

Date: 3<sup>rd</sup> September, 2019

<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),

**Subject: Annual Report for financial year 2018-19 along with Notice of Annual General Meeting**

In continuation to our intimation dated 14<sup>th</sup> August, 2019, we are pleased to inform that the Twenty Second (22<sup>nd</sup>) Annual General Meeting ("AGM") of the Company will be held on Monday, 30<sup>th</sup> September, 2019 at 11:00 A.M (IST) at Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad- 500016 Telangana, India

Pursuant to Regulations 30 and 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report of the Company for the financial year 2018-19 including the Notice of AGM along with the Attendance Slip and Proxy form, which are being dispatched / sent to the members by the permitted mode(s). The same will also be made available on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) under the section "Investors".

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

Thanking You  
Yours Faithfully

**For Apollo Micro Systems Limited**

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

*Enclosure: Annual Report 2018-19*

**APOLLO MICRO SYSTEMS LIMITED**

Regd. Off: Plot No. 128/A, Road No. 12, IDA-Mallapur, Uppal Mandal, R.R. Dist - 500076, Telangana, India.  
Tel No: 040 - 27167000 - 099, Fax No: 040 - 27150820  
cs@apollo-micro.com, www.apollo-micro.com  
CIN No: L72200TG1997PLC026556

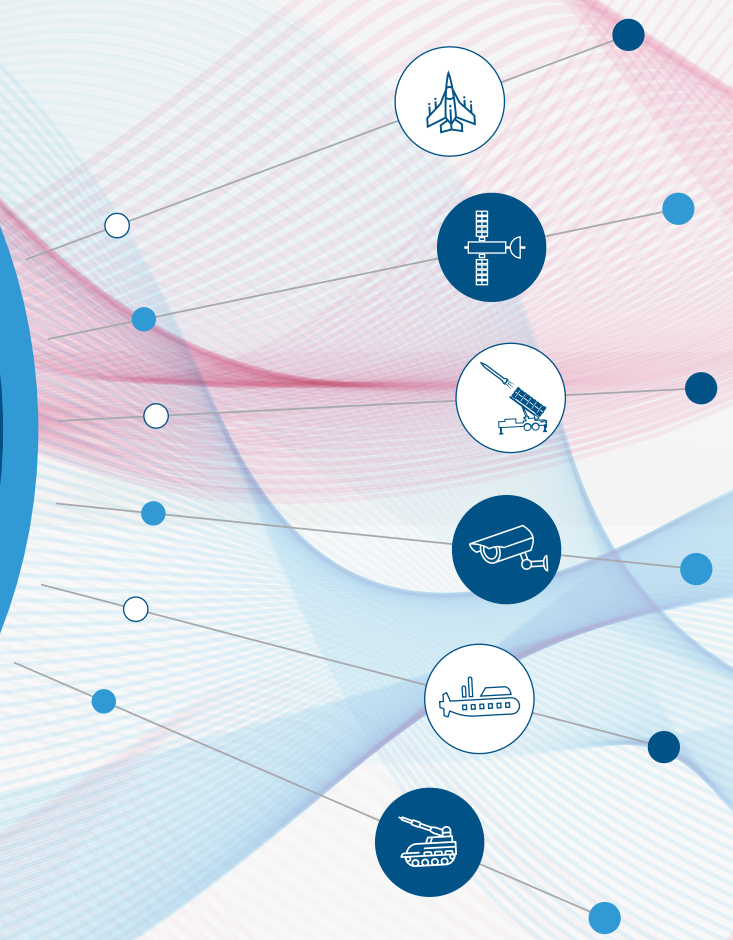


apollo microsystems

Apollo Micro Systems Ltd

# HARNESSING INDIGENOUS TECHNOLOGY FOR SUSTAINABLE GROWTH

ANNUAL REPORT  
2018-19



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You can also find this report online on:


[apollo-micro.com](http://apollo-micro.com)



### Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/images of our facilities, products or of any such nature/kind.





## **Excellence feels better when it's nurtured closer to home!**

We are being driven by quality, reliability and performance backed by our indigenous capabilities. Our foothold in the aerospace and defense sectors has made us stronger in our attempts of harnessing indigenous technologies in creating and delivering market-leading solutions that further leverage our position and help us to stride further towards our goal of consistent and sustainable growth!

# APOLLO MICRO SYSTEMS AT A GLANCE

**Apollo Micro Systems Limited (referred as 'AMS'), is the pioneer of design, development and assembly of electronic and electro mechanical solutions, providing solutions that are specific to customers across the globe.**

Since of inception, in 1985, we have constantly pushed our boundaries of innovation and technology to work at the forefront of delivering solutions to defence, space and homeland security sectors. Through our ground-breaking products and services, we are relentlessly committed to meet our customer needs while making the world a safer place.



## 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



## AMS in numbers

Key highlights, FY 2018-19

Revenue from operations

₹ **263** crore

EBITDA

₹ **51.65** crore

PAT

₹ **29.12** crore

Basic EPS

₹ **14.03**

Networth

₹ **282** crore

Employees

**270+**

Average experience of top management

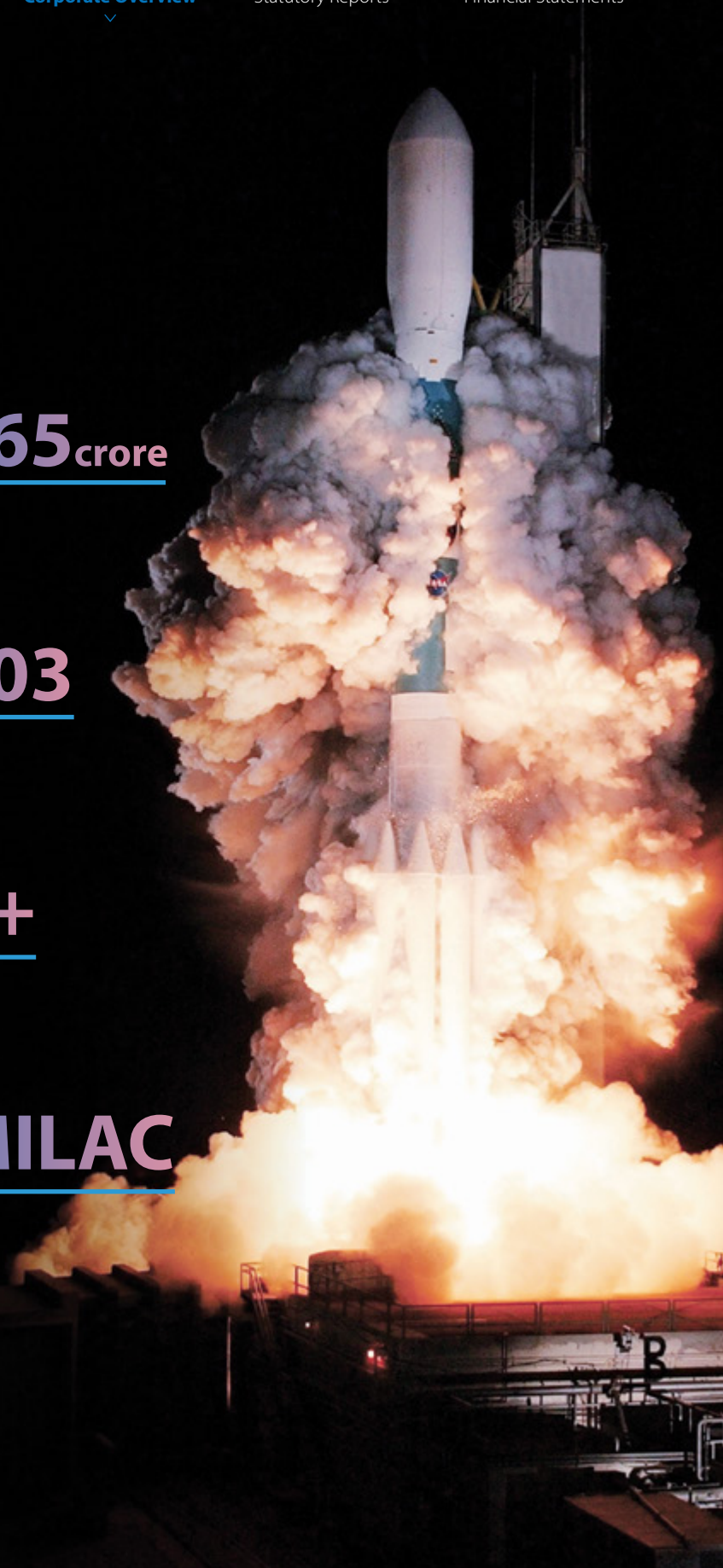
**30** years

Certified units

**CEMILAC**

Certified Quality system

**ISO 9001:2015**



# OUR SOLUTIONS

We thrive to deliver market-leading end-to-end design and solutions leveraging our strong market position in aerospace and defense & space. We also have a growing market presence in non-defense sectors such as Railways, Automotive and homeland security markets. At AMS, we believe that the key to success is innovation for



## Avionics

We conceptualize, design, manufacture and support avionic system equipment which include engine and flight controls and cockpit systems, together with aftermarket support services. We provide innovative solutions that are configured to suit all avionic system requirement of our customers by leveraging our knowledge, skills and technological capabilities.



## Aerospace

We provide technologically advanced and intelligent solutions including highly critical on-board system, Integrated avionics modules, PCM Encoders, electro mechanical Actuators and ground based system for the aerospace sector. AMS is known for being at the forefront of the industry, constantly meeting the dynamic needs in the aerospace sector. Our investment towards research and development is aimed at broadening our offerings while raising the bar on safety, performance and efficiency.



## Naval

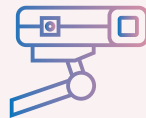
We offer On-Board solutions for Torpedoes, Submarines, Ships and Decoys. We have diversified product range in naval system which include Homming Electronics & Signal Processing Systems for Weapons, SONAR Power Transmitters, Power Supplies for Weapons, Submarines and Ships, Expendable Decoys, Submarine electronics, Anti-submarine warfare and Decoy launchers. Our capabilities under the segment enables us to design, build and manage resilient products for our customers.

**better and safer tomorrow. Thus, across all our verticals, we constantly put efforts right from developing new and more efficient products, to how we can leverage our capabilities to deliver insight-based solutions, through to pioneering disruptive innovations that will help to shape the future of defence, space and security sectors.**



### Ground Defence

We indulge in designing and development of rugged electronics and ground based military electronics through our in-depth knowledge and expertise of hardware designing enabling us to deliver cutting-edge and reliable products for military application.



### Homeland Security

To ensure safety of billions of people, our homeland security system engages in developing solutions that productively captures the scenes of crime and culprits in real time or near real time basis through IMINT algorithms. Our offering includes GPS based vehicle tracking system, integrated surveillance systems consisting of Perimeter Intrusion Detection System, RFID, CCTV, Automatic Vehicle location system and boom barriers.



### Space system

From Telemetry systems, Post-test data processing, Payload checkout systems and Antenna control systems, AMS's space capabilities are enabling a wide variety of space missions. Our solutions ensure stringent quality requirements meeting multi-mission requirement using state-of-the-art technologies.



# CHAIRMAN'S MESSAGE



## Dear Shareholders,

In the fiscal 2018-19, AMS posted splendid results amidst challenging macroeconomic scenario. Our technological capabilities form the bedrock of our vision to produce products that meet our customers' dynamic needs. I am pleased to report that it has been a fruitful first full year since our listing and we continue to report sustained operational and financial results.

We have recorded a notable growth, in a year that was marked by a range of challenges including geopolitical tensions, trade war between the US and China, rising debt-level in emerging markets and developing economies and liquidity crunch, which led to softening of global economic growth. While the Indian economy continues to emerge as the fastest growing major economy despite the headwinds. The Government of India (GoI) continues to introduce reforms to boost the growth and propel the country's economic worth to US\$ 5 trillion by 2025 from its current value of US\$ 2.7 trillion.

**Looking ahead to FY 2020, the Company is well positioned to continue to deliver outstanding products and solutions to our customers, superior returns to our shareholders, higher production and a growing trust among our customers.**



The GoI has been emphasising strongly on 'Make in India' along with 'Buy (Indian- IDDM)', 'Buy (Indian)' and 'Buy and Make (Indian)' over 'Buy (Global)'. This presents a huge growth impetus to ESDM like us. With rising awareness about India's capabilities being an alternate to China for Quality Electronic Systems is opening opportunities in the global market where the demand and supply gap is widening.

In alignment with the growing opportunities in domestic and overseas market, at AMS, we have increased our capacities, operational efficiencies and invested in strengthening our R&D capabilities. These measures will further strengthen our financial performance and create sustained value for our stakeholders.

An integral part of our business model is to ensure a holistic sustainable growth. We, at AMS, make sincere contribution to give back to the local communities in which we operate. We continue to work in multiple areas of interest to empower lives of people and make a positive difference.

Lastly, I also take this opportunity to thank all the shareholders for their continuous support and trust. I would also like to appreciate and thank the management team for their dedication and hard work. Looking ahead to FY 2020, the Company is well positioned to continue to deliver outstanding products and solutions to our customers, superior returns to our shareholders, higher production and a growing trust among our customers. We look forward to another exciting year in rapidly changing landscape and create value for our stakeholders, consistently.

Sd/-

**Raghupathy Goud Theegala**  
Chairman & Independent Director

# MESSAGE FROM THE MANAGING DIRECTOR



**I am pleased to report that in FY 2019 we took advantage of the opportunities that came our way while continuing to execute our growth strategies, capping of a successful year.**



Over three decades since our inception, we have successfully navigated economic cycles, returned to growth and invested to build a sustainable entity. I am pleased to report that in FY 2019 we took advantage of the opportunities that came our way while continuing to execute our growth strategies, capping of a successful year.

During the year under review, we reported a growth of 19.28% in top line to ₹26,297 lakhs as against ₹22,046 lakhs in the previous year. While, the EBITDA registered an increase of 4.29% to ₹5,165 lakhs in FY 2019 from ₹4,953 in FY 2018. We strengthened our profitability with an increased operating performance, with PAT at ₹2,911 lakhs as compared to ₹1,916 lakhs in the previous year.

On the balance sheet front, we maintained a healthy debt-equity ratio of 8.13x as on 31st March, 2019. Our integrated business model serves as a driving force for our profitable growth backed by our efficiencies resulting in a healthy working capital and higher interest cover ratio.

Our diverse product portfolio have helped us widen our client basket and increase our share of revenue among the existing clients as well. Thus, we have established our brand that brings us balance in terms of revenue, cross subsidisation between various segments and customer categories, mitigate market uncertainties and partner in nation building. Our joint ventures and technological collaborations with global and domestic players further enable us to deliver globally benchmarked products to our customers.

With our enhanced focus on providing high-value added products, we plan to focus on creating cost-effective, best-value solutions that meet our diverse customer requirements.

We are in the phase of continuously evolving with new opportunities by increasing our offerings across all the segments like Homeland security, Aviation, Aerospace, Avionics, Defence and naval.

Our strategy to sustained future is to foray into the overseas market, enter into new development projects and adopt critical technologies which have future business potential. The emphasis laid down by Gol on Defence exports marks a significant step that will only ensure a sustained business growth for our company. Along with our strong presence in Indian Defence Industry and more so in Indigenous Defence Programmes, we are striving to increase our market presence in non-defence sector such as Homeland security markets.

Going forward, we expect to continue our growth trajectory by innovating and offering new and improved products to our customers. We aspire growth not just in revenue, but also in operating activities fuelled by our technological competencies. Our priority will be to develop new front-line products that can create niche market leadership for us in the industry, diversifying across wide customer segments.

At AMS, we feel optimistic about our ability to continue to grow in both domestic and international markets. Our success in FY 2019 would not have been possible without the strong commitment and hardwork of our team members. We are looking forward to another successful year for AMS in FY 2020, taking the Company to even greater heights of success.

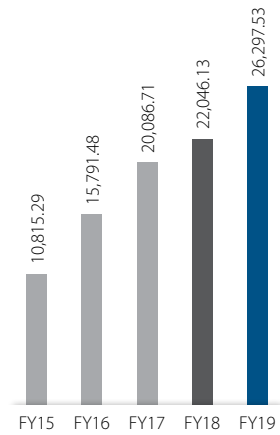
Sd/-

**Karunakar Reddy Baddam**  
Managing Director

# PERFORMANCE HIGHLIGHTS

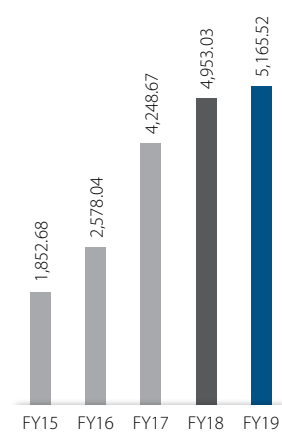
Revenue from Operations  
(₹ in lakhs)

**29.26%**  
5-year CAGR



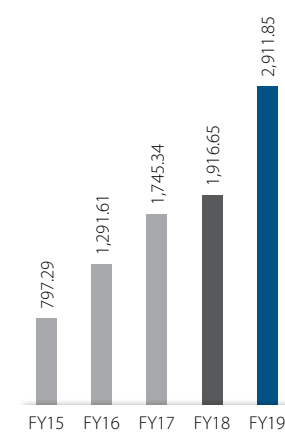
EBITDA  
(₹ in lakhs)

**30.41%**  
5-year CAGR

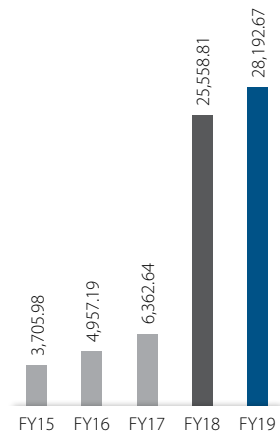


PAT  
(₹ in lakhs)

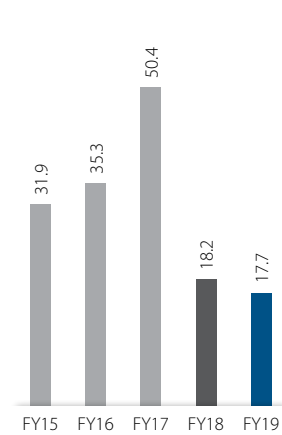
**36.63%**  
5-year CAGR



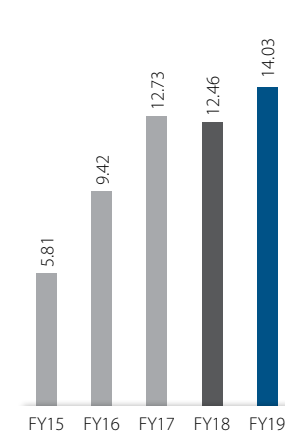
Net worth  
(₹ in lakhs)



RoCE  
(%)



Basic EPS  
(in ₹)





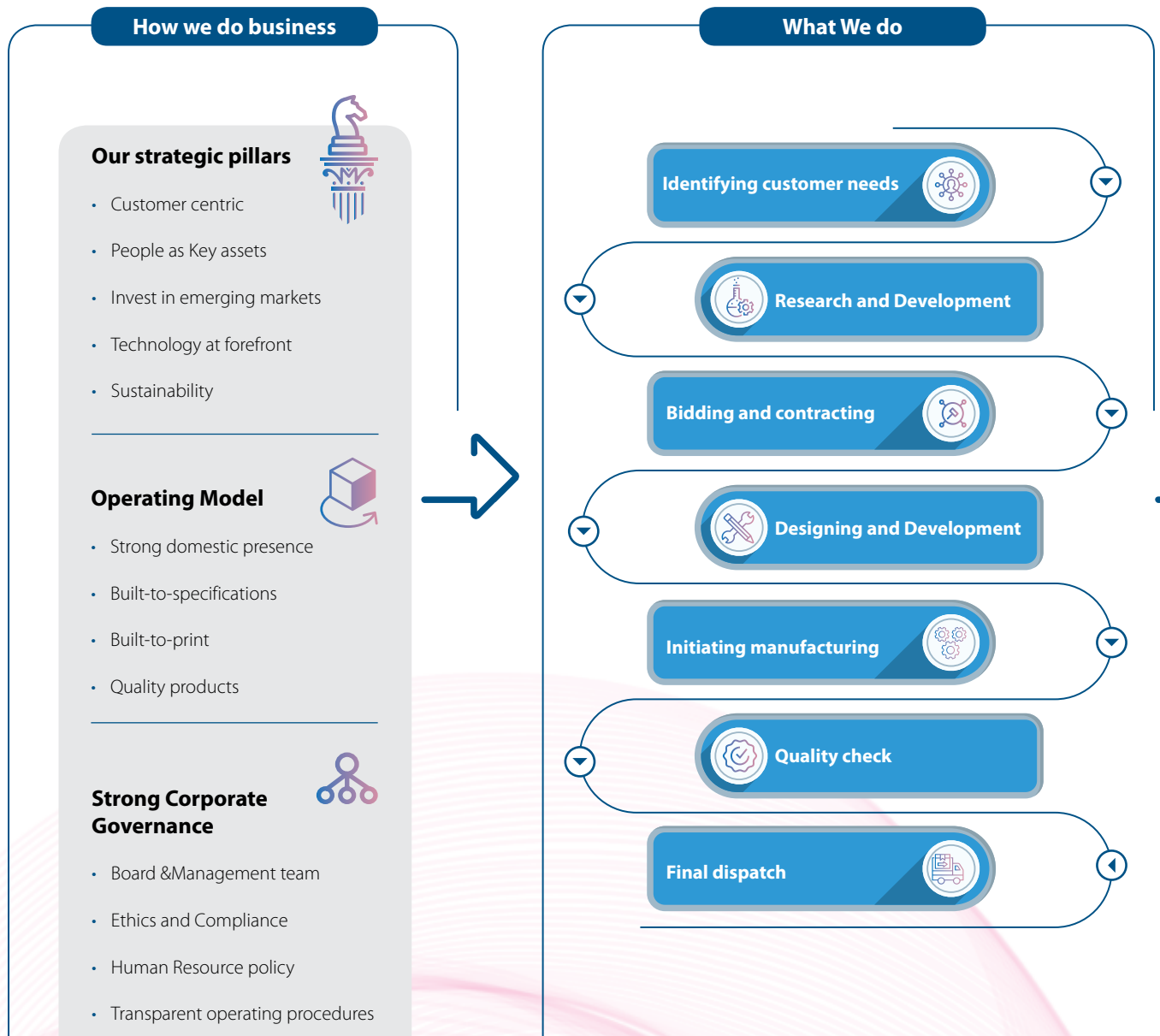


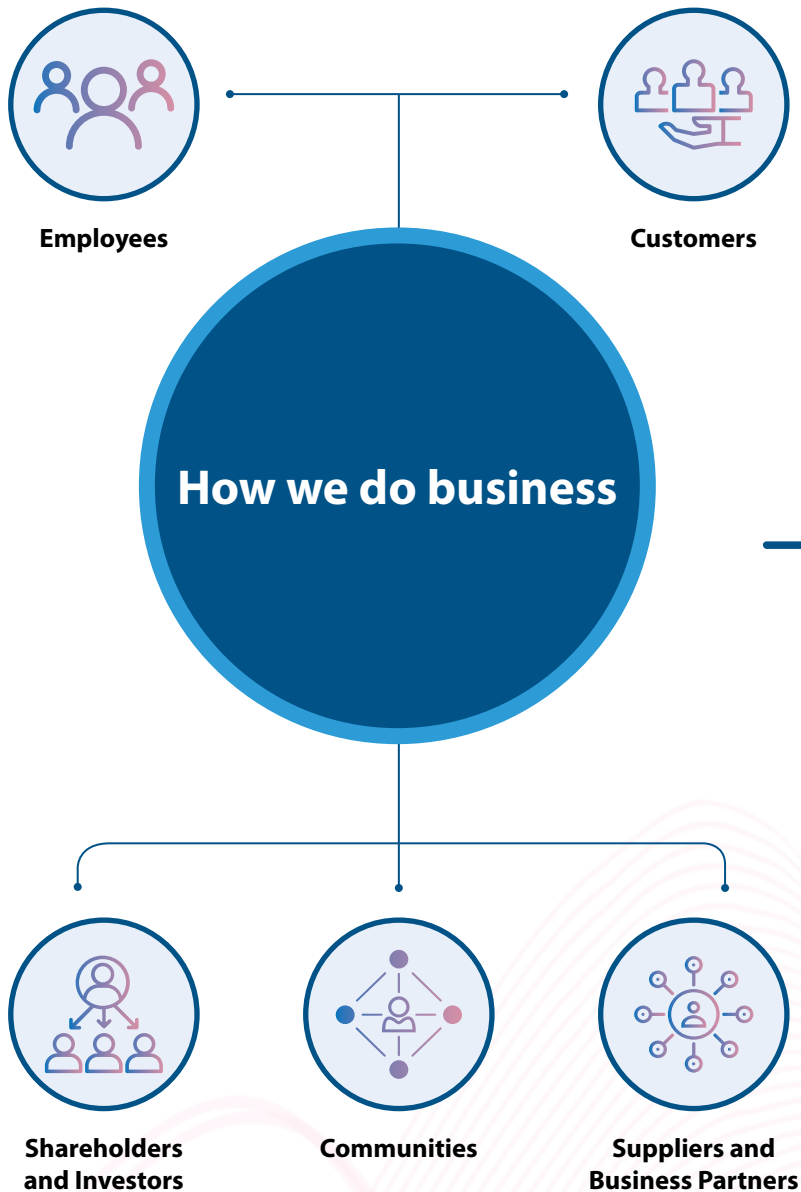
## Five Years at a Glance

(Amount in ₹)

