company under the section "Investors".

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

Members are requested to refer to the Corporate Governance Report for information in connection with the unpaid / unclaimed dividend along with underlying shares thereto liable to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Members are requested to refer the website of the Company for the details made available by the Company pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017.

13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors", 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, and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend

paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to [cs@apollo-micro.com](mailto:cs@apollo-micro.com) or [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com) or by uploading the same on the RTA website at <https://www.bigshareonline.com/dividendTDS.aspx> by 11:59 p.m. IST on Friday, 18th September 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [cs@apollo-micro.com](mailto:cs@apollo-micro.com) or [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com) or by uploading the same on the RTA website at <https://www.bigshareonline.com/dividendTDS.aspx>. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on Friday, 18th September 2020.

16. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) are **Bigshare Services Private Limited** (herein after referred to as "RTA"). All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents, at the address mentioned below:

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

17. Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed form No SH-13 duly filled in to the Company's RTA. Members holding

shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.

18. 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 April 01, 2019. Members are advised to Dematerialize the shares held by them in physical form.**

19. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through electronic modes of payment to investors wherever bank details are available. In case Bank details are not available or incorrect, the Company will print the available details on the payment instrument for distribution of dividend. Due to prevailing pandemic Covid-19 the postal service's are not working widely as it used to be, thus members are requested to update their bank account details with the Depositories and Company's Registrar and Transfer Agents for receiving the dividend through electronic mode of payment.

20. **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.**

**21. To support 'Green Initiative' Members are requested to register their e-mail address/ addresses and Bank Account details with the Depository Participants, if the shares are held in dematerialized form and with the Company's Registrar and Transfer Agents, if the shares are held in physical form, in case you have not registered your email ids till now. Members who have not registered their email addresses so far are requested to register them for receiving all communication including Annual Report and other Notices from the Company electronically.**

**22.** Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

**23. PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS:**

- i) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of SEBI Listing Regulations (as amended), and the Circulars issued by the MCA dated April 8, 2020, April 13, 2020 and May 5, 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") as the authorised e-Voting agency for facilitating voting through electronic means. The facility of casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.
- ii) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Friday, 18th September 2020 shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
- iii) A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Friday, 18th September 2020, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of the AGM by following the procedure mentioned in this part.
- iv) The remote e-voting period commences on Tuesday, 22nd September 2020 (9:00 am) and ends on Thursday, 24th September 2020 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Friday, 18th September 2020 may cast their vote by remote e-voting. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.
- v) The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. Friday, 18th September 2020.
- vi) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- vii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again
- viii) Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to csvenkateshreddy25@gmail.com with a copy marked to cs@apollo-micro.com
- ix) The Company has appointed CS Venkatesh Reddy Datla, Practising Company Secretary (Membership No: 36504 CP: 14074), to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.
- x) The AGM will be convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**A. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE VOTING ARE AS UNDER:**

- i) The voting period begins on 22nd September 2020 (9:00 am) and ends on 24th September 2020 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 18th September 2020 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.
- iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv) Click on Shareholders.
- v) Now Enter your User ID-
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) 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 voting of any Company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  *Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.  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 as mentioned in instruction (v).

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) 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.

- xi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN of the Company
- xiii) 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.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) 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.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) 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.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.
- xx) Note for Non-Individual Shareholders and Custodians
  - 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.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address cs@apollo-micro.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

#### **B. THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ON THE DAY OF THE AGM ON E-VOTING SYSTEM ARE AS UNDER: -**

- i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii) Only those members/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.

- iii) If any Votes are cast by the members through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv) Shareholders who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **C. INSTRUCTION FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER: -**

- i) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii) Members are encouraged to join the Meeting through Laptops / I Pads for better experience.
- iii) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- v) 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.
- vi) For ease of conduct, Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number along with their queries at “cs@apollo-micro.com till Friday, September 18, 2020 (11:59 P.M.) and register themselves as speaker.
- vii) The Members who do not wish to speak during the AGM but have queries may send their queries in advance mentioning their name, demat account number/folio number, email id, mobile number at cs@apollo-micro.com till Friday, September 18, 2020 (11:59 P.M.). These queries will be replied by the company suitably by email.
- viii) Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

**24. Process for those Members whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

- i) Members holding shares in Physical mode - please provide necessary details like Folio No., Name of shareholder, PAN, AADHAR (self attested scanned copy of PAN & Aadhar Card) by email to RTA at marketing@bigshareonline.com or to Company at cs@apollo-micro.com
- ii) Members holding shares in Demat mode can get their e-mail id registered by contacting their respective Depository Participant or by email to RTA at marketing@bigshareonline.com or to Company at cs@apollo-micro.com by providing Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID) Name of shareholder, PAN, AADHAR (self attested scanned copy of PAN & Aadhar Card).

- iii) The company/RTA shall co-ordinate with CDSL and will provide the login credentials to the above mentioned Members.

**25.** 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.

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

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

Sd/-

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

Place: Hyderabad  
Date: 29th August, 2020

**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]**

<b>Particulars</b>	<b>Mrs. Sri Lakshmi Reddy Vangeti</b>
Director Identification Number (DIN)	02757567
Date of Birth / Age	20/06/1974 (46 Years)
Date of first appointment on the Board	April 01, 1999
Educational Qualification	Bachelor's degree in Science from Osmania University.
Experience (including expertise in specific functional areas) / Brief Resume	She has experience in human resources and management.
Directorships held in other companies	Nil
Memberships/ Chairmanships of committees across companies	Apollo Micro Systems Limited-Member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee
Relationship with other Directors/Key Managerial Personnel	Related to the Managing Director of the Company.
No. of shares held in the Company either by self or on a beneficial basis for any other person	Ten (10) Equity shares

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

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

# Board's **REPORT**

To the Members,

The Directors are pleased to present you the 23rd Annual Report of Apollo Micro Systems Limited ("the Company or AMS") along with the audited financial statements for the financial year ended March 31, 2020.

## 1. FINANCIAL RESULTS

The summary of financial performance for the Financial Year ended March 31, 2020 and the corresponding figures for the Financial Year ended March 31, 2019 are as under:

(Figures in ₹)

Particulars	For the financial year ended	
	March 31, 2020	March 31, 2019
Revenue from Operations	2,45,90,41,260	2,62,97,53,243
Other Income	1,59,57,933	3,22,63,837
<b>Total Revenue</b>	<b>2,47,49,99,193</b>	<b>266,20,17,081</b>
Cost of materials Consumed	1,92,18,00,418	1,95,17,50,782
Changes in inventories of finished goods, WIP, stock-in-trade	(12,06,94,406)	3,58,00,179
Employee Benefit Expenses	7,62,44,152	7,02,16,057
Other Expenses	9,50,40,631	8,76,97,087
<b>Earnings Before Interest, Tax, Depreciation, &amp; Amortization (EBITDA)</b>	<b>50,26,08,398</b>	<b>51,65,52,977</b>
Financial charges	15,10,44,733	12,76,04,212
Depreciation	9,89,54,464	6,19,50,838
<b>Profit or Loss Before exceptional and extraordinary items and tax</b>	<b>25,26,09,201</b>	<b>32,69,97,926</b>
Exceptional Items	0.00	0.00
Profit or Loss Before tax (PBT)	25,26,09,201	32,69,97,926
Tax Expenses: a)Current Tax	3,80,14,414	6,29,58,384
b)Earlier Tax Adjustments	3,68,56,052	-
c)Deferred Tax	3,76,25,958	(2,71,45,724)
<b>Total Tax Expense</b>	<b>11,24,96,424</b>	<b>3,58,12,660</b>
<b>Net Profit or Loss After Tax (NP)</b>	<b>14,01,12,777</b>	<b>29,11,85,266</b>
<b>Earnings Per Share (Basic)</b>	6.75	14.03
<b>Earnings Per Share (Diluted)</b>	6.75	14.02

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

The financial statements for the year ended March 31, 2020 and March 31, 2019 have been prepared as per the Ind AS (Indian Accounting Standards).

## 2. COMPANY'S PERFORMANCE

During the year under review 2019-20, your company reported the revenue from operations of Rs 2,45,90,41,260/- against Rs 2,62,97,53,243/- in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been reduced by Rs 2.70% to Rs 50,26,08,398/- against Rs 51,65,52,977/- in the previous year. The Profit before Tax ("PBT") for the year under review is Rs 25,26,09,201/- as against Rs 32,69,97,926/- in the previous year. The Net profit of the Company for the year under review has been reduced

by 51.88% to Rs 14,01,12,777/- against Rs 29,11,85,266/- in the previous year. The Earning per Share ("EPS") of the Company for the year under review is Rs 6.75/- per share basic & diluted.

## 3. COVID-19

The COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. The Pandemic has affected the supply chain of the



business. As our business involves inspection and testing at every stage and so the same has slowed down since mid January 2020 and subsequent lock-down in March 2020 has further added to the effect. During the lock-down period our R&D team worked remotely and there had been continuous review of the critical projects through video conferencing. During the lock-down period the company has developed the counter COVID related products like “Ultra Violet Baggage Disinfection Conveyor” in collaboration with Defence Research & Development Organisation (DRDO). In May 2020 first week we resumed our operations by abiding the social distancing norms and all other safety protocols to protect our people and enable business continuity. Although there are uncertainties due to the pandemic but the Company is well positioned to navigate the challenges ahead and gain better sustainability both in terms of growth and unlocking new opportunities in the years to come.

#### 4. BUSINESS OUTLOOK

“Eventually all things will fall into place. Until then, be Vigilant, keep yourself agile to adapt to the situation. EVERYTHING HAPPENS FOR A REASON.”

This is a famous quote which is in talk recently. A time where entire world is battling to survive to make their business sustain and leaving the growth trajectories they have built in their roadmaps, we in India have taken the situation positively, piercing the negativity and steering the country to be “Self-Reliant”. This is a huge leap for the industry by the Government and more specifically to Indian Defence and Space Industries.

The continued insurgence and notorious approach of our neighboring and their continual aggression in the border, and severe cut of Global business movement has given a great kick start for country to set a tone under single voice and agenda to make India Self-Reliant under “Atmanirbhar Bharat”. This has overall created positive approach amongst business fraternity and setting a good beginning for a better future.

The long pending procurement decisions on Indigenous weapon systems and electronic warfare systems are cleared by Government in past one year and more so during the Pandemic time. Country is well prepared to achieve the \$5Bn export target set by Government of India. This is a huge opportunity for Indian Defence companies and would set a robust growth for this industry in the years to come.

The augmentation of security within the country by protecting critical assets of the country with technologies like Artificial Intelligence, PIDS (Perimeter Intrusion detection systems), drones and Anti-Drones is a booming opportunity for our company. We have integrated our technologies with third party technologies with strategic partnership to tap this growing market.

Your company has promised to foray itself into different technological areas by strategic partnerships, alliances and

acquisitions. We have lived upto our commitment and have entered into multiple alliances and also acquired a RF Systems design company in line to our commitments and the results of which would be visible year after year. The growing demand for RF Systems design and production creates a great opportunity for your company through this acquisition.

#### 5. CREDIT RATING

During the year under review your Company has obtained the Credit Rating from ICRA Limited to Rs 142 Crores Line of Credit of the Company which is as follows:

Long-Term Rating	[ICRA] BBB- (pronounced ICRA triple B MINUS)
Short-Term Rating	[ICRA] A3 (pronounced ICRA A three)

The outlook on the long term rating has been revised to “Negative”.

#### 6. SHARE CAPITAL

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

During the financial year 2019-20, there has been no change in the Capital Structure of the Company and the Company has not issued any sweat equity shares or bonus shares or equity shares with differential rights.

##### (b) Status of Shares

As the members are aware, the Company’s shares are compulsorily tradable in electronic form. Out of the total paid up capital representing 2,07,63,886 equity shares, the following equity shares of the Company are in dematerialized and physical form as on March 31, 2020:

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialised form in CDSL	31,05,630	14.95
2.	Held in dematerialised form in NSDL	1,76,48,248	85.00
3.	Physical	10,008	0.05
<b>Total</b>		<b>2,07,63,886</b>	<b>100.00</b>

Note: Pursuant to the amendment in Regulation 40 of SEBI (LODR) Regulations, 2015, dated June 8, 2018 & SEBI date extension circular dated Dec 03, 2018, has mandated that transfer of securities would be carried out in dematerialized form only effective April 01, 2019. So

it is requested to all the Members holding the shares in physical form to dematerialize the same for giving effect to any transfer of company's securities.

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

As per the requirements of Section 92(3) of the Act and Rules framed there under, the extract of the annual return for FY 2019- 20 is given in **ANNEXURE -A** in the prescribed Form No.MGT-9, which is a part of this annual report.

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

During the year under review, five (5) meetings of the Board of Directors of the Company were held on May 17, 2019, August 14, 2019, October 18, 2019, November 14, 2019 and February 01, 2020. The attendance of Directors for the above meetings is given in the Corporate Governance Report that forms part of this annual report. The maximum interval between any two meetings did not exceeded 120 days.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on January 30, 2020 to review the performance of the Non Independent Directors; the Chairperson; the entire Board and its Committees thereof and; assess the quality, quantity and timelines of the flow of information between the Management and the Board.

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

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

- (a) in the preparation of the annual accounts for the period ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

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

The Company has received and taken on record the declarations received from the Independent Directors of the Company confirming their Independence in accordance with the Section 149(6) of the Companies Act, 2013 and sub regulation (8) and (9) of regulation 25 of SEBI (LODR) Regulations, 2015.

## 12. FAMILIARISATION PROGRAMME

In compliance with the requirements of the SEBI (LODR) Regulations, 2015, 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 at [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors".

## 13. COMMITTEES OF THE BOARD

The Board of Directors has constituted various mandatory and non-mandatory Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take

necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting. The Board currently has the following Committees:

**(a) Audit Committee**

The Audit Committee was constituted by our Board in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. The composition, quorum, terms of reference, functions, powers, roles and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015. 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 stakeholders 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 Companies Act, 2013. The details regarding composition, objectives, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

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

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

During the financial year 2019-20, the company has made a total CSR expenditure of Rs 51,50,000/- (Rupees Fifty

One Lakh Fifty Thousand only) which fulfils the Company's outstanding CSR obligation for the previous FY 2018-19 and partly for the FY 2019-20. Further, the unspent CSR obligation for the FY 2019-20 will be duly spend by the Company. The Company is actively looking for the new avenues or projects in the direction of Company's CSR Policy, so that the benefits of such an initiative can reach to the downtrodden people of the society.

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

Stakeholder's Relationship Committee has been constituted by the Board in accordance with Section 178 (5) of the Companies Act, 2013.

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 Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

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

Policy on Remuneration of Directors, KMPs and other employees

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

**(e) Risk Management Committee**

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

The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of

members are included in Corporate Governance Report which forms part of the Annual Report.

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

The Executive Committee of Directors and Chief Financial Officer (CFO) (“Executive Committee”) has been formed by the Board, under the provisions of Section 179(3) of the Companies Act, 2013 and rules made there under in order to have the timely and expeditious execution of routine financial matters.

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

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

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

By Company Secretary in Practice in Secretarial Audit Report: has no qualification or adverse remarks

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

During the financial year 2019-20, the Company has not given any loans or guarantees to any person or other bodies corporate or acquired securities of any other body corporate as referred to in Section 186 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014. Further, the company has not made any investment during the period under review.

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

As on 31st March, 2020, Company does not have any subsidiaries/joint ventures/Associate Companies.

During the year under review, the Company has entered into an Investment Cum Shareholders Agreement with the Company M/s Ananya SIP RF Technologies Private Limited (CIN: U74990TG2015PTC097610) to acquire 51% stake in the aforementioned Company. However, the investment is yet to be made by the Company to acquire the 51% stake.

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

All related party transactions entered into by the Company during the financial year 2019-20 were in the ordinary course of business and on arm’s length basis and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations 2015. During the financial year under review, none of the transactions entered into with related parties were material as defined under the Act and SEBI (LODR) Regulations 2015.

The particulars of contract or arrangements entered into by the Company, during the financial year 2019-20, with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto has been disclosed in Form No. AOC -2, attached to the Board’s report as **Annexure-C**. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company’s website www.apollo-micro.com under the Section “Investors”.

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

During the financial year 2019-20, the Board of Directors has not recommended transfer of any amount of profit to any reserves. Hence, the amount of profit for the financial year under review has been carried forward to the Statement of Profit and Loss.

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

Your Director have pleasure in recommending a dividend of 5% i.e. Rs 0.5/- per equity share of face value of Rs 10/- each for the financial year 2019-20, amounting to Rs 1,03,81,943/-. The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

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

**20. DIVIDEND DISTRIBUTION POLICY**

Pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015 mandates top 500 Listed Companies based on their market capitalization to formulate Dividend Distribution Policy. As per Regulation 43A of SEBI (LODR) Regulations, 2015, your company has voluntarily adopted the Dividend Distribution policy.

Accordingly, the policy was adopted to set out parameters and circumstances that will be taken into account by the Board in

determining the distribution of dividend to the shareholders. The Policy is also available on the Company's website under the web link <http://apollo-micro.com/investors>. The Policy is also annexed herewith as **Annexure-D** to the Board's Report.

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

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

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

### A. Conservation of Energy

The operations of the company are not energy intensive. Adequate measures are taken to conserve and reduce

the energy consumption like usage of LED Lights and power saving centralized air conditioners.

### Research & Development

During the year under review, we have developed critical technologies On-Board Aircraft technologies like Next Generation Gimbals and Fire Control Systems. We continued our development activity on SONAR systems in this year as well, on underwater Homing and Signal Processing which has given excellent results in initial phase of trials. Our team has also invested significant efforts in development of Coastal Surveillance Moored Mine electronics which is a potential import substitution. A new foray of technologies are developed which are not only unique but also laid foundation to the future roadmap of the company's growth which would get converted into volume business. In Fiscal 2020, we have spent Rs.19,67,17,430/- towards our R&D activities.

### B. Technical Absorption

The Company works on in house Technology.

### C. Foreign Exchange Earnings and Outgo:

Foreign Exchange outgo and earnings

(Figures in ₹)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Value of imported raw-materials on CIF basis	16,65,88,143/-	18,16,79,070/-
Other Expenses: Foreign Travel Expenses	7,37,366/-	--
Earnings in foreign currency:		
FOB Value of Exports	--	--
For Services Rendered	--	--

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

Pursuant to the provisions of the Act and SEBI (LODR) Regulations, 2015, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors.

