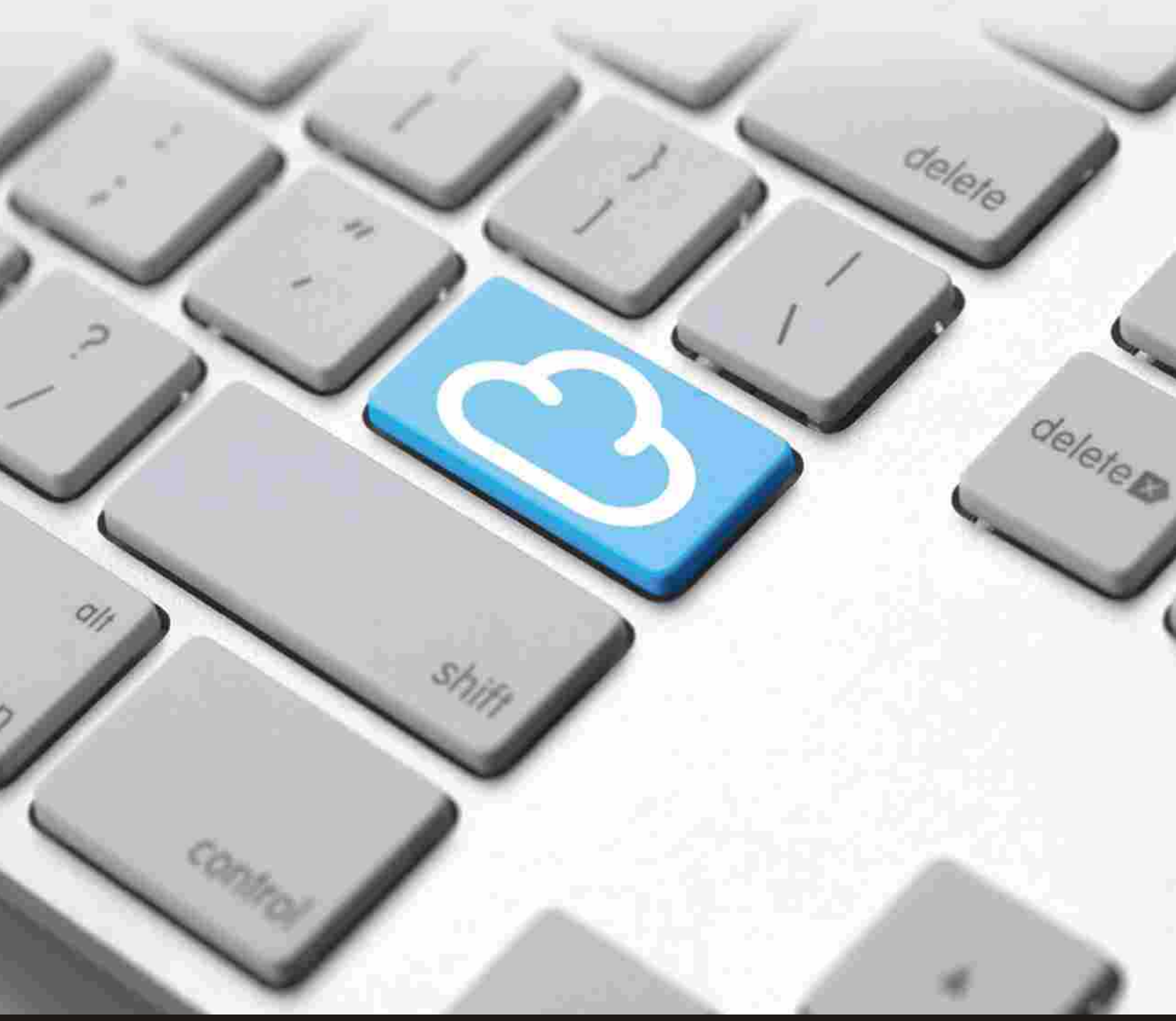
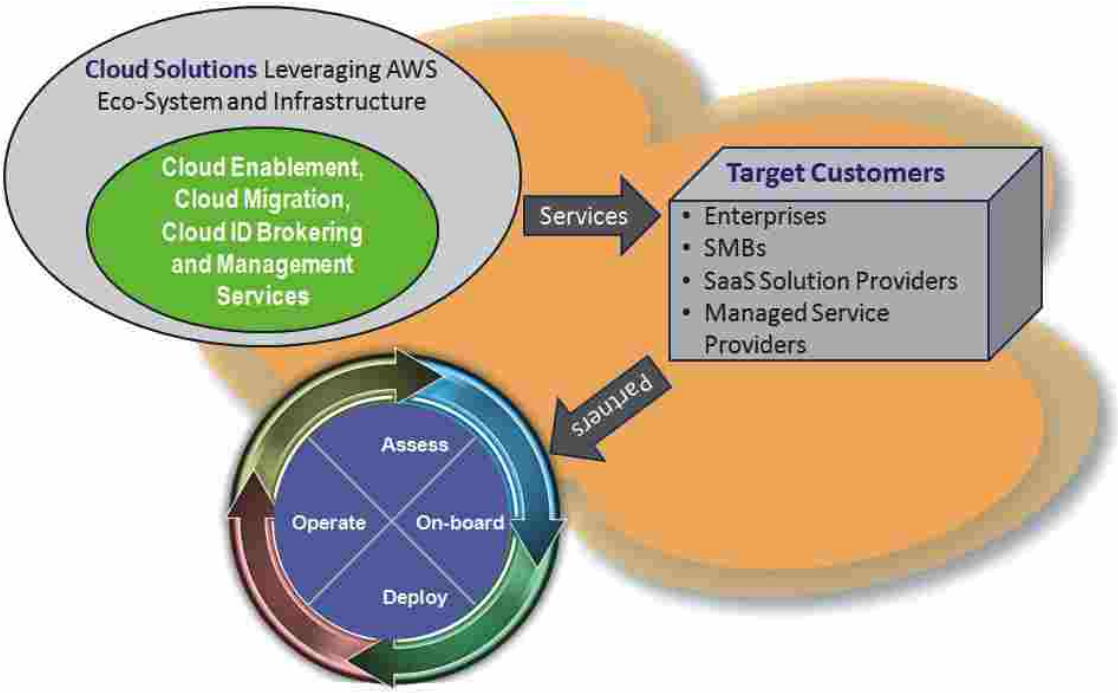
29th Annual Report 2013-2014