	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Statement of Profit and Loss</b>					
Revenue from operations	2,62,97,53,243	2,20,46,13,913	2,00,86,70,952	1,57,91,48,852	1,08,15,29,555
EBIDTA	51,65,52,976.5	49,53,03,492.2	42,48,67,581	25,78,03,751	18,52,67,970
Depreciation	6,19,50,837.64	6,49,84,581	3,92,59,661	2,72,37,059	3,94,30,848
Finance costs	13,21,72,583.4	12,07,37,974.2	11,43,75,551	8,14,36,795	5,11,21,542
Profit before exceptional items and tax	32,24,29,555	32,17,73,041	25,78,22,929	14,91,29,897	9,47,15,580
Exceptional items	-	1,21,92,105	1,34,09,440	-	-
Profit before tax	32,24,29,555	30,95,80,936	27,12,32,369	14,91,29,897	9,47,15,580
Tax expenses	3,12,44,289	11,79,15,736	9,66,97,406	1,99,68,652	1,49,86,676
<b>Profit after tax</b>	<b>29,11,85,266</b>	<b>19,16,65,200</b>	<b>17,45,34,963</b>	<b>12,91,61,245</b>	<b>7,97,28,904</b>
EBIDTA / Revenue	19.64%	22.47%	21.15%	16.33%	17.13%
PBT / Revenue	12.26%	14.04%	13.50%	9.44%	8.76%
PAT / Revenue	11.07%	8.69%	8.69%	8.18%	7.37%
<b>Balance sheet</b>					
Share capital	20,75,88,860	20,76,38,860	13,71,17,000	13,71,17,000	13,71,17,000
Reserves and surplus	2,61,16,78,762	2,34,82,42,133	49,91,47,190	35,86,02,014	23,34,80,964
Share warrants	-	-	-	-	-
<b>Networth</b>	<b>2,81,92,67,622</b>	<b>2,55,58,80,993</b>	<b>63,62,64,190</b>	<b>49,57,19,014</b>	<b>37,05,97,964</b>
Non-current liabilities					
Long-term liabilities and provisions	94,46,381	4,75,64,688	13,88,74,448	22,79,84,902	20,58,21,736
Deferred tax liability	9,44,39,404	12,12,12,106	6,83,85,601	65,42,159	36,47,666
Current liabilities	1,58,33,17,151	1,90,98,90,031	1,61,50,59,144	1,26,31,16,013	74,87,39,516
<b>Total liabilities</b>	<b>4,50,64,70,558</b>	<b>4,63,45,47,818</b>	<b>2,45,85,83,383</b>	<b>1,99,33,62,088</b>	<b>1,32,88,06,882</b>
Non-current assets					
Gross fixed assets	58,42,47,340	39,46,90,757	33,90,79,647	30,48,89,898	29,50,89,146
Accumulated depreciation	16,61,95,081	10,42,44,243	3,92,59,661	9,35,25,387	6,62,88,328
Unallocated expenditure pending capitalisation					
<b>Net fixed assets</b>	<b>41,80,52,260</b>	<b>29,04,46,514</b>	<b>29,98,19,986</b>	<b>21,13,64,511</b>	<b>22,88,00,818</b>
Capital work in progress	28,34,79,718	28,69,16,657	12,86,45,850	10,11,82,148	1,46,80,872
Investments	-	-	-	-	-
Other non-current assets	-	2,59,15,382	4,35,90,382	-	-
Current assets	3,80,49,38,581	4,03,12,69,265	1,98,65,27,165	1,68,08,15,429	1,08,53,25,192
<b>Total assets</b>	<b>4,50,64,70,558</b>	<b>4,63,45,47,818</b>	<b>2,45,85,83,383</b>	<b>1,99,33,62,088</b>	<b>1,32,88,06,882</b>
Return on capital employed	17.7%	18.2%	50.4%	35.3%	31.9%
Return on networth	10.3%	7.5%	27.4%	26.1%	21.5%
Debt / equity (in times)	8.13	10.01	13.29	10.92	6.99
Current ratio (in times)	2.40	2.11	1.23	1.33	1.45
<b>Per share</b>					
Book value per share - ₹	135.81	123.09	46.40	36.15	27.03
Earnings per share (basic) - ₹	14.03	12.46	12.73	9.42	5.81
Earnings per share (diluted) - ₹	14.02	12.08	12.73	9.42	5.81
Dividend per share - ₹					
<b>No of Shares</b>	<b>2,07,58,886</b>	<b>2,07,63,886</b>	<b>1,37,11,700</b>	<b>1,37,11,700</b>	<b>1,37,11,700</b>

# OUR BUSINESS MODEL





**What is the value we create**

- Organize training and development sessions
- Provide an inclusive workplace
- Enable a strong sense of purpose
- Provide quality products at competitive cost
- Provide enhanced performance and reliable products
- Sustain growth in revenue and profitability
- Optimize assets
- Communicate effectively
- Increase earnings per share
- Be a part of country's economic growth
- Invest in community development and well-being of the people
- Reduce environment footprint
- Strengthen corporate governance practices
- Adopting fair trade practises and timely payment of dues



 **KINGDOMS ARE BUILT WITH** **A** **ARMY**  
**EMPIRES ARE BUILT WITH** **ALLIANCES** 

In line with rising opportunities in the domestic and overseas markets and favourable government initiatives to propel sustained growth curve across all the verticals of our business, we are increasing our technological capabilities through alliances & partnerships. At AMS, we are entering into business partnership / alliances with global technology partners to augment our capabilities with world class matured technologies. This strategy will enable us to expand our product and solution offerings with new and improved products / solutions across all our verticals.





## Our Business Alliances:

### Avionics

AMS joined hands with **P2M Avaition Sagl**, Switzerland to foray into Aviation Sector by introducing Canard Class Fixed Wing twin engine Trainer Aircraft.

We have entered into partnership with **Steadicopter Limited**, Israel to introduce Light weight Rotary unmanned aerial Vehicle for Surveillance, Reconnaissance and maritime applications.

### Homeland Security

To further compliment our Homeland Security Solutions, we signed a distribution agreement with **Novoquad Inc.** Through this, we are offering our customers an array of products such as Anti-Drone System, Bomb/RF Jamming System, See Through Wall Radar System, Wi-Fi Interception System, Cellular Interception System and X-Ray inspection in the domestic market.



# BUILDING ON OUR CORE STRENGTHS

## Opportunity landscape

₹**3.18** lakh crore

**1/3rd**

**Boost of export**

Allocation to defense sector in the Union Budget 2019-20

Of the allocation to defense sector will be utilized capital outlay to purchase new weapons, platforms and military hardware.

By opening up of defense sector to private participation, enabling foreign Original Equipment Manufacturers (OEMs) to enter into strategic partnerships with Indian companies

**Buy  
(Indian –  
IIDM)**

Encourage Indigenously Designed, Developed and Manufactured (IIDM) products made in India for defence equipment

**Exports**

In defence sector to increase with larger acceptance of defense goods and equipment in international market

**Asia  
Pacific**

(including China, Japan, India, South Korea, Taiwan, Australia, Rest of Asia-Pacific) is the second largest market of Homeland Security in 2018 on account of presence of key companies into the region and high technological advancement.



**AMS positioned to capitalise on the growing demand with...**

## Our strong corporate governance

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Our values of innovation, trust and commitment to customers are at the heart of everything we do and provide the right focus and framework to build a strong corporate governance framework

## Our technology

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At AMS, we closely monitor the changes in the technological landscape with a focus on innovation and engineering excellence, prioritising and investing in next-generation research and development programmes to deliver competitive solutions that exceed customer expectations.

## Our state-of-the-art manufacturing facilities

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Our Investment in advanced manufacturing facilities and techniques are aimed at increasing our operational excellence with safety as a key priority. We leverage the scale of our facilities to intake bulk and small orders from domestic as well as overseas customers.

## Our people

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We have a diverse and talented group of employees from various fields of work. We invest regularly in training and development programs for our employees to enhance their skills and knowledge

## Our strong R&D base

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Our Research and development team constantly monitors the changing needs and preferences of our consumers to provide competitive services that add value. Our strong presence in R&D gives us a competitive edge over our competitors.

# A BRAND THAT IS TRUSTED

**AMS stands for developing and designing high-quality products and innovative solutions applying cutting-edge technology to address complex customer challenges across Aerospace, Defence, Space, Home Land Security & Transportation.**

In order to spread this message as well as increase awareness about our capabilities, demonstrate the versatility of our products and generate demand, we participated in many fairs and trade expos. This strategy has enabled us to enhance our visibility and order inflow in domestic as well as global market. Participation in such events also enhanced the value creation of our Brand.

During FY 2018-19, we participated in AERO INDIA SHOW, Bengaluru and AERODEF India Manufacturing 2019 Expo, Hyderabad which provided us with a great platform and opportunity to showcase our products and capabilities. Recently, we also participated in 5th International Police Expo, New Delhi where in we had launched our new Home Land Security solutions and offerings.



AMS Team at AERO INDIA SHOW, Bengaluru



DR. V.K. SARASWAT visited our stall



Dr. G. Satheesh Reddy, Chairman of DRDO and Scientific Advisor, visited our stall





Managing Director with Director HR Bharat Electronics Limited.



Exchange of Letter of Authorization from Israel Partners



Russian Partners at AMS Booth.



Director ARDE visit to AMS Stall at AERO India Expo



Whole Time Director discussion with Israeli customers



Managing Director discussion with BEL Team



# OUR PEOPLE

At AMS, we bring together people from varied expertise, culture, experience and viewpoints as we endeavor to build a engaging work culture. As a result, we strive to create a workplace where every employee can share their ideas and thrive in their career path.

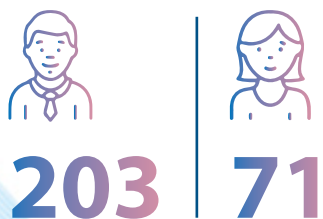
## Age Mix (in %)



## Diversity and Inclusion

We are taking steps to create a balanced gender ratio in our organisation. Moreover, apart from promoting gender equality, we are also making efforts to attract, develop and retain a diverse workforce that will fuel innovation and growth for future.

### Ratio



## Training and development

We want all our employees to work at their full potential, evolving their skills to meet our customer's requirement, gain insights about changing market conditions. To achieve the same, we organize a series of training and development of programs which in turn enables them to take positive strides in their career.


## Employee engagement


One of the prime focus at AMS is employee engagement in terms of connecting employees to our strategy and purpose and empowering them to contribute to growth of the business. We organize various seminars and training programs wherein employees can connect with the senior management.


# MAKING A POSITIVE IMPACT


**Giving back to the communities in which we operate and to charities that have meaning to our business is important for us. We always try to make a positive difference and have an impact where it counts. During the year under review, we contributed ₹74 lakhs to local, national and charities and not-for-profit organisations through our CSR activities.**


Our corporate social responsibilities activities are centred around areas that include the following:

 Support women, children and differently abled people

 Eradicate hunger by conducting mid-day meals at Government schools

 Healthcare services by conducting medical and health camps for the underprivileged people in villages

 Contribute towards education with scholarships

 Providing opportunity to earn their livelihood through digital literacy and digital tools



Towards our CSR Expenditure, we also contributed to Digital Empowerment Foundation to create smart villages through its initiative "Smartpur". Smartpur is a rural entrepreneurship-based initiative to transform rural villages into digitally integrated holistic villages. During the year under review, we also contributed to Prime Minister's National Relief Fund (PMNRF) towards Relief for Riots, Flood, Drought, Earthquakes, Cyclone, Tsunami, Medical etc.



CSR Contribution to Akshaya Patra Foundation- mid day meals to Government and Government -aided school children



CSR Contribution to Global Helping Hands Inc.

**₹74 lakhs**

Spent towards CSR activities in FY 2018-19

# PROFILE OF BOARD OF DIRECTORS



**Raghuopathy 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. Prior to joining our Company, he worked with the Andhra Pradesh Lokayukta and Upa – Lokayukta and is experienced in handling matters related to financial irregularities, abuse of power and corruption etc. He has been on the board of our Company since August 21, 2017 as an Independent Director.



**Karunakar Reddy Baddam**  
Founder and Managing Director

He is the Founder and Managing Director of Apollo Micro Systems Ltd. He chose to become an entrepreneur and founded AMS in 1985 as a Proprietary Company and in 1997 converted into a Private Limited company and he is heading the company under diversified board of Directors. Under his leadership, AMS has grown from a design company to a turnkey solutions provider and now we are at the stage of successful delivery of sub- systems and systems as a whole.

He was instrumental in successfully developing solutions for defence & space programmes with his innovative ideas and miniaturization techniques. He is a visionary and has relentlessly worked on developing import substitution. He is the core person in AMS to give a direction, layout to go forward, which eventually leads to the growth build of AMS what it is today and growing towards sustainability and ladder of success day by day.

He has been awarded the "Best Entrepreneur Award" by the hands of Shri Malla Reddy Minister of Labour, Employment, Women and Child Development, Telangana on the occasion of Telangana State Formation Day.



**Venkata Siva Prasad Chandrapati**  
Whole-time Director (Technical)

He is the Whole-time Director (Technical) of Apollo Micro Systems Ltd. He has done his M.Tech in Digital Signal Processing and his technical proficiency in the Industry is unmatched. He is calm and collected at all times and efficiently handles the R&D groups with his technical and managerial experience. With 22 years of experience working on varied technologies, he is the best man for the job.

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.

He has been involved in core technology working, execution and designing of the undergoing Defence projects of the Company.



### **Krishna Sai Kumar Addepalli**

Whole-time Director (Operations)

He is the Whole-time Director (Operations) of Apollo Micro Systems Ltd. He is an Engineering Graduate in Electronics and Communication with 18 Years of varied experience in marketing, finance & operations. He is serving AMS since 2003, and was instrumental in expanding its customer base, diversifying the company into various markets and implementing reforms in quality processes, building robust supply chain management. He is actively involved in business development and focuses on enhancing the footprints of the company into various forays under defence and non defence areas.



### **Karunasree Samudrala\*\***

Independent Director

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 on board of our company since May 29, 2018 and serving as an Independent Director on the Board of the Company.

\*\*Appointed with effect from May 29, 2018



### **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



## **Ramidi Narsimha Reddy**

Chief Operating Officer (COO)

Ramidi Narsimha 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.



## **Sudarshan Chiluveru**

Chief Financial Officer (CFO)

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.



## **Chaitanya Siva Shankar Vitta**

Company Secretary & Compliance Officer

Chaitanya Siva Shankar Vitta, 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.



### T. Ratnamani

Vice President-Technology

T. Ratnamani, is the Vice President-Technology of AMS. Dr T. 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 posses30+ 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 advances processors and embedded hardware. Dr. Ratnamani has good expertise on DSP-processors from Analog devices/TI with DSP-architectures. She has wide experience in the fields of signal processing, communication systems and image processing.

Dr Ratnamani is a Fellow of Institute of Engineers (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.



### 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. (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.



### KC Satyanarayana

Head of Special Products group

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.



**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.



**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.



**Satpal Singh Chowdhary**

Associate Vice President (Northern Region)

Satpal Singh Chowdhary, is the Associate Vice President (Northern Region) of AMS. He is a highly experienced and skilled engineering graduate in Electronics Engg having over 38 years of proven technical and management expertise in the fields of Communication Systems and network centric systems for Indian Defence Services. Have a good knack of techno-commercial aspects of business development. Mr. Chowdhary's career achievements includes – as a head of marketing division for network centric systems SBU, Design of communication network for the C4I system involving point to multipoint, near real time secure communication networks involving all types of communication link namely HF, VHF, UHF, SATCOM and fibre optics, Design and development of Satellite Communication networks, Design and filed validation of digital mobile Tropospheric Communication equipment and design of MW Communication Antenna Systems. He is a Bachelor degree holder B.Sc. Engg (Electronics) form Delhi College of engg and a graduation in Mechanical engg from Institute of Engineers (India).He joined the Company on 05th March, 2018.



**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.

# 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

Srinivas Pagadala\*  
Independent director  
DIN: 02669528

Karunasree Samudrala\*\*  
Independent director  
DIN: 06960974

\* Resigned with effect from August 02, 2018

\*\* Appointed with effect from May 29, 2018

## Chief Financial Officer:

Sudarshan Chiluveru

## Company Secretary and Compliance Officer:

Chaitanya Siva Shankar Vitta

## 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,  
Hyderabad

## 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  
Krishna Sai Kumar Addepalli, Member

### Nomination and Remuneration Committee:

Karunasree Samudrala, Chairman  
Sri Lakshmi Reddy Vangeti, Member  
Raghupathy Goud Theegala, Member

### Stakeholders Relationship Committee:

Raghupathy Goud Theegala, Chairman  
Karunakar Reddy Baddam, Member  
Venkata Siva Prasad Chandrapati, Member

### Corporate Social Responsibility Committee:

Karunakar Reddy Baddam, Chairman  
Sri Lakshmi Reddy Vangeti, Member  
Raghupathy Goud Theegala, Member

### Risk Management Committee:

Venkata Siva Prasad Chandrapati, Chairman  
Karunakar Reddy Baddam, Member  
Karunasree Samudrala, Member

### Executive Committee:

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:

1st Floor, Bharat Tin Works Building,  
Opposite Vasant Oasis Makwana Road,  
Marol, Andheri (East) Mumbai – 400 059.  
Maharashtra, India

Phone: 91 22 62638200  
Fax No.: 91 22 62638299  
Email: marketing@bigshareonline.com;  
Website: www.bigshareonline.com

Investor Grievance  
Email: investor@bigshareonline.com;  
SEBI Registration No.: INR000001385

## Listing:

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



# NOTICE

Dear Member,

Notice is hereby given that the Twenty Second (22nd) Annual General Meeting of the Members of Apollo Micro Systems Limited ("the Company") will be held at **Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad-500016 Telangana, India** on **Monday, the September 30, 2019** at **11:00 AM** (IST) 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, 2019 together with the Reports of the Board of Director and the Auditors thereon.
2. 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 ('the Act') 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."

## SPECIAL BUSINESS

3. **Revision in terms of Remuneration of Mr. Karunakar Reddy Baddam, Managing Director**

To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in partial modification to the Resolution passed by the Members at the Adjourned Annual General Meeting held on August 26, 2017 and pursuant to the applicable provisions of sections 196, 197, 198 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V to the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be imposed or prescribed by any of the authorities in granting such approvals, permissions and sanctions and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company approval of the Members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Karunakar Reddy Baddam, Managing Director of the Company, by way of increase in the maximum amount of basic salary payable to Mr. Karunakar Reddy Baddam from ₹5,00,000/- (Rupees Five Lakhs only) per month to ₹10,00,000/- (Rupees Ten Lakhs only) per month with effect from April 01, 2019 for the remainder of his term i.e. up to March 31, 2022 with proportionate increase in the benefits related to his salary, if any and leaving all other terms and conditions of appointment and remuneration unchanged.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits, in any financial year during the tenure of Managing Director's

salary, perquisites and other allowances as specified above are payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include the Nomination and Remuneration Committee thereof) and Company Secretary be and are hereby severally authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

4. **Revision in terms of Remuneration of Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations)**

To consider and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in partial modification to the Resolution passed by the Members at the Adjourned Annual General Meeting held on August 26, 2017 and pursuant to the applicable provisions of sections 196, 197, 198 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V to the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be imposed or prescribed by any of the authorities in granting such approvals, permissions and sanctions and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company approval of the Members of the Company be and is hereby accorded for revision in remuneration payable to Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations) of the Company, by way of increase in the maximum amount of basic salary payable to Mr. Krishna Sai Kumar Addepalli from ₹1,50,000/- (Rupees One Lakhs and Fifty Thousand Only) per month to ₹2,00,000/- (Rupees Two Lakhs Only) per month with effect from April 01, 2019 for the remainder of his term i.e. up to August 20, 2022 with proportionate increase in the benefits related to his salary, if any and leaving all other terms and conditions of appointment and remuneration unchanged.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits, in any financial year during the tenure of Whole Time Director salary, perquisites and other allowances as specified above are payable as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include the Nomination and Remuneration Committee thereof) and Company Secretary be and are hereby severally authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

Sd/-

Place: Hyderabad  
Date: August 14, 2019

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

## Notes:

### 1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") in respect of the business under item no. 3 and 4 set out above is annexed hereto

### 2. Ratification of Appointment of Auditors

The Members of the Company at their Adjourned Twentieth Annual General Meeting held on August 26, 2017 appointed M/s. ST Mohite & Co., Chartered Accountants (Registration number 0114105) 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 Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015) 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 Members and the Share Transfer Books of the Company will remain closed from Friday, September 27, 2019 to Monday, September 30, 2019 (both days inclusive) for the purpose of Annual General Meeting.
5. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY(50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**
6. A Member holding more than 10% (Ten Percent) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
7. The duly completed and signed instrument appointing a proxy i.e. the Form No MGT-11 enclosed herewith should be returned to the Registered Office of the Company not less than 48 (Forty-Eight) hours before the time for holding the AGM. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization. Any unstamped or inadequately stamped Proxy Forms or Proxy Forms upon which the stamps have not been cancelled will be treated as invalid.

8. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
9. The Register of Directors and Key Managerial Personnel and their shareholding as maintained under Section 170 of the Act, the Register of Contracts or Arrangement in which the Directors are interested as maintained under Section 189 of the Act and relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days between 11:00 a.m. and 4:00 p.m., except Saturdays, up to the date of the AGM and at the venue of the Meeting for the duration of the Meeting. Members visiting our Registered Office for inspection are requested to carry a valid identity proof such as PAN card, passport, Aadhaar card or driving license for identification.
10. The Board of Directors of the Company in its meeting held on November 01, 2018 declared the Interim Dividend at the rate of 10 % (i.e. ₹1 /-per share) for the FY 2018-19 amounting to ₹2,07,63,886 and was duly paid to those members whose name appears in the Company's Register of Members on the record date as fixed.
11. Pursuant to section 124 of the Act, Dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF). The Interim Dividend for the financial year 2018-19 would be the first to become due for transfer to IEPF in December, 2025. Members, who have not encashed the Demand Drafts so far, are requested to make their claim to the Company's Registrar & Transfer Agents (R & T Agents).
12. The Company's Registrar and Transfer Agents for its share registry work (Physical and Electronic) is **Bigshare Services Private Limited** (herein after referred to as "RTA"). All documents, transfers, dematerialization requests and other communications in relation thereto should be addressed directly to the Company's Registrar & Share Transfer Agents, at the address mentioned below:

Bigshare Services Private Limited  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East,  
Mumbai - 400059, Maharashtra  
Phone: 91 22 62638200  
Fax No.: 91 22 62638299  
Email: marketing@bigshareonline.com;  
Website: www.bigshareonline.com

Investors may also contact RTA Hyderabad office at following address:

Bigshare Services Private Limited  
(Unit: Apollo Micro Systems Limited)  
306, Right Wing, 3 rdFloor, Amrutha Ville,  
Opp: Yashoda Hospital, Rajbhavan Road,  
Hyderabad – 500 082, Telangana  
Phone: 91 40 23374967 | 23370295  
Email: bsshyd@bigshareonline.com

13. 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 Act. 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.
14. As directed by SEBI, Members are requested to-
  - a. 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.
  - b. Intimate to the Company's RTA, changes if any, in their registered and/or in their bank account details, if the shares are held in physical form (share certificates).
  - c. Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
  - d. **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 may be contacted for assistance, if any, in this regard. Further, as per amendment to Regulation 40 of SEBI (LODR) 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.**
15. Electronic copy of the Annual Report for the financial year 2018-19 and the Notice of this AGM inter-alia indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form, are being sent to all the Members whose e-mail id are registered with the Company/ Depository Participants. For Members who have not registered their e-mail id, physical copies of the aforesaid documents would be sent in the permitted mode.
 

Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making the request for the same, free of cost. For any communication, the shareholders may send requests to the following e-mail id – cs@apollo-micro.com.

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.
16. Route Map showing directions to reach to the venue of the AGM is annexed as per the requirement of the Secretarial Standards - 2 on "General Meetings."
17. Only bona fide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
18. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to bring your folio number/ Demat account number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at the meeting.
19. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
20. Members/Proxies attending the Meeting are requested to complete and bring the Attendance Slip enclosed with the Annual Report, duly filled in & signed, and hand over the same at the entrance of the meeting hall.
21. 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, if any, through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details.
22. **The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form who have not done so are requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to RTA.**
23. 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.
24. As per Section 124(6) of the Act read with the IEPF Rules as amended from time to time, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. In case the dividends are not claimed by the respective shareholders, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF along with dividend remaining unpaid/unclaimed thereon.
25. 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 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 can file only one consolidated claim in a financial year as per the IEPF Rules.

**26. In order to save the natural resources, 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.**

27. Members may also note that the Notice of the AGM and the Annual Report for the financial year 2018-19 will also be available on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors" for their download.

28. Voting through electronic means:

In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (**AGM**) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (**CDSL**).

The remote e-voting period commences on Friday, September 27, 2019 (9:00 am) and ends on Sunday, September 29, 2019 (5:00pm). 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., Monday, September 23, 2019 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after Sunday, September 29, 2019 (5:00 pm). Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through physical ballot.

A copy of this notice has been placed on the website of the Company ([www.apollo-micro.com](http://www.apollo-micro.com)) and the website of CDSL ([www.evotingindia.com](http://www.evotingindia.com)).

Mr. Venkatesh Reddy Datla, Practicing Company Secretary (ACS: 36504 CP: 14074) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make,

not later than 48 hours of the 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 authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.apollo-micro.com](http://www.apollo-micro.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

#### The process and manner for remote e-voting is as under:

- (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

PAN	For Members holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>



- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Apollo Micro Systems Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed 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.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. 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 on your mobile.

#### (xix) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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](mailto:helpdesk.evoting@cdslindia.com).
- (xxi) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **Monday, September 23, 2019**.
29. In terms of provisions of Section 107 of the Act since the resolutions as set out in the notice are being conducted through e-voting, the said resolutions will not be decided on a show of hands at the Annual General Meeting (AGM).
30. Pursuant to provisions of the SEBI (LODR) Regulations, 2015 the Company is maintaining an email ID, [cs@apollo-micro.com](mailto:cs@apollo-micro.com) for redressal of members/ investors grievances.

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

Sd/-

Place: Hyderabad  
Date: August 14, 2019

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

## THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (“THE ACT”), GIVEN HEREUNDER SETS OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS OF THE ACCOMPANYING NOTICE DATED AUGUST 14, 2019

**Item No. 3:** At the Adjourned Annual General Meeting (“AGM”) held on August 26, 2017, the members of the Company had approved the re-appointment and terms of remuneration of Mr. Karunakar Reddy Baddam, Managing Director of the Company for a period of 5 years from April 01, 2017, including inter alia salary up to a maximum of ₹5,00,000/- per month, with authority to the Board to fix his salary within the above mentioned scale.

Mr. Karunakar Reddy Baddam aged 56 years is the Promoter and Managing Director of the Company.

He holds a Bachelor’s degree in Arts from Osmania University. He commenced this business through a partnership firm in 1991 to primarily carry on the business of job works and developing electronic systems. Thereafter, post dissolution of the partnership firm in 1994, he continued this business as a proprietorship firm and then incorporated our Company in 1997. He has been associated with our Company in the capacity of Director since inception and is sphere heading the entire operations under the supervision of the Board.

He is also on the Board of the other Company in India viz. Apollo Foods and Beverages Private Limited. He holds 13271690 (63.92%) Equity Shares in the Company and except Mrs. Sri Lakshmi Reddy Vangeti, he is not related to other Directors and Key Managerial Personnel of the Company.

The last drawn remuneration by Mr. Karunakar Reddy Baddam from the Company during the Financial Year 2018-19 was ₹60.00 Lakhs.

Mr. Baddam has attended Four Board Meetings in the Financial Year 2018-19. He does not hold membership/chairpersonship of committees of any other Company.

The terms and conditions of appointment and remuneration payable to him as the Managing Director of the Company would be governed by the terms and conditions, as approved or revised by the Members of the Company from time to time.

In the capacity of Managing Director, he has successfully driven the company towards maintaining the momentum of growth in terms of Revenue & Profit. During the year under review, the Company has taken up the most challenging projects which are highly complex engineering projects. The wide variety of experience, which he holds has contributed in success of these projects and appreciation from customers and led to successful in meeting the expectations of the customers and handled various critical development projects. He has also received the “Best Entrepreneur Award” by Telangana State Government for the Year 2019.

Taking into consideration the above notable contributions which led to the growth of the Company and his Experience, the Nomination and Remuneration committee (“NRC”) in its meeting held on May 17, 2019 recommended to the Board the revision in the maximum basic salary payable to Mr. Karunakar Reddy Baddam to ₹10,00,000/- per month with

effect from 1st April 2019 for the remainder of his term up to March 31, 2022, with proportionate increase in the benefits related to his salary. Based on the recommendation of NRC the Board of Directors of the Company in its meeting held on May 17, 2019 had approved the aforesaid revision in remuneration of Mr. Karunakar Reddy Baddam, subject to the approval of the members of the Company.

All other terms and conditions of appointment of Mr. Karunakar Reddy Baddam, Managing Director of the Company, as approved at the adjourned AGM of the Company held on August 26, 2017, remain unchanged.

The revised terms of appointment and remuneration are as follows:

- |                   |   |
|-------------------|---|
| Period            | : 5 years w.e.f. 1st April, 2017  |
| Remuneration      | : a salary of ₹10,00,000/- (Rupees Ten Lakhs only) per month w.e.f 1st April, 2019 with such increments as the Board may decide from time to time subject to maximum limits as specified in section 197 of the Act. |
| Performance Bonus | : 5% of profits of the Company calculated as per the provisions of Section 198 of the Act.  |
| Perquisites       | : In addition to the above, he shall be entitled to the following perquisites:  |
- a) Medical Insurance: As provided by the company group mediclaim policy, insurance coverage up to a maximum of ₹5,00,000/- per annum.
  - b) Personal Accident Insurance: As per Company’s policy
  - c) The Company’s contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
  - d) Gratuity as per the Gratuity Act, 1972
  - e) He is also eligible for One month’s leave with full pay and allowance for every eleven months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year.
  - f) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
  - g) Mr. Karunakar Reddy Baddam, so long as he functions as the Managing Director of the Company, shall not be entitled to receive any fee for attending any meeting of the Board or Committees thereof.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Section 197 and all other applicable

provisions, if any, of the Act read with Schedule V to the Act, as amended and as in force from time to time.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, read with Schedule V to the Act, the revised terms of remuneration specified above are now being placed before the members for their approval.

As required under the provisions of the Act, approval of the Members is being sought for the revision of remuneration payable to Mr. Karunakar Reddy Baddam as the Managing Director of the Company.

The Directors are of the view that the remuneration payable to Mr. Karunakar Reddy Baddam, Managing Director is commensurate with his abilities and experience and, accordingly, recommend the Resolution at Item No.3 of the accompanying Notice for approval by the members of the Company as an Ordinary Resolution.

Except Mr. Karunakar Reddy Baddam and Mrs. Sri Lakshmi Reddy Vangeti, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, in any way, in the Resolution set out at Item No. 3 of this Notice.

**Item No 4:** At the Adjourned Annual General Meeting (“AGM”) held on August 26, 2017, the members of the Company had approved the re-appointment and terms of remuneration of Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations) of the Company for a period of 5 years from August 21, 2017, including inter alia salary up to a maximum of ₹1,50,000/- per month, with authority to the Board to fix his salary within the above mentioned scale.

Mr. Krishna Sai Kumar Addepalli aged 39 years is the Whole Time Director (Operations) of the Company. He holds a Bachelor’s degree in Engineering (Electronics and Telecommunication) from University of Madras. He is experienced in technical and other allied activities. He is associated with our Company since 2003 and has been on the board of our Company since 2011. He looks after the overall operations of the Company.

He was first appointed as the Director on the Board of the Company on July1, 2011. He is also on the Board of the other Company in India viz. Apollo Foods and Beverages Private Limited. He holds 41910 (0.20%) Equity Shares in the Company and he is not related to other Directors and Key Managerial Personnel of the Company.

The last drawn remuneration by Mr. Krishna Sai Kumar Addepalli from the Company during the Financial Year 2018-19 was ₹18.00 Lakhs.

Mr. Addepalli had attended Four Board Meetings in the Financial Year 2018-19. He does not hold membership/chairpersonship of committees of any other Company.

The terms and conditions of appointment and remuneration payable to him as the Whole Time Director of the Company would be governed by the terms and conditions, as approved or revised by the Members of the Company from time to time.

Mr. Krishna Sai Kumar Addepalli has put a long standing service for the company of around 16 years. The twin i.e. his technical background and

financial knowledge has played a major role in the successful completion of IPO process of the Company. During the year under review, he played an instrumental role in building partnerships with renowned technology companies and initiated the process of qualifying the company to undertake various projects under offset. He was also actively involved in the business development and taken a move towards entering the global markets with the existing capabilities and also enhance the capabilities and product offerings through strategic partnerships and global alliances for sustained growth of the company. He has also executed the responsibility of building Brand image of the Company in the various Expos the Company participated during the year & supported in capturing the allied opportunities in the growing market of Home Land Security Solutions .He also led to the seamless implementation of Enterprise Resource Planning across various departments of the Company.

Taking into consideration the above enumerated contributions and his performance, the Nomination and Remuneration committee (“NRC”) of the Company in its meeting held on May 17, 2019 recommended to the Board the revision in the maximum basic salary payable to Mr. Krishna Sai Kumar Addepalli to ₹2,00,000/- per month with effect from 1st April, 2019 for the remainder of his term up to August 20, 2022, with proportionate increase in the benefits related to his salary. Based on the recommendation of NRC the Board of Directors of the Company in its meeting held on May 17, 2019 had approved the aforesaid revision in remuneration of Mr. Krishna Sai Kumar Addepalli, subject to the approval of the members of the Company.

All other terms and conditions of appointment of Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations) of the Company, as approved at the adjourned AGM of the Company held on August 26, 2017, remain unchanged.

The revised terms of appointment and remuneration are as follows:

Salary : ₹2,00,000/- (Rupees Two Lakhs only) per month w.e.f from 1st April, 2019.

Perquisites : In addition to the above, he shall be entitled to the following perquisites:

- a) Medical Insurance: As provided by the company group mediclaim policy, insurance coverage up to a maximum of ₹5,00,000/- per annum.
- b) Personal Accident Insurance: As per Company's policy
- c) The Company's contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961
- d) Gratuity as per the Gratuity Act, 1972
- e) He is also eligible for One month's leave with full pay and allowance for every eleven months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year.
- f) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.

- g) Mr. Krishna Sai Kumar Addepalli, so long as he functions as the Whole Time Director of the Company, shall not be entitled to receive any fee for attending any meeting of the Board or Committee thereof.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Section 197 and all other applicable provisions, if any, of the Act read with Schedule V to the Act, as amended and as in force from time to time.

In compliance with the provisions of Sections 196, 197 and other applicable provisions of the Act, read with Schedule V to the Act, the revised terms of remuneration specified above are now being placed before the members for their approval.

As required under the provisions of the Act, approval of the Members is being sought for the revision of remuneration payable to Mr. Krishna Sai

Kumar Addepalli as the Whole Time Director (Operations) of the Company.

The Directors are of the view that the remuneration payable to Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations) is commensurate with his abilities and experience and, accordingly, recommend the Resolution at Item No.4 of the accompanying Notice for approval by the members of the Company as an Ordinary Resolution.

Except Mr. Krishna Sai Kumar Addepalli, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, in any way, in the Resolution set out at Item No. 4 of this Notice.

Mr. Krishna Sai Kumar Addepalli is not related to any other Director or KMP of the Company.

#### **DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING [PURSUANT TO REGULATIONS 26(4) AND 36(3) OF THE SEBI (LODR) REGULATIONS, 2015 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 (45Years)
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. Sri. 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,

## APOLLO MICRO SYSTEMS LIMITED

The Directors are pleased to present you the 22nd Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2019.

## Financial Results and Operations

The summary of financial performance for the Financial Year ended March 31, 2019 and the corresponding figures for the Financial Year ended March 31, 2018 are as under:

(Figures in ₹)

Particulars	For the financial year ended	
	March 31, 2019	March 31, 2018
Revenue from Operations	2,62,97,53,243	2,20,46,13,913
Other Income	3,22,63,837	1,52,79,316
<b>Total Revenue</b>	<b>266,20,17,081</b>	<b>2,21,98,93,229</b>
Cost of materials Consumed	1,95,17,50,782	2,03,90,12,710
Changes in inventories of finished goods, WIP, stock- in –trade	3,58,00,179	(43,61,78,739)
Employee Benefit Expenses	7,02,16,057	6,39,75,210
<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>60,42,50,063</b>	<b>55,30,84,048</b>
Financial charges	13,21,72,583	12,07,37,974
Depreciation	6,19,50,838	6,49,84,581
Other Expenses	8,76,97,087	4,55,88,451
<b>Profit or Loss Before exceptional and extraordinary items and tax</b>	<b>32,24,29,555</b>	<b>32,17,73,041</b>
Exceptional Items	0.00	(1,21,92,105)
<b>Profit or Loss Before tax</b>	<b>32,24,29,555</b>	<b>30,95,80,936</b>
Tax Expenses:	6,29,58,384	6,51,14,874
a) Current Tax		
b) Earlier Tax Adjustments	(45,68,371)	0.00
c) Deferred Tax	(2,71,45,724)	5,28,00,862
<b>Total Tax Expense</b>	<b>3,12,44,289</b>	<b>11,79,15,736</b>
<b>Net Profit or Loss After Tax</b>	<b>29,11,85,266</b>	<b>19,16,65,200</b>
<b>Earnings Per Share (Basic)</b>	<b>14.03</b>	<b>12.46</b>
<b>Earnings Per Share (Diluted)</b>	<b>14.02</b>	<b>12.08</b>

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

The financial statements for the year ended March 31, 2019 and March 31, 2018 have been prepared as per the Ind AS (Indian Accounting Standards).

## Performance Review & The State of Company's Affairs

During the year under review, your company reported the top line growth of 19.28% over the previous year. The Revenue from operations amounted to ₹2,62,97,53,243 as against ₹2,20,46,13,913 in the previous year. The Earnings Before Interest, Depreciation & Tax (EBIDTA) increased by 4.29% to ₹51,65,52,976.5 as against ₹49,53,03,492.2 reported in previous year. The Profit Before Tax for the year under review is ₹32,24,29,555 which increased by 4.15% as against ₹30,95,80,936 reported in Previous Year. The Net Profit for the year under review amounted to ₹29,11,85,266 against ₹19,16,65,200 in the previous year. During the year under review, the Earning per Share of the company is ₹14.03 (Basic) and ₹14.02 (Diluted).

## Business Outlook

The continuing vulnerability in threats across borders, and within homeland is a driving force across world for developing sophisticated weapons and artificial intelligence built solutions to address the unforeseen challenges which cannot be mitigated by forces alone. Indian sub-continent is no exception to this with its longest Border on ground and in waters. The constant requirement to enhance security within the country with state of the art technologies has taken a greater push in the recent past. Several flag ship programmes related to safe city, smart city, programmes rolled out to protect critical and strategic infrastructure of the country has taken greater importance. This resulted in potential growth in Home Land Security Business in the country. The Indian Government has also set targets to achieve export of Defence equipment to various friendly

countries and there has been notable progress towards this in past few years, which is again a boost for the Public and Private Defence Industries.

Your company has been working on niche technologies for past several decades, and has been instrumental in supply and integration of critical weapon system electronics for both On-Board and Ground Support equipment. Your company has not worked merely as a supplier but as a strategic partner in the success of strategic programmes of the country. To enhance the capacity & capabilities we have augmented our facility with latest machinery to achieve shorter around time in production and strengthened the Design & Development team by addition of programme managers in senior levels and engineers in working team.

Keeping in view of the growing market size in Defense & Home land Security, we have entered in strategic alliance with global companies and integrate our solutions to offer a turnkey solutions to customers. Company continues to enhance its vision of being a global company with Indigenous technology. We believe that continuing to be an Indigenous Technology developer we continue to enter more strategic alliances with globally renowned companies to address the push of Make in India and be a part of the global supply chain from India. Our company's outlook for selective acquisitions to consolidate technological presence in the existing sectors is still in pursuit which would give a value addition to our existing offerings.

### Credit Rating

Your Company has been rated by ICRA Limited ("ICRA"). ICRA has assigned Long Term Rating of "[ICRA] BBB-" (pronounced ICRA triple B minus) from [ICRA] BBB (pronounced ICRA triple B) and the short term rating of "[ICRA] A3" (pronounced ICRA A three) from [ICRA A3+] (pronounced ICRA A three plus), to ₹142 Crores Line of Credit of the Company. The outlook on Long Term Rating has been revised to 'Negative' from 'Stable'.

### Utilisation of IPO Proceeds

As per the prospectus the funds raised through Initial Public Offering ("IPO") of ₹156 Crore in January, 2018 are required to be fully utilised as per the Objects of the Issue i.e. for Working Capital Requirement and General Corporate Purpose by the Financial Year Ending 2019.

The IPO proceeds have been fully utilised by the Company towards stated objects.

### Share Capital

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

During the period under review, 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 dematerialised and physical form as on March 31, 2019:

Sr. No	Capital Details	No. of Shares	% of Total issued Capital
1.	Held in dematerialised form in CDSL	27,80,577	13.39
2.	Held in dematerialised form in NSDL	1,79,63,301	86.51
3.	Physical	20,008	0.10
	<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 dematerialised form only effective April 01, 2019. So it is requested to all the Members holding the shares in physical form to dematerialise the same for giving effect to any transfer of Company's securities.

### Extract of The Annual Return [Section 134 (3) (A) & Section 92(3)]:

The Extract of Annual Return is prepared in Form MGT-9 as per the provisions of the Act and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is annexed to the Board's Report as **Annexure-I**

### Number of Meetings of The Board of Directors [Section 134 (3) (B)]:

During the year under review, four meetings of the Board of Directors of the Company were held on May 29, 2018; August 09, 2018; November 01, 2018 and; January 31, 2019. The attendance of Directors for the above meetings are given in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days.

In terms of requirements of Schedule IV of the Act, a separate meeting of Independent Directors was also held on January 31, 2019 to 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;
- 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.

### Director's Responsibility Statement [Section 134 (3) (C) & 134(5)]:

Pursuant to Section 134(5) of the Companies Act, 2013 (the "Act"), Directors of your Company hereby state and confirm that:

- (a) in the preparation of the annual accounts for the period ended March 31, 2019, 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; and
- (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.

### **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 sub section 12 of section 143 of the Act.

### **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 Act and sub regulation (8) and (9) of regulation 25 of SEBI (LODR) Regulations, 2015. 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.

### **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".

### **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 Act 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 Act and the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015. All the members of the committee are financially literate and Ms. Karunasree Samudrala, Chartered Accountant the Chairman of the Committee is an Independent Director and possesses financial expertise.

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

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

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

The CSR Committee has been constituted as required under the provisions of section 135 of the Act.

The 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-II** to this Report.

During the year under review, the total CSR Expenditure amounts to ₹74,00,000/- which fulfils the Company's CSR obligation for the previous Financial Years 2017-18, 2016-17 and 2015-16. Out of the above expenditure ₹44,757.79/- is toward the FY 2018-19. Further, the unspent CSR obligation for the FY 2018-19 will be duly spent by the Company. The Company is searching 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.

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.

**(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 Act 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://www.apollo-micro.com/wp-content/uploads/2017/09/REMUNERATION\\_POLICY.pdf](http://www.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**

During the Financial Year 2018-19 the Board constituted the Executive Committee of Directors and Chief Financial Officer (CFO) under the provisions of Section 179(3) of the Act and rules made there under in order to have the timely and expeditious execution of routine financial matters.

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

**Explanations or Comments by The Board on Every Qualification, Reservation or Adverse Remark or Disclaimer Made [Section 134 (3) (F)]:**

By the 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

**Particulars of Loans, Guarantees or Investments Under Section 186 [Section 134 (3) (G)]:**

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

**Subsidiaries and Associates [Rule 8(5)(iv) of Companies (Accounts) Rules, 2014]**

During the period under review, Company does not have subsidiaries/joint ventures/Associate Companies.

**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 were in the ordinary course of business and on arm's length basis and in compliance with the applicable provisions of the Act and the SEBI (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 2018-19, with related parties referred to in sub-section (1) of section 188 of the Act 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-III**. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors".

**Reserves [Section 134 (3) (J)]:**

During the Year under review, 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.

**Dividend [Section 134 (3) (K)]:**

During the year under review, on November 01, 2018 pursuant to the provisions of Section 123 of the Act and Companies (Declaration and Payment of Dividend) Rules, 2014 the Board in its meeting had declared the Interim Dividend at the rate of 10% i.e. ₹1/-per Equity Share of ₹10/- each (Face Value) for the FY 2018-19. The Interim Dividend entails the total payout of ₹2,50,31,964 (including Dividend Distribution Tax of ₹42,68,078). Interim Dividend was duly paid to the members whose name appears in the Company's Register of Members and to those persons whose names appear as Beneficial Owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) on the record date November 16, 2018 as fixed. The dividend pay-out was in accordance with the Company's Dividend Distribution Policy.



The details with respect to unpaid/ unclaimed Interim Dividend for the Financial Year 2018-19 are available on the Company's website www.apollo-micro.com under the Section "Investors". The website link is http://apollo-micro.com/wp-content/uploads/2019/03/apollo-IEPF-2\_18-19\_2019-WEBSITE.pdf

### 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 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-IV** to the Board's Report.

### Material Changes and Commitments, if any [Section 134 (3) (L)]:

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

### 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 strengthened the size of our R&D team who worked on extremely complex SONAR systems development along with the development and up gradation of various avionics packages. We believed and continue to believe that present technological development is with the basis of our future repository of technology. We also laid foundation by developing innovative technologies for Home Land Security solutions which would undergo field trials and will be path breaking solution competing with the global vendors to address security of critical infrastructure of Indian sub-continent. In Fiscal 2019, we have spent ₹10,33,58,300.00 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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Value of imported raw-materials on CIF basis	₹18,16,79,070/-	₹14,61,28,193/-
Earnings in foreign currency:		
FOB Value of Exports	--	--
For Services rendered	--	--

### Annual Evaluation on Performance [Section 134(3) (P)]:

Pursuant to the captioned requirements, an annual evaluation had been carried out and 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.