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

The Independent Directors at their separate meeting held on January 30, 2020 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.

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

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

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

During the financial year 2019-20, no grant of options were made to the employees of the company, under the ESOS-2018. The disclosures according to the provisions of the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2020 with regard to the Apollo Employee Stock Option Scheme 2018 (ESOS-2018) are annexed to this Report as **Annexure-E**.

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

There is no change in the nature of the business of the Company during the financial year 2019-20.

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

The composition of the Board is in conformity with Regulation 17 of the SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013. There is an optimum combination of Executive and Non-Executive Directors. The Company has 6 (six) Directors as on March 31, 2020. Out of the 6 (six) Directors 3 (three) are Executive Directors, 2 (two) Non-Executive- Independent Directors and 1 (one) Non- Executive Non Independent Director.

During the financial year 2019-20, there were no appointments or resignation on the Board of the Company.

Pursuant to the provisions of the Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with the rules framed under the SEBI (LODR) Regulations, 2015. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

Ministry of Corporate Affairs vide its Notification number G.S.R. 804(E) dated October 22nd, 2019 had amended the Companies (Appointment and Qualification of Directors) Rules, 2014 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 one(1) year from the date of inclusion of his/her name in the data bank.

Mr. Raghupathy Goud Theegala, Independent Director has duly registered his name in the data bank of IICA w.e.f February 25, 2020 and the passing of the online proficiency self-assessment test is still pending. As per the the Companies (Appointment and Qualification of Directors) Rules, 2014 the date up to which proficiency test can be passed is February 24, 2021.

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

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

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

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

During the financial year 2019-20, there was no change in the Key Managerial Persons (KMP's) of the Company.

Retire by rotation

Mrs. Sri Lakshmi Reddy Vangeti (DIN: 02757567) retires by rotation at the ensuing 23rd Annual General Meeting and being eligible, offers herself for reappointment.

Additional information on reappointment of Mrs. Sri Lakshmi Reddy Vangeti as director and as required under regulation

36 of the SEBI (LODR) Regulations 2015 is given in the Notice convening the forthcoming AGM.

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

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. There are no unpaid or unclaimed deposits as the Company has never accepted deposits within the meaning of the Act and the rules made there under.

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

During the financial year 2019-20, the Company hasn't received any significant and material orders that impact the going concern status and company's operations in future.

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

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

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

## 30. PARTICULARS OF EMPLOYEES

The information required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively, are given in **Annexure-F**, which forms part of this Report.

The statement containing particulars of employees as required under Section 197 of the Act read with rule 5(2) of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

## 31. AUDITORS AND AUDIT REPORT

### (a) Statutory Auditors & their Reports

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

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

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

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

### (b) Internal Auditors

As per the provisions of Section 138 of the Companies Act, 2013 and the rules made there under, the Board of Directors had appointed M/s Surya Pavan & Co, Chartered Accountants, Vijaywada (ICAI Firm Registration No.

015612S), as Internal Auditor to conduct the internal audit of the Company for the Financial Year 2019-20.

The Internal Audit Report for the Financial Year 2019-20 issued by M/s Surya Pavan & Co, Chartered Accountants, Vijaywada is submitted which is self-explanatory and do not call for any further explanation of the Board.

Further, on the recommendation of audit committee, the Board of Directors of the Company has approved the re-appointment of aforesaid audit firm as internal auditors for the Financial Year 2020-21.

**(c) Cost Auditors**

As per Cost Audit applicability, cost compliance is not applicable for FY 2019-20 as the Company is small scale industry under MSME. Hence, the maintenance of cost records as specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 is not required.

**(d) Secretarial Auditors**

As per the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, the Board of Directors had appointed Mr. Venkatesh Reddy Datla, Practicing Company Secretary, Hyderabad (Membership No: 36504; CP No: 14074), as Secretarial Auditor to conduct the Secretarial audit of the Company for the Financial Year 201-20.

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 2019-20 is annexed to the Board's Report as **Annexure-G**

Further, the Board has approved the re- appointment of Mr. Venkatesh Reddy Datla, Practicing Company Secretary, Hyderabad (Membership No: 36504; CP No: 14074) as the Secretarial Auditor of the Company for the Financial Year 2020-21.

**32. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report (“MD&A”) for the year under review as stipulated under the SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

**33. REPORT ON CORPORATE GOVERNANCE**

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013 and as stipulated

under the SEBI (LODR) Regulations, 2015. A separate section titled ‘Corporate Governance Report’ **Annexure-H** under the SEBI (LODR) Regulations, 2015 along with a Corporate Governance certificate from the Practicing Company Secretary in the **Annexure-I** and CFO Certificate in the **Annexure-J** forms the part of this report.

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

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

**35. VIGIL MECHANISM**

The Company’s Board of Directors, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, has framed ‘Whistle Blower Policy’ for Directors and employees of the Company. The policy is to provide a mechanism, which ensures adequate safeguards to employees and Directors from any victimisation on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, and so on. The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is hosted on the Company’s website [www.apollo-micro.com](http://www.apollo-micro.com) under the section “Investors”.

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

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

**37. HUMAN RELATIONS**

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



### 38. POLICY ON SEXUAL HARASSMENT

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

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

Further, the Company has complied with provisions relating to constitution of Internal Complaints Committee (“ICC”) under Sexual Harassment of women at workplace (Prevention,

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

### 39. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: June 26, 2020

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

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

# ANNEXURE-A

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on March 31, 2020

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

#### I. REGISTRATION AND OTHER DETAILS:

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

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

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

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

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

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable section
1	NIL	NIL	NIL	NIL	NIL

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters &amp; Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual /HUF	1,32,71,700	0	1,32,71,700	63.92	1,32,71,700	0	1,32,71,700	63.92	Nil
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>1,32,71,700</b>	<b>0</b>	<b>1,32,71,700</b>	<b>63.92</b>	<b>1,32,71,700</b>	<b>0</b>	<b>1,32,71,700</b>	<b>63.92</b>	<b>Nil</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	Nil
b) Other -Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter &amp; Promoter Group (A) =(A) (1)+(A)(2)</b>	<b>1,32,71,700</b>	<b>0</b>	<b>1,32,71,700</b>	<b>63.92</b>	<b>1,32,71,700</b>	<b>0</b>	<b>1,32,71,700</b>	<b>63.92</b>	<b>Nil</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	12,55,752	0	12,55,752	6.05	8,98,000	0	8,98,000	4.32	(1.73)
b) Banks / FI	1,34,903	0	1,34,903	0.65	71,157	0	71,157	0.34	(0.31)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)- Foreign Portfolio Investor	8,83,892	0	8,83,892	4.26	8,09,642	0	8,09,642	3.90	(0.36)
<b>Sub-total (B)(1):-</b>	<b>22,74,547</b>	<b>0</b>	<b>22,74,547</b>	<b>10.95</b>	<b>17,78,799</b>	<b>0</b>	<b>17,78,799</b>	<b>8.56</b>	<b>(2.4)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	12,81,341	0	12,81,341	6.17	2,92,669	0	2,92,669	1.41	(4.76)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	29,41,656	20,008	29,61,664	14.26	33,22,747	10,008	3,332,755	16.05	1.79
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4,02,833	0	4,02,833	1.94	15,54,093	0	15,54,093	7.48	5.54

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
i) Clearing Members	1,04,859	0	1,04,859	0.51	87,266	0	87,226	0.42	(0.08)
ii) Employees	1,02,548	0	1,02,548	0.49	1,02,824	0	1,02,824	0.50	0.01
iii) Non-Resident Indian (NRI)	3,58,194	0	3,58,194	1.73	3,37,580	0	3,37,580	1.63	(0.1)
iv) Trusts	1,200	0	1,200	0.01	1,200	0	1,200	0.01	Nil
<b>Sub-total (B)(2):-</b>	<b>51,92,631</b>	<b>20,008</b>	<b>52,12,639</b>	<b>25.11</b>	<b>56,98,379</b>	<b>10,008</b>	<b>57,08,387</b>	<b>27.49</b>	<b>2.4</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>74,67,178</b>	<b>20,008</b>	<b>74,87,186</b>	<b>36.06</b>	<b>74,77,178</b>	<b>10,008</b>	<b>74,87,186</b>	<b>36.06</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
D. Non Promoter- Non Public Shareholding									
i) Employee ESOS Trust- Apollo Employees Foundation	5,000	0	5,000	0.02	5,000	0	5,000	0.02	Nil
<b>Total Non Promoter- Non Public Shareholding (D)</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0.02</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0.02</b>	<b>Nil</b>
<b>Grand Total (A+B+C+D)</b>	<b>2,07,43,878</b>	<b>20,008</b>	<b>2,07,63,886</b>	<b>100</b>	<b>2,07,53,878</b>	<b>10,008</b>	<b>2,07,63,886</b>	<b>100</b>	<b>0.00</b>

ii) Shareholding of Promoters

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

\*Relative of Promoter-Forms part of Promoter Group

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

Sl. No	Name of the Promoter	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons(e.g. buy, sell, allotment, transfer)			Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	Date	Number of Shares	Nature	No. of shares	% of total shares of the company
1	Karunakar Reddy Baddam	1,32,71,690	63.92	-	-	-	1,32,71,690	63.92%
2	Sri Lakshmi Reddy Vangeti	10	Negligible	-	-	-	10	Negligible

During the FY 2019-20 there was no change in the Promoter's Shareholding.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on March 31, 2020:**

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND				
	At the beginning of the year	8,98,000	4.32	8,98,000	4.32
	At the end of the year			8,98,000	4.32
2.	VIRAL AMAL PAREKH				
	At the beginning of the year	Nil	0	Nil	0
	March 06, 2020-Increase	3,00,000	1.44	3,00,000	1.44
	March 13, 2020-Increase	3,00,000	1.44	6,00,000	2.89
	March 27, 2020-Increase	2,75,000	1.32	8,75,000	4.21
	At the end of the year			8,75,000	4.21
3.	NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND				
	At the beginning of the year	6,97,605	3.36	6,97,605	3.36
	February 21, 2020-Decrease	(8,282)	(0.04)	6,89,323	3.32
	March 06, 2020-Decrease	(8,377)	(0.04)	6,80,946	3.28
				6,80,946	3.28
4.	ARINDAM BHATTACHARJEE				
	At the beginning of the year	1,80,000	0.87	1,80,000	0.87
	September 06, 2019-Decrease	(996)	(0.01)	1,79,004	0.86
	September 13, 2019-Decrease	(9,004)	(0.04)	1,70,000	0.82
	October 25, 2019-Decrease	(5,000)	(0.02)	1,65,000	0.79
	November 01, 2019-Decrease	(5,000)	(0.02)	1,60,000	0.77
	November 15, 2019-Decrease	(1,988)	(0.01)	1,58,012	0.76
	December 20, 2019-Decrease	(2,205)	(0.01)	1,55,807	0.75
	January 31, 2020-Decrease	(120)	Negligible	1,55,687	0.75
	At the end of the year			1,55,687	0.75
5.	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND				
	At the beginning of the year	1,55,116	0.75	1,55,116	0.75
	September 20, 2019-Decrease	(9,253)	(0.04)	1,45,863	0.70
	December 20, 2019-Decrease	(1,564)	(0.01)	1,44,299	0.69
	December 27, 2019-Decrease	(1,546)	(0.01)	1,42,753	0.69
	February 28, 2020-Decrease	(14,075)	(0.07)	1,28,678	0.62
	At the end of the year			1,28,678	0.62
6.	OHM EDUBRIDGE PRIVATE LIMITED				
	At the beginning of the year	10,00,000	4.82	10,00,000	4.82
	February 28, 2020- Decrease	(1,00,000)	(0.48)	9,00,000	4.33
	March 06, 2020- Decrease	(4,00,000)	(1.92)	5,00,000	2.41
	March 13, 2020- Decrease	(1,00,000)	(0.48)	4,00,000	1.93
	March 20, 2020- Decrease	(2,00,000)	(0.96)	2,00,000	0.96
	March 27, 2020- Decrease	(77,000)	(0.37)	1,23,000	0.59
	At the end of the year			1,23,000	0.59

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	SUNEETA VARADRAYA KAMATH				
	At the beginning of the year	1,00,000	0.48	1,00,000	0.48
	At the end of the year			1,00,000	0.48
8.	ATUL KAYAN				
	At the beginning of the year	Nil	0	Nil	0
	June 07, 2019-Increase	7,500	0.03	7,500	0.04
	June 14, 2019-Decrease	(842)	(0.00)	6,658	0.03
	July 19, 2019-Increase	73,905	0.36	80,563	0.39
	August 02, 2019-Decrease	(80,000)	(0.39)	563	0.00
	August 30, 2019-Increase	6,095	0.01	6,658	0.03
	September 26, 2019-Increase	80,000	0.39	86,658	0.42
	October 25, 2019-Decrease	(86,000)	(0.41)	658	0.00
	November 01, 2019-Increase	86,000	0.41	86,658	0.42
	March 27, 2020-Decrease	(12,658)	(0.06)	74,000	0.36
	At the end of the year			74,000	0.36
9.	BABULA VADILAL SHAH				
	At the beginning of the year	Nil	0	Nil	0
	November 08, 2019-Increase	15,000	0.07	15,000	0.07
	November 15, 2019-Increase	3,000	0.01	18,000	0.09
	December 27, 2019-Decrease	(18,000)	(0.09)	0	0
	March 27, 2020-Increase	65,000	0.31	65,000	0.31
	At the end of the year			65,000	0.31
10.	AXIS BANK LIMITED				
	At the beginning of the year	40,016	0.19	40,016	0.19
	April 12, 2019-Increase	8,630	0.04	48,646	0.23
	April 19, 2019-Decrease	(311)	(0.00)	48,335	0.23
	April 26, 2019-Increase	16,625	0.08	64,960	0.31
	May 03, 2019-Decrease	(330)	(0.00)	64,630	0.31
	May 10, 2019-Increase	2,573	0.01	67,203	0.32
	May 17, 2019-Decrease	(8,662)	(0.04)	58,541	0.28
	May 24, 2019-Decrease	(328)	(0.00)	58,213	0.28
	May 31, 2019-Decrease	(1,083)	(0.01)	57,130	0.28
	June 07, 2019-Decrease	(6,408)	(0.03)	50,722	0.24
	June 14, 2019-Decrease	(557)	(0.00)	50,165	0.24
	June 21, 2019-Increase	225	0.00	50,390	0.24
	June 28, 2019-Increase	592	0.00	50,982	0.25
	July 05, 2019-Increase	265	0.00	51,247	0.25
	July 12, 2019-Decrease	(1,000)	(0.01)	50,247	0.24
	July 26, 2019-Increase	1,100	0.01	51,347	0.25
	August 02, 2019-Decrease	(450)	(0.00)	50,897	0.25
	August 09, 2019-Decrease	(855)	(0.01)	50,042	0.24
	August 16, 2019-Decrease	(108)	(0.00)	49,934	0.24
	August 23, 2019-Increase	1,133	0.01	51,067	0.25
	August 30, 2019-Increase	1,866	0.01	52,933	0.25
	September 06, 2019-Increase	865	0.00	53,798	0.26

Sl. No	Name, Date and Reasons	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	September 13, 2019-Increase	1,402	0.01	55,200	0.27
	September 20, 2019-Decrease	(10,240)	(0.05)	44,960	0.22
	September 26, 2019-Decrease	(6,816)	(0.03)	38,144	0.18
	September 30, 2019-Increase	7,952	0.04	46,096	0.22
	October 04, 2019-Decrease	(236)	(0.00)	45,860	0.22
	October 11, 2019-Decrease	(75)	(0.00)	45,785	0.22
	October 18, 2019-Decrease	(732)	(0.00)	45,053	0.22
	October 25, 2019-Increase	914	0.00	45,967	0.22
	November 01, 2019-Decrease	(1,575)	(0.01)	44,392	0.21
	November 08, 2019-Decrease	(29,721)	(0.14)	14,671	0.07
	December 06, 2019-Increase	29,617	0.14	44,288	0.21
	December 13, 2019-Decrease	(16,633)	(0.08)	27,655	0.13
	December 20, 2019-Increase	2,100	0.01	29,755	0.14
	December 27, 2019-Decrease	(195)	(0.00)	29,560	0.14
	December 31, 2019-Decrease	(19,510)	(0.09)	10,050	0.05
	January 03, 2020-Increase	37	0.00	10,087	0.05
	January 31, 2020-Increase	500	0.00	10,587	0.05
	February 07, 2020-Increase	19,110	0.09	29,697	0.14
	February 14, 2020-Decrease	(2,116)	(0.01)	27,581	0.13
	February 28, 2020-Decrease	(220)	(0.00)	27,361	0.13
	March 06, 2020-Increase	18,192	0.09	45,553	0.22
	March 13, 2020-Decrease	(80)	(0.00)	45,473	0.22
	March 20, 2020-Increase	14,875	0.07	60,348	0.29
	March 27, 2020-Decrease	(100)	(0.00)	60,248	0.29
	At the end of the Year			60,248	0.29

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

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

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons(e.g. buy, sell, allotment, transfer)			Cumulative Shareholding till end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total Shares of the company
1.	Karunakar Reddy Baddam, Managing Director	1,32,71,690	63.92	-	-	-	1,32,71,690	63.92
2.	Sri Lakshmi Reddy Vangeti- Non Executive Director	10	Negligible	-	-	-	10	Negligible
3.	Krishna Sai Kumar Addepalli- Whole Time Director(Operations)	41,910	0.20	December 20, 2019	100	Buy	42,010	0.20
				December 24, 2019	50	(Market Purchase)	42,060	0.20
				March 26, 2020	250	Buy	42,310	0.20

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Date wise increase/(decrease) during the year specifying the reasons(e.g. buy, sell, allotment, transfer)			Cumulative Shareholding till end of the year	
		No. of shares	% of total shares of the company				No. of shares	% of total Shares of the company
4.	Chandrapati Venkata Siva Prasad -Whole Time Director( Technical)	50,000	0.24	-		(Market Purchase)	50,000	0.24
5.	Raghupathy Goud Theegala-Independent Director	Nil	Nil	-	-	Buy	Nil	Nil
6.	Karunasree Samudrala-Independent Director	Nil	Nil	-		(Market Purchase)	Nil	Nil
7.	Sudarshan Chiluveru- CFO	1900	0.01	-	-	-	1900	0.01
8.	Chaitanya Siva Shankar Vitta- Company Secretary & Compliance Officer	750	Negligible	-	-	-	750	Negligible

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2020:

(Figures in ₹)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	1,03,74,56,530	8,36,312		103,82,92,842
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,16,170.94	1,62,944.43	-	2,79,115.37
<b>Total (i+ii+iii)</b>	<b>1,03,75,72,701</b>	<b>9,99,256.43</b>		<b>1,03,85,71,957</b>
<b>Change in Indebtedness during the financial year</b>	-	-	-	-
• Addition	3,71,24,494	-	-	3,71,24,494
• Reduction	(24,63,66,229)	(9,99,256)		(24,73,65,485)
<b>Net Change</b>	<b>(20,92,41,735)</b>	<b>(9,99,256)</b>		<b>(21,02,40,991)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	82,82,96,941	-		82,82,96,941
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34,025	-	-	34,025
<b>Total (i+ii+iii)</b>	<b>82,83,30,966</b>	-		<b>82,83,30,966</b>



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

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

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total amount in ₹
		Karunakar Reddy Baddam* (Managing Director)	Chandrapati Venkata Siva Prasad (Whole Time Director-Technical)	Krishna Sai Kumar Addepalli** (Whole Time Director-Operations)	
1.	Gross salary (IT Act)				
	a) Salary	1,18,38,710	23,67,742	23,67,742	1,65,74,194
	(b) Value of perquisites	-	-	-	-
	(c) Profits in lieu of salary	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	15,00,000	-	-	15,00,000
	- others, specify...	-	-	-	-
5.	Others, please specify- Provident Fund Contribution	21,600	21,600	21,600	64,800
	<b>Total</b>	<b>1,33,60,310</b>	<b>23,89,342</b>	<b>23,89,342</b>	<b>1,81,38,994</b>
	Overall Ceiling as per the Act	Rs. 270.75 Lakhs (being the 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) and Rs 135.37 Lakhs (being the 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

\*During the year under review FY 2019-20 the remuneration of the Managing Director has been increased to Rs 10,00,000/- per month w.e.f 1st April, 2019.

