

V NAGARAJU & ASSOCIATES

Chartered Accountants

#6-2-47, 4th Floor, Yeturu Towers, AC Gaurds, Hyderabad - 500004

INDEPENDENT AUDITORS' REPORT

To the Members of M/s Apollo Microsytems Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **M/s Apollo Microsytems Private Limited**, ("the Company"), which comprise the Balance Sheet as at 31st March 2015, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material



misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable..
10. As required by Section 143(3) of the Act, 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 purpose 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. 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, in




our opinion and to the best of our information and according to the explanations given to us:

- (i) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (ii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For V Nagaraju & Associates

Chartered Accountants

Firm's Registration No.: 012862S


CA V Nagaraju

Proprietor

Membership No.: 225081



Place: Hyderabad

Date: 24th August 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report to the members of **Apollo Microsytems Private Limited** ("the Company") for the year ended March 31, 2015. We report that:

1. In respect of the fixed assets of the Company:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
2. In respect of the inventories of the Company:
 - a. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits from the public.



6. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of service tax, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax and value added tax which have not been deposited on account of any dispute.
8. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks. The Company did not have any outstanding dues to any financial institutions or debentures holders during the year.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
11. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.



12. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For V Nagaraju & Associates

Chartered Accountants

Firm's Registration No.: 012862S

V. Nagaraju

CA V Nagaraju

Proprietor

Membership No.: 225081








Place: Hyderabad

Date: 24th August 2015

Apollo Micro Systems Private Limited

Vaishnavi Complex, 1st Floor, Steet No.No:6, Habsiguda, Hyderabad-500007

Balance Sheet as at 31st March, 2015

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	137,117,000	137,117,000
(b) Reserves and Surplus	3	233,480,964	155,149,569
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	205,821,736	82,629,276
(b) Deferred tax liabilities (Net)	5	3,647,666	2,739,241
(c) Other Long term liabilities		-	-
(d) Long term provisions		-	-
(4) Current Liabilities			
(a) Short-term borrowings	6	386,696,591	273,964,318
(b) Trade payables	7	333,043,130	166,261,268
(c) Other current liabilities	8	15,226,780	6,072,835
(d) Short-term provisions	9	13,773,015	11,049,722
Total		1,328,806,882	834,983,229
II.Assets			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		243,481,690	55,417,835
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	123,659,339
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances		-	-
(e) Other non-current assets		-	-
(2) Current assets			
(a) Current investments			
(b) Inventories	11	424,630,241	227,615,933
(c) Trade receivables	12	595,130,877	400,763,608
(d) Cash and cash equivalents	13	230,619	604,368
(e) Short-term loans and advances	14	64,563,909	26,639,146
(f) Other current assets	15	769,546	283,000
Total		1,328,806,882	834,983,229
Significant Accounting Policies	1		
Notes referred to above form an integral part of Balance Sheet This is the Balance Sheet referred to in our Report of even date.			
For V.NAGARAJU & ASSOCIATES CHARTERED ACCOUNTANTS FIRM REG NO: 0128625		Apollo Micro Systems Private Limited	
 CA.V.NAGARAJU PROPRIETOR MEM.NO: 225081		 Managing Director	
		 Director	
PLACE: HYDERABAD DATE: 24.08.2015			

Apollo Micro Systems Private Limited
Vaishnavi Complex, 1st Floor, Steet No.No:6, Habsiguda, Hyderabad-500007
Profit and Loss statement for the year ended 31st March, 2015