In a separate meeting of Independent Directors held on January 31, 2019 performance of Non-Independent Directors and performance of the Board as a whole was evaluated. The Independent Directors were satisfied with the overall functioning of the Board, its various committees and performance of other Non-Executive and Executive Directors.

### Employee Stock Options Scheme [Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014]:

During the year under review, on recommendation of Nomination and Remuneration Committee the Board has approved the Apollo Employee Stock Option Scheme 2018 (ESOS-2018) in order 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 financial performance of the Company, which ultimately contributes to the success of the Company and subsequently approved by members of the Company by way of passing special resolution .

The implementation of Apollo Employee Stock Option Scheme 2018 will be through trust route and secondary acquisition of the equity shares of the Company by the trust as set up in accordance with the provisions of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The disclosures as stipulated under the Act and SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2019 with regard to the Apollo Employee Stock Option Scheme 2018 (ESOS-2018) are annexed to this Report as **Annexure-V**.

### 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 under review.

### Change in the Directors or Key Managerial Personnel [Rule 8(5)(iii) of Companies (Accounts) Rules, 2014]

#### Directors

The composition of the Board is in conformity with Regulation 17 of the SEBI (LODR) Regulations, 2015 and Section 149 of the Act. There is an optimum combination of Executive and Non-Executive Directors. As on March 31, 2019, the Company has 6 (six) Directors. 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.

## Appointments

During the year under review, Mrs. Karunasree Samudrala (DIN: 06960974) was inducted on the Board of the Company with effect from May 29, 2018 as an Additional Non Executive Independent Director and subsequently her appointment was regularised by the Members of the Company by passing an Ordinary Resolution in 21st Annual General Meeting of the Company held.

## Resignation

During the year under review, Mr. Srinivas Pagadala (DIN: 02669528) Non Executive Independent Director resigned and ceased to be a Director of the Company with effect from August 02, 2018. Further, he also ceases to be chairman or member from all the Board committees he holds.

## Retire by rotation

Further, Mrs. Sri Lakshmi Reddy Vangeti retires by rotation at the ensuing 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.

## Key Managerial Persons (KMP)

During the year under review, there was no change in the Key Managerial Persons of the Company.

## Deposits [Rule 8(5) (V) of Companies (Accounts) Rules, 2014]

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

## Significant and Material Orders [Rule 8(5) (Vii) of Companies (Accounts) Rules, 2014]

The Company hasn't received any significant and material orders that impact the going concern status and company's operations in future

## 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.

## Particulars of Employees

Disclosures under section 197(12) of the Act read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively, is annexed to the Board's report as **Annexure-VI**.

## Auditors and Audit Report:

### (a) Statutory Auditors & their Reports

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

Further, M/s. S T Mohite & Co. have confirmed their eligibility for their appointment as Statutory Auditors and the same are within the limits as specified in section 141 of the Act 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 Act 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 2018-19.

The Internal Audit Report for the Financial Year 2018- 19 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 2019-20.

### (c) Cost Auditors

As per Cost Audit applicability, cost compliance is not applicable for FY 2018-19 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 Act is not required.

#### (d) Secretarial Auditors

As per the provisions of Section 204 of the Act 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 2018-19.

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Act, issued by Mr. Venkatesh Reddy Datla, Practicing Company Secretary, in Form MR-3 for the financial year 2018-19 is annexed to the Board's Report as **Annexure-VII**

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 2019-20.

### Management Discussion and Analysis

The Management Discussion and Analysis Report 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.

### Report on Corporate Governance

The Company has complied with the Corporate Governance requirements under the Act, and as stipulated under the SEBI (LODR) Regulations, 2015. A separate section titled 'Corporate Governance Report' **Annexure-VIII** under the SEBI (LODR) Regulations, 2015 along with a Corporate Governance certificate from the Practicing Company Secretary in the **Annexure-IX** and CFO Certificate in the **Annexure-X** forms the part of this report.

### 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. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

### Vigil Mechanism:

The Company's Board of Directors, pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, has framed 'Whistle Blower Policy' for Directors and employees of the Company. The policy is to provide a mechanism, which ensures adequate safeguards to employees and Directors from any victimisation on raising of concerns of any violations of legal or regulatory

requirements, incorrect or misrepresentation of any, financial statements and reports, and so on. The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is hosted on the Company's website [www.apollo-micro.com](http://www.apollo-micro.com)

### 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.

### 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.

### 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 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. All employees (permanent, contractual, trainees, temporary) are covered under this policy. The Company did not receive any complaint during the period under review.

### Acknowledgements:

The Board thanks all customers, bankers, investors, shareholders, vendors and other stakeholders for their continued support and patronage during the year under review. The Board also places on records its sincere appreciation to the employees of the Company for their efforts, hard work and dedication, which enabled the Company to achieve the targets and recognition.

For and on behalf of the Board  
APOLLO MICRO SYSTEMS LIMITED

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

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

Place: Hyderabad  
Date: August 14, 2019

## ANNEXURE-I

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on March 31, 2019

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

### I. Registration and Other Details:

I	CIN	L72200TG1997PLC026556
ii	Registration Date	03/03/1997
lii	Name of the Company	Apollo Micro Systems Limited
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 – 500076 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 SEBI Registration No: INR000001385 1stFloor, Bharat Tin Works Building, Opposite Vasant Oasis, Makwana Road, Marol, Andheri (East) Mumbai, Maharashtra, India - 400059 Email: marketing@bigshareonline.com Website: www.bigshareonline.com Tel No.: 91 22 62638200; Fax No.: 91 22 62638299

### II. Principal Business Activities of The Company:

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

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

### III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate Company	% of shares held	Applicable section
1	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 (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	14,90,443	0	14,90,443	7.18	12,55,752	0	12,55,752	6.05	(1.13)
b) Banks / FI	0	0	0	0	1,34,903	0	1,34,903	0.65	0.65
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	36,442	0	36,442	0.18	0	0	0	0	(0.18)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)-Foreign Portfolio Investor	9,60,486	0	9,60,486	4.63	8,83,892	0	8,83,892	4.26	(0.37)
<b>Sub-total (B)(1):-</b>	<b>24,87,371</b>	<b>0</b>	<b>24,87,371</b>	<b>11.98</b>	<b>22,74,547</b>	<b>0</b>	<b>22,74,547</b>	<b>10.95</b>	<b>(1.02)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	13,95,118	0	13,95,118	6.72	12,81,341	0	12,81,341	6.17	(0.55)
b) Individuals					0	0	0		
i) Individual shareholders holding nominal share capital upto ₹1 lakh	25,00,725	20,000	25,20,725	12.14	29,41,656	20,008	29,61,664	14.26	2.12
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	3,91,618	0	3,91,618	1.89	4,02,833	0	4,02,833	1.94	0.05
<b>c) Others (specify)</b>									
i) Clearing Members	2,82,399	0	2,82,399	1.36	1,04,859	0	1,04,859	0.51	(0.85)
ii) Employees	1,06,564	0	1,06,564	0.51	1,02,548	0	1,02,548	0.49	(0.02)
iii) Non-Resident Indian (NRI)	3,07,191	0	3,07,191	1.48	3,58,194	0	3,58,194	1.73	0.25
iv) Trusts	1,200	0	1,200	0.01	1,200	0	1,200	0.01	0
<b>Sub-total (B)(2):-</b>	<b>49,84,815</b>	<b>20,000</b>	<b>50,04,815</b>	<b>24.10</b>	<b>51,92,631</b>	<b>20,008</b>	<b>52,12,639</b>	<b>25.11</b>	<b>1.0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>74,72,186</b>	<b>20,000</b>	<b>74,92,186</b>	<b>36.08</b>	<b>74,67,178</b>	<b>20,008</b>	<b>74,87,186</b>	<b>36.06</b>	<b>(0.02)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>D. Non Promoter- Non Public Shareholding</b>									
i) Employee ESOS Trust- Apollo Employees Foundation	0	0	0	0	5000	0	5000	0.02	0.02
<b>Total Non Promoter- Non Public Shareholding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5000</b>	<b>0</b>	<b>5000</b>	<b>0.02</b>	<b>0.02</b>
<b>Grand Total (A+B+C+D)</b>	<b>2,07,43,886</b>	<b>20,000</b>	<b>2,07,63,886</b>	<b>100</b>	<b>2,07,43,878</b>	<b>20,008</b>	<b>2,07,63,886</b>	<b>100</b>	<b>0</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 2018-19 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 31.03.2019):

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.	OHM EDUBRIDGE PRIVATE LIMITED				
	At the beginning of the year	-	-	-	-
	February 01, 2019- Increase- Transfer	10,00,000	4.82	10,00,000	4.82
	At the end of the year			10,00,000	4.82
2.	SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND				
	At the beginning of the year	5,34,000	2.57	5,34,000	2.57
	April 13, 2019- Increase	3,64,000	(1.75)	8,98,000	4.32
	At the end of the year			8,98,000	4.32
3.	NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND				
	At the beginning of the year	6,77,913	3.26	6,77,913	3.26
	April 06, 2018-Increase	7,733	0.04	6,85,646	3.30
	November 16, 2018	11,959	0.06	6,97,605	3.36
	At the end of the year			6,97,605	3.36
4.	BOI AXA MID & SMALL CAP EQUITY & DEBT FUND				
	At the beginning of the year	1,94,376	0.93	1,94,376	0.93
	Decrease	1,781	0.01	1,92,595	0.92

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
	Decrease	3,846	0.01	1,88,749	0.91
	At the end of the year			1,88,749	0.91
5.	ARINDAM BHATTACHARJEE				
	At the beginning of the year	1,80,000	0.87	1,80,000	0.87
	At the end of the year			1,80,000	0.87
6.	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND				
	At the beginning of the year	1,81,900	0.88	1,81,900	0.88
	April 06, 2018-Decrease	(6,720)	(0.04)	1,75,180	0.84
	November 16, 2018-Decrease	(5,951)	(0.02)	1,69,229	0.82
	March 15, 2019-Decrease	(14,113)	(0.07)	1,55,116	0.75
	At the end of the year			1,55,116	0.75
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.	ICICI BANK LIMITED				
	At the beginning of the year	0	0.00	0	0.00
	May 04, 2018-Increase	187	0.00	187	0.00
	May 11, 2018-Increase	2,025	0.01	2,212	0.01
	May 18, 2018-Decrease	(36)	(0.00)	2,176	0.01
	May 25, 2018-Increase	362	0.00	2,538	0.01
	June 01, 2018-Increase	104	0.00	2,642	0.01
	June 08, 2018-Decrease	(54)	(0.00)	2,588	0.01
	June 15, 2018-Increase	220	0.00	2,808	0.01
	June 22, 2018-Increase	4,622	0.02	7,430	0.04
	June 29, 2018-Decrease	(630)	(0.00)	6,800	0.03
	July 06, 2018-Increase	738	0.00	7,538	0.04
	July 13, 2018-Increase	85	0.00	7,623	0.04
	July 20, 2018-Increase	3,613	0.01	11,236	0.05
	July 27, 2018-Decrease	(501)	0.00	10,735	0.05
	August 03, 2018-Decrease	(14)	(0.00)	10,721	0.05
	August 10, 2018-Increase	558	0.00	11,279	0.05
	August 17, 2018-Increase	346	0.00	11,625	0.06
	August 24, 2018-Decrease	(456)	(0.00)	11,169	0.05
	August 31, 2018-Increase	1,825	0.01	12,994	0.06
	September 07, 2018-Decrease	(161)	(0.00)	12,833	0.06
	September 14, 2018-Decrease	(497)	(0.00)	12,336	0.06
	September 20, 2018-Increase	3,302	0.02	15,638	0.08
	September 21, 2018-Decrease	(223)	(0.00)	15,415	0.07
	September 28, 2018-Decrease	(4,192)	(0.02)	11,223	0.05
	October 05, 2018-Increase	3,370	0.02	14,593	0.07
	October 12, 2018-Increase	243	0.00	14,836	0.07
	October 19, 2018-Increase	3,274	0.02	18,110	0.09
	November 02, 2018-Decrease	(1,684)	(0.01)	16,426	0.08
	November 09, 2018-Increase	1,474	0.01	17,900	0.09
	November 16, 2018-Decrease	(48)	0.00	17,852	0.09
	November 30, 2018-Decrease	(11,072)	(0.05)	6,780	0.03

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
	December 07, 2018-Increase	11,816	0.06	18,596	0.09
	December 14, 2018-Increase	1,326	0.01	19,922	0.10
	December 21, 2018-Increase	18	0.00	19,940	0.10
	December 28, 2018-Decrease	(708)	(0.01)	19,232	0.09
	December 31, 2018-Decrease	(12,553)	(0.06)	6,679	0.03
	January 04, 2019-Increase	11,328	0.05	18,007	0.09
	January 18, 2019-Decrease	(504)	(0.00)	17,503	0.08
	January 25, 2019-Increase	1,451	0.01	18,954	0.09
	February 01, 2019-Decrease	(11,141)	(0.05)	7,813	0.04
	February 08, 2019-Increase	10,879	0.05	18,692	0.09
	February 15, 2019-Decrease	(261)	(0.00)	18,431	0.09
	February 22, 2019-Increase	84,788	0.41	1,03,219	0.50
	March 01, 2019-Decrease	(10,882)	(0.05)	92,337	0.44
	March 08, 2019-Increase	10,914	0.05	1,03,251	0.50
	March 15, 2019-Decrease	(55)	(0.00)	1,03,196	0.50
	March 22, 2019-Increase	192	0.00	1,03,388	0.50
	March 29, 2019-Decrease	(10,891)	(0.05)	92,497	0.45
	At the end of the year			92,497	0.45
9.	BOI AXA TRUSTEE SERVICES PVT LTD A/C BOI AXA LARGE & MID CAP EQUITY FUND				
	At the beginning of the year	55,281	0.27	55,281	0.27
	At the end of the year			55,281	0.27
10.	KOTAK DEBT HYBRID				
	At the beginning of the year	51,000	0.25	51,000	0.25
	At the end of the year			51,000	0.25

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 during 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	-	-	-	41,910	0.20
4.	Venkata Siva Prasad Chandrapati -Whole Time Director( Technical)	51,100	0.25	March 28, 2019	(1,100)	Sell	50,000	0.24



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 during the Year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
5.	Srinivas Pagadala- Independent Director*	Nil	Nil	-	-	-	Nil	Nil
5.	Raghupathy Goud Theegala-Independent Director	Nil	Nil	-	-	-	Nil	Nil
6.	Karunasree Samudrala- Independent Director**	Nil	Nil	-	-	-	Nil	Nil
7.	Sudarshan Chiluveru- CFO	1,900	0.01	-	-	-	1,900	0.01
8.	Chaitanya Siva Shankar Vitta -Company Secretary	750	Negligible	-	-	-	750	Negligible

\*Resigned with effect from August 02, 2018

\*\* Appointed with effect from May 29, 2018

## V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	73,34,16,072	4,37,42,602	-	77,71,58,674
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,25,332	4,77,609	-	7,02,941
<b>Total (i+ii+iii)</b>	<b>73,36,41,404</b>	<b>4,42,20,211</b>	<b>-</b>	<b>77,78,61,615</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	34,07,38,091	-	-	34,07,38,091
• Reduction	(3,69,22,965)	(4,33,83,899)	-	(8,03,06,864)
<b>Net Change</b>	<b>30,38,15,126</b>	<b>(4,33,83,899)</b>	<b>-</b>	<b>26,04,31,227</b>
<b>Indebtedness at the end of the financial year</b>				
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>-</b>	<b>1,03,85,71,957</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)	Venkata Siva Prasad Chandrapati (Whole Time Director-Technical)	Krishna Sai Kumar Addepalli (Whole Time Director-Operations)	
1.	Gross salary (IT Act)				
	(a) Salary	60,00,000	24,00,000	18,00,000	1,02,00,000
	(b) Value of perquisites	-	-	-	-
	(c) Profits in lieu of salary	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	95,00,000	-	-	95,00,000
	- others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>1,55,00,000</b>	<b>24,00,000</b>	<b>18,00,000</b>	<b>1,97,00,000</b>
	Overall Ceiling as per the Act	₹333.73 Lakhs (being the 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) and ₹166.86 Lakhs (being the 5% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

### B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (in ₹)
1.	<b>Independent Directors</b>	<b>Raghupathy Goud Theegala (Independent Director)</b>	<b>Srinivas Pagadala* (Independent Director)</b>	<b>Karunasree Samudrala** (Independent Director)</b>	
	Fee for attending board / committee meetings	3,20,000	60,000	1,40,000	5,20,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>3,20,000</b>	<b>60,000</b>	<b>1,40,000</b>	<b>5,20,000</b>
2.	<b>Other Non-Executive Directors</b>	<b>Sri Lakshmi Reddy Vangeti (Non- Executive Director)</b>			
	Fee for attending board / committee meetings	Nil			
	Commission	-			
	Others, please specify	-			
	<b>Total (2)</b>	<b>Nil</b>			
	<b>Total (B)= (1+2)</b>				<b>5,20,000</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>2,02,20,000</b>

\* Resigned with effect from August 02, 2018

\*\* Appointed with effect from May 29, 2018

**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	
1.	Gross salary (IT Act)			
	(a) Salary	13,20,000	3,00,000	16,20,000
	(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	-	-	-
	<b>Total</b>	<b>13,20,000</b>	<b>3,00,000</b>	<b>16,20,000</b>

**VII. Penalties / Punishment/ Compounding of Offences:**

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

For and on behalf of the Board  
APOLLO MICRO SYSTEMS LIMITED

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

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

Place: Hyderabad  
Date: August 14, 2019

## ANNEXURE-II

## 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 ₹)
2015-16	14,91,29,897
2016-17	25,82,75,805
2017-18	32,17,73,041
<b>Total</b>	<b>72,91,78,743</b>
Average of the PBT	24,30,59,581

### 4. Prescribed CSR expenditure (2% of Average Net Profits): ₹48,61,191.62/-

### 5. Details of CSR spent during the financial year 2018-19:

(a) Total amount to be spent for the financial year: ₹48,61,191.62/-

(b) Amount unspent, if any: ₹48,16,433.83/-

(c) Amount spent during the year 2018-19: ₹74,00,000/-\*

\*During the year under review, the total CSR Expenditure amounts to ₹74,00,000/- which fulfils the Company's CSR obligation for the previous Financial Years 2017-18, 2016-17 and 2015-16. Out of the above expenditure ₹44,757.79/- is toward the FY 2018-19. Further, the unspent CSR obligation for the FY 2018-19 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:

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 Global Helping Hands Inc.	Promoting Health and preventive Care.	Andhra Pradesh	₹15,00,000/-	₹15,00,000/-	-	₹15,00,000/-	Implementing Agency (i)
2.	Donation to Akshaya Patra Foundation	Providing Mid day Meals to Govt school children and Eradicating hunger & malnutrition	Telangana, Vikarabad	₹1,00,000/-	₹1,00,000/-	-	₹1,00,000/-	Implementing Agency (ii)
3.	Donation to HKM Charitable Foundation	Eradicating hunger and malnutrition	Telangana, Hyderabad	₹2,00,000/-	₹2,00,000/-	-	₹2,00,000/-	Implementing Agency(iii)



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	₹10,00,000/-	₹10,00,000/-	-	₹10,00,000/-	Implementing Agency (iv)
5.	Donation to Women Development Society	Promoting Health, Eradication of poverty, enhancing vocation skills, Women Empowerment.	Telangana	₹10,00,000/-	₹10,00,000/-	-	₹10,00,000/-	Implementing Agency (v)
6.	Donation to Digital Empowerment Foundation	Rural development projects	Uttar Pradesh, Barabanki & Ghazipur	₹33,00,000/-	₹33,00,000/-	-	₹33,00,000/-	Implementing Agency (vi)
7.	Contribution to Prime Minister's National Relief Fund (PMNRF)	Relief for Riots, Flood, Drought, Earthquakes, Cyclone, Tsunami, Medical etc.	Pan India	₹3,00,000/-	₹3,00,000/-	-	₹3,00,000/-	Donation directly to the Fund

- (i) Global Helping Hands Inc. is a Non Profit Organization under the Societies Registration Act, 2001 and a registered Institution u/s 80G (5) (vi) & u/s 12AA(1)(b)(i) of the Income Tax Act, 1961. The objective of the organization is to support the poor and down trodden people, to uplift the various communities of society through mainly health, education welfare and environmental services. Medical camps are organized in villages.
- (ii) Akshaya Patra Foundation is a registered Institution u/s 80G (5) (vi) & u/s 12A of the Income Tax Act, 1961 specifically for providing the mid day meals to Government and Government -aided school children. The Akshaya Patra Foundation strives to eliminate classroom hunger by implementing the Mid-Day Meal Scheme and also aims at countering malnutrition.
- (iii) Hare Krishna Movement Charitable Foundation (registered Institution u/s 80G (5) (vi) of the Income Tax Act, 1961) through its various programmes (like Akshaya Patra Program, Bhojanamrita Program and Saddimoota Program) providing meals to Govt school children, patient attendants in Govt hospitals and further in tie up with GHMC provide ₹5/- Meal to about 15,000 beneficiaries every single day.
- (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.
- (v) 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.
- (vi) Digital Empowerment Foundation (registered u/s 80G(5)(vi) & u/s 12AA of the Income Tax Act, 1961) is engaged in enabling people to access better health, education, skill and livelihood opportunities through digital literacy and digital tools, literate digitally the unreached and underserved communities and other related activities. Digital Empowerment

Foundation undertakes to create smart villages through its initiative "Smartpur". Smartpur is a rural entrepreneurship-based initiative to transform rural villages into digitally integrated holistic villages.

**6. 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 of CSR obligation which fulfills the obligation for the FY 2017-18, 2016-17 and 2015-16 and partly for the FY 2018-19. The Company is identifying the projects and avenues for making further CSR expenditure within the policy framework of the Company pertaining to FY 2018-19.

**7. 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: August 14, 2019

## 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, 2019, 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, 2019 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 ₹60,00,000	Continuous transaction	-
Mr. Venkata Siva Prasad Chandrapati Whole Time Director (Technical)	Remuneration	Continuous transaction	Remuneration paid ₹24,00,000	Continuous transaction	-
Mr. Krishna Sai Kumar Addepalli Whole Time Director(Operations)	Remuneration	Continuous transaction	Remuneration paid ₹18,00,000	Continuous transaction	-
Mr. Karunakar Reddy Baddam- Managing Director	Unsecured Loan Repaid	Continuous transaction	Unsecured Loan Repaid ₹3,38,01,903	Continuous transaction	-
Mr. Karunakar Reddy Baddam- Managing Director	Rent Paid	Continuous transaction	Rent Paid ₹8,40,000	Continuous transaction	-
Mr. Karunakar Reddy Baddam- Managing Director	Commission Paid	For the FY 2018-19	Commission Paid ₹95,00,000	Adjourned AGM held on August 26, 2017	-

For and on behalf of the Board  
APOLLO MICRO SYSTEMS LIMITED

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

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

Place: Hyderabad  
Date: August 14, 2019

## ANNEXURE-IV

## DIVIDEND DISTRIBUTION POLICY

## 1. Introduction

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

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

**Objective**

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

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

## 2. Policy

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

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

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

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

**Financial parameters and Internal Factors:**

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

**External Factors:**

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

**B. Circumstances under Which the Shareholders of the Company May Expect Dividend**

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

**C. Circumstances under Which the Shareholders may not Expect Dividend**

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

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

**D. Utilization of the Retained Earnings**

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

- Market expansion plan;
- Infrastructure enhancement;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;

- Replacement of capital assets;
- Where the cost of debt is expensive;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

**E. Manner of Dividend Payout**

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

**F. Parameters to be Adopted with Regard to various Classes of shares**

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

**4. Non Applicability of Policy**

The Policy shall not apply to:

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

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



## 5. Policy Review and Amendments

In case of any subsequent changes in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws. Any such amendments shall be disclosed along with the rationale for the same in the Annual Report and on the website of the Company.