\*\* During the year under review FY 2019-20 the remuneration of the Whole Time Director (Operations) has been increased to Rs 2,00,000/- per month w.e.f 1st April, 2019.

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (in ₹)
<b>1.</b>	<b>Independent Directors</b>	<b>Raghupathy Goud Theegala (Independent Director)</b>	<b>Karunasree Samudrala (Independent Director)</b>	
	Fee for attending board / committee meetings	1,80,000	1,20,000	3,00,000
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	<b>1,80,000</b>	<b>1,20,000</b>	<b>3,00,000</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Sri Lakshmi Reddy Vangeti (Non- Executive Director)</b>		
	Fee for attending board / committee meetings	Nil		
	Commission	-		
	Others, please specify	-		
	<b>Total (2)</b>	<b>Nil</b>		
	<b>Total (B)= (1+2)</b>			<b>3,00,000</b>
	<b>Total Managerial Remuneration (A+B)</b>			<b>1,84,38,994</b>

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

Sl. No.	Particulars of Remuneration	Key managerial personnel other than MD/Manager/WTD		Total Amount (in ₹)
		Sudarshan Chiluveru* Chief Financial Officer (CFO)	Chaitanya Siva Shankar Vitta** Company Secretary & Compliance Officer	
1.	Gross salary (IT Act)			
	(a) Salary	13,98,226	3,84,032	17,82,258
	(b) Value of perquisites	-	-	-
	(c) Profits in lieu of salary	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5.	Others, please specify- Provident Fund Contribution	-	20,134	20,134
	<b>Total</b>	<b>13,98,226</b>	<b>4,04,166</b>	<b>18,02,392</b>

\*During the year under review FY 2019-20 the remuneration of the CFO has been increased to Rs 1,35,000/- per month w.e.f 1st December, 2019

\*\* During the year under review FY 2019-20 the remuneration of Company Secretary & Compliance Officer has been increased to Rs 45,000 per month/- w.e.f 1st November, 2019

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

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

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: June 26, 2020

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

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

## ANNEXURE-B

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

**1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

On the recommendations of the Corporate Social Responsibility Committee, the Board approved and adopted the Corporate Social Responsibility Policy of the Company. The Company proposes to adopt projects 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 as stated in the Corporate Social Responsibility Policy.

The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at: <http://www.apollo-micro.com/investorrelations/CSR-Policy.pdf>

**2. Composition of the CSR Committee:-**

Sr. No	Name of Member	Designation
1.	Karunakar Reddy Baddam	Chairman
2.	Raghupathy Goud Theegala	Member
3.	Sri Lakshmi Reddy Vangeti	Member

**3. Average net profit of the Company for the last Three financial years**

Financial Year	Profit Before Tax (in ₹)
2016-17	25,82,75,805
2017-18	32,17,73,041
2018-19	32,24,29,555
<b>Total</b>	<b>90,24,78,401</b>
Average of the PBT	30,08,26,134

**4. Prescribed CSR expenditure (2% of Average Net Profits):**  
Rs 60,16,522/-

**5. Details of CSR spent during the financial year 2019-20:**

- (a) Total amount to be spent for the financial year: Rs 60,16,522 /-
- (b) Amount unspent, if any: Rs 56,82,955/-
- (c) Amount spent during the year 2019-20: Rs 51,50,000/-\*

\*During the year under review, the total CSR Expenditure amounts to Rs 51,50,000/- which fulfils the unspent Company's CSR obligation for the previous Financial Year 2018-19 of Rs 48,16,433/- and Out of the above expenditure Rs 3,33,567/- is towards the FY 2019-20. Further, the unspent CSR obligation for the FY 2019-20 of Rs 56,82,955/- will be duly spent by the Company. Our Company has not made any provisions in the books of accounts for the financial year 2015-16 and petition for compounding with appropriate authorities has been filed.

**(c) Manner in which the amount spent during the financial year is detailed below:**

								(Figures in ₹)
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Project or programme (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount Spent on the projects or programmes sub heads (1) Direct expenditure on projects and programmes	(2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.	Donation to All India Social Education Charitable Trust	Education	Ahmedabad	Rs 16,50,000/-	Rs 16,50,000/-	-	Rs 16,50,000/-	Implementing Agency (i)
2.	Donation to Women Development Society	Women Empowerment	Telangana	Rs 20,00,000/-	Rs 20,00,000/-	-	Rs 20,00,000/-	Implementing Agency (ii)
3.	Donation to Suraksha Old Age And Health Society	Medical Camps	Andhra Pradesh, Guntur	Rs 10,00,000/-	Rs 10,00,000/-	-	Rs 10,00,000/-	Implementing Agency(iii)

(Figures in ₹)

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Project or programme (1) Local area or other (2) Specify the state and district where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount Spent on the projects or programmes sub heads (1) Direct expenditure on projects and programmes	(2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
4.	Donation to Zion Educational Society	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Andhra Pradesh, Rajahmundry	Rs 5,00,000/-	Rs 5,00,000/-	-	Rs 5,00,000/-	Implementing Agency (iv)

- (i) All India Social Education Charitable Trust, Gujarat based NGO (Trust Registration No: E-17166/Ahmedabad) is engaged in providing education to needy and poor people of the society, women & child social development and also runs education centre, human right and counseling centre, skill development training centre etc.
- (ii) Women Development Society (Society registered under the Societies Registration Act having Registered No: 3264/91 and registered u/s 80G(5)(vi) & u/s 12AA of the Income Tax Act, 1961) engaged in the social activities concerning women, empowerment of rural women, widows etc. their up-liftment and also doing extensive agriculture related activities, Health, Environment and imparting vocational training to youth destitute, down-trodden communities etc.
- (iii) Suraksha Old Age and Health Society (Society No 464/2002 under Societies Act XXI- 1860 and registered u/s 80G & 12A of the Income Tax Act, 1961) is engaged in running old age homes and orphanage for down trodden people of the Society. The society also conducts free medical camps in its surrounding areas.
- (iv) Zion Educational Society (Society No 252 of 1989 under Societies Act XXI- 1860 and registered u/s 80G(5)(v) & (vi) & u/s 12A of the Income Tax Act, 1961) engaged in providing financial assistance to provide free education to Blind, Disabled and Orphan Children through Zion School & Technical Institute for the Visually, Deaf and Dumb, Orphan, Physically challenged.

Further in addition to the above, the Company has donated to Chief Minister's Relief fund of Telangana on 30th March, 2020 an amount of Rs. 5,00,000/- (Rupees Five lakh only). This being

not qualified as CSR expenditure as per the Schedule VII of the Companies Act 2013, it is not included in the CSR spent.

**5. In case the company has failed to spend the two percent of the average of the net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

CSR Committee of the company has framed the CSR policy and the same has been adopted by the Board. The CSR Committee has spent substantial portion towards CSR Expenditure which fulfills the unspent obligation in full for the FY 2018-19 and partly for the FY 2019-20. The Company is identifying the projects and avenues for making further CSR expenditure within the policy framework of the Company, pertaining to the unspent amount for the FY 2019-20.

**6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

The CSR Committee Confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Sd/-  
**KARUNAKAR REDDY BADDAM**

Chairman of the CSR Committee cum Managing Director of the Company  
DIN: 00790139

Place: Hyderabad  
Date: June 26, 2020

# ANNEXURE-C

## 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 arms 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 March 31, 2020, 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 March 31, 2020 are as follows:

Name of the Related Party and Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (in ₹)	Date(s) of approval by the Board/ Shareholders, if any	Amount paid as advances, if any
Mr. Karunakar Reddy Baddam Managing Director	Remuneration	Continuous transaction	Remuneration paid Rs 1,33,60,310	Continuous transaction	-
Mr. Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	Remuneration	Continuous transaction	Remuneration paid Rs 23,89,342	Continuous transaction	-
Mr. Krishna Sai Kumar Addepalli Whole Time Director(Operations)	Remuneration	Continuous transaction	Remuneration paid Rs 23,89,342	Continuous transaction	-
Mr. Karunakar Reddy Baddam Managing Director	Unsecured Loan obtained & repaid	Continuous transaction	Unsecured Loan Obtained - Rs 49,00,000 Repaid - Rs 49,00,000	Continuous transaction	-
Mr. Karunakar Reddy Baddam Managing Director	Rent Paid	Continuous transaction	Rent Paid Rs 8,40,000	Continuous transaction	-

For and on behalf of the Board

**APOLLO MICRO SYSTEMS LIMITED**

Place: Hyderabad  
Date: June 26, 2020

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

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

# ANNEXURE-D

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

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

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

#### Objective

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

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

### 2. POLICY

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

with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

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

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

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

##### Financial parameters and Internal Factors:

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

**External Factors:**

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

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

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

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

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

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

**D. UTILIZATION OF THE RETAINED EARNINGS**

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

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

**E. MANNER OF DIVIDEND PAYOUT**

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

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

Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of

dividend per share. The Policy shall be suitably modified at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

### 3. 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.

### 4. 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.

### 5. 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>

### 6. 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-E

### DISCLOSURE WITH RESPECT TO APOLLO EMPLOYEES STOCK OPTIONS SCHEME – 2018 (“ESOS – 2018”) OF THE COMPANY AS AT MARCH 31, 2020

Sr. No	Particulars	ESOS-2018
A.	Disclosures in terms of the relevant Indian Accounting Standards, as prescribed from time to time	No disclosure for the year under review
B.	Diluted Earnings Per Share (EPS) on issue of Shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33, as prescribed from time to time	N.A
C.	(i) Description and general terms and conditions of ESOS	
	(a) Date of shareholder’s approval	December 26, 2018 Shareholders’ approval was obtained through Postal Ballot Process.
	(b) Total number of options approved under ESOS	10,00,000 (Ten Lakh Only)
	(c) Vesting requirements	Options granted under ESOS – 2018 would vest not less than 1 year and may spread over a period of 4 years from the Grant Date of such Options. The Nomination and Remuneration committee is empowered to implement and decide the vesting schedule to suit the needs of the organization from time to time.
	(d) Exercise price or pricing formula	To be decided upfront at the time of Grant of Options subject to a minimum price of par value.
	(e) Maximum term of options granted	5 years from the respective date of vesting of Options
	(f) Source of shares (primary, secondary or combination)	Secondary Market Acquisition
	(g) Variation in terms of options	None
	(ii) Method used to account for ESOS - Intrinsic or fair value	Fair Value
	(iii) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	N.A
	(iv) Option movement during the financial year ended on March 31, 2020	
	Number of options outstanding at the beginning of the period	5,000 (Five Thousand Only)
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	(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.	

Sr. No	Particulars	ESOS-2018
	(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
	(a) senior managerial personnel;	} During the Year under review no Grant of options were made
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	
	(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	
	(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	During the year under review no grant of options were made, hence no value of options determined.
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	N.A
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	N.A
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	N.A
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	N.A

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

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

(i) General information

Sr. No	Particulars	Details
1	Name of the Trust	Apollo Employees Foundation
2	Details of the Trustee(s)	1. Srisailam Aerpula, Managing Trustee 2. Shiva Shankar Rampally, Trustee 3. Varsha Jain, Trustee
3	Amount of loan disbursed by company, during the year	Nil
4	Amount of loan outstanding (repayable to company) as at the end of the year	Rs 6,05,000 (Rupees Six Lakh Five 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**

<b>Sr. No</b>	<b>Particulars</b>	<b>Details</b>
1	Number of shares held at the beginning of the year	5,000 Equity shares (Five Thousand Only)
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	Nil
3	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil
4	Number of shares held at the end of the year.	5,000 Equity shares (Five Thousand Only)

**iii) In case of secondary acquisition of shares by the Trust**

<b>Sr. No</b>	<b>Number of shares</b>	<b>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</b>
1	Held at the beginning of the year	5,000 (Five Thousand Only) & 0.02%
2	Acquired during the year	Nil
3	Sold during the year	Nil
4	Transferred to the employees during the year	Nil
5	Held at the end of the year	5,000 (Five Thousand Only) & 0.02%

# ANNEXURE-F

## 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 2019-20 are as under:

Sl. No.	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	100	79.67
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	14.25
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	33.33	14.25
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	22.72	N.A
8.	Chaitanya Siva Shankar Vitta	Company Secretary & Compliance Officer	80	N.A

# Voluntarily waived to receive the sitting fees and commission.

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the period under review is provided in the above table. Independent Directors were paid only sitting fees for attending meeting on Board/ Committees during the financial year under review. Hence, their ratio to MRE has been shown as Not Applicable.
- The Median Remuneration of Employees was Rs 1,67,700/- per annum for the FY 2019-20. As compared to the financial year 2018-19 MRE has been reduced by 3.35%
- The Number of Permanent employees on the Rolls of the company as on March 31, 2020 were 285.
- 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: 16.42%

Average increase in remuneration of KMPs: 59.01%

KMP salary increases are decided based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks.
- The Company affirms that remuneration is as per the Remuneration Policy of the Company.

# ANNEXURE-G

## SECRETARIAL AUDIT REPORT

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

My report of even date, for the financial year 2019-20 is to be read along with this letter.

### Management's Responsibility:-

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

### Auditor's Responsibility:-

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

### Disclaimer:

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

Place: Hyderabad  
Date: June 26, 2020

Sd/-  
**Datla Venkatesh**  
CP. No.: 14074  
UDIN: A036504B000388493

## FORM NO MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March, 2020

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

To

The Members

**APOLLO MICRO SYSTEMS LIMITED**

CIN L72200TG1997PLC026556

Registered office:

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

IDA Mallapur, Uppal Mandal,

Hyderabad, Rangareddi, Telangana, India – 500076.

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

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I, hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2020 complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Company for the financial year ended 31st March, 2020 according to the provisions of:

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

Commercial Borrowings; [Applicable only to the extent of Foreign Direct Investment]

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) and as amended from time to time:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - g) The other regulations of the Securities and Exchange Board of India as may be applicable to the Company.
- vi. The Management of the Company has identified and confirmed the following laws as applicable to the Company:-
  - i. The Payment of Wages Act, 1936
  - ii. The Minimum Wages Act, 1948
  - iii. The Employees Provident Fund and Misc. Provisions Act, 1952

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

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

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

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

I Further report:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The Board's composition is in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance and/or obtained/ratified in the subsequent meetings for shorter notices, if any, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions of the Board and Committees thereof were carried out with requisite majority.

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

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

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

Sd/-

**Datla Venkatesh**

CP. No.: 14074

Place: Hyderabad

Date: June 26, 2020

UDIN: A036504B000388493

## ANNEXURE-H

# Report on Corporate **GOVERNANCE**

## CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

## BOARD OF DIRECTORS

### a) Composition of Board

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

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

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



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

I. Composition of Board of Directors						
Sl. No.	Name of the Director and DIN	Designation	Date of appointment in the current term	Date of cessation	No of Directorship in other Public Limited Companies (Name of the Company)#	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	-	-	-
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive - Independent Director CUM Chairman	21-08-2017	-	-	-
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	29-05-2018	-	1 (Independent Director- Roopa Industries Limited)	1 (Roopa Industries Limited)

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

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

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

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

- During the financial year 2019-20 (“year under review”), there has been no new appointment on the Board of the Company.
- As per the provisions of the Companies Act, 2013, one-third of the Directors retires by rotation and, if eligible,

seeks re-appointment at the AGM of shareholders. Mrs. Sri Lakshmi Reddy Vangeti (DIN: 02757567) will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended her re-appointment.

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

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

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

During the year under review, the Board met 5 (five) times. Details of Board meetings held along with directors attendance is provided in the table below. Further the maximum interval between any two meetings was well within the maximum allowed gap of 120 days. Directors attending the meeting actively participated in the deliberations at these meetings. The 22nd (Twenty Second) Annual General Meeting (AGM) of the Company was held on Monday, September 30, 2019.

Sl. No	Name of the Director and DIN	Designation	Attendance at the Meeting held on					No. of meetings attended	Attendance at the 22nd AGM (Sep,30, 2019)
			May 17, 2019	Aug 14, 2019	Oct 18, 2019	Nov 14, 2019	Feb 01, 2020		
1	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	√	√	√	Leave of Absence	√	4	√
2	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	√	√	√	√	√	5	√
3	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	√	√	√	√	√	5	√
4	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	√	√	√	√	Leave of Absence	4	Leave of Absence
5	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive -Independent Director CUM Chairman	√	√	√	√	√	5	√
6	Karunasree Samudrala (DIN: 06960974)	Non-Executive - Independent Director	√	√	√	√	√	5	√

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 January 30, 2020 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 Mr. Karunakar Reddy Baddam, Managing Director and Mrs. Sri Lakshmi Reddy Vangeti inter se relationship none of the other Directors are related.