8K Miles
powered by FuGen Solutions
Cloud | Identity | Big Data | Mobile

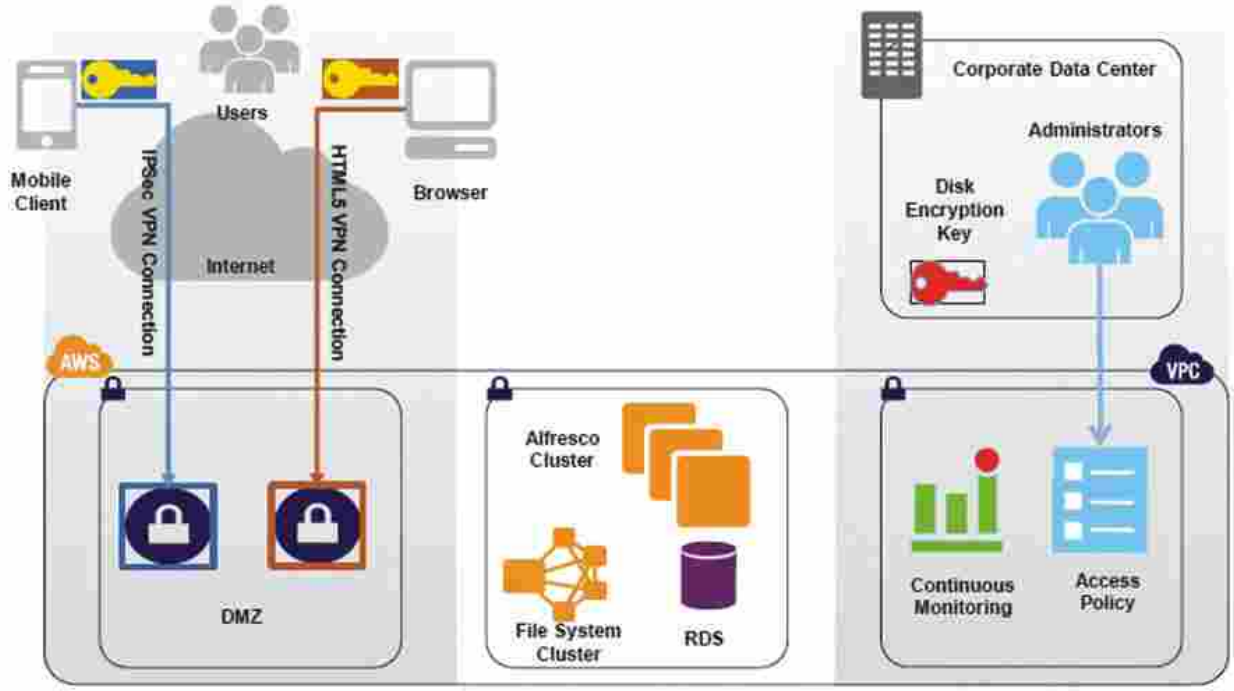


8K Miles Secure Cloud Solutions …



8K Miles Secure Mobile Colocation Solution

Secure Drop Box Solution Architecture



29th Annual Report

2013-2014

Board of Directors

Mr. Suresh Venkatachari, Managing Director
Mr. R S Ramani, Whole Time Director
Ms. T P Saira, Director
Mr. Vedantharamanujam Srinivasan, Director (upto 20th February, 2014)
Ms. Padmini Ravichandran, Director
Mr. J Gurumurthi (From 21st February, 2014)

Statutory Auditors

GHG Associates
Chartered Accountants
No.22, Govindu Street,
T Nagar, Chennai 600 017

Bankers

Indian Bank,
Porur Branch, Chennai

Registered Office

1-7-241/11/D, S.D.Road
Secunderabad 500003

Corporate Office

No.7, 3rd Floor, 3rd Street,
Ganapathy Colony, Teynampet,
Chennai 600 018

Registrar and Share Transfer Agent

Adroit Corporate Services Private Limited
Industries Estate, Makwane Road, Naronvaka
Andheri (East), Mumbai - 59

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Notice to the Shareholders

NOTICE is hereby given that the Twenty Nineth Annual General Meeting of the Shareholders of the Company will be held at 03:00pm on Tuesday, 30th September 2014 at Vintage Court Hall, Taj Mahal Hotel, Abids, Hyderabad 500001.

As Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as on March 31, 2014 and the Profit and Loss account for the year ended on that date along with the Directors' Report and Auditors' Report thereon.

2. To appoint an independent Director in the place of Mr. J. Gurumurthi, who retires by rotation and being eligible, offers him for re-appointment.

3. To appoint an independent Director in the place of Ms. Padmini Ravichandran, who retires by rotation and being eligible offers her for re-appointment.

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

RESOLVED that M/s. GHG Associates - Chartered Accountants (Registration No.008703S), be and hereby are re-appointed as Auditors of the Company, to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting, to audit the Accounts of the Company for the financial year 2014-15, including audit of Cash Flow Statements, on a remuneration to be mutually decided upon between the Auditors and the Board of Directors of the Company.