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of Previous reporting period
I. Revenue from operations	16	1,081,529,555	725,312,536
II. Other Income	17	6,153,333	3,505,486
III. Total Revenue (I + II)		1,087,682,888	728,818,022
<u>IV. Expenses:</u>			
Cost of materials consumed	18	877,706,131	514,849,497
Purchase of Stock-in-Trade			-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(121,837,022)	20,046,251
Employee benefit expense	19	64,411,761	33,739,106
Financial costs	20	51,121,542	27,130,968
Depreciation and amortization expense	21	39,430,848	3,509,823
Other expenses	22	82,134,049	56,431,440
Total Expenses		992,967,309	655,707,085
V. Profit before exceptional and extraordinary items and tax	(III - IV)	94,715,580	73,110,938
VI. Exceptional Items			-
VII. Profit before extraordinary items and tax (V - VI)		94,715,580	73,110,938
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		94,715,580	73,110,938
X. Tax expense:			
(1) Current tax		14,078,251	9,504,556
(2) Deferred tax		(908,425)	(1,847,828)
XI. Profit(Loss) from the perid from continuing operations	(VII-VIII)	79,728,903	61,758,554
XII. Profit/(Loss) from discontinuing operations			-
XIII. Tax expense of discounting operations			-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)			-
XV. Profit/(Loss) for the period (XI + XIV)		79,728,903	61,758,554
XVI. Earning per equity share:			
(1) Basic		5.81	4.50
(2) Diluted		5.81	4.00

Significant Accounting Policies 1
Notes referred to above form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

For V.NAGARAJU & ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM REG NO: 0128625

V. Nagaraju

CA.V.NAGARAJU

PROPRIETOR

MEM.NO: 225081

PLACE: HYDERABAD

DATE: 24.08.2015



Apollo Micro Systems Private Limited

[Signature]

Managing Director

[Signature]

Director



Apollo Micro Systems Private Limited
Notes to financial statements for the year ended March 31,2015

2. Share capital

Particulars	As at 31-03-2015	As at 31-03-2014
Authorised shares		
1,40,00,000 equity shares of Rs. 10/- each.	140,000,000	140,000,000
	140,000,000	140,000,000
Issued, subscribed and fully paid-up shares		
13711700 equity shares of Rs.10/- each fully paid up	137,117,000	137,117,000
Previous Year 13711700 Shares	137,117,000	137,117,000

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

Particulars	As at 31-03-2015	As at 31-03-2014
	No.of Shares	No.of Shares
Equity shares of Rs.10/- each fully paid up		
At the beginning of the year	13,711,700	6,465,200
Issued during the Year	-	7,246,500
At the ending of the Year	13,711,700	13,711,700

(b) Details of Shareholder holding more than 5% shares of the company:

Particulars	As at 31-03-2015	As at 31-03-2014
	% holding	% holding
Equity shares of Rs.10/- each fully paid		
B.Karunakar Reddy C.Y-13271690, PY-13271690	96.79%	96.79%



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Notes Forming Integral Part of the Balance Sheet as at 31st MARCH, 2015

Note : 3 RESERVES AND SURPLUS

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
I	Surplus in the statement of profit and loss		
	Balance, at the beginning of the year	155,149,569	93,956,783
	Profit / (loss) for the year	79,728,904	61,758,554
	Less" Earlier year taxes-Interest	1,397,509	565,768
	Total	233,480,964	155,149,569

Note : 4 LONG TERM BORROWINGS

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
I	Secured Loans from Banks:		
	Term Loan from SBH-62299546831	88,239,059	79,907,277
	Term Loan from SBH-62383218858	28,456,073	-
	Term Loan from SBH-62149028834	89,517	-
	Term Loan from SBH-62218539104	2,341,838	-
II	Unsecured - Others		
	Others	2,320,432	-
	From Directors	7,700,439	-
III	Creditor for Capital Goods	76,674,378	2,631,999
	Total	205,821,736	82,629,276

Note : 5 DEDERRED TAX LIABILITIES (NET)

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
I	Depreciation accounted in the books of account	39,430,848	3,705,859
	Preliminary Expenses debited to P&L	-	-
	Depreciation allowed as per provisions of the Income tax Act	42,220,741	9,390,121
	Preliminary Expenses Allowed as per Income Tax Act	(2,799,893)	(5,695,262)
	Timing Difference	(2,799,893)	(5,695,262)
	Operating Timing Difference	-	-
	Diferred tax @ 32.445%	(908,425)	(1,847,828)
	Differred Tax Liability as on 01-04-2014	2,739,241	891,413
	Add: Diferred Tax Liability For the year 2014-15	908,425	1,847,828
	Less: Diferred Tax Asset for the year 2014-15	-	-
	Total	3,647,666	2,739,241

Note : 6 SHORT TERM BORROWINGS

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Over draft from State Bank of Hyderabad (secured)**	296,608,914	236,086,914
2	Loan from NSIC (Raw Material Assistance)	39,893,833	18,117,404
3	Installments of Term Loans Repayable with in one year	50,193,844	19,760,000
	Total	386,696,591	273,964,318

** Secured by hypothecation of Inventories, Assignment of Book Debts, E.M. of Land & Building and along with the personal guarantee given by the directors.