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

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

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

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

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

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

#### h) Information provided to the Board

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

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

#### i) Familiarization Programme

The Company has a familiarisation programme for its Independent Directors. The objective of the programme is to familiarise the Independent Directors to enable them to understand the Company, its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. In compliance with the requirements of the SEBI (LODR) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company

operates, business model etc. The details of familiarization programmes arranged for the Independent Directors have been disclosed on the website of the company [www.apollo-micro.com](http://www.apollo-micro.com)

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

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

### BOARD COMMITTEES

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

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

The Committees of the Board are as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Executive Committee of Board of Directors and CFO

**a) Audit Committee**

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

The composition Audit Committee is as follows:

Sl. No.	Name	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;
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;
- vi. disclosure of any related party transactions;
- vii. modified opinion(s) in the draft audit report;

18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. To review the compliance of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 by the Company and verifying that the systems for internal control are adequate and are operating effectively, at least once in a Financial Year.”
21. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Audit Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. During the year under review, the Audit Committee met 5(five) times on May 15, 2019; May 17, 2019; August 14, 2019; November 14, 2019; and February 01, 2020. The details of member's attendance at the Audit Committee Meetings during the financial year 2019-20 are as under:

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

The meetings of Audit Committee are also attended by the Chief Financial Officer, Company Secretary & Compliance Officer, Statutory Auditors and Internal Auditor as special invitees. The Board of Directors review and take note of the minutes of the Audit Committee Meetings at its subsequent Board Meetings.

#### b) Nomination and Remuneration Committee

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

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

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

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

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

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

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

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

During the year under review, the Nomination and Remuneration Committee met 2 (two) times on May 17, 2019; and August 14, 2019

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2019-20 are as follows:

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

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

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

**Performance evaluation criteria for Independent Directors**

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

**c) Stakeholders Grievance/ Relationship Committee**

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

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

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

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

During the year under review, the Stakeholders Relationship Committee met once on May 02, 2019 to take note of the dematerialization request received from the shareholder.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2019-20 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.

- Name of non-executive director heading the committee: Mr. Raghupathy Theegala- Non executive Director
- Name and designation of compliance officer: Mr. Chaitanya Siva Shankar Vitta, Company Secretary acts as the Secretary for the Committee who is designated as Compliance Officer pursuant to SEBI (LODR) Regulations, 2015.
- The details of complaints received and resolved during the Financial Year ended March 31, 2020 are given in the table below:

Complaints outstanding as on April 1, 2019	Nil
Complaints received during the year ended March 31, 2020	Nil
Complaints resolved during the year ended March 31, 2020	Nil
Complaints pending as on March 31, 2020	Nil

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

**d) Corporate Social Responsibility Committee**

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

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

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

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

Terms of reference of the Committee includes the following:

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

During the year under review, the Corporate Social Responsibility Committee met 2 (two) times on November 26, 2019; and March 18, 2020

The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the financial year 2019-20 are as follows:

Name & Designation	No of Meetings attended
Karunakar Reddy Baddam, Chairman	2
Raghupathy Goud Theegala, Member	2
Sri Lakshmi Reddy Vangeti, Member	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:

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

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

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

- To recommend risk management plan to the Board for implementation;
- To monitor and review the risk management plan;
- To lay down procedures to inform Board members about the risk assessment and minimization procedures;
- To develop and implement the risk management policy for the company, identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company; and
- 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 February 01, 2020

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2019-20 are as follows:

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

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

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

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

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

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

Sl. No.	Name & Designation	Directorship/Other
1.	Karunakar Reddy Baddam, Chairman	Managing Director
2.	Venkata Siva Prasad Chandrapati, Member	Whole Time Director (Technical)
3.	Addepalli Krishna Sai Kumar, Member	Whole Time Director (Operations)
4.	Sudarshan 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 May 14, 2019 and December 23, 2019.

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

## DIRECTORS REMUNERATION

### a) All pecuniary relationship or transactions of the Non-Executive Directors

Non Executive Directors including Independent Directors do not have any pecuniary relationships or transactions with the Company except the sitting fees they are getting for attending the board/committee meeting and dividend on shares held by him/her, if any. The compensation payable to the Independent Directors is limited to sitting fees and reimbursement of actual conveyance, travelling and other expenses for attending the Board & Committee meeting(s). The independent directors were paid sitting fees of Rs. 20,000/- on per day basis for attending the meetings of the Board of Directors or Committees, during the financial year 2019-20.

### 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:-

1. The remuneration of Mr. Karunakar Reddy Baddam, Managing Director of the Company has been revised from Rs 5,00,000/-per month (Rupee Five Lakh only) to Rs 10,00,000/- per month (Rupee Ten Lakh only) w.e.f 1st April, 2019 which was approved by the Board based on recommendation of the Nomination and Remuneration Committee of the Company on May 17, 2019 and subsequently by the shareholders of the Company in the 22nd annual general meeting held on September 30, 2019.
2. The remuneration of Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations) of the Company has been revised from Rs 1,50,000/-per month (Rupee One Lakh Fifty Thousand only) to Rs 2,00,000/- per month (Rupee two Lakh only) w.e.f 1st April, 2019 which was approved by the Board based on recommendation of the Nomination and Remuneration Committee of the Company on May 17, 2019 and subsequently by the shareholders of the Company in the 22nd annual general meeting held on September 30, 2019.

Details of remuneration paid to Directors of the Company for the financial year ended March 31, 2020 are as follows-

(Figures in ₹)

Sl. No.	Name of Director	Salary and Benefits	Commission/ Performance Bonus	Retrials	Others: PF	Sitting Fees	Total
1.	Karunakar Reddy Baddam (Managing Director)	1,18,38,710	15,00,000	-	21,600	-	1,33,60,310
2.	Krishna Sai Kumar Addepalli Whole Time Director (Operations)	23,67,742	-	-	21,600	-	23,89,342
3.	Chandrapati Venkata Siva Prasad Whole Time Director (Technical)	23,67,742	-	-	21,600	-	23,89,342
4.	Sri Lakshmi Reddy Vangeti Non-Executive Director	-	-	-	-	-	-
5.	Raghupathy Goud Theegala Independent Director	-	-	-	-	1,80,000	1,80,000
6.	Karunasree Samudrala Independent Director	-	-	-	-	1,20,000	1,20,000
	<b>Total</b>						<b>1,84,38,994</b>

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

## CODE OF CONDUCT

In compliance with Regulation 17 of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013, the Company has formulated and adopted a Code of Conduct for its Board of Directors and senior

management personnel and has put the same on the company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors". The Code has been circulated to all members of the Board and Senior Management and they have affirmed the compliance of the same. A declaration signed by the Managing Director of the Company regarding affirmation of the compliance with the code of conduct by Board Members and Senior Management for the financial year ended March 31, 2020, is annexed herein below. Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

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

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2020.

Date: June 26, 2020  
Place: Hyderabad

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

## GENERAL BODY MEETINGS

### a) Annual General Meetings

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

Date	Category	Venue	Time	No of Special Resolution
30th September, 2019	Members	Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad-500016 Telangana, India	11:00 A.M (IST)	-
20th September, 2018	Members	KLN Prasad Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, Red Hills, Hyderabad - 500 004, Telangana, India	09:00 A.M (IST)	-
26th August, 2017	Members	Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal, Rangareddy Hyderabad-500076, Telangana, India	03:00 P.M (IST)	Four(4)

\* Annual General Meeting for the F.Y 2016-17 originally held on August 21, 2017 and thereafter adjourned to August 26, 2017

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

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

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

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

**d) Procedure for Postal Ballot**

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

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

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

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

## MEANS OF COMMUNICATION

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

## GENERAL SHAREHOLDER INFORMATION

<b>a) AGM: Day, Date, time and venue</b>	25th September 2020 Time: 11:00 A.M. Venue: Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
<b>b) Financial Year</b>	April 1, 2019- March 31, 2020
<b>c) Book closure Date</b>	19th September 2020 to 25th September 2020
<b>d) Dividend payment date</b>	The dividend, if declared, shall be paid/credited to the respective bank account of shareholders / dividend demand draft shall be dispatched within a period 30 days from the date of declaration i.e. on or before 25th October 2020
<b>e) Listing of shares on Stock Exchanges</b>	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
<b>f) Registered Office</b>	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

<b>g) Corporate Identification Number</b>	The Corporate Identity Number allotted by the Ministry of Corporate Affairs (MCA) is L72200TG1997PLC026556
<b>h) Listing Fees</b>	The Listing fee for the year 2019-20 has been paid to the above stock exchanges.
<b>i) Registrar &amp; Share Transfer Agents of the Company for both physical and electronic mode of share transfers.</b>	<p>Bigshare Services Private Limited                      (Unit: Apollo Micro Systems Limited)                      306, Right Wing, 3 rd Floor, Amrutha Ville,                      Opp: Yashoda Hospital, Rajbhavan Road,                      Hyderabad – 500 082 (India)                      Tel : 040 4014 4582,                      Email: bsshyd@bigshareonline.com                      Website: www.bigshareonline.com                      Investor Grievance Email: investor@bigshareonline.com;                      SEBI Registration No.: INR000001385</p>
<b>j) Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and likely impact on equity.</b>	The Company has not issued any Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments during the year under review. There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2020.
<b>k) Share Transfer System</b>	<p>In terms of the SEBI (LODR) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from April 01, 2019, except in case of transmission or transposition of securities. Members holding shares in physical form are requested to dematerialise their holdings at the earliest. Transfers of equity shares in dematerialised form are effected through the depositories with no involvement of the Company.</p> <p>In case of other matters relating to Shares, Stakeholder’s Relationship Committee meet as and when required to consider and attend Investors grievances and request for transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialization and rematerialization of shares, etc.</p> <p>During the year under review, the company hasn’t received any request for transfer of shares held in physical form.</p>
<b>l) Stock Code</b>	<p>The stock code of the Company at BSE Ltd. 540879 and symbol at National Stock Exchange of India Limited is APOLLO.</p> <p>ISIN allotted by National Securities Depository Limited and Central Depository Services (India) Limited for Equity Shares INE713T01010</p> <p>The Company’s shares are covered under the compulsory dematerialization list and are transferable through the depository system. Shares received for physical transfers are registered within a maximum period of two weeks from the date of receipt, if the documents are clear in all respects.</p>
<b>m) Dematerialisation of Shares</b>	<p>Members are requested to convert their physical holdings to demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within a maximum period of twenty one days from the date of receipt, if the documents are clear in all respects. The demat security (ISIN) code for the equity share is INE713T01010.</p> <p>The Company’s shares are regularly traded on the ‘BSE Limited’ and ‘National Stock Exchange of India Limited’.</p> <p>During the year under review, 1 (one) request for dematerialization of equity shares has been received from the shareholder of the Company, which has been duly processed by the Company through its Registrar &amp; Share Transfer Agent and the Stakeholder’s Relationship Committee of the Company took note the same in its subsequent meeting.</p> <p>There are 28375* no. of shareholders as on March 31, 2020 out of which shareholding of 28373 shareholders is held dematerialized form, which represent 99.95% of the paid up capital of the Company, leaving only 2 shareholders who hold the equity shares in physical form.</p> <p>*Shareholders with same Permanent Account Number (PAN) are considered as one.</p>

**n) Stock Performance**

**Market price data:** The monthly high and low stock performance at the Stock Exchanges BSE and NSE during the year 2019-20 is as follows:

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-19	148.3	105.9	148.90	104.95
May-19	151.6	115.9	151.85	116.05
Jun-19	133.15	113.2	135	111.1
Jul-19	126.5	86.25	127	85.95
Aug-19	92.75	70.3	94	70.25
Sep-19	98.25	69.95	98.25	70
Oct-19	77.35	65.15	78.55	65
Nov-19	99.8	66.9	97.95	65
Dec-19	80	65	79.6	66
Jan-20	83	72.75	82.75	71.55
Feb-20	91	72.5	90.75	72.15
Mar-20	77.75	40	78.6	39.5

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

**o) Shareholding as on March 31, 2020**

a) Distribution of shareholding as on March 31, 2020

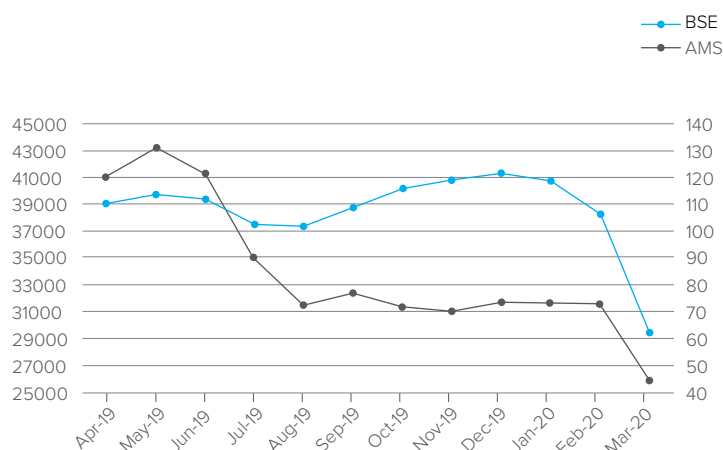
No of shares	No of shareholders	% of total	Share amount (in ₹)	% of total	
1	5000	27,607	96.34	1,93,78,410	9.3327
5001	10000	555	1.94	43,93,370	2.1159
10001	20000	253	0.88	36,89,450	1.7769
20001	30000	80	0.27	20,14,890	0.9704
30001	40000	35	0.12	12,17,850	0.5865
40001	50000	29	0.10	13,58,770	0.6544
50001	100000	53	0.18	39,95,010	1.9240
100001	999999999	45	0.15	17,15,91,110	82.6392
<b>Total</b>		<b>28,657</b>		<b>20,76,38,860</b>	<b>100.00</b>

b) Category wise shareholding pattern as on March 31, 2020

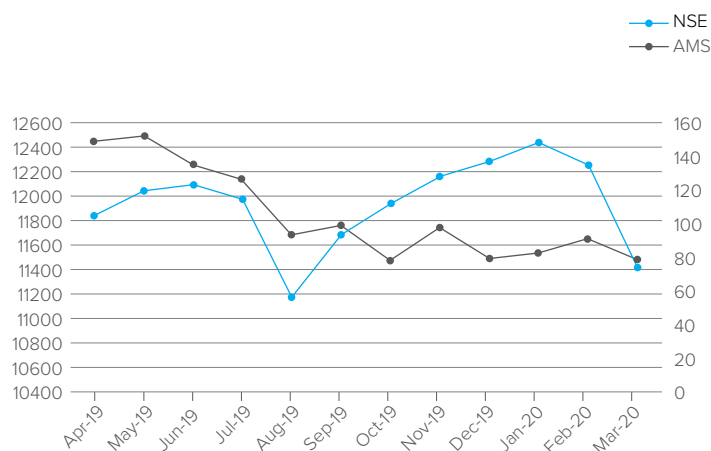
Category	Total No. of Shares	% of holding
Promoter & Promoter Group	1,32,71,700	63.92
Foreign Portfolio Investor	8,09,642	3.90
Clearing Member	87,266	0.42
Financial Institutions	10,909	0.05
Corporate Bodies	2,92,669	1.41
Mutual Fund	8,98,000	4.32
Non Nationalised Banks	60,248	0.29
Non Resident Indian (NRI)	3,37,580	1.63
Employee	1,02,824	0.50
Public	48,86,848	23.54
Trust	1,200	0.00
Employee Trust	5,000	0.02
(Non-Promoter- Non Public)		
<b>Total</b>	<b>2,07,63,886</b>	<b>100.00</b>

**p) Price Performance Compared to SENSEX and NIFTY 50**

**BSE vs AMS**



**NSE vs AMS**



**q) 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

**r) 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.

**s) Plant Locations**

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

**t) Credit Rating**

a) Domestic Rating:

During the year under review your Company has obtained the Credit Rating from ICRA Limited to Rs 142 Crores Line of Credit of the Company which is as follows:

Long-Term Rating	[ICRA] BBB- (pronounced ICRA triple B MINUS)
Short-Term Rating	ICRA] A3 (pronounced ICRA A three)

The outlook on the long term rating has been revised to "Negative".

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.

**u) Address for Correspondence**

**Registered Office of the Company:**

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

**Registrar and Transfer Agents:**

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

For securities held in Demat form

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

## OTHER DISCLOSURES

### a) Related party transactions

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

None of the transactions with any of the related parties was in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note no 30 of Financial Statements, forming part of the Annual Report. Company has formulated a "Related Party Transaction Policy" to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy as considered and approved by the Board has been uploaded on the website of the Company at [www.apollo-micro.com](http://www.apollo-micro.com). The Audit Committee/ Board review's and amend this policy from time to time. The policy is uploaded on the website of the Company at [http://apollo-micro.com/wp-content/uploads/2017/09/policy\\_on\\_related\\_party\\_transactions.pdf](http://apollo-micro.com/wp-content/uploads/2017/09/policy_on_related_party_transactions.pdf).

### b) Details of Non-compliance

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

### c) Whistle Blower Policy and Vigil Mechanism

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

The Whistleblower Policy and Vigil Mechanism ensure that strict confidentiality is maintained in such cases and no unfair treatment is meted out to a Whistleblower. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being

adopted against Whistleblowers. The Company affirms that no personnel have been denied access to the audit committee. The Whistle Blower Policy is uploaded on the website of the Company at <http://apollo-micro.com/wp-content/uploads/2017/09/WHISTLE-BLOWER-POLICY.pdf>

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

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

- Separate posts of Chairman and Managing Director: The Company has maintained separate posts for Chairperson and Managing Director of the Company.
- Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.
- The Company has voluntarily constituted the Risk Management Committee of the Company and adopted the Risk Management Policy which is uploaded on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors".

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

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

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

### j) Certificate for transfer of Shares and Reconciliation of Share Capital

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



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

#### k) Risk management

The Company has established a risk management framework where in a Committee comprising of the senior executives of the Company has been established which periodically 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.

#### l) CEO/CFO certification

The Chief Financial Officer (CFO) has furnished a Certificate to the Board for the year ended on March 31, 2020 in compliance

with Regulation 17(8) of SEBI Listing Regulations, which is annexed to Annual Report.