## 6. Disclosures

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at [www.apollo-micro.com](http://www.apollo-micro.com)

## 7. Disclaimer

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

### DISCLOSURE WITH RESPECT TO APOLLO EMPLOYEES STOCK OPTIONS SCHEME – 2018 ("ESOS – 2018") OF THE COMPANY AS AT MARCH 31, 2019

Sl. No.	Particulars	ESOS-2018
A.	Disclosures in terms of the relevant Indian Accounting Standards, as prescribed from time to time	No disclosure for the year under review.
B.	Diluted Earnings Per Share (EPS) on issue of Shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33, as prescribed from time to time	N.A
C.	(i) Description and general terms and conditions of ESOS	
	(a) Date of shareholder's approval	December 26, 2018 Shareholders' approval was obtained through Postal Ballot Process.
	(b) Total number of options approved under ESOS	10,00,000 (Ten Lakhs 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, 2019	
	Number of options outstanding at the beginning of the period	5,000 (Five Thousand Only)
	Number of options granted during the year	Nil
	Number of options forfeited / lapsed during the year	Nil
	Number of options vested during the year	Nil
	Number of options exercised during the year	Nil
	Number of shares arising as a result of exercise of options	Nil
	Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
	Loan repaid by the Trust during the year from exercise price received	Nil
	Number of options outstanding at the end of the year	5,000 (Five Thousand Only)
	Number of options exercisable at the end of the year	Nil

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

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

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

#### (i) General information

Sl. No.	Particulars	Details
1	Name of the Trust	Apollo Employees Foundation
2	Details of the Trustee(s)	<ol style="list-style-type: none"> <li>Srisailam Aerpula, Managing Trustee</li> <li>Shiva Shankar Rampally, Trustee</li> <li>Varsha Jain, Trustee</li> </ol>
3	Amount of loan disbursed by Company, during the year	₹6,05,000 (Rupees Six Lakhs Five Thousand only)
4	Amount of loan outstanding (repayable to Company) as at the end of the year	₹6,05,000 (Rupees Six Lakhs 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

Sl. No.	Particulars	Details
1	Number of shares held at the beginning of the year	Nil
2	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share	5,000 (Five Thousand Only) Equity shares acquired through Secondary Market Acquisition 0.024 % 1182 Equity shares acquired at an average price of ₹97.42 and; 3818 Equity shares acquired at an average price of ₹98.11
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 (Five Thousand Only)

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

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

For and on behalf of the Board  
APOLLO MICRO SYSTEMS LIMITED

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

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

Place: Hyderabad  
Date: August 14, 2019

## ANNEXURE-VI

## 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 2018-19 are as under:

Sl. No.	Name	Designation	Increase/ (Decrease) %	Ratio of remuneration of each Director to MRE
1.	Karunakar Reddy Baddam	Managing Director	Nil	89.33
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	Nil	13.83
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	Nil	10.37
4.	Raghupathy Goud Theegala	Independent Director	Nil	N.A
5.	Sri Lakshmi Reddy Vangeti#	Non- Executive Director	Nil	N.A
5.	Srinivas Pagadala*	Independent Director	Nil	N.A
6.	Karunasree Samudrala ^	Independent Director	Nil	N.A
7.	Sudarshan Chiluveru	Chief Financial Officer	Nil	N.A
8.	Chaitanya Siva Shankar Vitta	Company Secretary	Nil	N.A

**Note:**

# Voluntarily waived to receive the sitting fees.

\*Resigned w.e.f August 02, 2018

^Appointed on May 29, 2018

- 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 remuneration of Managing Director includes the commission paid for FY 2018-19.
- The Median Remuneration of Employees was ₹1,73,508/- per annum for the FY 2018-19. As compared to the financial year 2017-18 MRE has been reduced by 23.9%;
- The Number of Permanent employees on the rolls of the Company as on March 31, 2019 was 274.
- The Company affirms that remuneration is as per the Remuneration Policy of the Company.

**B. Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (a) Particulars of top ten Employees in terms of Remuneration and also who were in receipt of remuneration not less than one Crore and two Lakhs rupees per annum or eight lakh and fifty thousand rupees per month during the year 2018-19.

Sl. No.	Employee Name	Designation	Remuneration	Nature of Employment- contractual or otherwise	Qualification, Date of Joining, Experience, Date of Birth and Age	Last Employment & Designation	No and % of Equity shares held at year end	Relationship to any Director
1.	Karunakar Reddy Baddam	Managing Director	₹1,55,00,000.00	Contractual	BA 03-Mar-1997, 33 Years 06-June-1962, 57 Years	-	13271690 63.9	Yes
2.	Venkata Siva Prasad Chandrapati	Whole Time Director (Technical)	₹24,00,000.00	Contractual (Whole Time Director- Technical)	Master of Technology in Instrumentation 10-Jan-2000, 22 Years 21-Apr-1971, 48 Years	Hyderabad Tulaman Limited (Sr. Engineer [R&D])	50000 0.24	None



Sl. No.	Employee Name	Designation	Remuneration	Nature of Employment- contractual or otherwise	Qualification, Date of Joining, Experience, Date of Birth and Age	Last Employment & Designation	No and % of Equity shares held at year end	Relationship to any Director
3.	Krishna Sai Kumar Addepalli	Whole Time Director (Operations)	₹18,00,000.00	Contractual (Whole Time Director- Operations )	Bachelor of Engineering (Electronics & Communication) 24-Apr-2003, 18 Years 12-Oct-1979, 40 Years	JVR Infotech Private Limited Senior Marketing Executive	41910 0.20	None
4.	Venkateswara Rao Aluri	Senior General Manager Marketing & Sales	₹16,80,000.00	Permanent	Masters Of Business & Administration –Sales & Marketing 02-July-2016, 23 Years 05-June-1972, 47 Years	HBL Power Systems Limited General Manager Sales(Eng /R&D)	650 Negligible	None
5.	Supriya Kondap	Associate Vice President (Projects)	₹16,40,400.00	Permanent	B.E- Electronics 17-May-2018, 26 Years 11-June-1961, 59 Years	Larsen & Toubro Limited	Nil	None
6.	Ratnamani T*	Vice President (Technology)	₹15,78,396.00	Permanent	PhD- Electronics Engineering 13-March-2019, 40 years 01-06-1955, 64 Years	DRDO Scientist G Professor	Nil	None
7.	Vijendra Bidri**	Sr. General Manager - Sales	₹14,40,000.00	Permanent	B.E- Electronics & Communication 23-Apr-2018, 23 Years 20-May-1962, 57 Years	Sunlux Technovations Pvt. Ltd. Dy. GM Business Development	Nil	None
8.	Chukka Visweswara Rao	Senior Manager	₹14,00,000.00	Permanent	07-Sep-2017, 33 Years 10-Mar-1965, 53 Years	Smarttrak Solar Systems Pvt. Ltd. Manager	100 Negligible	None
9.	Sudarshan Chiluveru	Chief Financial Officer (CFO)	₹13,20,000.00	Permanent	Associate Certificate- The Indian Institute of Bankers 01-Apr-2017, 36 Years 25-May-1953, 66 Years	State Bank of Hyderabad Chief Manager	1900 Negligible	None
10.	Satpal Singh Choudhary	Associate Vice President (Northern Region)	₹13,20,000.00	Permanent	Bachelor of Science(Electrical Engineering) 39 Years 05-Mar-2018 17-June-1955, 64 Years	Bharat Electronics Limited (Additional general Manager)	Nil	None

\*new employees with less than 12 Months service; Last drawn salary for the year 2018-19 i.e. for the month of March has been annualized

\*\*Resigned with effect from 31.03.2019

- (b) During the year under review, there was no employee in receipt of remuneration which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director and holds by himself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the company.

## ANNEXURE-VII

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 2018-19 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: August 14, 2019

Sd/-

**Datla Venkatesh**

CPNo.: 14074

**FORM NO MR-3**

**SECRETARIAL AUDIT REPORT**

For the Financial Year Ended 31 March, 2019

[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, 2019 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, 2019 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 (Service Tax)
- 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 Central Excise Act, 1944
- xvi. The Factories Act, 1948
- xvii. The Workmen's Compensation Act, 1923
- xviii. The Telangana Shops And Establishments Act, 1988
- xix. The Goods and Services Tax Act, 2016
- xx. The Trade Marks Act, 1999
- xxi. The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
- xxii. 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 changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 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 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 Company Secretary 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.

Place: Hyderabad  
Date: August 14, 2019

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

# 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.

## Our Competitive Strengths

- Proven track record in developing new technological systems and order execution
- Recurring orders from existing programs

- Strong R&D Capabilities
- Qualified and experienced workforce and senior management
- Quality control
- Focus on R&D to develop complete systems to enhance the long-term prospects of our Company
- Improving our productivity and competitiveness
- Continue to grow our overall market share by leveraging our presence in existing business verticals

## 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.

As on 31 March, 2019, the Board comprised six Directors. The Chairman of the Company is Non Executive Independent Director. Out of the total strength, 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)		01-04-1999	-	-	-
5.	Raghupathy Goud Theegala (DIN: 07785738)		21-08-2017	-	-	-
6.	Karunasree Samudrala (DIN: 06960974)		29-05-2018	-	1 (Independent Director- Roopa Industries Limited)	1 (Roopa Industries Limited)
7.	Srinivas Pagadala* (DIN: 02669528)		21-08-2017	02-08-2018	-*	-*

# excludes directorships in associations, private limited companies, 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

\* The details pertaining to the period during which he was the director of the company

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)

- 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 will retire at the ensuing AGM and being eligible, seeks re-appointment. The Board has recommended her re-appointment.
- Mrs. Karunasree Samudrala, has been appointed as Non-Executive - Independent Director by the Board of directors on 29th May 2018 and her appointment has been ratified by the members of the company in the 21st Annual General meeting held on 20th September 2018.

#### c) Board Meetings & 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 are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance. Agenda papers are sent to the Directors generally one week before the meeting to facilitate meaningful and focused discussions at the meeting.

The Board met 4 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. Twenty First Annual General Meeting (AGM) of the Company was held on Thursday, September 20, 2018.

Sl. No.	Name of the Director and DIN	Designation	Attendance at the Meeting held on				No. of meetings attended	Attendance at the 21st AGM (20-Sep-18)
			29-May-18	09-Aug-18	01-Nov-18	31-Jan-19		
1.	Karunakar Reddy Baddam (DIN: 00790139)	Managing Director	√	√	√	√	4	√
2.	Venkata Siva Prasad Chandrapati (DIN: 03601703)	Executive Director	√	√	Leave of Absence	√	3	√
3.	Krishna Sai Kumar Addepalli (DIN: 03601692)	Executive Director	√	√	√	√	4	√
4.	Sri Lakshmi Reddy Vangeti (DIN: 02757567)	Non-Executive - Non Independent Director	Leave of Absence	√	√	√	3	Leave of Absence
5.	Raghupathy Goud Theegala (DIN: 07785738)	Non-Executive -Independent Director CUM Chairman	√	√	√	√	4	√
6.	Karunasree Samudrala (DIN: 06960974)**	Non-Executive - Independent Director	N.A	√	√	√	3	√
7.	Srinivas Pagadala (DIN: 02669528)*	Non-Executive - Independent Director	Leave of Absence	Resigned on 02-08-2018	Resigned on 02-08-2018	Resigned on 02-08-2018	0	Resigned on 02-08-2018

\* Resigned with effect from August 02, 2018

\*\*Appointed with effect from May 29, 2018

#### d) Independent Directors Meeting

A meeting of Independent Directors of the Company was held on 31st January, 2019 where at the following items as enumerated under Schedule IV to the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, 2015 were discussed:

- Review of performance of the Board and Committees as a whole;
- Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- 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

The Company has received a declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act 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.

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

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

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

The composition of the Board comprising 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.

The Company currently has right mix of Directors on the Board who possess the requisite qualifications and experience in general corporate management, finance, banking, marketing and other allied

fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company. Detailed profile of the Directors is available on the Company's website at [www.apollo-micro.com](http://www.apollo-micro.com)

#### 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.

#### 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) under the section "Investors".

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

During the year under review, Mr. Srinivas Pagadala [DIN: 02669528] Independent Director resigned from the Board of the Company with effect from August 02, 2018 and confirmed that due to pre-occupation he was not in a position to attend the meetings of the Company conducted regularly hence, he tendered his resignation.

### Board Committees

The Board Committees play a crucial role in the governance structure of the Company 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 review. The Board Committees request special invitees to join the meeting, as and when considered appropriate.

The Board has following committees:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stake holders Relationship Committee
- iv. Corporate Social Responsibility Committee
- v. Risk Management Committee
- vi. Executive Committee of Board of Directors and CFO

The Roles and Responsibilities of the committees is as follows:

#### a) Audit Committee

The Company has adequately qualified and independent Audit Committee. Details of members of the Committee are disclosed in the table below.

Sr. No.	Name of Member	Designation
1.	Karunasree Samudrala*	Chairman
2.	Raghupathy Goud Theegala	Member
3.	Krishna Sai Kumar Addepalli	Member

(\*The Audit Committee was reconstituted w.e.f. August 09, 2018 due to resignation of Mr. Srinivas Pagadala (DIN: 02669528 w.e.f August 02, 2018 and in his place Mrs. Karunasree Samudrala (DIN: 06960974) was inducted.)

The Company Secretary of the Company acts as Secretary of the Committee.

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;

- iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions;
  - vii. modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the Company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

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

Audit Committee's composition and terms of reference are in compliance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. During the year under review, the Audit Committee met 8 times on 4th May, 2018; 20th May, 2018; 9th August, 2018; 14th August, 2018; 1st November, 2018; 16th November, 2018; 31st January, 2019; 14th February, 2019. The details of member's attendance at the Audit Committee Meetings during the financial year 2018-19 are as under:

Names	No of Meeting attended
Karunasree Samudrala*	6
Raghupathy Goud Theegala	8
Krishna Sai Kumar Addepalli	8

Note: Mr. Srinivas Pagadala-Ex Chairman of committee attended 2 meetings held on 4th May, 2018 and 20th May, 2018 and Resigned with effect from August 02, 2018.

\*Mrs. Karunasree Samudrala was appointed with effect from May 29, 2018 and attended 6(six) meeting out of 6(six).

The meetings of Audit Committee are also attended by the Chief Financial Officer, Company Secretary, Statutory Auditors and Internal Auditor as special invitees. The minutes of each Audit Committee meeting are placed and confirmed in the next meeting of the Board.

#### b) Nomination and Remuneration Committee

The Committee comprises of three Non- Executive Directors. Details of members of the Committee and the meetings held are disclosed in the table below.

Sr. No.	Name of Member	Designation
1.	Karunasree Samudrala*	Chairman
2.	Sri Lakshmi Reddy Vangeti	Member
3.	Raghupathy Goud Theegala	Member

\*The Nomination and Remuneration Committee was reconstituted w.e.f. August 09, 2018 due to resignation of Mr. Srinivas Pagadala (DIN: 02669528 w.e.f. August 02, 2018 and at his place Mrs. Karunasree Samudrala (DIN: 06960974) was inducted.

The Company Secretary of the Company acts as Secretary of the Committee.

The Committee meets periodically as and when required. Except Managing Director and Whole Time Directors, no other director draws remuneration from the Company. Terms of reference of the Committee, inter alia, includes the following:

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

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

During the year under review, the Nomination and Remuneration Committee met 3 (three) times on 20th May, 2019; 01st November, 2018 and 31st January, 2019

The details of member's attendance at the Nomination & Remuneration Committee Meetings during the financial year 2018-19 are as follows:

Names	No of Meeting attended
Karunasree Samudrala*	2
Sri Lakshmi Reddy Vangeti	2
Raghupathy Goud Theegala	3

Note: Mr. Srinivas Pagadala-Ex Chairman of committee attended 1 meeting held on 20th May, 2018 and Resigned with effect from August 02, 2018.

\*Mrs. Karunasree Samudrala was Appointed with effect from May 29, 2018 and attended 2(two) meeting out of 2(two).

The meetings of Nomination and Remuneration Committee are also attended by the Company Secretary. The minutes of each Nomination and Remuneration Committee meeting are placed and confirmed in the next meeting of the Board.

#### Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Committee have developed parameterized feedback forms for the evaluation of the Independent Directors of the Company.

#### c) Stakeholders Relationship Committee

The Committee comprises of three Directors, details of members of the Committee are disclosed in the table below.

The Committee comprises of three Directors as follows:

Sr. No.	Name of Member	Designation
1.	Raghupathy Goud Theegala	Chairman
2.	Karunakar Reddy Baddam	Member
3.	Venkata Siva Prasad Chandrapati	Member

The Company Secretary act as Secretary of the Committee

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

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

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

During the year under review, the Stakeholders Relationship Committee met 2(Two) times on 19th September, 2018 and 12th November, 2018 to review of the satisfactory disposal of request from the shareholders and taken note of the dematerialization request received from shareholders.

The details of member's attendance at the Stakeholders Relationship Committee Meetings during the financial year 2018-19 are as follows:

Sr. No.	Name of Member	No of Meeting attended
1.	Raghupathy Goud Theegala	2
2.	Karunakar Reddy Baddam	2
3.	Venkata Siva Prasad Chandrapati	2

The meetings of Stakeholders Relationship Committee are also attended by the Company Secretary. The minutes of each Stakeholders Relationship Committee meeting are placed and confirmed in the next meeting of the Board.



The details of complaints received and resolved during the Financial Year ended 31st March, 2019 are given in the table below:

Complaints outstanding as on April 1, 2018	Nil
Complaints received during the year ended March 31, 2019	Nil
Complaints resolved during the year ended March 31, 2019	Nil
Complaints pending as on March 31, 2019	Nil

**d) Corporate Social Responsibility Committee**

The Committee comprises of three Directors, details of members of the Committee are disclosed in the table below

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

The Company Secretary act as Secretary to the Committee.

Terms of reference of the Committee includes the following:

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

During the year under review, the Corporate Social Responsibility Committee met 6 (Six) times on 14th August, 2018; 28th August, 2019; 19th November, 2019; 18th January, 2019; 25th February, 2019 and 30th March, 2019

The details of member's attendance at the Corporate Social Responsibility Committee Meetings during the financial year 2018-19 are as follows:

Sr. No.	Name of Member	No of Meeting attended
1.	Karunakar Reddy Baddam	6
2.	Raghupathy Goud Theegala	6
3.	Sri Lakshmi Reddy Vangeti	6

The meetings of Corporate Social Responsibility Committee are also attended by the Company Secretary. The minutes of each Corporate Social Responsibility Committee meeting are placed and confirmed in the next meeting of the Board.

**e) Risk Management Committee**

The Committee comprises of three Directors, details of members of the Committee are disclosed in the table below:

Risk Management Committee consists of the following persons namely:

Sr. No.	Name of Member	Designation
1.	Venkata Siva Prasad Chandrapati	Chairman
2.	Karunakar Reddy Baddam	Member
3.	Karunasree Samudrala*	Member

\*The Risk Management Committee is reconstituted w.e.f. August 09, 2018 due to resignation of Mr. Srinivas Pagadala (DIN: 02669528 w.e.f August 02, 2018 and at his place Mrs. Karunasree Samudrala (DIN: 06960974) was inducted.

The Company Secretary act as secretary of the Committee.

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

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

During the year under review, the Risk Management Committee met once on 19th September, 2019.

The details of member's attendance at the Risk Management Committee Meetings during the financial year 2018-19 are as follows:

Sr. No.	Name of Member	No of Meeting attended
1.	Venkata Siva Prasad Chandrapati	1
2.	Karunakar Reddy Baddam	1
3.	Karunasree Samudrala	1

The meetings of Risk Management Committee are also attended by the Company Secretary. The minutes of each Risk Management Committee meeting are placed and confirmed in the next meeting of the Board.

#### f) Executive Committee

In view of having the timely and expeditious execution of routine financial matters it is proposed to form an Executive Committee of Directors and Chief Financial officer (CFO) to deal with the same within the ambit of delegated authority by the Board of Directors of the Company. Subsequently the committee has been formed in the Board meeting held on 1st November 2018.

Details of members of the Committee and the meetings held are disclosed in the table below

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 members of the Committee are as under:

Sr. No.	Names	Designation
1.	Karunakar Reddy Baddam, Managing Director	Chairman
2.	Venkata Siva Prasad Chandrapati, Whole Time Director (Technical)	Member
3.	Krishna Sai Kumar Addepalli, Whole Time Director (Operations)	Member
4.	Sudarshan Chiluveru (CFO)	Member

The Company Secretary act as 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.

#### 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 once on 28th March, 2019.

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

The meetings of the Executive Committee are also attended by the Company Secretary. The minutes of each Executive Committee meeting are placed and confirmed in the next meeting of the Board.

#### Directors Remuneration

Non Executive Directors including Independent Directors do not have any pecuniary relationships or transactions with the Company. However, the independent directors were paid sitting fees of ₹20,000/- for attending the meetings of the Board of Directors or Committees. However, with effect from 25th August, 2018 sitting fees for attending the meeting of Board and Committees were paid on per day basis to Independent Directors of the Company.

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.

Details of remuneration paid to Directors of the Company for the financial year ended 31st March 2019 are as follows-

Sl. No.	Name	Sitting Fees	Salary and Benefits	Performance Bonus	Retrials	Total
1.	Karunakar Reddy Baddam	-	60,00,000	95,00,000	-	1,55,00,000
2.	Krishna Sai Kumar Addepalli	-	18,00,000	-	-	18,00,000
3.	Venkata Siva Prasad Chandrapati	-	24,00,000	-	-	24,00,000
4.	Sri Lakshmi Reddy Vangeti	-	-	-	-	-
5.	Raghupathy Goud Theegala	3,20,000	-	-	-	3,20,000
6.	Srinivas Pagadala*	60,000	-	-	-	60,000
7.	Karunasree Samudrala**	1,40,000	-	-	-	1,40,000

\* Resigned with effect from August 02, 2018

\*\* Appointed with effect from May 29, 2018

## 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 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, 2019, 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, 2019.

Date: 14.08.2019

Place: Hyderabad

Sd/-  
Karunakar Reddy Baddam  
Managing Director

## General Body Meetings

Venue and time of the Last Three Annual General Meetings

Date	Category	Venue	Time	No of Special Resolution
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	09:00 A.M (IST)	-
26th August, 2017	Members	Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal, Hyderabad, Rangareddy, Telangana 500076	03:00 P.M (IST)	Four(4)
30th September, 2016	Members	Vaishnavi Complex, 1st Floor street No.6, Habsiguda, Hyderabad, Telangana- 500007**	11:00 A.M (IST)	-

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

\*\*The registered office address changed to present address with effect from April 03, 2017.

Postal Ballot- During the year the company has conducted one postal ballot for seeking the approval members by means of a special resolution for the Employee Stock Option Scheme 2018 set out (ESOS 2018) and related matters thereto. The resolutions were successfully passed.

## Means of Communication

In accordance with Regulation 46 of the SEBI (LODR) Regulations, 2015, the Company has maintained a functional website at [www.apollo-micro.com](http://www.apollo-micro.com) containing information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, details of conference calls/presentations to institutional investors or analysts etc. The contents of the said website are updated within 2 working days from the date of such change.

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

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

## General Shareholder Information

<b>a) AGM: Day, Date, time and venue</b>	Monday, 30th September, 2019 Time: 11:00 AM (IST) Venue: Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands,Begumpet, Hyderabad- 500016 Telangana, India
<b>b) Financial Year</b>	April 1, 2018- March 31, 2019
<b>c) Book closure Date</b>	Friday, September 27, 2019 to Monday, September 30, 2019 (both days inclusive)
<b>d) 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>e) Registered Office</b>	Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal Hyderabad, Rangareddy Telangana 500076, India
<b>f) Corporate Identification Number</b>	The Company's CIN as allotted by the Ministry of Corporate Affairs is L72200TG1997PLC026556
<b>g) Listing Fees</b>	The Listing fees for the year 2018-19 has been paid to the above stock exchanges.
<b>h) Registrar &amp; Share Transfer Agents of the Company for both physical and electronic mode of share transfers.</b>	BIGSHARE SERVICES PRIVATE LIMITED  Add: 1st Floor, Bharat Tin Works Building, Opposite Vasant Oasis Makwana Road, Marol, Andheri (East) Mumbai – 400 059. Maharashtra, India Tel No.: +91 – 22 – 62638200 Fax No.: +91 – 22 – 62638299 Email: <a href="mailto:marketing@bigshareonline.com">marketing@bigshareonline.com</a> ; Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> Investor Grievance Email: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> ; SEBI Registration No.: INR000001385

**i) Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and likely impact on equity.** The Company has not issued any Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments during the year under review. There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2019.