By ORDER OF THE BOARD
For 8K MILES SOFTWARE SERVICES LIMITED

Sd/-
P. KRISHNSAMY
COMPANY SECRETARY

Place: Secunderabad
Date: 08 September 2014

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. The proxy forms, in order to be valid, must be received by the Company at its Registered Office not less than 48 hours before the commencement of the meeting. A form of proxy is given at the end of the Annual Report.

2. The Register of Members and Share Transfer Books of the Company shall remain closed on 29th of September 2014 and 30thSeptember 2014 (Both days Inclusive)

3. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company together with the attendance slip and Proxy Form are being sent to all the members whose email Ids are registered with the Company / Depository Participants.

4. Members are requested to notify the Company at its Corporate Office or to the Share Transfer Registrar of any change in address quoting their folio number.
5. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Corporate Office of the Company on all working days except holidays up to the date of AGM.

6. Members who have received the Annual Report in electronic mode and who intend to attend the meeting in person or through proxy are requested to bring a printed copy of the attendance slip to the meeting hall.

7. Members are requested to affix their signatures at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance of the Hall to attend the meeting.

8. Members are requested to bring their Client ID and DP ID for easy identification of attendance at the meeting.

9. Corporate Members are requested to send their authorised representatives to attend the Meeting are requested to send to the Company a certificied copy of the Board Resolution, pursuant to Section 187 of the Company Act, 1956, authorising their representative to attend and vote on their behalf at the Meeting.

10. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company. Replies to such written queries received, will be provided only at the meeting.