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

#### n) Corporate Governance Compliance Certificate

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

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

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

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

The Company has received a certificate from CS Datla Venkatesh, Company Secretary in Practice, confirming that none of the Directors of the Company is debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such authority from being appointed or continuing as Director of the Company. The Certificate is uploaded on the website of the Company at <http://apollo-micro.com/wp-content/uploads/2020/06/Reg-343-Sch-V-Non-Disqualification-31-03-2020.pdf>

#### p) Recommendations of the Committees of the Board

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

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

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

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

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

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

This Code has been revised in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. As per the revised Code, the Company also adopted Policy on Enquiry in case of leak or suspected leak of UPSI and Policy for Determination of Legitimate Purposes. The code is also available on the website of the company [www.apollo-micro.com](http://www.apollo-micro.com) under the Section “Investors” and the web link is <http://apollo-micro.com/wp-content/uploads/2019/04/CODE-OF-INTERNAL-PROCEDURES-AND-CONDUCT-TO-REGULATE-MONITOR-AND-REPORT-OF-TRADING-BY-INSIDERS-1-1.pdf>

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

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

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

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	1	50
Shareholders who approached the Company for transfer of shares from suspense account during the year	-	-
Shareholders to whom shares were transferred from the suspense account during the year	-	-
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	1	50

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

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

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

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

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

**Annexure-I****CERTIFICATE ON CORPORATE GOVERNANCE**

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

I have examined the compliance of the conditions of Corporate Governance by APOLLO MICRO SYSTEMS LIMITED ("the Company") for the financial year ended 31st March 2020, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

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

In my opinion and to the best of my information and according to the explanations given to me, I, certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the financial year ended 31st March 2020.

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

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

Place: Hyderabad  
Date: June 24, 2020

Sd/-  
**Datla Venkatesh**  
CP. No.: 14074  
UDIN: A036504B000372611

## 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 March 31, 2020 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

Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity’s internal control system over financial reporting.

For **Apollo Micro Systems Limited**

Date: June 26, 2020  
Place: Hyderabad

Sd/-  
**Sudarshan Chiluveru**  
Chief Financial Officer

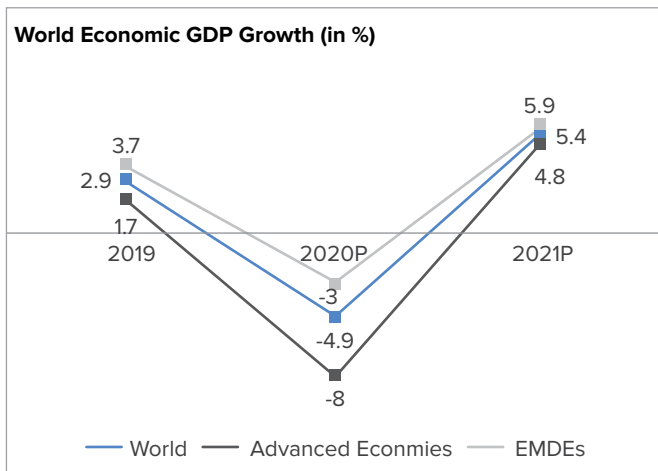
# Management Discussion and Analysis

## Global Economy review

The global economy witnessed a decline with a registered growth of 2.9% in 2019<sup>1</sup>. Global uncertainties arising from trade wars between US and China as well as BREXIT caused significant disruptions to international supply chains.

The slowing industrial production caused a sharp decline in world trade growth, while higher tariffs and prolonged weak sentiments dampened domestic demand growth in the major economies of the world. The current wave of debt levels, which started in 2010, is increasing sharply and is causing panic around the world. Emerging Markets and Developing Economies (EMDE) are also confronted by weak growth prospects, mounting vulnerabilities and elevated global risks.

The global economy is projected to contract by 4.9% in 2020 due to disruption caused by outbreak of Covid-19 impacting global supply chains and international trade. Global manufacturing production could contract significantly, and the plummeting number of travellers is likely to hurt the tourism sector in emerging economies and developing countries, which employs millions of workers. Supportive macroeconomic policies can help to restore confidence and aid demand recovery as the effects of the virus fades. However, it is not likely to offset the immediate disruptions that have resulted due to the shut downs and travel restrictions imposed around the world due to the pandemic. Going forward, growth is expected to bounce back and is anticipated to grow at 5.4% for 2021 with most of the economic indicators displaying an upward trajectory.



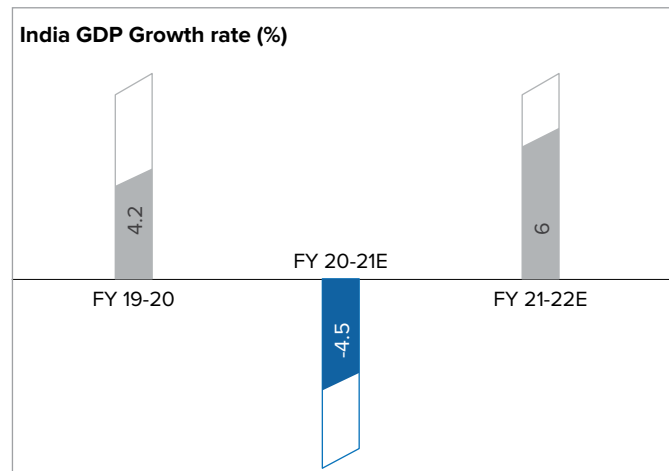
(Source: IMF World Outlook Report June 2020)

## Indian Economy review

The GDP growth of the Indian economy settled at 4.2% for FY 19-20, marked by slowdowns across all economic sectors. Weak rural demand and stress on the financial sector mainly contributed to the sluggish growth. A sudden spike in the inflation rate during Dec-2019 caused food prices to rise phenomenally, resulting in lower demand for agricultural goods and products. The Index of Industrial Production too contracted in FY19-20, due to weak demand for goods and services.

To revive the economy, the government introduced a plethora of reforms like corporate tax rate cut, phased manufacturing for 5 years to support the production of EV components, slashed interest rates to boost demand across sectors and enumerated 7 early signs for economic revival. It also helped India to rise to the 63rd position in World Bank's Ease of doing business report in 2019. Due to continuous FDI liberalization, FDI inflows to the country also increased, fuelling growth of the foreign exchange reserves of India.

The growth outlook for the Indian economy appears to be weak due to the recent Covid-19 outbreak and it is anticipated to contract by 4.5% in FY 2020-21. The pandemic is expected to have far-reaching economic and social consequences for the region, with strong cross-border spill over effects anticipated through trade, tourism and financial linkages. In FY 2020-21, disruptions in the supply-chain are also likely to continue along with lower demand for goods and services. Gradually, as the pandemic fades, economic activity is expected to rebound on the back of strong demand for products and services. Resting on favourable reforms to alleviate financial sector stress, economic growth rate is expected to reach at 6% for FY 2021-22.<sup>1</sup>



(Source: IMF World Outlook Report June 2020)

## Electronic Sector – Overview

The global electronic sector is expected to reach US \$ 2000.1 billion in 2019, a decrease of 2% Y-o-Y<sup>2</sup>. The decline was mainly on account of economic uncertainty caused due to trade frictions between the US and China and slowdown in manufacturing sector. The industry is anticipated to grow by 4% Y-o-Y to stand at US \$2081.5 billion in 2020<sup>3</sup>. The growth in Electronic components and devices sector will be mostly on account of growing use of electrical equipment in automobiles, the emergence of advanced smartphones and a rising demand for smart speakers.

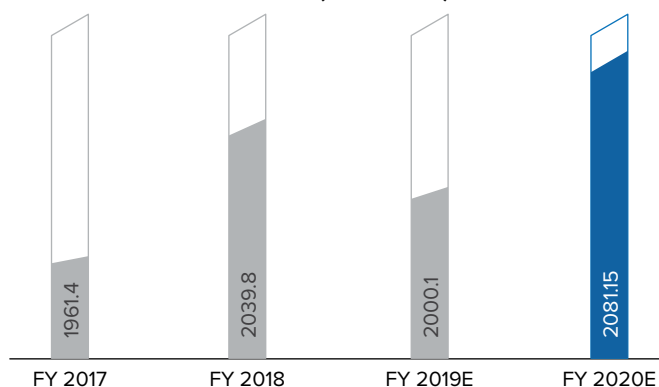
The Indian electronics market is one of the largest in the world and is expected to be valued at \$400 Bn by 2025, employing over 10 million people directly<sup>3</sup>. India accounts for approx.3.3% of the global electronic production in FY 2018-19 and the industry is worth ₹ 4.58 lakh crores (US \$70 billion)<sup>4</sup>. Increasing domestic demand, rising disposable incomes, the Digital India initiative, growing manufacturing costs in other developing economies and escalated

consumption patterns in the Middle East and emerging countries are driving global demand, thereby contributing to the growth of the Electronics Sector in India.

## Electronic Systems Design and Manufacturing (ESDM)

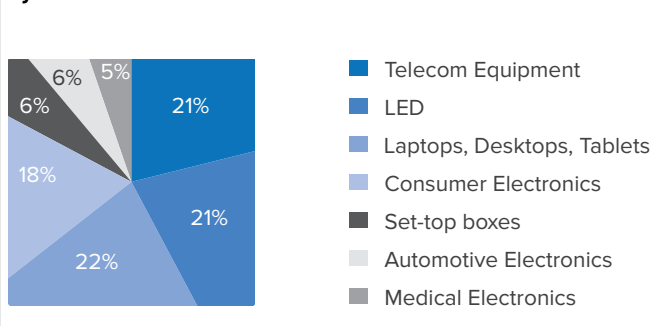
The ESDM sector is a significant contributor to the country's economy. According to the India Electronics & Semiconductor Association, demand for Indian ESDM is expected to reach US\$ 400 billion by 2020 and the supply side is anticipated to be worth US \$ 104 billion by 2020. This will create a huge demand and supply gap, resulting in the growing need for imports in the future. The domestic demand for electronic goods is constantly rising and increasing disposable income opens up a huge market for electronic goods. With strong support from the government, the sector continues to attract foreign investment and owing to consistent demand, the Indian ESDM industry will only continue to grow in the days ahead.

### Global Electronics Production (US \$ billion)



(Source: JEITA – Global electronics and IT production Forecast)

### Expected Market Size for Major Electronics Sub-Sectors in India by 2020



(Source: Make in India – Electronic Systems sector)

### Future Trends

- Mobile Devices are one of the key segments where India is expected to see more growth in terms of local value addition. The Make in India initiative and various schemes and policies will make the country a preferred destination for electronics manufacturing.
- Internet of Things (IoT) is a unique domain that brings the ESDM industry and the IT industry together. Studies indicate that by 2020, over 25 billion connected devices will be generating data, globally, with abundant opportunities for data mining and data analytics. The total revenue generated from IoT industry is expected to be US \$ 300 billion and India would have a share of 5-6% of the global IoT industry, amounting to around US \$15-18 billion by 2020<sup>5</sup>.
- Smart Living is another opportunity for the ESDM Sector. Today homes, vehicles and cities are embedded with sensors for personal and professional use. This requires extensive collaboration between various players spread across the ESDM-IT segments.
- The mobile-gaming industry in India is one of the top five in the world and is already worth US \$890 Mn in 2017 and it is expected to be worth US \$1.1 Bn by 2020, with the number of users projected to reach 628 Mn by 2020<sup>6</sup>.

<sup>2</sup>JEITA – Global Electronics and IT Production Forecast

<sup>3</sup><https://www.maiervidorno.com/india-to-be-next-big-electronics-manufacturing-hub/>

<sup>4</sup>Meity

<sup>5</sup>Make in India – Electronic System sector

<sup>6</sup>Strategic Electronics Report 2019 - IESA

### Strategic Electronics

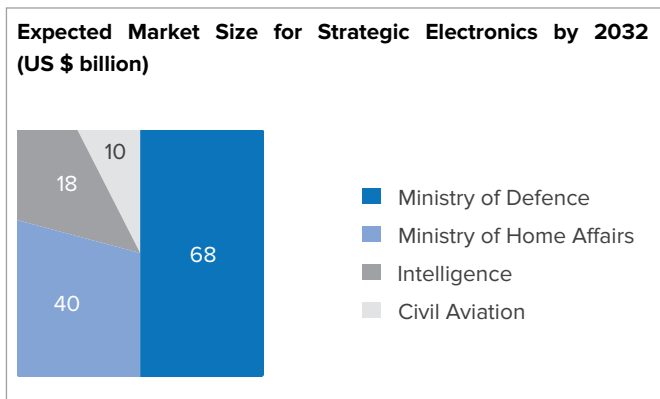
The global market for strategic electronics is expected to be US \$256 bn in 2018 and estimated to grow at a CAGR of 4% to reach US \$422bn by 2032, with the US occupying the largest market share<sup>6</sup>. The growth is expected to be driven by a set of factors including technology, integration, industrial aggregation and Industry 4.0. Global players in strategic electronics market are focusing on innovation and technology based solutions, thus improving platform efficiency and design.

The electronics system design community in India is one of the largest communities working on cutting edge technologies which have a direct impact on Strategic Electronics needs of our country, be it design of Nano satellites, robots that can roam in moon & Mars or swarm robots for defence applications, AI enabled intelligent electronics systems for intrusion detection or software defined radios for building secured communication network and wearable devices for soldiers. The Strategic Electronics market in India is expected to be worth between US \$135-137 bn by 2032<sup>7</sup>. The Indian Aviation & Defence segment also drives demand for electronics with growing requirements for modernization of weapon platforms and introduction of state-of-the-art weapons.

In order to become a part of the global supply chain for Aviation and Defence, Strategic Electronics players in India need to invest in capacity as well as capability development, across platforms. Therefore, 100% Foreign Direct Investment (FDI) is allowed in the ESDM industry and for defence electronics, FDI is 100% under approval route, subject to industrial licensing terms.

### Industrial Electronics

Industrial electronics is mostly used in process control equipment, test and measuring equipment, power electronics equipment,



(Source: Strategic Electronics Report 2019 – IESA)

## The Strategic Electronics market in India is expected to be worth between US \$135-137 bn by 2032

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

### Government Reforms and Polices to support ESDM

- Skill Development in ESDM for Digital India: Under the aegis of 'Digital India' programme, the department has approved a Scheme for 'Skill Development in ESDM for Digital India' in 2014, covering all the States/UTs of the country. The main objective of the scheme is to provide financial assistance for encouraging skill development of 4,18,000 people in the ESDM sector, by involving all the states/Union Territories, to enhance employability levels of students/unemployed youth in the electronics space till FY19-20 .
- Production Linked Incentive (PLI) Scheme: The GoI in association with MeitY launched three schemes to boost electronics manufacturing with incentives worth more than ₹48,000 crore. The largest scheme, with an outlay of ₹40,000 crore will give incentives of 4-6% on incremental sales on mobile phones and specified electronic components such as Printed Circuit Boards, photopolymer films and Assembly, Testing, Marking and Packaging units, among others. The industry has immense potential for job creation. India needs to boost its domestic manufacturing to attract large investments in the electronics value chain and the PLI scheme is likely to boost manufacturing activities in the country.
- Electronic Manufacturing Cluster 2.0 (EMC): The GoI has approved the Modified Electronics Manufacturing Clusters (EMC 2.0) Scheme for development of world class infrastructure along with common facilities. It will provide amenities through EMCs to help India emerge as a mobile manufacturing hub. EMCs are expected to aid growth of the ESDM sector, help development of the entrepreneurial ecosystem, drive innovation and catalyse the economic growth of the region by attracting investments in the sector, increasing employment

<sup>7</sup>ESDM Skill Initiatives by deity

opportunities and tax revenues. The government has proposed a total outlay of ₹3762.25 crore for EMC 2.0 Scheme, over an eight year period.

- **Make in India Initiatives:** The government is driving reforms in the IT and Electronics Manufacturing sector through initiatives like 'Make in India' and is creating favourable policies to enable an investor-friendly environment. Electronic System Design and Manufacturing comprises one of the major sectors for the 'Make in India' initiative. The growth of this industry is likely to provide the necessary impetus for the electronics and communication equipment market, as changing policies and regulatory norms will create a conducive business environment.

Public Procurement (preference to Make in India) order was passed in 2017 by MeitY to promote manufacturing of goods and services in India. Under the public procurement order, the government targeted 10 domestically manufactured electronic products for providing preference on the basis of prescribed domestic value addition, ranging from 40% to 70%. The category comprises of products including Desktop, laptops, tablets, Dot matrix printer, LED products, Contact & Contactless Smart Cards, Biometric Access Control, Biometric Iris sensors & servers, Biometric fingerprint scanners, and cellular mobile phones.

- **Defence Procurement Procedure (DPP) 2020:** The GoI announced DPP 2020, which aims at increasing indigenous manufacturing and reducing timelines for procurement of defence equipment. The government is constantly striving to formulate policies to empower the private industry, including MSMEs, to develop the eco-system for indigenous defence production. The defence industry of India is a strategically important sector having huge potential for growth. Various policies like procurement of raw material from single vendor, category buy to boost the Make in India campaign and leasing of equipment have been introduced under this initiative. The Government has brought Embargo on 101 Items for a period of four years which is a huge boost for Indian Defence Industry. This embargo will not only increase the production rate within the country but would also enable industry to upgrade their capabilities. It is also a notable point that Government has set a target of \$5 Billion towards export of defence equipment; this is once again a huge boost for Indian Defence Industry. Government has brought various policy amendments for

benefit of Industry in DPP 2020, new initiatives by DRDO by introducing DCP (Development Cum Production Partner) which is again a key initiative to encourage any industry to become a permanent partner who have participated in the development of the system. Indigenisation of various import systems has taken a significant pace which is helping industry to upgrade the legacy platforms and also cater for new platforms which is once again a long term plan and revenue booster for industry for next few decade.

## \$5 Billion Worth of export of defence equipment target set by the government in DPP 2020

- **National Policy on Electronics (NPE) 2019:** NPE 2019 aims to encourage inland manufacturing and export in the ESDM value-chain to achieve economic development. With the key objective of :
  1. Promotion of increased R&D and innovation across all sub-sectors of electronics, such as 5G, IoT/Sensors, Artificial Intelligence (AI), Machine Learning, Virtual Reality (VR), Drones, Robotics, Nano-based devices, etc.
  2. Development of Fabless Chip Design Industry, Medical Electronic Devices Industry, Automotive Electronics Industry, and Power Electronics for Mobility and Strategic Electronics Industry.
  3. Incentives and support to increase the availability of a skilled workforce, including provisions for re-skilling.
  4. Special incentive packages for technologically advanced mega projects that entail huge investments, such as in semiconductor fabrication.