**j) Share Transfer System** In terms of the SEBI (LODR) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from April 01, 2019, except in case of transmission or transposition of securities. Members holding shares in physical form are requested to dematerialise their holdings at the earliest. Transfers of equity shares in dematerialised form are effected through the depositories with no involvement of the Company. In case of other matters relating to Shares, Stakeholder's Relationship Committee meet as and when required to consider and attend Investors grievances and request for transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialization and rematerialization of shares, etc.

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

**k) Stock Code** The stock code of the Company at BSE Ltd. 540879

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

The 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.

**l) Dematerialisation of Shares** Members are requested to convert their physical holdings to demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within a maximum period of twenty one days from the date of receipt, if the documents are clear in all respects. There are 299898\* no. of shareholders holding their shares in dematerialized form, which represent 99.90% of the paid up capital of the Company, leaving only 3 shareholders who hold in physical form.

\*Shareholders with same Permanent Account Number (PAN) are considered as one.

**m) Stock Performance** **Market price data:** The monthly high and low stock performance at the Stock Exchanges BSE and NSE during the year 2018-19 is as follows:

Months	BSE (in ₹)		NSE (in ₹)	
	High	Low	High	Low
Apr-18	268.55	226.30	268.00	227.80
May-18	235.00	184.10	234.90	182.30
Jun-18	197.00	149.00	196.45	152.50
Jul-18	171.90	127.00	166.95	126.00
Aug-18	174.70	136.50	174.00	149.10
Sep-18	163.40	122.05	162.00	124.00
Oct-18	131.00	100.20	132.90	99.00
Nov-18	142.80	120.55	144.40	120.65
Dec-18	132.00	115.70	131.95	113.00
Jan-19	128.00	112.00	127.80	114.05
Feb-19	114.00	94.30	118.65	95.50
Mar-19	115.15	100.20	115.80	100.10

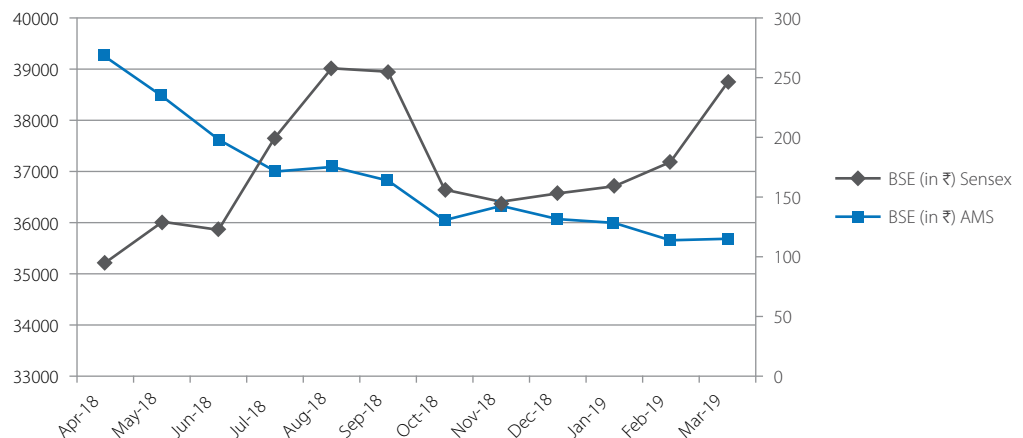
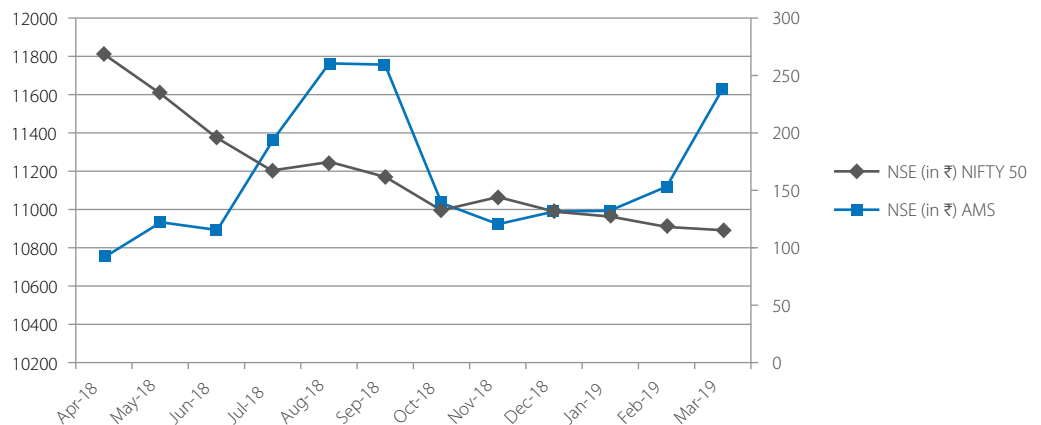
[Source: This information is compiled from the data available on the websites of BSE and NSE]

**n) Distribution of Shareholding**

AS ON 31st MARCH 2019, THE DISTRIBUTION OF COMPANY'S SHAREHOLDING IS AS FOLLOWS:

SHAREHOLDING OF NOMINAL	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARE AMOUNT ₹	PERCENTAGE OF TOTAL	
1	5000	29417	97.1917	1,96,21,050	9.4496
5001	10000	442	1.4603	34,75,200	1.6737
10001	20000	195	0.6443	28,52,580	1.3738
20001	30000	70	0.2313	17,85,650	0.8600
30001	40000	36	0.1189	12,72,270	0.6127
40001	50000	33	0.1090	15,06,860	0.7257
50001	100000	30	0.0991	23,53,560	1.1335
100001	999999999	44	0.1454	17,47,71,690	84.1710
<b>Total</b>		<b>30267</b>		<b>20,76,38,860</b>	<b>100</b>

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



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

**p) Foreign currency risk and hedging activities**

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

**q) 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.

**r) Plant Location**

APOLLO MICRO SYSTEMS LIMITED

Plot No 128/A, Road No. 12, Bel Road Ida Mallapur, Uppal Mandal, Hyderabad – 500076 Telangana, India



**s) 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 – 500076, Telangana, India  
 Tel No.: +91 – 40 – 27167000  
 Fax No.: +91 – 40 – 21750820  
 Email: cs@apollo-micro.com  
 Website: www.apollo-micro.com

**Registrar and Transfer Agents**

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

**For securities held in Demat form**

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

**Disclosures**

**a) Related party transactions**

Audit Committee reviews the Related Party Transactions 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. 33 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. The Audit Committee/ Board may review and amend this policy from time to time.

**b) Details of Non-compliance**

The Company has complied with the requirements of the BSE, NSE, SEBI and other statutory authorities on all matters relating to capital markets during the last year. 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 strictures imposed by any stock exchange or SEBI, on any matters relating to the capital market over 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 ensures 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.

**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.

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

The Company has followed the Accounting standards notified by the Institute of Chartered Accountants of India, as amended from time to time, in preparation of its financial statements.

**f) 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, have been issued by a 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.

**g) Risk management**

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

**h) CEO/CFO certification**

As required under Regulation 17(8) of the SEBI (LODR) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended on March 31, 2019 which is annexed to Annual Report.

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

The Company has received a certificate from a Mr. Datla Venkatesh, Company Secretary in Practice, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**j) Recommendations of the Committees of the Board**

During the year under review, there was no such instances, where the Board has not accepted any recommendations of any Committee of the Board, which is mandatorily required.

**k) 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)	₹1,12,000
Total	₹5,12,000 (Rupees Five Lakh Twelve Thousand Only)

**l) 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 at [www.apollo-micro.com](http://www.apollo-micro.com) under the Section "Investors".

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.

**m) 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. 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. The Company did not receive any complaint during the FY 2018-19.

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

**CERTIFICATE ON CORPORATE GOVERNANCE**

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

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 2019, 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.

My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

It is neither an audit nor an expression of opinion on the financial statements of the Company. In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the management, 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 2019.

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

Date: August 07, 2019  
Place: Hyderabad

Sd/-  
**Datla Venkatesh**  
ACS: 36504 CP. No.: 14074

**ANNEXURE-X****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, 2019 and that to the best of my knowledge and belief, I state that:

- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. I further state that to the best of my knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. I am responsible for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. I have indicated to the auditors and the Audit committee:

- i. significant changes in internal control over financial reporting during the year;
- ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**For Apollo Micro Systems Limited**

Sd/-

**Sudarshan Chiluveru**

Chief Financial Officer (CFO)

Date: August 07, 2019

Place: Hyderabad

# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

## Global Economy

The world economy grew by 3.6% during 2018 facing several challenges on account of ongoing trade war between two major economies, USA and China. Policies were adopted by major economies such as Europe, China and the USA, which responded well and aided in the reversal of tightening financial conditions across many countries.

The economy is, however, facing rising debt levels, which has increased by an average of 15 bps to 51% of GDP in 2018 in Emerging markets and developing economies (EMDEs). Further, amidst low global inflation and a deterioration of the growth outlook, the prospect that the U.S. Federal Reserve and other major central banks will tighten monetary policy in the near term has faded, thereby, easing the global financing conditions and leading to recovery in capital flows to EMDEs. (Source: IMF, World Bank)

The global economy is estimated to grow at 3.2% in CY 2019 and 3.5% in CY 2020. The investment growth in EMDEs is expected to remain soft, particularly in commodity exporters and countries affected by recent pressures. The growth is projected to uptick beyond 2020 at around 3.6% on account of sustained growth in economies, like India and China are estimated to grow at a faster space compared to other EMDEs. (Source: IMF)

## Indian Economy

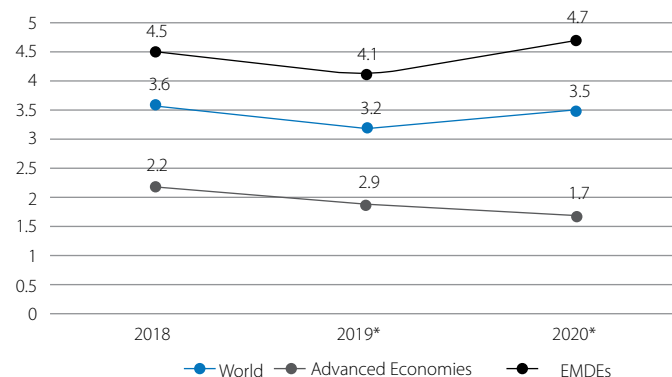
Indian economy grew at 6.8% in FY19 on account of robust consumption, recovery in investment and improvement in monetary policy. The sectors which registered robust growth in GVA during the year under review included 'public administration, defence and other services' (registering

8.6%), 'construction' (recording 8.7%), 'financial, real estate and professional services' (registering 7.4%) and 'electricity, gas, water supply & other utility services' (recording 7%). While, the growth in the 'agriculture, forestry and fishing', 'mining & quarrying', 'manufacturing' and 'trade, hotels, transport, communication and services related to broadcasting' was around 2.9%, 1.3%, 6.9% and 6.9% respectively.

A slowdown in consumption was offset by sustained investments, from both private investment and public infrastructure spending. However, in Q4 2019, the economy witnessed a softening of growth rate on account of decline in growth of private consumption expenditure, tepid increase in fixed investment and muted exports. The economy grew at 5.8% in the Q4 of 2019, against 6.6% during the same period in the previous year. On the contrary, the overall investments rebounded in FY 2019 with fixed investments growing at 12.2%, as compared to 7.6% in FY 2018.

The Indian economy is positioned to recover its growth trajectory with an estimated growth rate of 7% in FY 2019-20. The growth will be supported by growth in the manufacturing sector and recovery in the growth of agriculture and allied activities. Private consumption and investment will benefit from strengthening credit growth amid more accommodative monetary policy, with inflation having fallen below the Reserve Bank of India's target. Growth rates for the Indian economy is expected to be much higher than the global growth rates thus placing the economy on a solid footing even amidst growing global uncertainties. The government of India plans to make Indian economy worth US\$ 5 trillion by 2025 from the current value of US\$ 2.7 trillion growing at an average rate of 8% every year. (Source: Economic Survey 2019-20, National Statistical Office, Ministry of Statistics & Programme Implementation Government of India)

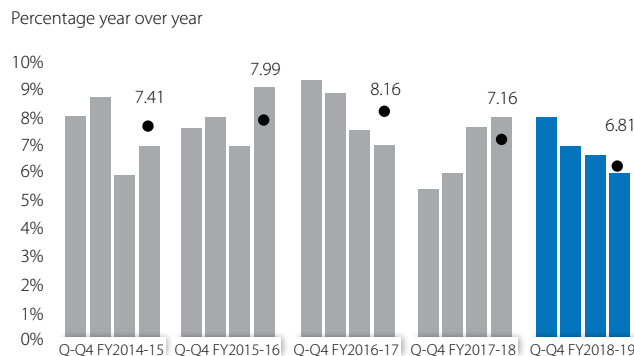
Figure 1: Global growth rate (in %)



\*Estimation as per IMF, July 2019

(Source: IMF)

Figure 2: Indian GDP at market price



Note: Light dots denote annual growth rates.

(Source: Press Information Bureau, May 2019; Oxford Economics, June 2019; Deloitte Services LP Economic analysis.)

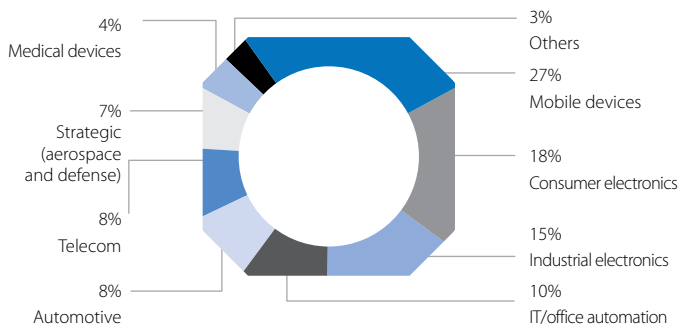
## Electronics hardware Sector - Overview

Electronics hardware production has witnessed three-fold growth in the past three years on account of growing demand in the downstream industries, digitization and rising disposable income. It has grown at a CAGR of 26.7% between FY 2014-2018 recording a market value of ₹3.88 trillion in FY 2018-19. With the growing consumption of electronics product and its application in India, the demand for Electronic hardware is estimated to reach US\$ 400 billion by FY 2024.

### Electronic Systems Design and Manufacturing (ESDM)

The Electronic Systems Design and Manufacturing (ESDM) plays a vital role in the growth of the country's economy. Changing technological landscape and rapid shift towards digitization is increasing the need to develop indigenous electronics production capacities. The sector is known as the 'meta resource' required across sectors to drive efficiency, affordability, sustainability, delivery of services and inclusive growth. The electronic industry is divided into many sectors, revenue break-up of the same as been shown in figure 3. The Indian market is witnessing a huge gap between supply and demand, as a result, players like Apollo Micro Systems, have been leveraging their state-of-the-art technology and agility to capitalize on the unserved demand in the country. Moreover, the industry will be further driven by growth in telecom equipment (including mobile devices), consumer appliances, automotive, industrial and strategic electronics applications sectors.

Figure 3: Revenue Mix in India Electronics Industry



(Source: EY)

### Snapshot of the Indian ESDM industry

# US \$ 400 bn

Estimated value of the electronics market in 2025

# Second

Largest digital base in the world

# Strong

Design and R&D capabilities in auto electronics and industrial electronics

# 100%

Foreign Direct Investment (FDI) is allowed under the Automatic Route in the ESDM industry and Defence electronics subject to industrial license and approval

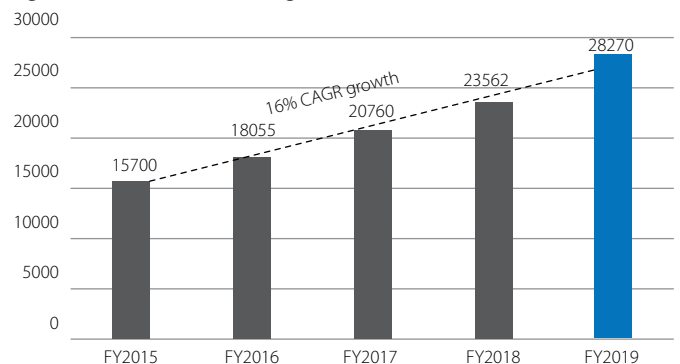
(Source: Ministry Of Electronics and Information Technology)

### Strategic Electronics

The total production of Strategic electronics for the year FY 2019 stood at ₹28,270 crore as compared to ₹23,562 crore in FY 2018 registering a growth of 20% over previous year. The sector has been growing at CAGR of 15.84% between FY 2015 to FY 2019 and is expected to continue this growth rate in short-term tenure. The industry serves as the backbone for many industries including weapon systems, platforms and equipment designed and developed for defence purposes.

Over the years, the sector has witnessed a paradigm shift due to the inclusion of private players along with public sector undertakings (PSUs). The government of India has been undertaking various reforms to strengthen the defence sector, arms & ammunitions, this will serve as one of the major growth drivers for the segment. One of the vital areas of the sector includes R&D along with adoption of state-of-the-art technology for designing, developing and upgrading mission-critical systems in defence and civil domains. Moreover, economic growth and low costs are likely to provide a boost to the aerospace market.

Figure 4: Production of Strategic Electronics (₹ in crore)



(Source: Ministry Of Electronics and Information Technology)

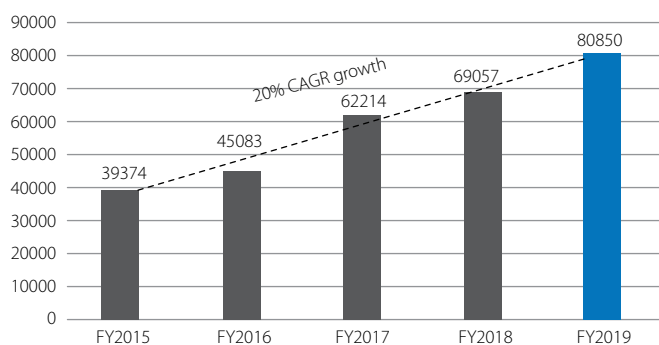


### Industrial Electronics

The Industrial electronics sector contributed around 18% of the total output of the electronics goods industry in FY 2019. The total production of Industrial electronics has grown at a robust rate of 17% YoY basis to ₹80,850 crore in FY 2019 from ₹69,057 crore in FY 2018. The growth is mainly on account of increasing digitization and application of robotics in Industry 4.0 revolution. Moreover, government policies such as Make in India, Smart Cities and Digital India will lead to a shift of demand towards smart and automation electronic solutions.

With the introduction of robotics, to manage processes and equipment for sensitive industries like chemical industry and nuclear power generation, and increasing use of Artificial intelligence has led to drive in efficiency and improved quality. Introduction of new technologies such as decision analysis, 3D coordinate systems, smart image processing, nanotechnology and nanoscale assemblies has changed the dynamics of the sector.

**Figure 5: Production of Industrial Electronics (₹ in crore)**



(Source: Ministry of Electronics and Information Technology)

### Policies supporting growth of ESDM

#### Make in India

Make in India is one of the key policies providing impetus to ESDM by accelerating investments, fostering innovation, protecting intellectual property, and building best-in-class manufacturing infrastructure. The main aim of the Government is to strengthen the capabilities of the domestic manufacturers to compete with importers by rationalization of tariff structure, simplification of procedures, enabling policies, providing incentives and upgrading infrastructure. Unlike other policies, Make in India has more accountability with Nodal officers across all the stake holders with periodic review, monitoring and corrective actions taken from time to time. This has been an effective growth factor for the Indigenous Industry who strived to survive for long years. Although a perception revolved

around that Make in India is not effective, it is important to note that there is a serious change in ground scenario and the outlook of various agencies, stake holders across all sectors. A notable point is to have a specific purchase preference clause amongst all major procurement tenders, for Make in India products and solutions.

#### National Electronic Policy 2019

National Electronic Policy 2019 is expected to provide a huge boost to make in India and will add to India's efforts of being the global hub for ESDM, apart from making electronics sector more competitive. The policy is aimed at improving electronics sector and increasing the exports leading to build a strong foundation and propel the growth of the ESDM industry.

#### Defence Production Policy 2018

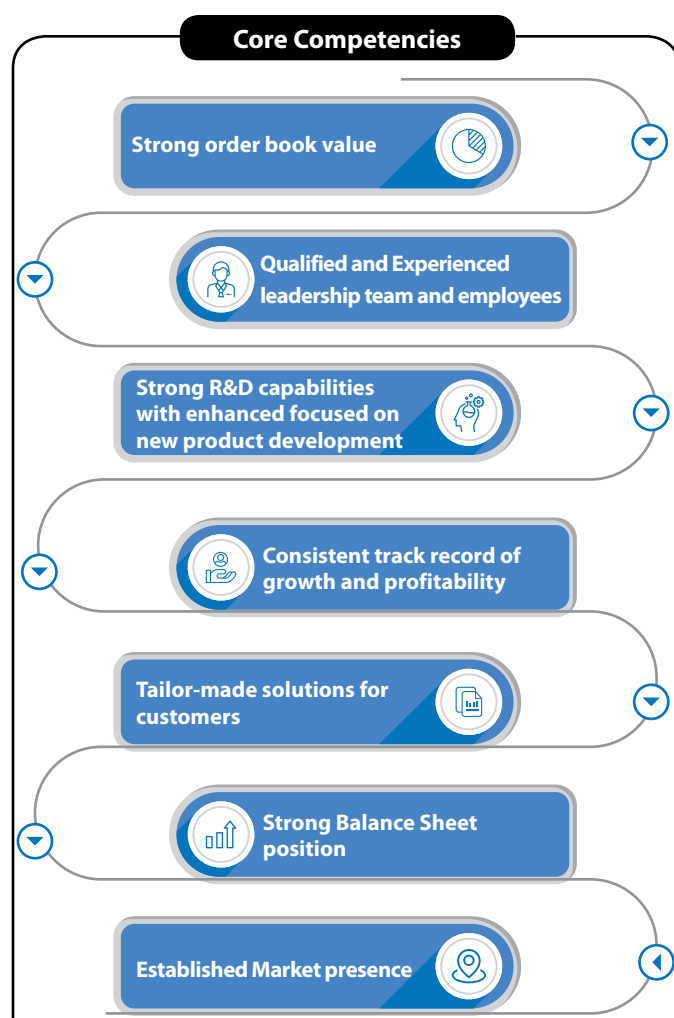
The Defence Production Policy 2018 (DProP 2018) aims at catapulting India into the ranks of the world's top five defence producers as well as encourage domestic value addition in the sector. In order to boost FDI in defence production, DProP 2018 has allowed 74% FDI under the automatic route for 'niche technology areas'. Significant changes brought into the DPP in recent past encouraging more and more Indian Players through IDDM (Indigenously Designed Developed and manufactured) procurement is an added boost for the industry which is a big step towards achieving the vision of making India fully self reliant.

#### Electronics Development Fund (EDF)

To encourage and enable creation of a vibrant ecosystem of research, innovation and development, the Government has set up the Electronics Development Fund as a fund of funds. This was in regards to provide risk capital to daughter funds for investing in the development of new technologies in areas of electronics, nano-technology and Information Technology (IT).