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Notes Forming Integral Part of the Balance Sheet as at 31st MARCH, 2015

Note : 7 TRADE PAYABLES

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Trade payable	333,043,130	166,261,268
	Total	333,043,130	166,261,268

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given. The same has been relied upon by the Auditors

Note : 8 OTHER CURRENT LIABILITIES

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Other statutory dues	2,785,740	2,809,651
2	Non trade payables	4,226,040	3,263,184
	Advance from Customers	8,215,000	-
	Total	15,226,780	6,072,835

Note : 9 SHORT TERM PROVISIONS

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Provision for Income Tax	13,773,015	11,049,722
	Total	13,773,015	11,049,722

Note : 11 INVENTORIES

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Raw material and stores at cost	270,280,636	195,103,350
	Work In Process (at estimated Cost)	144,774,605	32,512,583
3	Finished Stock ((at lower of Cost or Market Value)	9,575,000	-
	Total	424,630,241	227,615,933

Note : 12 TRADE RECEIVABLE

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Unsecured, considered good unless stated otherwise: Outstanding for a period exceeding six months from the date they are due for payment	563,852	764,300
2	Other receivables Unsecured, considered good	594,567,025	* 399,999,308
	Total	595,130,877	400,763,608



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Notes Forming Integral Part of the Balance Sheet as at 31St MARCH, 2015

Note : 13 CASH & BANK BALANCES

S.No	Particulars		As at 31-03-2015	As at 31-03-2014
1	Cash and cash equivalents			
	Balances with banks:			
	On current accounts			
2	Cash In Hand		230,619	604,368
	Total		230,619	604,368

Note : 14 SHORT-TERM LOANS AND ADVANCES

S.No	Particulars		As at 31-03-2015	As at 31-03-2014
	Unsecured, considered good			
1	Fixed Deposits with Banks		36,316,937	21,989,133
4	Other Advances		28,246,973	4,650,013
	Total		64,563,909	26,639,146

Note : 15 OTHER CURRENT ASSETS

S.No	Particulars		As at 31-03-2015	As at 31-03-2014
1	Rental Advances		160,500	160,500
2	Sales Tax Deposit		1,000	1,000
3	Telephone Deposit		11,500	1,500
4	Electricity Deposit		161,586	120,000
7	Duties & Taxes Recoverable-VAT		434,960	-
	Total		769,546	283,000



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Notes Forming Integral Part of the P & L A/C for the Year end 31st MARCH, 2015

Note : 16 Revenue from Operations

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Gross Sales	1,081,851,047	725,500,469
	Less: Excise Duty	321,492	187,933
	Total	1,081,529,555	725,312,536

Note : 17 Other Income

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Other Income	3514139	2,049,868
2	Service Income	2639194	1,455,618
	Total	6,153,333	3,505,486

Note : 18 Cost Of Materials Consumed

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
	Opening Stock	195,103,350	152,773,136
	Add: Purchases	952,883,417	557,179,711
	Raw Material Consumed	1,147,986,767	709,952,847
	Less: Closing Stock	270,280,636	195,103,350
	Total	877,706,131	514,849,497

Note : 19 Employees Benefits Expense

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Salaries, wages and bonus	63967911	33,626,906
2	Contribution to provident and other fund	110974	112,200
3	Staff Welfare	332,876	-
	Total	64,411,761	33,739,106

Note : 20 Financial Costs

S.No	Particulars	As at 31-03-2015	As at 31-03-2014
1	Interest:		
	Interest on Overdraft	30451477	21,574,077
	Interest on Term Loan	12011137	1,208,148
	Interest on Unsecured Loans	1474222	
2	Financial Charges	7184706	4,348,743
	Total	51,121,542	27,130,968



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Notes Forming Integral Part of the P & L A/C for the Year end 31st MARCH, 2015