### Company Overview

Apollo Micro Systems Limited (AMS), has a rich experience of over 3 decades in the industry and it is a pioneer in design, development, assembly and testing of Custom Built Electronics and Electro-mechanical solutions. AMS designs, develops and sells high performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, government controlled public sector undertakings and private sectors.

AMS also provides custom built COTS (Commercially off-the shelf) solutions to the Defence and Space sector, based on specific requirements. The systems undergo various stages of approval, from design and prototyping to functional acceptance, manufacturing and qualification testing. As the systems are exclusively developed

**A total outlay of ₹ 3762.25 crore has been proposed by the government for EMC 2.0 scheme over an eight year period.**



for a programme, the systems enjoy proprietary status and have a significant competitive edge in the industry.

### Core Competencies

Proven track record in developing new technological systems and order execution.

Strong R&D team with unique domain expertise on different verticals like Aerospace, Avionics, Space, Naval, Automotive for On-Board Systems and Ground Support Equipment.

With robust quality control policies and strategies, AMS adheres to all quality checks and manufactures ISO certified products to assure the highest standards of quality.

Solid performance in existing business verticals have enabled the Company to increase market share and tap into new opportunities.

A dedicated and qualified workforce and senior management team, with exceptional domain knowledge allows AMS to focus on evolving technologies.

Continuously engaged to leverage in-house technological and R&D capabilities to effectively manage operations, maintain strict operational controls and enhance customer service.

### Review of Operations

During the year under review 2019-20, your company reported the revenue from operations of ₹2,45,90,41,260 against ₹2,62,97,53,243 in the previous year. The Earnings Before Interest, Tax, Depreciation & Amortization ("EBITDA") has been reduced by ₹2.70% to ₹50,26,08,398/- against ₹51,65,52,977/- in the previous year. The Profit before Tax ("PBT") for the year under review is ₹25,26,09,201/- as against ₹32,69,97,926/- in the previous year. The Net profit of the Company for the year under review has been reduced by 51.88% to ₹14,01,12,777/- against ₹29,11,85,266/- in the previous year. The Earning per Share ("EPS") of the Company for the year under review is ₹6.75/- per share basic & diluted.

### Financial Performance

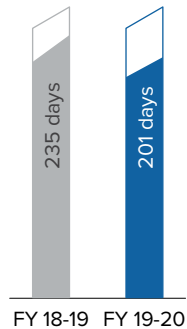
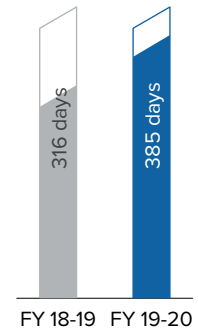
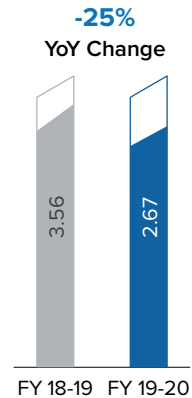
(Figures in ₹)	FY 2019-20	FY 2018-19	(%) Change
Revenue from Operation	2,45,90,41,260	2,62,97,53,243	-6.5%
EBITDA	50,26,08,398	51,65,52,977	-2.70%
Finance Cost	15,10,44,733	12,76,04,212	18.37%
Depreciation	9,89,54,464	6,19,50,838	59.73%
PBT	25,26,09,201	32,69,97,926	-22.75%
PAT	14,01,12,777	29,11,85,266	-51.88%

### Financial Ratios

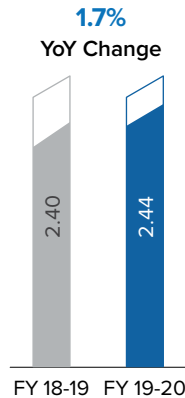
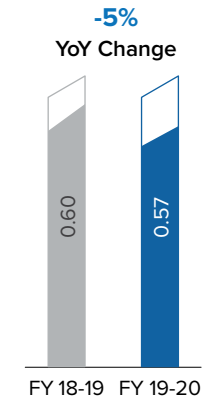
The key financial ratios compared to the last financial year are as under:

Ratios	FY 2019-20	FY 2018-19	YoY Change(%)
Debtors Turnover (No. of Days)	201 days	235 days	-
Inventory Turnover (No. of Days)	385 days	316 days	-
Interest Coverage Ratio	2.67	3.56	-25%
Current Ratio	2.44	2.40	1.7%
Debt Equity Ratio(in times)	0.57	0.60	-5%
EBITDA Margin (%)	20.44	19.64	1%
Return on Capital Employed (%)	13.03	15.55	-2.52%
Return on Net Worth (%)	4.73	10.36	-5.63%
Net Profit Margin (%)	11.18	12.25	-1.07%

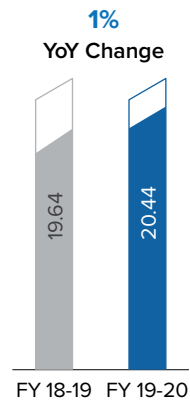
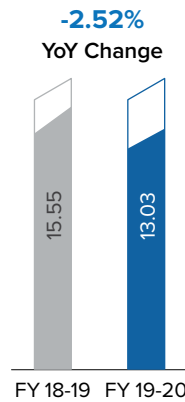
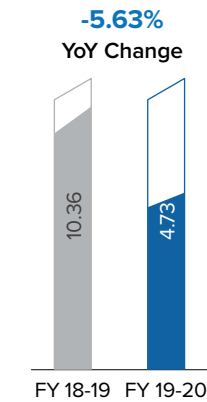
## Ratios

Debtors Turnover  
(No. of Days)Inventory Turnover  
(No. of Days)Interest Coverage  
Ratio

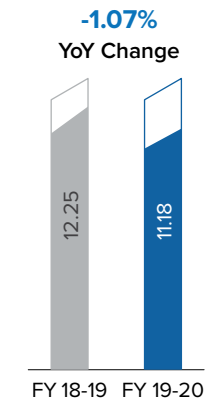
Current Ratio

Debt Equity Ratio(in  
times)

EBITDA Margin (%)

Return on Capital  
Employed (%)Return on Net Worth\*  
(%)

Net Profit Margin (%)



\*Return on Net Worth reduced due to decrease in profitability.

## Human Resource

Employees are the foremost priority for AMS. The Company is committed to promote a work environment that is conducive for professional growth of its employees and encourages equal opportunities for every employee. The company regularly conducts technical and managerial skill development programmes for its employees, to ensure adequate training and skill development.

## Risk Management

Risk	Definition	Mitigation Strategy	Outcome
Technological Risk	The technological landscape is constantly evolving and the failure to adopt new technology can have a severe impact on business sustainability and profitability.	The Company's R&D team constantly monitors changes in the technological landscape, enabling the Company to efficiently adopt new technologies and upgrade existing ones to meet customer requirements. Moreover, the state-of-the-art technologies available with the Company is one of the key USPs distinguishing it from its peers.	₹ <b>19,67,17,430</b> invested in R&D activities
Liquidity Risk	Liquidity crunch may occur due to the lack of cash and inadequacy to meet working capital requirement. It may lead to a temporary slowdown of the Company's operations	The company has a healthy inflow of orders from new and existing customers on account of its strong R&D facilities.	₹ <b>8,80,071</b> Cash and cash equivalent as on 31st March 2020
Employee Risk	The inability to hire and retain competent personnel may adversely affect the Company's operations.	AMS has developed a strong HR team with a focus on retaining top talent. To improve the productivity and skills of the employees, the Company regularly conducts technical and managerial skill development programmes.	<b>4%</b> Growth of employees over previous year
Quality Risk	Inability to meet quality standards might have an adverse impact on the Company's reputation and may lead to loss of revenue.	To ensure the quality of products, the Company regularly conducts stringent quality checks and follows a Quality Assurance Plan for every product. The company's operations are ISO 9001:2015 and CEMILAC certified, validating its credibility as a trusted manufacturer. The Company has obtained AS 9100D Certification (based on and including ISO 9001:2015) for implementation of Quality Management System at the organization based on global standards which is applied in the Design, Development and Manufacturing of Electronics, Mechanical & Electromechanical systems/ sub- systems for Defense, Space, Naval, Aerospace, Aviation applications.	AS 9100D Certificate (based on and including <b>ISO 9001: 2015</b> )
Intense Competition	The Defence ESDM sector consists of small as well as established players. This could affect pricing and have an adverse effect on business, financial condition and results of operations.	AMS is an established player in its industry and is backed by strong technological competencies, superior service offerings, experienced leadership team and top management, enabling the company to retain an edge over its peers	Over 3 decades of experience in the industry and a strong management team with an average experience of <b>30 years.</b>

## Internal Control and its adequacy

To monitor and manage the risks, the company needs to have a system based approach which is already inherent in the company's operation backed by a stringent internal control system. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit Functions reports to the Audit Committee and the Board. The Internal Audit's main objective is to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. The detailed Internal Audit Report of Internal Auditor is placed before the Audit Committee for its review and advice.

## Cautionary Statement

Certain statements in the MDA section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions are made, relying on available internal and external information, which are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

# Independent **AUDITOR'S REPORT**

To  
The Members of Apollo Micro Systems Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Apollo Micro Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and 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 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the 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 financial statements.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Sl. No.	Key Audit Matter	Auditor's Response
1	<p><b>Contingent liabilities and provisions</b></p> <p>Probable Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme</p> <p>The Company had availed import duty exemption of Rs.1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme (the Scheme). As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. This is a Contingent Liability which depends on performance of the export obligation by the company with in the time period permitted.</p>	<p>Principal Audit Procedures</p> <p>We evaluated and tested key controls in respect of this contingent liability and regulatory procedures which are found to be satisfactory for audit</p> <p>Our procedure included the following:</p> <ul style="list-style-type: none"> <li>We have perused the terms of Export Obligation under Zero Duty EPCG Scheme</li> <li>We have verified the amount of duty exemption availed under the scheme</li> <li>We have also verified the value and the period with in which export obligation to be fulfilled and extension of period approved by the Regulatory Authority</li> </ul>

Sl. No.	Key Audit Matter	Auditor's Response
	<p>The probability or provision for the contingent liability involves high degree of judgment and estimates by the management and hence the contingent liability is considered as a key audit matter</p> <p>Refer Note-29(ii)(b) to the Financial Statements</p>	<ul style="list-style-type: none"> <li>• We have also evaluated the significant judgment made by the management in its ability to perform the export obligations with in the period permitted for making provision as per requirement.</li> <li>• The management expressed their proposals to have a quarterly review from next financial year for any likelihood and magnitude of any liability to be provided.</li> </ul>

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

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 system in place and the operating effectiveness of such controls.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
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, 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 financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure-B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.
4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of amendments to section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For S.T Mohite & Co.**

Chartered Accountants (Regd No: 011410S)

Sd/-

**Sreenivasa Rao T. Mohite**

Partner (Membership No. 015635)

ICAI UDIN: 20015635AAAACK7259

**Place: Hyderabad**

**Date: June 26th, 2020**



## Annexure A to the **INDEPENDENT AUDITORS' REPORT**

With reference to Annexure A as referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of the company on the standalone financial statement for the year ended 31 March 2020, we report the following:

Sl. No.	Ref to CARO	Report by Independent Auditors
1	<b>3(i)</b>	<b>Fixed Assets</b>
	<b>3(i)(a)</b>	<b>The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.</b>
	<b>3(i)(b)</b>	The Company has a regular program of physical verification of its fixed assets, by which all fixed assets are verified on annual basis. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
	<b>3(i)(c)</b>	According to the information and explanations given to us and the records examined by us and based on the examination of sale deeds, conveyance deeds, encumbrance certificates verified by us, we report that the title deeds comprising all the immovable properties of lands, buildings which are free hold, are in the name of the company as at the balance sheet date.,
2	<b>3(ii)</b>	<b>Inventories</b> As explained to us, the inventories has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. There were no material discrepancies noticed on verification between the physical stock and the book records.
3	<b>3(iii)</b>	Loans to parties covered by Sec.189 of the Companies Act,2013 ('the Act' ) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to body corporate, firms, Limited Liability Firms or other parties covered in the register required to be maintained under section 189 of the Act. Accordingly the provisions of the clause 3 (iii) of the Order are not applicable to the Company for the year under review.
4	<b>3(iv)</b>	<b>Loans ,guarantees, securities to and investments in other companies</b> In our opinion and according to the information and explanation given to us, the company has no transactions for compliance as per the provisions of Sections 185 and 186 of the Act.
5	<b>3(v)</b>	<b>Acceptance of deposits</b> In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year as per provisions of Section 73 or 76 of the Act and the relevant Rules framed thereunder. Accordingly the provisions of the Para 3 (v) of the Order are not applicable to the Company for the year under review.
6	<b>3(vi)</b>	<b>Maintenance of cost records</b> According to the information and explanations given us, the maintenance of cost records prescribed by the Central Government under section 148(1) of the Act applicability of cost audit as per Rule 3 of the Cost Audit Rules is not applicable to the company. Accordingly Para 3(vi) of the Order is not applicable to the Company for the year under review.
7	<b>3(vii)</b>	<b>Statutory Dues</b>
	<b>3(vii)(a)</b>	According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Goods and Service Tax, Customs Duty, Cess and other material statutory dues have been generally deposited, barring small aberrations, during the year by the Company with the appropriate authorities. There are delays in remitting Tax deducted from payees and also in respect of tax liability arised during year for earlier years.  According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Goods and Service Tax, Customs Duty, Cess, income Tax (except fresh liability for earlier years) and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

Sl. No.	Ref to CARO	Report by Independent Auditors
	<b>3(vii)(b)</b>	According to the information and explanation given to us, there are no dues of statutory dues of Income tax, sales tax, Service tax, Goods and Service tax, Customs duty, Excise duty, Value added tax, cess and other dues that have not been deposited by the Company on account of any disputes.
<b>8</b>	<b>3(viii)</b>	<b>Defaults in repayments to Financial Institutions/Banks/Debenture holders</b> In our opinion and according to the information and explanation given to us, the Company has not defaulted in the payment/repayments of loans or borrowings to the banks.
<b>9</b>	<b>3(ix)</b>	<b>Initial public offer/further offer</b> In our opinion and according to the information and explanation given to us, the company has not made, during the year under review, any initial public offer or further public offer of securities (including debt instruments) or the term loans during the year and hence reporting under Para 3(ix) of the Order is not applicable to the company.
<b>10</b>	<b>3(x)</b>	<b>Frauds by or on the company</b> In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
<b>11</b>	<b>3(xi)</b>	<b>Managerial Remuneration</b> In our opinion and according to the information and explanation given to us based on the examination of the records of the Company, the company has paid/provided managerial remuneration in accordance with the requisite approvals and compliances mandated by the provisions of section 197 read with Schedule V to the Act.
<b>12</b>	<b>3(xii)</b>	<b>Nidhi company</b> In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act and hence paragraph 3(xii) of the Order is not applicable to the company.
<b>13</b>	<b>3(xiii)</b>	<b>Transactions with Related parties</b> In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with provisions of section 177 and section 188 of the Act where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
<b>14</b>	<b>3(xiv)</b>	<b>Preferential allotment u/s 62 or private placement u/s 42 of the Act</b> In our opinion and according to the information and explanation given to us and based on our examination of the records, the Company has not made any preferential allotment of equity shares during the year.  There is no private placement of shares by the company under section 42 of the Act during the year.
<b>15</b>	<b>3(xv)</b>	<b>Non-cash transactions with directors u/s 192 of the Act</b> In our opinion and according to the information and explanation given to us and based on our examination of the records of the Company, the company has not entered during the year into any non cash transactions with its Directors or persons connected to its Directors and hence provisions of Sec 192 of the Act and paragraph 3(xv) of the Order are not applicable to the company.
<b>16</b>	<b>3(xvi)</b>	<b>Registration u/s 45-1A of Reserve Bank of India Act,1934</b> According to the information and explanation given to us, the company is not required to be registered under section 45-1A of the Reserve bank of India Act, 1934 and hence paragraph 3(xvi) of the Order is not applicable to the company.

**For S.T Mohite & Co.**

Chartered Accountants (Regd No: 011410S)

Sd/-

**Sreenivasa Rao T. Mohite**

Partner (Membership No. 015635)

ICAI UDIN: 20015635AAAACK7259

**Place: Hyderabad**

**Date: June 26th, 2020**

## Annexure B to the **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Para (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Apollo Micro Systems Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to

error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the 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, 2020, based

on the internal control over financial reporting 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.