### Company Overview

Apollo Micro Systems Limited (AMS), is a pioneer in design, development and assembly of custom-built electronics and electro-mechanical solutions. The Company mainly caters to defence, space and homeland security for Ministry of Defence, Government controlled public sector undertakings and private companies. It has been leveraging its Industry experience to expand its business and geographical presence in the global market through organic and inorganic growth strategy. Apart from defence sector, the Company is aiming to enter into emerging projects such as Smart City projects, projects related to protection of strategic and critical infrastructure projects by utilising its existing infrastructure and technical capabilities. Company has also entered and pursuing to enter into strategic alliances with globally renowned companies to address the emerging and growing market requirements.



### Review of operations

The Company has its operations spread across into many divisions including electronic, electro-mechanical, engineering designs, manufacturing and supplies. It indulges in designing, developing and selling high-performance, mission and time critical solutions to Defence, Space and Home Land Security for Ministry of Defence, Government controlled public sector undertakings and private sector.

AMS offers customised solutions to its customers which are developed using common hardware and software technology which can be re-configured to suit the end application and domain requirements of the end customer. The huge repository of knowledge and technology base of AMS developed since inception is a key advantage and also gives the much needed agility to constantly upgrade the technologies to meet present and futuristic requirements of our customers.

The defence systems supplies can be broadly classified as On-Board Systems and Ground support equipment. On-Board systems are electronic systems which are integrated On-Board a Weapon or a Vehicle (Vehicle could be a Missile, Aircraft, Ship, Submarine or Battle Tank) which are used for navigational requirements, on-board computation, instrumentation & control, telemetry, Payload acquisition and encoding, command & Guidance, Signal Processing, Seeker data processing, Height Analyzers requirement (Altimeter), Power Electronics and to power the On-Board Electronics. Ground Support Equipment means any other electronics which are associated and communicate with On-Board equipment or other support equipment which are required for command control communication, Ground Checkout, Launch of Vehicles and other associated systems. The Company offers both On-Board Systems as well as Ground support equipment.

### Financial Overview

During the year under review, the Company experienced healthy growth on YoY basis in revenue and profitability on account of growth in downstream industry and robust inflow of orders. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefore. Table 1 provides a summary of the financial parameters along with key ratios affecting the Company.

**Table 1: Summary of Key financial Parameters and ratios**

Particulars	FY 2018-19	FY 2017-18	YoY Change
Revenue from operations	2,62,97,53,243	2,20,46,13,913	19.28%
EBITDA	51,65,52,976.5	49,53,03,492.2	4.29%
PAT	29,11,85,266	19,16,65,200	51.92%
Investment in R&D	10,33,58,300	15,78,36,562	34.52%
EPS (Basic) (in ₹)	14.03	12.46	12.60%
<b>Key Ratios</b>			
Debt equity Ratio (in times)	8.13	10.01	(18.78)%
Current Ratio (in times)	2.40	2.11	13.74%
EBITDA Margin (%)	19.64	22.47	(12.59)%
Net Profit Margin (%)	11.07	8.69	27.39%
Return on Capital Employed (%)	17.7	18.2	(2.75)%
Debtors Turnover	1.85	2.35	(21.28)%
Inventory Turnover	1.15	1.12	2.68%
Interest Coverage Ratio	3.90	4.10	(4.88)%
Return on Net Worth (%)	10.32	7.49	37.78%

**Key Ratios**

Debt equity Ratio (in times)

**(18.78)%**  
YoY Change



Current Ratio (in times)

**13.74%**  
YoY Change



EBITDA Margin (%)

**(12.59)%**  
YoY Change



Net Profit Margin\* (%)

**27.39%**  
YoY Change



Return on Capital Employed (%)

**(2.75)%**  
YoY Change



Debtors Turnover (in times)

**(21.28)%**  
YoY Change



Inventory Turnover (in times)

**2.68%**  
YoY Change



Interest Coverage Ratio (in times)

**(4.88)%**  
YoY Change



Return on Net Worth\*\* (%)

**37.78%**  
YoY Change



\*Net Profit Margin increased by 27.39% from the previous year due to increase in Revenue from Operations.

\*\*Return on Net Worth increased by 37.78% due to growth in Net Profit by 51.92%

## Human Resource

With Human Capital at the centre of every decision, AMS believes that it is important for it to have right people at right time and in right place to capitalize the market opportunities and move ahead in the direction of growth. It has an unbiased system of performance appraisal, remuneration and constantly promotes inclusion and diversity. It constantly undertakes steps to recognize its best performing employees through various awards and recognition programmes. As on 31st March 2019, the company's employee strength stood at 274 employees including a design and development team of 150+ employees.

## Risk Management

Risk	Definition	Mitigation Strategy	Outcome
Technological Risk	Technological developments are taking place in the industry and the Company's failure to adopt the new technology can have a severe impact on business sustainability and profitability	The Company's R&D team constantly monitors the changes in technological landscape enabling the Company to timely and efficiently adopt new technologies and upgrade the existing ones to meet the requirement of the customers. Moreover, the state-of-the-art technologies available with the Company is one of the key USPs distinguishing it from its peers.	<b>₹ 10,33,58,300</b> Invested in R&D activities
Liquidity Risk	Liquidity crunch may occur on account lack of cash and cash equivalent to meet the working capital requirement of the Company leading to temporary slowdown of the Company's operations.	The company has a healthy inflow of orders from new and existing customers on account of strong R&D investment. Thus, the Company has sufficient cash and cash equivalent balance to meet the working capital requirement and mitigate any unforeseen short-term obligations.	<b>Healthy</b> cash and cash equivalent balance as on 31st March 2019
Employee Risk	Employees risk involves retention and hiring of competent and capable personals.	AMS has developed a strong HR team with a focus on retaining top talents and ensuring the right person is doing the right thing. Moreover, to improve the productivity and skills of the employees, the Company conducts technical and managerial skill development programmes regularly.	<b>33%</b> Growth of number of employees over previous year
Quality Risk	Unable to meet the quality requirement might have adverse impact on the Company's reputation as well as lead to loss in revenue.	To ensure top-notch quality products are manufactured, the Company regularly has stringent quality checks procedure and follows Quality Assurance Plan for every product during execution. The company's operations have received ISO 9001:2015 and CEMILAC certificate that ensures the quality of its products. It has also completed the Stage -I Audit of AS 9100 D	AMS quality system is certified as per <b>ISO 9001:2015</b>
Intense competition	The Defence ESDM sector consists of many small and big players. This could affect pricing and have a material adverse effect on business, financial condition and results of operations.	AMS is an established player in its Industry space backed by strong technological competencies, superior service offerings, experienced leadership team and top management enabling the company to stand out against its peers	<b>30 years</b> Average years of experience possessed by the top management

## Internal Control and its adequacy

Your Company has put in place all required internal controls and systems appropriate with its size and nature of the business. To monitor and manage the risks, the company needs to have a system based approach which is already inherent in the company's operation, which is backed by a stringent internal control system. The effectiveness of the internal controls is continuously monitored by professionally qualified Internal Auditor and his team. The Internal Audit's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. The strong internal audit functions ensures effective Redressal of the key business risks. The detailed Internal Audit Report of Internal Auditor are placed before the Audit Committee for its review and advice.

## Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industries in which the Company operates, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest, and other costs.

# 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, 2019, 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, 2019, 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 ₹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>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-32.2 to the Financial Statements</p>	<p><b>Principal Audit Procedures</b></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> <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 immediately.</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, 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 2019.

#### 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/-

**M.T. Sreenivasa Rao**

Partner (Membership No. 015635)

Place: Hyderabad

Date: May 17th, 2019



# 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 2019, 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>	The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
	<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>	<b>Loans to parties covered by Sec.189 of the Companies Act,2013 ('the Act')</b> According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to body corporate, firms, Limited Liability Firms or other parties covered in the register required to be maintained under section 189 of the Act. Accordingly the provisions of the clause 3 (iii) of the Order are not applicable to the Company for the year under review.
4	<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 U/s 185 and 186 of Companies Act, 2013. Accordingly the Clause 3 (iv) is not applicable to the Company.
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 or any other relevant provisions 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 read with Rule 3 of the Cost Audit Rules is not applicable to the Company. Accordingly cost audit under Sec.148(2) of the Act read with Rule 4 of the Cost Audit Rules under 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, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues have been generally deposited during the year by the Company with the appropriate authorities.  According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
	<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.

SI No.	Ref to CARO	Report by Independent Auditors
8	3(viii)	<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.
9	3(ix)	<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.
10	3(x)	<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.
11	3(xi)	<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.
12	3(xii)	<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.
13	3(xiii)	<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 standalone financial statements as required by the applicable Indian Accounting Standards.
14	3(xiv)	<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.
15	3(xv)	<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.
16	3(xvi)	<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 &amp; Co.

Chartered Accountants (Regd No: 0114105)

Sd/-

**M.T. Sreenivasa Rao**

Partner (Membership No. 015635)

Place: Hyderabad  
Date: May 17th, 2019



# ANNEXURE-B

## TO THE INDEPENDENT AUDITOR'S REPORT

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

### Report on the Internal Financial Controls Over Financial Reporting under 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, 2019 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, 2019, 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: 0114105)

Sd/-

Place: Hyderabad

Date: May 17th, 2019

**M.T. Sreenivasa Rao**

Partner (Membership No. 015635)

# BALANCE SHEET

as at 31 March, 2019

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

	Note	As at 31 March 2019	As at 31 March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	41,80,52,260	29,04,46,514
Capital work-in-progress	4	28,34,79,718	28,69,16,657
Other non current assets	5	-	2,59,15,382
		<b>70,15,31,978</b>	<b>60,32,78,553</b>
<b>Current assets</b>			
Inventories	6	1,72,88,06,744	1,71,79,78,824
Financial assets			
Trade receivables	7	1,69,31,53,261	1,14,71,01,904
Cash and cash equivalents	8	7,89,42,976	7,25,40,501
Other bank balances	9	18,71,07,422	98,54,80,185
Loans	10	87,05,469	82,54,157
Other Financial Assets	11	24,056	24,056
Other current assets	12	10,81,98,653	9,98,89,638
		<b>3,80,49,38,581</b>	<b>4,03,12,69,265</b>
<b>Total assets</b>		<b>4,50,64,70,558</b>	<b>4,63,45,47,818</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	13	20,75,88,860	20,76,38,860
Other equity	14	2,61,16,78,762	2,34,82,42,133
<b>Total equity</b>		<b>2,81,92,67,622</b>	<b>2,55,58,80,993</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	15	35,51,595	4,25,38,198
Trade payables:-			
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	16	-	-
Deferred tax liabilities, net	16	9,44,39,404	12,12,12,106
Provisions	17	58,94,786	50,26,490
		10,38,85,785	16,87,76,794
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	15	1,03,40,38,305	73,46,20,476
Trade payables:-	18		
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		37,03,08,025	93,22,99,220
Other financial liabilities	19	11,89,41,001	11,28,25,594
Other current liabilities	20	1,65,98,622	6,28,00,158
Current tax liabilities, net	21	4,29,58,384	6,62,03,296
Provisions	17	4,72,813	11,41,287
<b>Total liabilities</b>		<b>1,58,33,17,151</b>	<b>1,90,98,90,031</b>
<b>Total equity and liabilities</b>		<b>4,50,64,70,558</b>	<b>4,63,45,47,818</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 attached

**for S.T. Mohite & Co**Chartered Accountants  
ICAI Firm Registration Number: 011410S

Sd/-

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

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karuankar Reddy Baddam**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



# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2019

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

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	22	2,62,97,53,243	2,20,46,13,913
Other income	23	3,22,63,837	1,52,79,316
<b>Total income</b>		<b>2,66,20,17,081</b>	<b>2,21,98,93,229</b>
<b>Expenses</b>			
Cost of materials consumed	24	1,95,17,50,782	2,03,90,12,710
Changes in inventories and work in progress	25	3,58,00,179	(43,61,78,739)
Employee benefits expense	26	7,02,16,057	6,39,75,210
Depreciation expense	27	6,19,50,838	6,49,84,582
Finance costs	28	13,21,72,583	12,07,37,974
Other expenses	29	8,76,97,087	4,55,88,451
<b>Total expense</b>		<b>2,33,95,87,525</b>	<b>1,89,81,20,188</b>
<b>Profit before tax and exceptional items</b>		<b>32,24,29,555</b>	<b>32,17,73,041</b>
Exceptional items	30	-	(1,21,92,105)
<b>Profit before tax</b>		<b>32,24,29,555</b>	<b>30,95,80,936</b>
<b>Tax expense:</b>			
Current tax	31	6,29,58,384	6,51,14,874
Earlier tax adjustments		(45,68,371)	-
Deferred tax	31	(2,71,45,724)	5,28,00,862
Total tax expense		3,12,44,289	11,79,15,736
<b>Profit for the year</b>		<b>29,11,85,266</b>	<b>19,16,65,200</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		12,80,982	74,095
Income-tax effect	31	(3,73,023)	(25,643)
<b>Other comprehensive income for the year, net of tax</b>		9,07,959	48,452
<b>Total comprehensive income for the year</b>		<b>29,20,93,226</b>	<b>19,17,13,652</b>
<b>Earnings per equity share (nominal value of ₹ 10) in INR</b>	39		
Basic		14.03	12.46
Diluted		14.02	12.08
Summary of significant accounting policies	3		

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

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number: 0114105

Sd/-

**M.T. Sreenivasa Rao**

Partner

Membership No.: 015635

**Place: Hyderabad**

**Date: 17 May, 2019**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karuankar Reddy Baddam**

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 CASH FLOWS

for the year ended 31 March, 2019

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>I. Cash flows from operating activities</b>		
<b>Profit before tax</b>	32,24,29,555	30,95,80,936
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of tangible assets	6,19,50,838	6,49,84,582
Finance income (including fair value change in financial instruments)	(2,38,59,597)	(1,52,79,316)
Finance costs (including fair value change in financial instruments)	13,21,72,583	12,07,37,974
Re-measurement gains on defined benefit plans	12,80,982	74,095
<b>Operating profit before working capital changes</b>	<b>49,39,74,361</b>	<b>48,00,98,271</b>
<i>Changes in working capital:</i>		
Adjustment for (increase)/decrease in operating assets		
Trade receivables	(54,60,51,357)	(43,24,61,597)
Inventories	(1,08,27,920)	(57,72,01,914)
Loans - current	(4,51,312)	(78,08,136)
Other financial assets - current	-	3,48,093
Other assets - current	58,71,670	(5,74,11,884)
Other assets - non current	2,59,15,382	1,76,75,000
Adjustment for (increase)/decrease in operating liabilities		
Trade payables	(56,19,91,195)	25,35,81,139
Other financial liabilities - current	61,15,407	(5,93,73,440)
Other current liabilities	(4,62,01,536)	85,57,787
Provisions	1,99,823	24,54,306
<b>Cash generated from operations</b>	<b>64,51,90,017</b>	<b>(37,15,42,375)</b>
Income taxes paid	(8,41,22,270)	(5,29,95,755)
<b>Net cash generated from/(used in) operating activities</b>	<b>72,93,12,287</b>	<b>(42,45,38,130)</b>
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including capital work in progress)	(18,61,19,644)	(21,38,81,917)
"(Investments in)/ redemption of bank deposits (having original maturity of more than three months) - net"	79,83,72,763	(89,79,53,737)
Interest received (finance income)	2,38,59,597	1,52,79,316
<b>Net cash used in investing activities</b>	<b>63,61,12,716</b>	<b>(1,09,65,56,338)</b>
<b>III. Cash flows from financing activities</b>		
Share issue proceeds	-	1,81,76,60,098
Share issue expenses	(36,24,628)	(8,97,56,947)
Dividend Paid	(2,50,31,968)	-
Proceeds from/(repayment of) long-term borrowings, net	(3,89,86,603)	(9,27,63,541)
Proceeds from/(repayment of) short-term borrowings, net	(3,20,64,333)	32,44,400
Interest paid	(13,21,72,583)	(12,07,37,974)
<b>Net cash provided by financing activities</b>	<b>23,18,80,116</b>	<b>1,51,76,46,036</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>(32,50,79,686)</b>	<b>(34,48,432)</b>
Cash and cash equivalents at the beginning of the year	(58,05,45,488)	(57,70,97,056)
<b>Cash and cash equivalents at the end of the year (refer note below)</b>	<b>(90,56,25,174)</b>	<b>(58,05,45,488)</b>



# STATEMENT OF CASH FLOWS

for the year ended 31 March, 2019

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Note:</b>		
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	5,63,169	2,89,433
Balances with banks:		
- in current accounts	7,83,79,808	7,22,51,068
- overdraft from State Bank of India (disclosed under short term borrowings)	(42,50,54,015)	(28,33,23,038)
- overdraft from ICICI Bank (disclosed under short term borrowings)	(21,66,51,043)	(10,61,58,343)
- overdraft from RBL Bank (disclosed under short term borrowings)	(4,15,56,489)	(4,90,74,847)
- overdraft from Axis Bank (disclosed under short term borrowings)	(30,13,06,604)	(21,45,29,761)
	<b>(90,56,25,174)</b>	<b>(58,05,45,488)</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 attached

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

Chartered Accountants

ICAI Firm Registration Number: 011410S

Sd/-

**M.T. Sreenivasa Rao**

Partner

Membership No.: 015635

**Place: Hyderabad**

**Date: 17 May, 2019**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karuankar Reddy Baddam**

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 31 March, 2019

## a. Equity Share Capital

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

	No. of shares	Amount
Balance as at April 1, 2017	1,37,11,700	13,71,17,000
Add: Issued during the year	70,52,186	7,05,21,860
Balance as at March 31, 2018	2,07,63,886	20,76,38,860
Add: Issued during the year	-	-
Less : Fully paid up shares held by ESOS Trust but not allotted to employees	5,000	50,000
Balance as at March 31, 2019	2,07,58,886	20,75,88,860

## b. Other equity

Particulars	Reserves and Surplus		Total
	Securities premium	Retained earnings	
<b>At April 1, 2017</b>	-	49,91,47,190	49,91,47,190
Profit for the year		19,16,65,200	19,16,65,200
Additions during the year	1,74,71,38,238	-	1,74,71,38,238
Share issue expenses	(8,97,56,947)	-	(8,97,56,947)
Other comprehensive income			
Re-measurement gains/ (losses) on defined benefit plans		74,095	74,095
Income-tax effect		(25,643)	(25,643)
<b>At March 31, 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)
Other comprehensive income			
Re-measurement gains/ (losses) on defined benefit plans, net of tax		12,80,982	12,80,982
Income-tax effect		(3,73,023)	(3,73,023)
<b>Balance as of 31 March 2019</b>	1,65,37,56,663	95,79,22,100	2,61,16,78,762

Summary of significant accounting policies 3

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

As per our report of even date attached

### for S.T.Mohite & Co

Chartered Accountants  
ICAI Firm Registration Number: 011410S

Sd/-

### M.T. Sreenivasa Rao

Partner  
Membership No.: 015635Place: Hyderabad  
Date: 17 May, 2019

for and on behalf of the Board of Directors of

### Apollo Micro Systems Limited

CIN: L72200TG1997PLC026556

Sd/-

### Karuankar Reddy Baddam

Managing Director  
DIN: 00790139Sd/-  
**Sudarshan Chiluveru**  
Chief Financial Officer

Sd/-

### Krishna Sai Kumar Addepalli

Director  
DIN: 03601692Sd/-  
**Chaitanya Siva Shankar Vitta**  
Company Secretary  
Membership No: ACS49765



# 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 NSE and BSE.

## 2 Basis of preparation of financial statements

### 2.1 Statement of Compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of The Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on May 17, 2019.

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:

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

Liabilities:

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

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the 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, 2019 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**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

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."

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases. Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 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.

**3.7 Treasury shares (Shares held by the ESOP Trust)** 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: 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 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:

- 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 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

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.

4 Property, plant and equipment

(Amount in ₹)

Particulars	Free hold Land	Plant & Machinery	Vehicles	Testing Tools & Instruments	Furniture & Fixtures	Computers & Software	Office Equipments	Building	Electrical Fittings	Total	Capital work in progress	
											Testing Tools & Instruments	Civil work in progress
<b>Cost</b>												
<b>At April 1, 2017</b>	1,50,85,175	3,05,94,278	38,12,679	15,03,26,702	34,69,531	2,22,74,527	30,42,281	10,44,53,242	60,21,232	33,90,79,647	12,86,45,850	-
Additions	-	-	24,18,155	2,49,71,492	9,64,789	2,23,68,106	9,61,768	39,26,800	-	5,56,11,110	15,78,36,562	4,34,245
Deletions	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 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	39,46,90,757	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
<b>Accumulated depreciation</b>												
<b>At April 1, 2017</b>	-	55,37,564	9,62,145	1,05,39,736	8,77,629	85,02,683	13,57,949	99,23,058	15,58,897	3,92,59,661	-	-
Charge for the year	-	45,35,265	9,49,341	2,87,71,383	7,37,836	1,88,13,380	9,02,713	91,19,365	11,55,299	6,49,84,582	-	-
Less: Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>At March 31, 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	-	-
<b>Carrying amount</b>												
At April 1, 2017	1,50,85,175	2,50,56,714	28,50,534	13,97,86,966	25,91,902	1,37,71,844	16,84,332	9,45,30,184	44,62,335	29,98,19,986	12,86,45,850	-
At March 31, 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
<b>At March 31, 2019</b>	<b>1,50,85,175</b>	<b>1,68,07,067</b>	<b>52,08,945</b>	<b>28,25,95,818</b>	<b>47,66,578</b>	<b>86,24,120</b>	<b>16,63,168</b>	<b>8,08,50,545</b>	<b>24,50,844</b>	<b>41,80,52,260</b>	<b>26,11,94,862</b>	<b>2,22,84,856</b>

Notes

- a) 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
- b) All Properties Plant and Equipments are under Charge Created by the Company for the term loans availed.



## 5 Other assets

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Non-Current assets</b>		
Unsecured, considered good	-	2,59,15,382
Capital advances	-	2,59,15,382

## 6 Inventories

(Amount in ₹)

	31 March 2019	31 March 2018
Raw material and stores	45,92,39,488	41,26,11,389
Work in progress	93,39,01,889	86,41,25,123
Finished goods	33,56,65,367	44,12,42,312
	<b>1,72,88,06,744</b>	<b>1,71,79,78,824</b>

## 7 Trade receivables

(Amount in ₹)

	31 March 2019	31 March 2018
Unsecured, considered good	1,69,31,53,261	1,14,71,01,904
	<b>1,69,31,53,261</b>	<b>1,14,71,01,904</b>
Less: Allowance for doubtful receivables	-	-
	<b>1,69,31,53,261</b>	<b>1,14,71,01,904</b>

## 8 Cash and cash equivalents

(Amount in ₹)

	31 March 2019	31 March 2018
Balances with banks:		
- in current accounts	7,83,79,808	7,22,51,068
Cash on hand	5,63,169	2,89,433
	<b>7,89,42,976</b>	<b>7,25,40,501</b>

## 9 Other Bank balances

(Amount in ₹)

	31 March 2019	31 March 2018
Term deposits with Banks with original maturities of more than 3 months and less than 1 year*	18,71,07,422	98,54,80,185
	<b>18,71,07,422</b>	<b>98,54,80,185</b>

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

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

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Current</b>		
Security deposits with regulatory authorities and others	87,05,469	82,54,157
	<b>87,05,469</b>	<b>82,54,157</b>



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

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Current</b>		
Interest accrued on deposits	24,056	24,056
	<b>24,056</b>	<b>24,056</b>

## 12 Other current assets

(Amount in ₹)

	31 March 2019	31 March 2018
<i>Unsecured, considered good</i>		
Advances other than capital advances		
Advances for materials	9,25,45,517	6,28,68,974
Advances for expenses	20,53,901	5,49,404
Salary advances	7,89,036	4,49,000
Prepaid expenses	18,79,520	7,10,763
Balances with Government Departments	1,09,30,679	3,53,11,498
	<b>10,81,98,653</b>	<b>9,98,89,638</b>

## 13 Share Capital

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Authorised</b>		
27,000,000 (March 31, 2018: 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, 2018: 20,763,886) equity shares of ₹10/- each fully paid-up	20,75,88,860	20,76,38,860
Less: Equity Shares of ₹10 each fully paid up held by ESOS Trust but not allotted to employees	(50,000)	-
Adjusted : Issued, Subscribed and Paid up Share Capital	20,75,38,860	20,76,38,860

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

Particulars	31 March 2019		31 March 2018	
	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	1,37,11,700	13,71,17,000
Issued during the year	-	-	70,52,186	7,05,21,860
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 held by ESOS Trust but not allotted to employees.	(5,000)	(50,000)		
Outstanding at the end of the year	2,07,58,886	20,75,88,860	2,07,63,886	20,76,38,860

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

Equity shares of the Company have a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## (c) Details of shareholders holding more than 5% shares in the Company

Particulars	31 March 2019		31 March 2018	
	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%

## 14 Other equity

(Amount in ₹)

	31 March 2019	31 March 2018
Securities premium		
Opening balance	1,65,73,81,291	-
Add: Premium on fresh issue	-	1,74,71,38,238
Less; Share issue expenses	(36,24,628)	(8,97,56,947)
<b>Closing balance</b>	<b>1,65,37,56,663</b>	<b>1,65,73,81,291</b>
Retained earnings		
Opening balance	69,08,60,842	49,91,47,190
Profit/(loss) for the year	29,11,85,266	19,16,65,200
Other comprehensive income	9,07,959	48,452
Less: Dividend Paid	(2,50,31,968)	-
Less: Transfers to general reserve	-	-
<b>Closing balance</b>	<b>95,79,22,100</b>	<b>69,08,60,842</b>
<b>Total other equity</b>	<b>2,61,16,78,762</b>	<b>2,34,82,42,133</b>

Securities premium consists of the difference between the face value of the equity shares and the consideration received in respect of shares issued.