Note : 21 Depreciation and amortization expense

S.No	Particulars		As at 31-03-2015	As at 31-03-2014
1	Depreciation		39,430,848	3,509,823
2	Preliminary Expense Written off			-
	Total		39,430,848	3,509,823

Note : 22 Other Expenses

S.No	Particulars		As at 31-03-2015	As at 31-03-2014
1	Consumables		1,803,086	1,185,872
2	Software Development		299,700	1,653,470
3	Books & Periodicals		202,297	3,000
4	Consultancy Charges		815,750	240,000
5	Computer Maintenance		115,127	95,290
6	Insurance		443,116	482,524
7	Printing & Stationary		1,214,600	220,384
8	Travelling		3,973,805	3,892,942
9	Conveyance		1,328,594	699,129
10	Postage & Courier Charges		411,241	202,430
11	Power and Fuel		2,106,879	1,353,582
12	Directors remuneration		3,600,000	2,400,000
13	General Expenses		801,447	541,121
14	Audit Fees		300,000	150,000
15	Rates & Taxes		133,044	25,000
16	Sales Tax Paid		54,317,700	38,090,709
17	Service Tax Paid		290,321	372,685
18	Business Promotion Expenses		1,626,478	736,610
19	Repairs & Maintenance		661,406	578,932
20	Office Miantenance		1,293,836	868,294
21	Rent		591,000	840,000
22	Vehicle Maintenance		571,841	394,563
23	Internet Charges		65,580	50,876
24	Telephone Charges		515,534	440,221
25	Tender Expenses		900,648	651,445
26	Testing Charges		314,423	262,361
27	Water Charges		497,158	-
28	Foreign Exchange Loss		408,301	-
29	Freight		609,079	-
31	ROC Expenses		490,340	-
32	Advertisement Charges		1,431,717	-
	Total		82,134,049	56,431,440



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Apollo Micro Systems Private Limited

FIXED ASSETS STATEMENT AS PER COMPANIES ACT 2013

Note :10 Fixed Asset

Sr. No	Particulars	Gross Block					Depreciation		Net Block		
		Value at the beginning	Additions (Before 3 Oct)	Additions (After 3 Oct)	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Value at the end	WDV as on 01-04-2014	WDV as on 31.03.2015
I	Tangible Assets										
	Land at Mallapur	15,085,175			-	15,085,175	-	-	-	15,085,175	45,065,175
	Plant & Machinery	4,885,622	23,376,923	18,790,408	-	47,052,953	2,858,592	8,115,398	10,973,990	2,027,030	36,078,963
	Vehicles	3,107,321			-	3,107,321	2,942,363	75,284	3,017,647	164,958	89,674
	Tools & Equipments	38,654,895	14,200,467	14,161,025	-	67,016,387	5,995,091	11,426,923	17,422,014	32,659,804	49,594,373
	Furniture & Fixtures	2,752,819	1,895,776	3,228,363	-	7,876,958	2,112,658	1,617,221	3,729,879	640,161	9,147,079
	Computers	16,556,219	323,074	976,973	-	17,856,266	12,110,615	3,406,816	15,517,431	4,445,604	2,136,835
	Office Equipments	1,233,264	325,765	40,563	-	1,599,592	838,161	265,630	1,103,791	395,103	4,15,831
	Building	-	125,441,425	-	-	125,441,425	-	11,921,182	11,921,182	-	113,520,243
	Electrical Fittings	-	4,620,279	5,432,791	-	10,053,070	-	2,602,394	2,602,394	-	7,450,676
II	Intangible Assets										
III	R&D Expenditure										
				4,680,872	-	14,680,872	-	-	-	-	11,690,872
	Total [A + B + C + D]	82,275,315	170,183,708	57,310,995	-	309,770,018	26,857,480	39,430,848	66,288,328	55,417,835	243,181,990

N. Nagaraja



hnp10000001





DEPRECIATION AS PER INCOME TAX ACT:

Name of the Asset	WDV as on 01.04.2014	Deletions During the Year	Additions		TOTAL	Rate %	Depreciation	Additional Depreciation	WDV as on 31.03.2015
			Before 03.10.2014	After 03.10.2014					
Tangible Assets									
Land at Mallapur	15,085,175	-	-	-	15,085,175	0%	-	-	15,085,175
Tools & Equipment	10,657,014	-	14,200,467	14,161,025	39,018,506	15%	4,790,699	4,256,196	34,227,807
Furniture & Fixtures	116,251	-	1,895,776	3,228,363	5,240,390	10%	362,621	-	4,877,769
Plant & Machinery	1,107,148	-	23,376,923	18,790,408	43,274,479	15%	5,081,891	6,554,425	31,638,162
Testing Tools & Equipments	16,052,931	-	-	-	16,052,931	30%	4,815,879	-	11,237,052
Interior Decoration	748,866	-	-	-	748,866	15%	112,330	-	636,536
Electrical Fittings	17,953	-	4,620,279	5,432,791	10,071,023	15%	1,103,194	-	8,967,829
Office Equipment	401,070	-	325,765	40,563	767,398	15%	112,067	-	655,331
Controlled Soldering station	2,684	-	-	-	2,684	15%	403	-	2,281
Air Conditioner	641,465	-	-	-	641,465	15%	96,220	-	545,245
Vehicles	643,956	-	-	-	643,956	15%	96,593	-	547,363
Xerox Machine	22,481	-	-	-	22,481	15%	3,372	-	19,109
Computers	3,022,953	-	323,074	976,973	4,323,000	60%	2,300,708	-	2,022,292
Buildings	-	-	125,441,425	-	125,441,425	10%	12,544,143	-	112,897,283
R& D Expenditure	-	-	-	14,680,872	14,680,872	0%	-	-	14,680,872
TOTAL	48,519,948	-	170,183,708	57,310,995	276,014,650		31,420,120	10,810,621	238,040,105

N. Nagaraj

Chartered Accountant
Firm Reg. No. 0128625

12/11/14

S. S. S. S.



Apollo Micro Systems Private Limited

Significant Accounting Policies

23. Managerial Remuneration:

The key management personnel comprise our directors. Particulars of Remuneration and other benefits provided to key management personnel is given below:

(Amount in Rupees)

Particulars	Year Ended 31 March	
	2015	2014
Remuneration	36,00,000	24,00,000
Perquisites & Allowances	Nil	Nil
Total	36,00,000	24,00,000

24. Auditor's Remuneration:

(Amount in Rupees)

Particulars	Year ended March 31,	
	2015	2014
Statutory Audit Fees	2,00,000	1,00,000
Tax Audit Fee	1,00,000	50,000
Total	3,00,000	1,50,000

25. Earnings Per Share:

(Amount in Rupees)

Particulars	Year Ended March 31,	
	2015	2014
Profits Attributable to Equity Share Holders	8,02,20,166	6,17,58,553
Weighted Average No. of Shares for the year ended	13711700	13711700
Earnings per Share - Basic	5.81	4.50
Earnings per Share - Diluted	5.81	4.00



Apollo Micro Systems Private Limited

Significant Accounting Policies

26. Related Parties Transactions - As per Accounting Standard 18, disclosures of transactions with related parties as defined in the accounting standard are given below.

List of related parties where control exists and related parties with whom transactions have taken place and relationship (as identified by the Management):-

S.NO	Name of the Related Party	Nature of Relationship
1	B. Karunakar Reddy	Managing Director
2	CH.V S Prasad	Director
3	A.Krishna Sai Kumar	Director
5	V.Srilakshmi Reddy	Director

Transactions entered during the year with related parties.

S.NO	Particulars	At the year ended 31.03.2015
1	Loans From Directors & Relatives	Nil
2	Rent - B.Karunakar Reddy	Rs. 5,84,000

27. Due to Small Scale Industries:

As per the information available with the Company, no amount is due to any Small Scale Industrial Undertaking in excess of Rs.1.00 Lakhs.

28. Confirmation of Closing Balances:

The balances of Sundry Debtors, Sundry Creditors, Loans and advances payable or receivable are taken as per books and they are subject to confirmation and reconciliation as the confirmation are awaited.