**For S.T Mohite & Co.**

Chartered Accountants (Regd No: 011410S)

Sd/-

**Sreenivasa Rao T. Mohite**

Place: Hyderabad

Partner (Membership No. 015635)

Date: June 26th, 2020

ICAI UDIN: 20015635AAAACK7259

# Balance SHEET

as at 31 March, 2020

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	50,26,14,313	41,80,52,260
Capital work-in-progress	4	36,52,31,912	28,34,79,718
Other intangible assets	4	8,02,780	-
		<b>86,86,49,005</b>	<b>70,15,31,978</b>
<b>Current assets</b>			
Inventories	5	2,07,94,61,676	1,72,88,06,744
Financial assets			
Trade receivables	6	1,35,47,91,601	1,69,31,53,261
Cash and cash equivalents	7	8,80,071	7,89,42,976
Other bank balances	8	12,38,83,795	18,71,31,478
Loans	9	19,47,946	92,60,469
Other current assets	10	22,15,53,755	10,76,43,653
		<b>3,78,25,18,844</b>	<b>3,80,49,38,581</b>
<b>Total assets</b>		<b>4,65,11,67,848</b>	<b>4,50,64,70,559</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	11	20,75,88,860	20,75,88,860
Other equity	12	2,75,15,63,221	2,61,16,78,763
<b>Total equity</b>		<b>2,95,91,52,081</b>	<b>2,81,92,67,623</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	88,591	35,51,595
Deferred tax liabilities, net	14	13,19,71,561	9,44,39,404
Provisions	15	73,65,699	58,94,786
		<b>13,94,25,851</b>	<b>10,38,85,785</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	13	82,82,42,375	1,03,40,38,305
Trade payables:-	16		
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		56,93,62,672	37,03,08,025
Other financial liabilities	17	7,82,94,980	11,77,81,833
Other current liabilities	18	1,43,74,796	1,65,98,622
Current tax liabilities, net	19	5,98,70,466	4,29,58,384
Provisions	15	24,44,626	16,31,981
<b>Total liabilities</b>		<b>1,55,25,89,916</b>	<b>1,58,33,17,151</b>
<b>Total equity and liabilities</b>		<b>4,65,11,67,848</b>	<b>4,50,64,70,559</b>
Summary of significant accounting policies	3		

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

As per our report of even date

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

 Chartered Accountants  
 ICAI Firm Registration Number: 011410S

 Sd/-  
**Sreenivasa Rao T Mohite**  
 Partner  
 Membership No.: 015635  
 ICAI UDIN: 20015635AAAACK7259

**Place: Hyderabad**  
**Date: 26 June, 2020**

 for and on behalf of the Board of Directors of  
**Apollo Micro Systems Limited**  
 CIN: L72200TG1997PLC026556

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

 Sd/-  
**Sudarshan Chiluveru**  
 Chief Financial Officer

 Sd/-  
**Krishna Sai Kumar Addepalli**  
 Director  
 DIN: 03601692

 Sd/-  
**Chaitanya Siva Shankar Vitta**  
 Company Secretary  
 Membership No: ACS49765

# Statement of **PROFIT AND LOSS**

for the year ended 31 March, 2020

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	20	2,45,90,41,260	2,62,97,53,243
Other income	21	1,59,57,933	3,22,63,837
<b>Total income</b>		<b>2,47,49,99,193</b>	<b>2,66,20,17,081</b>
<b>Expenses</b>			
Cost of materials consumed	22	1,92,18,00,418	1,95,17,50,782
Changes in inventories and work in progress	23	(12,06,94,406)	3,58,00,179
Employee benefits expense	24	7,62,44,152	7,02,16,057
Depreciation expense	25	9,89,54,464	6,19,50,838
Finance costs	26	15,10,44,733	12,76,04,212
Other expenses	27	9,50,40,631	8,76,97,087
<b>Total expense</b>		<b>2,22,23,89,991</b>	<b>2,33,50,19,154</b>
<b>Profit before tax and exceptional items</b>		<b>25,26,09,201</b>	<b>32,69,97,926</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>25,26,09,201</b>	<b>32,69,97,926</b>
<b>Tax expense:</b>			
Current tax	28	3,80,14,414	6,29,58,384
Earlier tax adjustments		3,68,56,052	-
Deferred tax	28	3,76,25,958	(2,71,45,724)
Total tax expense		11,24,96,424	3,58,12,660
<b>Profit for the year</b>		<b>14,01,12,777</b>	<b>29,11,85,266</b>
<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		(3,22,119)	12,80,981
Income-tax effect	28	93,800	(3,73,022)
<b>Other comprehensive income for the year, net of tax</b>		<b>(2,28,319)</b>	<b>9,07,959</b>
<b>Total comprehensive income for the year</b>		<b>13,98,84,459</b>	<b>29,20,93,226</b>
<b>Earnings per equity share (nominal value of INR 10) in INR</b>	37		
Basic		6.75	14.03
Diluted		6.75	14.02
Summary of significant accounting policies	3		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sd/-

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

ICAI UDIN: 20015635AAAACK7259

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karunakar Reddy Badam**

Managing Director

DIN: 00790139

Sd/-

**Sudarshan Chiluveru**

Chief Financial Officer

Sd/-

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

Sd/-

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

**Place: Hyderabad**

**Date: 26 June, 2020**

# Statement of CASH FLOWS

for the year ended 31 March, 2020

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	25,26,09,201	32,69,97,926
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	9,89,54,464	6,19,50,838
Finance income (including fair value change in financial instruments)	(1,59,57,933)	(2,38,59,597)
Finance costs (including fair value change in financial instruments)	15,10,44,733	12,76,04,212
Re-measurement gains on defined benefit plans	(3,22,119)	12,80,981
<b>Operating profit before working capital changes</b>	<b>48,63,28,347</b>	<b>49,39,74,360</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	33,83,61,660	(54,60,51,357)
Inventories	(35,06,54,932)	(1,08,27,920)
Loans - current	73,12,523	(4,51,312)
Other assets - current	(11,39,10,102)	(58,71,670)
Other assets - non current	-	2,59,15,382
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	19,90,54,647	(56,19,91,195)
Other financial liabilities - current	(3,94,86,853)	61,15,407
Other current liabilities	(22,23,825)	(4,62,01,536)
Provisions	22,83,558	1,99,823
<b>Cash generated from operations</b>	<b>52,70,65,022</b>	<b>(64,51,90,018)</b>
Income taxes paid	(5,79,58,385)	(8,41,22,270)
<b>Net cash generated from/(used in) operating activities</b>	<b>46,91,06,638</b>	<b>(72,93,12,288)</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	(26,60,71,491)	(18,61,19,644)
(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net	6,32,47,683	79,83,72,763
Interest received (finance income)	1,59,57,933	2,38,59,597
<b>Net cash used in investing activities</b>	<b>(18,68,65,875)</b>	<b>63,61,12,716</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	-	-
Share issue expenses	-	(36,24,628)
Dividend Paid	-	(2,50,31,968)
(Repayment) /Proceeds from borrowings, net	(20,92,58,934)	26,04,31,226
Interest paid	(15,10,44,733)	(13,21,72,583)
<b>Net cash provided by financing activities</b>	<b>(36,03,03,668)</b>	<b>9,96,02,046</b>

# Statement of **CASH FLOWS**

for the year ended 31 March, 2020

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net increase in cash and cash equivalents (I+II+III)</b>	(7,80,62,905)	64,02,475
Cash and cash equivalents at the beginning of the year	7,89,42,976	7,25,40,502
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>8,80,071</b>	<b>7,89,42,976</b>
<b>Note:</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	5,55,806	5,63,169
Balances with banks:		
- in current accounts	3,24,265	7,83,79,808
	<b>8,80,071</b>	<b>7,89,42,976</b>
Summary of significant accounting policies		

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sd/-

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

ICAI UDIN: 20015635AAAACK7259

**Place: Hyderabad**

**Date: 26 June, 2020**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karunakar Reddy Badam**

Managing Director

DIN: 00790139

Sd/-

**Sudarshan Chiluveru**

Chief Financial Officer

Sd/-

**Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

Sd/-

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765



# Statement of **CHANGES IN EQUITY**

for the year ended March 31, 2020

## a. Equity Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Reserves and Surplus	
	No. of shares	Amount
Balance as at April 1, 2018	2,07,63,886	20,76,38,860
Add: Issued during the year	-	-
Less : Fully paid up shares purchased by ESOP Trust but not allotted to employees	(5,000)	(50,000)
Balance as at March 31, 2019	2,07,58,886	20,75,88,860
Add: Issued during the year	-	-
Less : Fully paid up shares purchased by ESOP Trust but not allotted to employees	-	-
Balance as at March 31, 2020	2,07,58,886	20,75,88,860

## b. Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Reserves and Surplus		Amount
	No. of shares	Amount	
<b>At April 1, 2018</b>	1,65,73,81,291	69,08,60,842	2,34,82,42,133
Profit for the year	-	29,11,85,266	29,11,85,266
Additions during the year	-	-	-
Share issue expenses	(36,24,628)	-	(36,24,628)
Dividend Paid	-	(2,50,31,968)	(2,50,31,968)
<b>Other comprehensive income</b>			-
Re-measurement gains/ (losses) on defined benefit plans	-	12,80,982	12,80,982
Income-tax effect	-	(3,73,023)	(3,73,023)
<b>At March 31, 2019</b>	1,65,37,56,663	95,79,22,100	2,61,16,78,763
Profit for the year	-	14,01,12,777	14,01,12,777
Additions during the year	-	-	-
Share issue expenses	-	-	-
Dividend Paid	-	-	-
Other comprehensive income			
Re-measurement gains/ (losses) on defined benefit plans, net of tax	-	(3,22,119)	(3,22,119)
Income-tax effect	-	93,800	93,800
<b>Balance as of 31 March 2020</b>	1,65,37,56,663	1,09,78,06,558	2,75,15,63,221

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sd/-

**Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

ICAI UDIN: 20015635AAAACK7259

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karunakar Reddy Badam**

Managing Director

DIN: 00790139

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**Sudarshan Chiluveru**

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Director

DIN: 03601692

Sd/-

**Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

**Place: Hyderabad**
**Date: 26 June, 2020**

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 1 General Information

Apollo Micro Systems Private Limited (“AMS”) was incorporated on March 03, 1997. It got converted in to public limited company with effect from April 01, 2017. The Register office of the company is situated at Plot No. No.128/A, Road No-12, BEL Road, IDA Mallapur, Uppal Mandal, Rangareddy Dist-500076. AMS is in to the supply of Electronics and Electro-mechanical systems and components including Design, Research & Development of systems which are used in Missile Programmes(weapon Systems Electronics), Underwater Missile programmes(weapon Systems Electronics), Avionic Systems, Ship Borne Systems, Submarine Systems, etc. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

## 2 Basis of preparation of financial statements

### 2.1 Statement of Compliance

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. These financial statements comply with Indian Accounting Standard (Ind AS), the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were authorised for issue by the Company’s Board of Directors on June 26, 2020.

Details of the accounting policies are included in Note 3.

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- certain financial assets and liabilities are measured at fair value;

- employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- long term borrowings are measured at amortized cost using the effective interest rate method.

### 2.3 Functional currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

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

### 2.4 Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

## 2.5 Critical accounting judgements and key sources of estimation

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

### *Provision and contingent liability*

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

### *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

## 2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3 Significant accounting policies

### 3.1 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

The Company's revenues are derived from sale of goods and services.

- Revenue from sale of goods is recognized where control is transferred to the Company's customers at the time of shipment to or receipt of goods by the customers. There was no change in the point of recognition of revenue upon adoption of Ind AS 115.
- Service income, is recognized as and when the underlying services are performed. There was no change in the point of recognition of revenue upon adoption of Ind AS 115. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognized over the expected period that related services are to be performed.
- Dividend income is accounted for when the right to receive the income is established.
- Difference between the sale price and carrying value of investment is recognised as profit or loss on sale / redemption on investment on trade date of transaction.
- Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 3.2 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability

adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

### 3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

### 3.4 Borrowing costs

Specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes interest expense, amortization of discounts, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

### 3.5 Taxation

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

#### *Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.6 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

### 3.7 Treasury Shares

The Company has created an Employee Stock Option Plan Trust (ESOP Trust) for providing share-based payment to its employees. The Company uses the trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The Company allots shares to the ESOP Trust or acquires shares from the open market. The Company treats the ESOP trust as its extension and shares held by ESOP Trust are treated as treasury shares. Share options exercised during the reporting period are satisfied with treasury shares. The consideration paid for treasury shares including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from retained earnings.

### 3.8 Property, plant and equipment

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

### 3.9 Expenditure during construction period

Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

### 3.10 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has componentised its PPE and has separately assessed the life of major components. In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management’s best estimation of obtaining economic benefits from those classes of assets.

Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings	30 years
Plant and Machinery	15 years
Electrical Equipment	10 years
Office Equipment	5 years
Computers	3 years
Furniture and Fixtures	10 years
Vehicles	8 years
Tools and Spares	15 years

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

### 3.11 Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

### 3.12 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### 3.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

### 3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

### 3.15 Impairment of non financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.16 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plans

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

#### Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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.

## 3.17 Provisions

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

## 3.18 Contingent liabilities & contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 3.19 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;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:



# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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

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

#### Financial assets: Business model assessment

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

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

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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.

## c. Derecognition

### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset

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

### Financial liabilities

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

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

## d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## e. Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

# Notes forming part of THE FINANCIAL STATEMENTS

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 4 Property, plant and equipment

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Free hold		Plant & Machinery	Vehicles	Testing Tools & Instruments	Furniture & Fixtures	Computers & Software	Office Equipments	Building	Electrical Fittings	Total	Intangible Assets		Capital work in progress		
	Land											Testing Tools & Instruments	Assets	Testing Tools & Instruments	Civil work in progress	
<b>Cost</b>																
<b>At April 1, 2018</b>	1,50,85,175	3,05,94,278		62,30,834	17,52,98,194	44,34,320	4,46,42,633	40,04,049	10,83,80,042	60,21,232	33,90,79,647	-	-	28,64,82,412	-	4,34,245
Additions	-	-		21,53,790	17,91,77,012	29,73,356	43,04,913	9,47,513	-	-	18,95,56,583	-	-	10,33,58,300	-	2,18,50,611
Deletions	-	-		-	-	-	-	-	-	-	-	-	-	12,86,45,850	-	-
<b>At March 31, 2019</b>	1,50,85,175	3,05,94,278		83,84,624	35,44,75,206	74,07,676	4,89,47,546	49,51,562	10,83,80,042	60,21,232	58,42,47,340	-	-	26,11,94,862	-	2,22,84,856
Additions	-	-		812,459	14,56,06,319	46,56,623	24,94,206	4,31,005	2,93,15,210	-	18,33,15,822	10,03,475	-	24,19,85,980	-	70,30,354
Deletions	-	-		-	-	-	-	-	-	-	-	-	-	13,79,48,930	-	2,93,15,210
<b>At March 31, 2020</b>	<b>1,50,85,175</b>	<b>3,05,94,278</b>		<b>91,97,083</b>	<b>50,00,81,525</b>	<b>1,20,64,299</b>	<b>5,14,41,752</b>	<b>53,82,567</b>	<b>13,76,95,252</b>	<b>60,21,232</b>	<b>76,75,63,162</b>	<b>10,03,475</b>	<b>10,03,475</b>	<b>36,52,31,912</b>	<b>0</b>	<b>0</b>
<b>Accumulated depreciation</b>																
<b>At April 1, 2018</b>	-	1,00,72,829		19,11,486	3,93,11,119	16,15,465	2,73,16,063	22,60,662	1,90,42,423	27,14,196	10,42,44,243	-	-	-	-	-
Charge for the year	-	37,14,382		12,64,193	3,25,68,268	10,25,633	1,30,07,363	10,27,733	84,87,074	8,56,192	6,19,50,838	-	-	-	-	-
Less: Adjustments	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	-	1,37,87,211		31,75,679	7,18,79,387	26,41,098	4,03,23,426	32,88,395	2,75,29,497	35,70,388	16,61,95,081	-	-	-	-	-
Charge for the year	-	30,42,079		15,36,521	7,69,87,668	19,31,687	60,95,134	8,45,354	76,80,802	6,34,524	9,87,53,769	2,00,695	-	-	-	-
Less: Adjustments	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 2020</b>	-	1,68,29,290		47,12,200	14,88,67,055	45,72,785	4,64,18,560	41,33,749	3,52,10,299	42,04,911	26,49,48,850	2,00,695	-	-	-	-
<b>Carrying amount</b>																
At April 1, 2018	1,50,85,175	2,05,21,449		43,19,348	13,59,87,075	28,18,855	1,73,26,570	17,43,387	8,93,37,619	33,07,036	29,04,46,514	-	-	28,64,82,412	-	4,34,245
At March 31, 2019	1,50,85,175	1,68,07,067		52,08,945	28,25,95,818	47,66,578	86,24,120	16,63,168	8,08,50,545	24,50,844	41,80,52,260	-	-	26,11,94,862	-	2,22,84,856
<b>At March 31, 2020</b>	<b>1,50,85,175</b>	<b>1,37,64,988</b>		<b>44,84,883</b>	<b>35,12,14,470</b>	<b>74,91,514</b>	<b>50,23,191</b>	<b>12,48,818</b>	<b>10,24,84,953</b>	<b>18,16,321</b>	<b>50,26,14,313</b>	<b>8,02,780</b>	<b>8,02,780</b>	<b>36,52,31,912</b>	<b>0</b>	<b>0</b>

## Notes

- Depreciation is Calculated as per Straight Line Method based on useful life of assets as indicated in Schedule-II of The Companies Act, 2013 and Note.3.9
- All Properties Plant and Equipments are under Charge Created by the company for the term loans availed.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 5 Inventories

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Raw material and stores	68,92,00,014	45,92,39,488
Work in progress	98,81,52,070	93,39,01,889
Finished goods	40,21,09,592	33,56,65,367
	<b>2,07,94,61,676</b>	<b>1,72,88,06,744</b>

## 6 Trade receivables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Unsecured, considered good	1,35,47,91,601	1,69,31,53,261
	<b>1,35,47,91,601</b>	<b>1,69,31,53,261</b>
Less: Allowance for doubtful receivables	-	-
	<b>1,35,47,91,601</b>	<b>1,69,31,53,261</b>

## 7 Cash and cash equivalents

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Balances with banks:		
- in current accounts	3,24,265	7,83,79,808
Cash on hand	5,55,806	5,63,169
	<b>8,80,071</b>	<b>7,89,42,976</b>

## 8 Other Bank balances

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Term deposits with Banks with original maturities of more than 3 months and less than 1 year*	12,38,83,795	18,71,31,478
	<b>12,38,83,795</b>	<b>18,71,31,478</b>

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

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current</b>		
Security deposits with regulatory authorities and others	19,47,946	92,60,469
	<b>19,47,946</b>	<b>92,60,469</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 10 Other current assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<i>Unsecured, considered good</i>		
Advances other than capital advances		
Advances for materials	16,88,04,544	9,25,45,517
Advances for expenses	9,11,600	14,98,901
Salary advances	7,99,234	7,89,036
Prepaid expenses	39,20,602	18,79,520
Balances with Government Departments	4,71,17,775	1,09,30,679
	<b>22,15,53,755</b>	<b>10,76,43,653</b>

## 11 Share Capital

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Authorised</b>		
27,000,000 (March 31, 2019: 27,000,000) equity shares of ₹ 10/- each	27,00,00,000	27,00,00,000
<b>Issued, subscribed and fully paid-up</b>		
20,758,886 (March 31, 2019: 20,763,886) equity shares of ₹10/- each fully paid-up	20,76,38,860	20,76,38,860
Less: Equity Shares of ₹10/- each fully paid up issued to ESOP Trust but not allotted to employees	(50,000)	(50,000)
Adjusted : Issued, Subscribed and Paid up Share Capital	<b>20,75,88,860</b>	<b>20,75,88,860</b>

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020		31 March 2019	
	No. of equity shares	Amount	No. of equity shares	Amount
Outstanding at the beginning of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,07,63,886	20,76,38,860	2,07,63,886	20,76,38,860
Less: Equity shares of ₹ 10/- each fully paid-up issued to ESOP Trust but not allotted to employees.	(5,000)	(50,000)	(5,000)	(50,000)
Outstanding at the end of the year	2,07,58,886	20,75,88,860	2,07,58,886	20,75,88,860

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

Equity shares of the Company have a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## (c) Details of shareholders holding more than 5% shares in the Company

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020		31 March 2019	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Baddam Karunakar Reddy	1,32,71,690	63.92%	1,32,71,690	63.92%

## 12 Other equity

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Securities premium</b>		
Balance at the beginning of the year	1,65,37,56,663	1,65,73,81,291
Add: Premium on fresh issue	-	-
Less: Share issue expenses	-	(36,24,628)
<b>Balance at the end of the year</b>	<b>1,65,37,56,663</b>	<b>1,65,37,56,663</b>
<b>Retained earnings</b>		
Opening balance	95,79,22,100	69,08,60,842
Profit/(loss) for the year	14,01,12,777	29,11,85,266
Other comprehensive income	(2,28,319)	9,07,959
Less: Dividend Paid	-	(2,50,31,968)
Less: Transfers to general reserve	-	-
<b>Closing balance</b>	<b>1,09,78,06,558</b>	<b>95,79,22,100</b>
<b>Total other equity</b>	<b>2,75,15,63,221</b>	<b>2,61,16,78,763</b>

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

## 13 Borrowings

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
From othes	-	27,91,119
Vehicle loans (Refer note B)	88,591	4,01,773
<b>Unsecured loans</b>		
From others - Companies (Refer Note C)	-	3,58,703
	<b>88,591</b>	<b>35,51,595</b>
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand (Refer Note D below)		
- Overdraft from State Bank of India	34,82,68,453	42,50,54,015
- Overdraft from ICICI Bank	25,32,63,014	21,66,51,043
- Overdraft from RBL Bank	-	4,15,56,489
- Overdraft from Axis Bank	17,67,28,231	30,13,06,605
- Line of credit from National Small Industries Corporation against raw material purchases	4,99,82,677	4,94,70,154
<b>Total current borrowings</b>	<b>82,82,42,375</b>	<b>1,03,40,38,305</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## A. Term loans from Others:

During the year the Company has repaid all the term loans.