## 15 Borrowings

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Non-current Borrowings</b>		
<b>Secured Borrowings:</b>		
Term loans (Refer note A)		
From Banks	-	2,11,96,164
From others	27,91,119	1,07,54,436
Vehicle loans (Refer Note B)	4,01,773	6,46,899
<b>Unsecured loans</b>		
From others Bank		
From others - Companies (Refer Note C)	3,58,703	99,40,699
	<b>35,51,595</b>	<b>4,25,38,198</b>
<b>Current Borrowings</b>		
<b>Secured Borrowings:</b>		
Repayable on demand (Refer Note D below)		
- Overdraft from State Bank of India	42,50,54,015	28,33,23,038
- Overdraft from ICICI Bank	21,66,51,043	10,61,58,343
- Overdraft from RBL Bank	4,15,56,489	4,90,74,847
- Overdraft from Axis Bank	30,13,06,605	21,45,29,761
- Line of credit from National Small Industries Corporation against raw material purchases	4,94,70,154	4,77,32,584
<b>Unsecured loans</b>		
From Managing Director (Refer Note E below)	-	3,38,01,903
<b>Total current borrowings</b>	<b>1,03,40,38,305</b>	<b>73,46,20,476</b>

**A. Term loans from banks and others consist of:**

**State Bank of India (Loan 1):-**

- a) Repayment Terms: 20 Quarterly instalments of ₹88 Lakhs, commencing from December 2014 to December, 2019.
- b) Rate of Interest: 12.35% p.a.
- c) Nature of Security: The term loan is secured by first charge over the fixed assets of the company both present and future and collateral security of equitable mortgage of specified properties along with personal guarantee of directors of the company and others.

**State Bank of India (Loan 2):-**

- a) Repayment Terms: 16 Quarterly instalments of ₹18.75 Lakhs , commencing from December 2015 to December, 2019.
- b) Rate of Interest: 12.35% p.a
- c) Nature of Security: The term loan is secured by first charge over the fixed assets of the company both present and future and collateral security of equitable mortgage of specified properties along with personal guarantee of directors of the company and others.

**Edelweiss Retail Finance Limited :-**

- a) Repayment Term: Repayable in 33 monthly EMI's after moratorium of 4 months (during which interest is payable), commencing from October 2016 to May, 2019.
- b) Rate of Interest: 15.00% p.a
- c) Nature of Security: The loan is secured by hypothecation and creation of exclusive charge on the equipments financed by Edelweiss Retail Finance Limited until entire loan is repaid.

**Reliance Capital Limited:-**

- a) Repayment Term: Repayable in 45 monthly EMI's after moratorium of 3 months (during which interest is payable), commencing from November 2016 to October, 2020.
- b) Rate of Interest: 15.75% p.a. floating.
- c) Nature of Security: The loan is secured by hypothecation of assets funded by Reliance Capital Limited until entire loan is repaid.

**B. Vehicle loans :**

The Company has the following vehicle loan:

- 1. Vehicle loan from HDFC Limited on 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 11 unsecured loans from others, Banks and Companies. These loans carry an interest rate ranging from 15% to 19.05%. The loans are repayable as installments up to Mar, 2020.

**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 RBL Bank is repayable on demand and the loan carries an interest rate of 11.05%.

Overdraft from Axis Bank is repayable on demand and the loan carries an interest rate of 10.50%.

The above loans repayable on demand Secured by hypothecation of Inventories, Assignment of Book Debts on pari passu basis to SBI, ICICI, RBL and AXIS Bank on proportionate basis to their exposure, E.M. of Land & Building and along with the personal guarantee given by the directors and with limited liability of individual property of the owners to an extent of value of property as on the date of equitable mortgage.

Raw Material Assistance from National Small Industries Corporation is extended against Bank Guarantee.

**E. Loans from Managing Director:**

Managing Director has provided, interest free unsecured loans repayable on demand and the same was repaid during the year.



## 16 Deferred tax liabilities, net

(Amount in ₹)

	31 March 2019	31 March 2018
Deferred tax liability		
- Tangible and Intangible assets	9,62,93,649	12,15,58,564
- Research and development	-	-
<b>Total</b>	<b>9,62,93,649</b>	<b>12,15,58,564</b>
Deferred tax asset		
- Tangible and Intangible assets	-	-
- Provision allowed under tax on payment basis	18,54,245	3,46,458
<b>Total</b>	<b>18,54,245</b>	<b>3,46,458</b>
<b>Deferred tax liability, net</b>	<b>9,44,39,404</b>	<b>12,12,12,106</b>

## 17 Provisions

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Non-Current</b>		
Provision for employee benefits		
- Gratuity (refer note 36)	58,94,786	50,26,490
	<b>58,94,786</b>	<b>50,26,490</b>
<b>Current</b>		
Provision for employee benefits		
- Gratuity (refer note 36)	4,72,813	11,41,287
	<b>4,72,813</b>	<b>11,41,287</b>

## 18 Trade payables

(Amount in ₹)

	31 March 2019	31 March 2018
Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (refer note 37)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	37,03,08,025	93,22,99,220
	<b>37,03,08,025</b>	<b>93,22,99,220</b>

## 19 Other financial liabilities

(Amount in ₹)

	31 March 2019	31 March 2018
Current maturities of long-term debts	4,32,10,264	8,93,60,020
Creditors for capital goods	2,40,91,671	-
Employee salaries & Leave encashment payable	60,69,950	54,26,464
Directors remuneration payable	70,28,660	12,29,999
Expenses payable	3,85,40,456	1,68,09,111
	<b>11,89,41,001</b>	<b>11,28,25,594</b>

## 20 Other liabilities

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Current</b>		
Advance received from customers	20,39,958	5,94,69,584
Statutory liabilities	1,45,58,664	33,30,574
	<b>1,65,98,622</b>	<b>6,28,00,158</b>

## 21 Current tax liabilities

(Amount in ₹)

	31 March 2019	31 March 2018
<b>Current</b>		
Provision for Income tax	6,29,58,384	6,62,03,296
Less: Advance tax	(2,00,00,000)	-
	<b>4,29,58,384</b>	<b>6,62,03,296</b>

## 22 Revenue from operations

(Amount in ₹)

	31 March 2019	31 March 2018
Sale of products	2,55,86,08,454	2,16,72,83,002
Sale of services	7,11,44,790	3,73,30,911
	<b>2,62,97,53,243</b>	<b>2,20,46,13,913</b>

## 23 Other income

(Amount in ₹)

	31 March 2019	31 March 2018
Interest income	2,38,59,597	1,52,79,316
Foreign exchange gain	84,04,240	-
	<b>3,22,63,837</b>	<b>1,52,79,316</b>

## 24 Cost of materials consumed

(Amount in ₹)

	31 March 2019	31 March 2018
Opening stock of raw materials and stores	41,26,11,389	27,15,88,214
Add: Purchases	1,96,52,70,172	2,17,19,71,559
Add: Freight & Jobwork Charges	3,31,08,709	80,64,327
Add:	-	-
	2,41,09,90,270	2,45,16,24,099
Less : Closing Stock of Raw Materials and Consumables	45,92,39,488	41,26,11,389
	<b>1,95,17,50,782</b>	<b>2,03,90,12,710</b>



## 25 Changes in inventories and Work in progress

(Amount in ₹)

	31 March 2019	31 March 2018
<i>Closing stock</i>		
Finished goods	33,56,65,367	44,12,42,312
Work in process	93,39,01,889	86,41,25,123
<b>Total (A)</b>	<b>1,26,95,67,256</b>	<b>1,30,53,67,435</b>
<i>Opening stock</i>		
Finished goods	44,12,42,312	25,61,36,285
Work in process	86,41,25,123	61,30,52,411
<b>Total (B)</b>	<b>1,30,53,67,435</b>	<b>86,91,88,696</b>
<b>(Increase) / Decrease in Inventories and work in progress (B-A)</b>	<b>3,58,00,179</b>	<b>(43,61,78,739)</b>

## 26 Employee benefits expense

(Amount in ₹)

	31 March 2019	31 March 2018
Salaries, wages and bonus	6,28,78,518	5,86,40,513
Contribution to provident and other funds	27,02,869	15,36,721
Gratuity Expense	19,80,804	24,54,303
Staff welfare expenses	26,53,866	13,43,673
	<b>7,02,16,057</b>	<b>6,39,75,210</b>

## 27 Depreciation expense

(Amount in ₹)

	31 March 2019	31 March 2018
Depreciation of tangible assets	6,19,50,838	6,49,84,582
	<b>6,19,50,838</b>	<b>6,49,84,582</b>

## 28 Finance costs

(Amount in ₹)

	31 March 2019	31 March 2018
Interest on term loans	58,13,864	1,05,73,697
Interest on working capital loans	8,80,17,137	7,95,12,887
Bank charges and commissions	3,83,41,582	3,06,51,390
	<b>13,21,72,583</b>	<b>12,07,37,974</b>

## 29 Other expenses

(Amount in ₹)

	31 March 2019	31 March 2018
Managerial remuneration	1,97,00,000	94,85,000
Business development expenses	45,92,797	84,21,193
Consultancy charges	82,53,416	48,71,887
Tour and travelling	98,70,199	45,85,982
Power and fuel	42,74,050	29,22,965
Rent	15,96,000	18,38,200
Insurance	10,94,281	17,87,895



## 29 Other expenses (Contd..)

	(Amount in ₹)	
	<b>31 March 2019</b>	<b>31 March 2018</b>
Filing Fee	20,012	13,45,486
Conveyance	11,02,218	11,71,843
Office maintenance	29,71,471	12,52,662
Repairs and maintenance	23,73,088	9,50,833
Printing and stationery	27,75,892	9,48,653
Communication expenses	16,71,704	17,24,507
Advertisement	1,13,38,999	8,51,165
Late Delivery Charges	56,55,477	9,20,517
Audit fees	5,00,000	4,00,000
Rates and taxes	1,17,624	3,60,976
Corporate social responsibility	74,00,000	3,25,000
Security charges	3,07,658	3,20,892
Vehicle maintenance	8,07,749	2,17,497
Donations	2,29,000	1,35,000
Computer maintenance	5,85,451	1,10,298
Director Sitting fee	4,60,000	6,40,000
	<b>8,76,97,087</b>	<b>4,55,88,451</b>

## 30 Exceptional items

	(Amount in ₹)	
	<b>31 March 2019</b>	<b>31 March 2018</b>
Initial Public Offer (IPO) expenditure *	-	(1,21,92,105)
Write back of liability	-	-
	-	<b>(1,21,92,105)</b>

## 31 Tax expenses

	(Amount in ₹)	
	<b>31 March 2019</b>	<b>31 March 2018</b>
Current income tax:		
Current income tax charge	6,29,58,384	6,51,14,874
Earlier tax adjustments	(45,68,371)	-
Deferred tax:		
Relating to originating and reversal of temporary differences	(2,71,45,724)	5,28,00,862
<b>Income tax expense recognised in the statement of profit or loss</b>	<b>3,12,44,289</b>	<b>11,79,15,736</b>

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

	(Amount in ₹)	
	<b>31 March 2019</b>	<b>31 March 2018</b>
Re-measurement gains/ (losses) on defined benefit plan	(3,73,022)	(25,643)
Income tax charge to OCI	<b>(3,73,022)</b>	<b>(25,643)</b>



### 32 Contingent liabilities and commitments

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
i) Contingent liabilities:		
- 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	28,60,38,802	42,78,19,256
- Claims against the Company not acknowledged as debts (See Note-32.1 below)	1,61,23,349	1,61,23,349
ii) Commitments:		
- Liability for Import Duty for Non fulfilment of Export Obligation under Zero Duty EPCG Scheme (See Note-32.2 below)	1,61,11,184	1,61,11,184

32.1) There is pending demands by Tax Department in respect of past years in its portal inspite of payments already made by the Company. Company has submitted/submitted proof of payments made for removal of claims against the Company. Pending removal of demands, the Company has not acknowledge the claims as debts.

32.2) 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. This is a Contingent Liability which depends on performance of the export obligation by the Company with in the time period permitted.

### 33 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
Karunakar Reddy Baddam	Managing Director
Krishna Sai Kumar Addepalli	Wholetime Director
Sudarshan Chiluveru	Chief Financial Officer
Venkata Siva Prasad Chandrapati	Wholetime Director
Chaitanya Siva Shankar Vitta	Company Secretary
Apollo Food & Beverages Private Limited	Enterprises controlled by KMP

b) Details of all transactions with related parties during the year:

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
i) Managerial remuneration to Key managerial personnel*	2,13,20,000	1,11,05,000
ii) Rent paid to Karunakar Reddy Baddam	8,40,000	8,40,000
iii) Loan repaid to Karunakar Reddy Baddam, net	3,38,01,903	47,67,098

\*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:

(Amount in ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>i) Financial liabilities - Others:</b>		
Managerial remuneration to Key managerial personnel	71,25,249	12,30,000
Unsecured Loan from Karunakar Reddy Baddam	-	3,38,01,903

**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.

**34 Segment information**

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating and geographical segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments and geographical segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Electromechanical components and systems and allied components and services' and the sole geographical segment is 'India'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

**35 Payment to auditors include**

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
Statutory audit fee	4,00,000	3,00,000
Tax Audit fee	1,00,000	1,00,000
Other Services	12,000	-
<b>Total</b>	<b>5,12,000</b>	<b>4,00,000</b>

**36 Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan. The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit, restricted to a sum of ₹20,00,000.

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:

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
<b>Opening balance</b>	61,67,777	37,13,371
Service cost	17,24,655	22,40,049
Interest cost	4,79,236	2,74,426
Benefits paid	(19,385)	-
Actuarial loss/(gain)	(12,85,252)	(60,169)
<b>Closing balance</b>	<b>70,67,031</b>	<b>61,67,677</b>
Present value of projected benefit obligation at the end of the year	70,67,031	61,67,677
Fair value of plan assets at the end of the year	6,99,432	-
Net liability recognised in the balance sheet	63,67,599	61,67,677
Long term provision	58,94,786	50,26,490
Short term provision	4,72,813	11,41,287



### 36 Gratuity (Contd..)

(Amount in ₹)

Expenses recognised in statement of profit and loss	31 March 2019	31 March 2018
Service cost	17,24,655	22,40,049
Interest cost	4,63,152	2,74,426
<b>Gratuity cost</b>	<b>21,87,807</b>	<b>25,14,475</b>
Re-measurement gains/ (losses) in OCI		
Actuarial gain / (loss) due to demographic assumption changes -	(12,80,900)	(60,169)
Return on plan assets greater (less) than discount rate	(82)	(13,926)
<b>Total expenses routed through OCI</b>	<b>(12,80,982)</b>	<b>(74,095)</b>

Assumptions	31 March 2019	31 March 2018
Discount rate	7.65% p.a.	7.77% p.a.
Future salary increases	4.00% 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:

Assumptions	31 March 2019	31 March 2018
Effect of + 1% change in rate of discounting	8.4	6.71
Effect of - 1% change in rate of discounting	-7.19	-5.84
Effect of + 1% change in rate of salary increase	19.08	9.27
Effect of - 1% change in rate of salary increase	-14.82	-9.79

The sensitivity analyses above have been determined based on a method that extrapolates the impact on projected benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

### 37 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:

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
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;	96,73,224	Nil
e) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
f) Interest due and payable for the year amount of interest accrued and remaining unpaid at the end of each year towards suppliers registered under MSMED Act, for payments already made; and	1,95,488	Nil
g) Further interest remaining due and payable for even in succeeding years.	1,95,488	Nil

The above information is compiled based on information available with the Company and relied upon by the auditors.

## 38 Leases

### Where the Company is a lessee:

The Company has taken various office under operating leases. The leases typically run for a term ranging from one to three years, with an option to renew the lease after the term completion. The escalation clause in these arrangements ranges from 5% to 10%.

i) Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

ii) Amounts recognised in statement of profit and loss:

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
Cancellable lease expense	15,96,000	18,38,200
Non - cancellable lease expense	-	-
<b>Total</b>	<b>15,96,000</b>	<b>18,38,200</b>

## 39 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

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

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
Profit for the year attributable to equity share holders	29,11,85,266	19,16,65,200
<b>Shares</b>		
Weighted average number of equity shares outstanding during the year – basic	2,07,58,886	1,53,79,107
Weighted average number of equity shares outstanding during the year – diluted	2,07,63,270	1,58,66,778
<b>Earnings per share</b>		
Earnings per share of par value ₹10 – basic (₹)	14.03	12.46
Earnings per share of par value ₹10 – diluted (₹)	14.02	12.08

## 40 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, 2019 and March 31, 2018. 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, 2019 and March 31, 2018.

#### 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	Effect on profit before tax	Increase/decrease in interest rate
<b>March 31, 2019</b>		
INR	+1%	(1,08,08,002)
INR	-1%	1,08,08,002
<b>March 31, 2018</b>		
INR	+1%	(86,65,187)
INR	-1%	86,65,187

### 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, 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
<b>Year ended March 31, 2018</b>						
Borrowings	73,46,20,476	2,23,40,005	6,70,20,015	4,25,38,198	-	86,65,18,694
Trade payables	93,22,99,220	-	-	-	-	93,22,99,220

## 41 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, 2019 and March 31, 2018 was as follows:

Particulars	(Amount in ₹)	
	31 March 2019	31 March 2018
Total equity attributable to the equity shareholders of the Company	2,81,92,67,622	2,55,58,80,993
As a percentage of total capital	72.3%	74.7%
Long term borrowings including current maturities	4,67,61,859	13,18,98,218
Short term borrowings	1,03,40,38,305	73,46,20,476
<b>Total borrowings</b>	<b>1,08,08,00,164</b>	<b>86,65,18,694</b>
As a percentage of total capital	27.7%	25.3%
Total capital (equity and borrowings)	3,90,00,67,787	3,42,23,99,687

## 42 Standards issued but not effective

The standards issued, but not effective up to the date of issuance of the financial statements is disclosed below:

### Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability as the present value of there maining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:• Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or• An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS17 immediately before the date of initial application.Certain practical expedients are available under both the methods.



## Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 30 March 2019, issued certain amendments to Ind AS. The amendments relate to the following standards:

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

**Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity: to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The amendments are effective 1 April 2019. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

## 43 Prior year comparatives

The figures of the previous year have been regrouped/rearranged, where necessary, to conform with the current year's classification.

**44** The figures have been rounded off to nearest rupee.

As per our report of even date attached

### for S.T.Mohite & Co

Chartered Accountants

ICAI Firm Registration Number: 0114105

Sd/-

**M.T. Sreenivasa Rao**

Partner

Membership No.: 015635

**Place: Hyderabad**

**Date: 17 May, 2019**

for and on behalf of the Board of Directors of

**Apollo Micro Systems Limited**

CIN: L72200TG1997PLC026556

Sd/-

**Karuankar Reddy Baddam**

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

# ROUTE MAP TO AGM VENUE



**AGM Venue:** Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad- 500016 Telangana, India

**NOTE:** "NO GIFTS COUPONS WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING"

# APOLLO MICRO SYSTEMS LIMITED

CIN: L72200TG1997PLC026556

Registered Office: Plot No 128/A, Road No. 12, BEL Road IDA Mallapur,

Uppal Mandal, Rangareddy, Hyderabad, Telangana 500076, India

Tel. No. 91 40 27167000 • Fax No. 91 40 21750820

Website: www.apollo-micro.com • E-mail: cs@apollo-micro.com

## ATTENDANCE SLIP

(To be presented at the entrance)

**Twenty Second Annual General Meeting – Monday, September 30, 2019**

Registered Folio No. / DP ID No./ Client ID No.	
Name and Address of the Member	
Joint Holder 1 Joint Holder 2	
No. of Shares held	
Name of the Member(s)/Proxy	

I/ We hereby record my/our presence at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company held on **Monday, September 30, 2019 at 11:00 AM (IST)** at **Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad-500016 Telangana, India**

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**SIGNATURE OF THE MEMBER/  
JOINT MEMBER(S) / PROXY**

NOTE: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members/Proxy holders are requested to bring their copy of the Annual Report for reference at the meeting



# APOLLO MICRO SYSTEMS LIMITED

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Tel. No. 91 40 27167000 • Fax No. 91 40 21750820  
Website: www.apollo-micro.com • E-mail: cs@apollo-micro.com

## PROXY FORM

(Form No: MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 read along with Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**Twenty Second Annual General Meeting on Monday, September 30, 2019**

Name of the Member(s): .....

Registered address: .....

E-mail Id: .....

Folio No.: ..... DP Id No.\* ..... Client Id No.\* .....

\* Applicable for investors holding shares in electronic form.

I / We, being the Member(s) holding ..... Shares of Apollo Micro Systems Limited, hereby appoint:

1. Name : ..... E-mail Id: .....

Address : .....

Signature : ..... or failing him/her

2. Name : ..... E-mail Id: .....

Address : .....

Signature : ..... or failing him/her

3. Name : ..... E-mail Id: .....

Address : .....

Signature : ..... or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Monday, September 30, 2019 at 11:00 AM (IST) at Manjeera Hall, 2nd Floor, The Plaza Hotel, 6-3-870, Balayogi Paryatak Bhavan, Greenlands, Begumpet, Hyderabad- 500016 Telangana, India, Telangana and at any adjournment thereof in respect of such resolutions as are indicated hereinafter:

Description of Resolution	Type of Resolution	For	Against
1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2019 together with the Reports of the Board of Director and the Auditors thereon.	Ordinary		
2. 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.	Ordinary		
3. Revision in terms of Remuneration of Mr. Karunakar Reddy Baddam, Managing Director.	Ordinary		
4. Revision in terms of Remuneration of Mr. Krishna Sai Kumar Addepalli, Whole Time Director (Operations)	Ordinary		

Affix  
Revenue  
Stamp

Signed this ..... day of ..... 2019

Signature of Member: ..... Signature of Proxy holder .....

**NOTES:**

1. A Member may vote 'For' or 'Against' each resolution. Please put a √ in the Box in the appropriate column either 'For' or 'Against' the respective resolutions. If you leave the 'For' or 'Against' column blank in respect of any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
3. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No 128/A, Road No. 12, BEL Road IDA Mallapur, Uppal Mandal, Rangareddy, Hyderabad, Telangana 500076, not less than 48 hours before the commencement of the meeting.
4. Those Members who have multiple folios with different joint holders may use copies of this Proxy Form.







apollo microsystems

**APOLLO MICRO SYSTEMS LIMITED**

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