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Apollo Micro Systems Private Limited

Significant Accounting Policies

29. Figures of previous year have been regrouped, rearranged and recited, wherever considered necessary.

For V.Nagaraju & Associates.,
Chartered Accountants

CA.V.Nagaraju

Proprietor

Membership No: 225081

Place: Hyderabad

Date: 24.08.2015



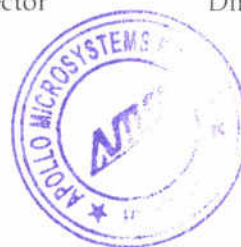
For and on behalf of the Board of Directors
Apollo Micro Systems Private Limited

Managing Director

Director

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Apollo Micro Systems Private Limited

Significant Accounting Policies

A. CORPORATE INFORMATION

Apollo Microsystems Private Limited is incorporated in the state of Telangana, India. The Company is having the business of Manufacturing of Electronic control systems which are used in manufacture of Surface to Air Missile, Underwater Missile programmes, Radar, Jammer Systems, Avionic Systems, Ship Borne Systems, Gun Control Systems in Defense Applications. On-Board Systems, Telemetry Systems, Ground Receiving Stations for Space Applications.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for preparation of financial statement:

The financial statements have been prepared under the historical cost convention in accordance with the General Accepted Principles (GAAP) in India and the mandatory accounting standards & statements issued by the Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956 as adopted consistently by the Company.

(b) Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

(c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured with reasonable certainty of its recovery.

- i) Sales of goods are recognised when the significant risk and rewards of ownership of the goods have been passed to the customer and net of Value added tax and return.
- ii) Income from services rendered is accounted for when the work is performed.
- iii) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.



Apollo Micro Systems Private Limited

Significant Accounting Policies

(d) Expenditure.

Expenditures are accounted for on accrual basis and provision is made for all known losses and liabilities.

(e) Fixed Assets.

Fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Expenses directly attributable to new manufacturing facility during its construction period are capitalized.

Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(f) Intangible Assets

Intangible assets are amortised over the period of the useful life of the rights and it begins when the asset is available for use. Intangible assets of infinite useful lives are not amortized but subject to impairment test, on an annual basis

Intangible assets are represented by non-monetary elements, identifiable and lacking physical consistency, controllable and capable of generating future economic benefits. These elements are recorded at purchase and/or production cost, inclusive of any directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses.

(g) Depreciation.

The Company has provided for depreciation using Written Down Value method over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013.

(h) Impairment of Fixed Assets

i) The carrying amount of assets, other than inventories, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

ii) The impairment loss is recognised whenever the carrying amount of an asset or its cash generation unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in the uses which is determined based on the estimated future cash flow discounted to their present values. All impairment losses are recognised in the Statement of Profit and Loss.

iii) An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognised in the Statement of Profit and Loss.

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Apollo Micro Systems Private Limited

Significant Accounting Policies

(i) Employee Benefits.

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Defined contribution plan: Company's contributions due/payable during the year towards provident fund is recognized in the profit and loss account. The Company has no obligation other than the contribution payable to the contribution payable to the provident fund.

(j) Taxation:

Provision for Tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the Book and the Tax Profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognized only if there is a virtual certainty of realization of such assets. Deferred Tax Assets / Liabilities are reviewed as at each Balance Sheet date.

(k) Cash And Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (within original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

(l) 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, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated. This is in accordance with the Accounting Standard -3 issued by the ICAI.

(m) Provision, Contingent Liabilities and Contingent Assets

Provision are recognised for when the company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic outgo or loss will be required and if the amount involved can be measured reliably.

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Apollo Micro Systems Private Limited

Significant Accounting Policies

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in control of the company are not recognised in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in notes to the Financial Statements.

Contingent assets are neither recognised nor disclosed in the financial statements.

(n) Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates prevailing on the date of transaction.

(o) Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

(p) Earnings Per Share:

The earnings considered in ascertaining the Earnings per Share comprise of Net Profit after Tax. The number of Shares used in computing Basic Earnings Per Share is the Weighted Average of shares outstanding during the year, as per AS - 20.

For V.Nagaraju & Associates.,
Chartered Accountants

V. Nagaraju
CA.V.Nagaraju

Proprietor

Membership No : 225084

Place: Hyderabad

Date : 24.08.2015



For and on behalf of the Board of Directors
Apollo Micro Systems Private Limited

[Signature]

Managing Director

[Signature]

Director