## B. Vehicle loans :

The Company has a Vehicle loan from HDFC Limited taken in July, 2017. The loan is repayable in 48 installments from Aug, 2017 to July, 2021. The loan carries an interest rate of 12.05%. This loan is secured by hypothecation of the vehicle for which the loan was taken.

## C. Unsecured loans :

The Company has repaid all the unsecured loans during the year.

## D. Loans repayable on demand:

Overdraft from State Bank of India is repayable on demand and the loan carries an interest rate of 11.90%.

Overdraft from ICICI Bank is repayable on demand and the loan carries an interest rate of 11.75%.

Overdraft from Axis Bank is repayable on demand and the loan carries an interest rate of 10.50%.

Raw Material Assistance from National Small Industries Corporation is extended against Bank Guarantee.

The above loans including Letter of Credit and Bank Guarantees repayable on demand and Secured by hypothecation of Inventories, Assignment of Book Debts ranking pari passu with loans from SBI, ICICI and AXIS Bank Equitable Mortgage of Land & Building. The Loans are further recovered by personal guarantee of a director in his individual capacity.

## 14 Deferred tax liabilities, net

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Deferred tax liability		
- Tangible and Intangible assets	13,48,28,327	9,62,93,649
- Research and development	-	-
<b>Total</b>	<b>13,48,28,327</b>	<b>9,62,93,649</b>
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	28,56,767	18,54,245
<b>Total</b>	<b>28,56,767</b>	<b>18,54,245</b>
<b>Deferred tax liability, net</b>	<b>13,19,71,561</b>	<b>9,44,39,404</b>

## 15 Provisions

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Non-Current</b>		
Provision for employee benefits		
- Gratuity (refer note 34)	73,65,699	58,94,786
	<b>73,65,699</b>	<b>58,94,786</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer note 34)	3,02,862	4,72,813
- Leave Encashment	21,41,764	11,59,168
	<b>24,44,626</b>	<b>16,31,981</b>



# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 16 Trade payables

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 35)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	56,93,62,672	37,03,08,025
	<b>56,93,62,672</b>	<b>37,03,08,025</b>

## 17 Other financial liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Current maturities of long-term debts	47,16,610	4,32,10,264
Creditors for capital goods	1,35,74,681	2,40,91,671
Employee salaries & Leave encashment payable	54,02,897	49,10,782
Directors remuneration payable	10,36,084	70,28,660
Expenses payable	5,35,64,708	3,85,40,456
	<b>7,82,94,980</b>	<b>11,77,81,833</b>

## 18 Other liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current</b>		
Advance received from customers	47,76,450	20,39,958
Statutory liabilities	95,98,347	1,45,58,664
	<b>1,43,74,796</b>	<b>1,65,98,622</b>

## 19 Current tax liabilities

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Current</b>		
Provision for Income tax	3,80,14,414	6,29,58,384
Earlier Tax payable	2,43,56,052	-
Less: Advance tax	(25,00,000)	(2,00,00,000)
	<b>5,98,70,466</b>	<b>4,29,58,384</b>

## 20 Revenue from operations

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Sale of products	2,36,69,45,887	2,55,86,08,454
Sale of services	9,20,95,373	7,11,44,790
	<b>2,45,90,41,260</b>	<b>2,62,97,53,243</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 21 Other income

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Interest income	1,59,57,933	2,38,59,597
Gain on Mutual fund Investments	-	84,04,240
	<b>1,59,57,933</b>	<b>3,22,63,837</b>

## 22 Cost of materials consumed

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Opening stock of raw materials and stores	45,92,39,488	41,26,11,389
Add: Purchases	2,06,01,69,796	1,96,52,70,172
Add: other Incidental Cost	9,15,91,148	3,31,08,709
	<b>2,61,10,00,432</b>	<b>2,41,09,90,270</b>
Less : Closing Stock of Raw Materials and Consumables	68,92,00,014	45,92,39,488
	<b>1,92,18,00,418</b>	<b>1,95,17,50,782</b>

## 23 Changes in inventories and Work in progress

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Closing stock</b>		
Finished goods	40,21,09,592	33,56,65,367
Work in process	98,81,52,070	93,39,01,889
<b>Total (A)</b>	<b>1,39,02,61,662</b>	<b>1,26,95,67,256</b>
<b>Opening stock</b>		
Finished goods	33,56,65,367	44,12,42,312
Work in process	93,39,01,889	86,41,25,123
<b>Total (B)</b>	<b>1,26,95,67,256</b>	<b>1,30,53,67,435</b>
<b>(Increase) / Decrease in Inventories and work in progress (B-A)</b>	<b>(12,06,94,406)</b>	<b>3,58,00,179</b>

## 24 Employee benefits expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Salaries, wages and bonus	6,80,54,461	6,28,78,518
Contribution to provident and other funds	35,36,294	27,02,869
Gratuity Expense	18,27,425	19,80,804
Staff welfare expenses	28,25,972	26,53,866
	<b>7,62,44,152</b>	<b>7,02,16,057</b>

## 25 Depreciation expense

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Depreciation of tangible assets	9,89,54,464	6,19,50,838
	<b>9,89,54,464</b>	<b>6,19,50,838</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 26 Finance costs

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Interest on term loans	10,31,003	58,13,864
Interest on working capital loans	9,72,17,319	8,80,17,137
Bank charges and commissions	3,92,73,108	3,65,26,263
Foreign Exchange Loss	42,60,610	18,15,319
Interest on Income Tax paid	92,62,693	(45,68,371)
	<b>15,10,44,733</b>	<b>12,76,04,212</b>

## 27 Other expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Managerial remuneration	1,80,74,193	1,97,00,000
Business development expenses	1,00,99,090	45,92,797
Consultancy charges	84,22,174	82,53,416
Tour and travelling	1,25,83,347	98,70,199
Power and fuel	36,58,282	42,74,050
Rent	17,55,000	15,96,000
Insurance	23,34,679	10,94,281
Filing Fee	12,100	20,012
Conveyance	29,43,087	11,02,218
Office maintenance	34,47,987	29,71,471
Repairs and maintenance	39,96,577	23,73,088
Printing and stationery	22,47,453	27,75,892
Communication expenses	15,40,536	16,71,704
Advertisement	10,24,967	1,13,38,999
Late Delivery Charges	1,25,61,469	56,55,477
Audit fees	5,00,000	5,00,000
Rates and taxes	4,27,773	1,17,624
Corporate social responsbilty (See Note.33)	51,50,000	74,00,000
Security charges	3,52,171	3,07,658
Vehicle maintenance	15,69,718	8,07,749
Donations	11,95,121	2,29,000
Computer maintenance	8,44,909	5,85,451
Director Sitting fee	3,00,000	4,60,000
	<b>9,50,40,631</b>	<b>8,76,97,087</b>

## 28 Tax expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	3,80,14,414	6,29,58,384
Earlier tax adjustments	3,68,56,052	(45,68,371)
Deferred tax:		
Relating to originating and reversal of temporary differences	3,76,25,958	(2,71,45,724)
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>11,24,96,424</b>	<b>3,12,44,289</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Re-measurement gains/ (losses) on defined benefit plan	93,801	(3,73,022)
<b>Income tax charge to OCI</b>	<b>93,801</b>	<b>(3,73,022)</b>

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	As at 31-Mar-20	As at 31-Mar-19
i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts (See Note:1 below)	1,14,09,747	1,61,23,349
(b) Outstanding Guarantees and Counter Guarantees to various Banks, in respect of the guarantees given by those banks in favour of various Govt Authorities and Others	15,42,47,334	28,60,38,802
ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed and not provided for;	66,44,610	-
(b) Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note:2 below)	1,61,11,184	1,61,11,184

### Note:

- The Income Tax Department has raised demands on the Company in respect of past years inspite of payments already made by the company. The Company has submitted/submitted proof of payments made for removal of claims against the company. Pending removal of demands, the company has not acknowledged as amount payable.
- The Company had availed import duty exemption of ₹1.61 crores in financial year 2014-15 under Zero Duty EPCG Scheme. As per this scheme the company has export obligation equal to Six times of the duty exemption availed. The Company has obtained approval from the Concern Authorities for fulfilling the export obligations. The Company has recognized a contingent liability as this depends on performance of the export obligation by the company with in the time period permitted.

## 30 Related party disclosures

### a) The following table provides the name of the related party and the nature of its relationship with the Company:

Name of the parties	Relationship
Sri B.Karunakar Reddy	Managing Director/KMP
Sri Addepalli Krishna Sai Kumar	Wholetime Director/KMP
Sri Chiluveru Sudarshan	Chief Financial Officer/KMP
Sri Chandrapati Venkata Siva Prasad	Wholetime Director/KMP
Sri Vitta Chaitanya Siva Shankar	Company Secretary/KMP
Apollo Food & Beverages Private Limited	Enterprises controlled by KMP

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## b) Details of all transactions with related parties during the year:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31-Mar-20	31-Mar-19
i) Managerial remuneration to Key Managerial Personnel*	1,99,41,386	2,13,20,000
ii) Rent paid to Karunakar Reddy Baddam	8,40,000	8,40,000
iii) Loan repaid to Karunakar Reddy Baddam, net	49,00,000	3,38,01,903

\*Does not include insurance, which is paid for the Company as a whole and gratuity as this is provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

## c) Details of balances receivable from and payable to related parties are as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>i) Financial liabilities - Others:</b>		
Managerial Remuneration to Key Managerial Personnel	10,36,084	71,25,249

## d) 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.

## 31 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.

## 32 Payment to auditors include

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Statutory audit fee	4,00,000	4,00,000
Tax Audit fee	1,00,000	1,00,000
Other Services	-	12,000
<b>Total</b>	<b>5,00,000</b>	<b>5,12,000</b>

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Unspent amount Carried forward from previous years	48,16,433	73,55,241
Amount Spent during the year	(51,50,000)	(74,00,000)
Liability for the year @ 2% of Average Net Profits	60,16,522	48,61,192
<b>Amount unspent</b>	<b>56,82,955</b>	<b>48,16,433</b>

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## Heads of Expenses consisting CSR expenses

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water {Sch VII (i)}	10,00,000	31,00,000
ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. {Sch VII (ii)}	41,50,000	10,00,000
iii) Rural development projects {Sch VII (x)}		33,00,000
<b>Total</b>	<b>51,50,000</b>	<b>74,00,000</b>

As per Section 135 read with Section 198 of Companies Act, 2013, the amount required to be spent towards CSR works out to ₹60,16,522/- for financial year 2019-20 (based on 2% of average net profits of preceding three financial years). The Board of Directors had allocated budget of ₹48,16,433 for the year 2018-19 and ₹3,33,562/- for the financial year 2019-20, out of which an amount of ₹60,16,522 remained unspent

## 34 Gratuity

The Company provides its employees with benefits under a defined benefit plan, referred to as the “Gratuity Plan”. The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹ 2,000,000.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:

Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
<b>Opening balance</b>	70,67,031	61,67,777
Service cost	13,02,054	17,24,655
Interest cost	5,40,628	4,79,236
Benefits paid	(1,10,769)	(19,385)
Actuarial loss/(gain)	(6,12,199)	(12,85,252)
<b>Closing balance</b>	<b>81,86,745</b>	<b>70,67,031</b>
Present value of projected benefit obligation at the end of the year	81,86,745	70,67,031
Fair value of plan assets at the end of the year	5,18,184	6,99,432
Net liability recognised in the balance sheet	76,68,561	63,67,599
Long term provision	73,65,699	58,94,786
Short term provision	3,02,862	4,72,813

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## Expenses recognised in statement of profit and loss

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Service cost	13,02,054	17,24,655
Interest cost	5,25,371	4,63,152
<b>Gratuity cost</b>	<b>18,27,425</b>	<b>21,87,807</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	(4,92,191)	(12,80,900)
Return on plan assets greater (less) than discount rate	(38,256)	(82)
<b>Total expenses routed through OCI</b>	<b>(5,30,447)</b>	<b>(12,80,982)</b>

## Assumptions

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Discount rate	6.80% p.a.	7.65% p.a.
Future salary increases	6.00% p.a.	4.00% p.a.
<b>Employee turnover</b>		

## A quantitative sensitivity analysis for significant assumption and its impact on projected benefit obligation are as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Effect of + 1% change in rate of discounting	10.51	8.4
Effect of - 1% change in rate of discounting	-8.74	-7.19
Effect of + 1% change in rate of salary increase	15.85	19.08
Effect of - 1% change in rate of salary increase	-12.2	-14.82

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.

## 35 Dues to Micro, small and medium enterprises

The Company is required to furnish required details under section 22(i) to clause (v) of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT) readwith Para FV of General Instructions for balance sheet in Division II of Schedule III to the Companies Act, 2013 (the Act). As per the said regulations required information in respect of MSMED entities are, as per information submitted by the suppliers to the company, furnished below:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end. (all dues were paid before 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	9673224

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 35 Dues to Micro, small and medium enterprises (Contd..)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
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	195488
g) Further interest remaining due and payable for even in succeeding years.	Nil	195488

The above information is compiled based on information available with the company and relied upon by the auditors.

## 36 Leases

Effective 1st April 2019, the Company adopted Ind AS 116, Leases. This standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. There is no significant impact of the standard on the financial results of the Company. The Company has not recognized any right to use asset nor lease liability on account of this standard.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases amounting to INR 17,55,000 (INR 15,96,000 Previous Year) are recognised as an expense on a straight-line basis over the lease term.

## 37 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

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

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Profit for the year attributable to equity share holders	14,01,12,777	29,11,85,266
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	2,07,63,886	2,07,58,886
Weighted average number of equity shares outstanding during the year – diluted	2,07,63,886	2,07,63,270
<b>Earnings per share</b>		
Earnings per share of par value ₹ 10 – basic (₹)	6.75	14.03
Earnings per share of par value ₹ 10 – diluted (₹)	6.75	14.02



# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 38 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

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>March 31, 2020</b>		
INR	+1%	(83,30,476)
INR	-1%	83,30,476
<b>March 31, 2019</b>		
INR	+1%	(1,08,08,002)
INR	-1%	1,08,08,002

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, 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 Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend and based on the analysis has not provided any provision for expected credit losses on trade receivables.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

## c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Year ended March 31, 2020</b>						
Borrowings	82,82,42,375	11,79,153	35,37,458	88,591	-	83,30,47,576
Trade payables	56,93,62,672	-	-	-	-	56,93,62,672
<b>Year ended March 31, 2019</b>						
Borrowings	1,03,40,38,305	1,08,02,566	3,24,07,698	35,51,595	-	1,08,08,00,164
Trade payables	37,03,08,025	-	-	-	-	37,03,08,025

## 39 Capital management

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio. For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of March 31, 2020 and March 31, 2019 was as follows:

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	31 March 2020	31 March 2019
Total equity attributable to the equity shareholders of the Company	2,95,91,52,081	2,81,92,67,623
As a percentage of total capital	78.0%	72.3%
Long term borrowings including current maturities	48,05,201	4,67,61,859
Short term borrowings	82,82,42,375	1,03,40,38,305
<b>Total borrowings</b>	<b>83,30,47,576</b>	<b>1,08,08,00,164</b>
As a percentage of total capital	22.0%	27.7%
Total capital (equity and borrowings)	3,79,21,99,657	3,90,00,67,787

# Notes forming part of **THE FINANCIAL STATEMENTS**

(All amounts in Indian Rupees, except share data and where otherwise stated)

## 40 Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**41** Confirmations were sent to parties from whom amounts are due/receivables by balance as on 31st March, 2020. Due to COVID-19 lockdown situation responses from most of the parties were not received till date of approval of financial statements.

## 42 Prior year comparatives

The figures of the previous year have been regrouped/rearranged, where necessary, to conform with the current year's classification.

**43** The figures have been rounded off to nearest rupee.

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sd/-

### **Sreenivasa Rao T Mohite**

Partner

Membership No.: 015635

ICAI UDIN: 20015635AAAACK7259

for and on behalf of the Board of Directors of

### **Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

### **Karunakar Reddy Badam**

Managing Director

DIN: 00790139

Sd/-

### **Krishna Sai Kumar Addepalli**

Director

DIN: 03601692

Sd/-

### **Sudarshan Chiluveru**

Chief Financial Officer

Sd/-

### **Chaitanya Siva Shankar Vitta**

Company Secretary

Membership No: ACS49765

**Place: Hyderabad**

**Date: 26 June, 2020**





apollo microsystems

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