11. Members / proxies are requested to bring the duly filed attendance slip sent herewith for attending the meeting.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, THE ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE- APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Re-appointment of Mr. J. Gurumurthi as an Independent Director

Name	J. Gurumurthi
Age	61 years
Qualification	B.com, FCA
Other Directorships held in Companies	Nova Human Resources Outsourcing Private Limited
Date of Appointment	21/02/2014

Re-appointment of Ms. Padmini Ravichandran as an Independent Director

Name	Ms. Padmini Ravichandran
Age	50 years
Qualification	BCA
Other Directorships held in Companies	Sreyes Communetwork Private Limited Sudesi Infomedia Private Limited
Date of Appointment	31/08/2010

Directors' Report

The Board of Directors of 8K Miles Software Services Limited are pleased to present the Twenty Eighth Annual Report for the year ended March 31, 2014, together with the Auditors' Report and Audited Accounts for the Financial year 2013-2014.

Financial Performance

The comparative figures of the financial result of the Company for the last two years are presented in the table below.

(Rupees in Crores)

PARTICULARS	FY 2013-14	FY 2012-13
Sales and Other Income	7.22	3.04
Earnings Before Interest & Depreciation	**2.75**	**0.26**
Interest	0.39	0.16
Depreciation and Amortisation	1.84	0.03
Exceptional Items	-	-
Profit/(Loss) Before Tax (PBT)	**0.5**	**0.07**
Profit/(Loss) After Tax (PAT)	**0.09**	**0.05**
Add : Brought Forward Loss from Previous Year	(0.76)	(0.82)
Surplus/(Deficit) in Statement of Profit and Loss	(0.67)	(0.76)

Operations Review

The Company's income stood at Rs. 7,22,11,226/= as against Rs. 3,03,63,681/= in the previous year. Your Company has entered a net profit of Rs. 9,00,799/- as against Rs. 5,23,697/= in the previous year.

Subsidiary Companies

1) 8K Miles Software Services Inc (USA)
2) 8K Miles Software Services (FZE) – UAE
3) Mentor Minds Solutions and Services Inc (USA)
4) Mentor Minds Solutions and Services Private Ltd (India)

Directors

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. J. Gurumurthi, independent Director, retire by rotation and being eligible offers him for re-appointment. In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Ms. Padmini Ravichandran, independent Director, retire by rotation and being eligible offers her for re-appointment.

Auditors

Messrs GHG Associates, Chartered Accountants, Chennai hold office until conclusion of the ensuing Annual General Meeting and being eligible and recommended for reappointment.

Particulars of Employees

Statement of personnel particulars of employee's pursuant section 217(2A) of the Companies Act, 1956 are not applicable since none of the employees are in receipt of remuneration in excess of the limits specified herein (Rs. 5,00,000 per month or Rs. 60,00,000 per annum) during the period under review.

Conversion of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Your Company does not carry on any manufacturing activities and hence the disclosure requirement in terms of Sections 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding Conservation of Energy and Technology do not apply to your Company.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

i. In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departure have been made from the same;

ii. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true a fair view of the state of affairs of the Company as at March 31, 2014 and Profit & Loss Account for the year ended March 31, 2014;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis.

Acknowledgement and Appreciation

The Directors take this opportunity to thank the Shareholders, Financial Institutions, Banks, Customers, Suppliers and Regulatory & Governmental Authorities for their continued support to the Company. Further, the Directors wish to place on record their appreciation of Employees at all levels for their hard work, dedication and commitment.

For 8K MILES SOFTWARE SERVICES LIMITED

Sd/-
SURESH VENKATACHARI
MANAGING DIRECTOR

Place: Secunderabad
Date : 06 September 2014

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion is based on the audited consolidated financial statements of 8K Miles Software Services Limited, and its subsidiaries collectively have been referred to as "the Company", reflecting the financial position in the consolidated financial statements. The financial year 2013-14 has been referred to as "the year" and the financial year 2012-13 has been referred to as "the previous year".

Market Opportunity

Market	Size	Source
Global Cloud Computing including Search Advertising	131B in 2013	Gartner
Global Cloud Computing including Search Advertising	241B in 2020	Forrester
IaaS	9B in 2013 to 16B in 2016	Gartner
Global Cloud Security	6B in 2016	Transparency Market Research
Global	5.3B in 2013 to 10.39B by 2018	Research and Markets

Financial position and results of operations

8K Miles Software Services Limited was listed on National Stock Exchange of India Limited (NSE) in February 2014 and the Bombay Stock Exchange (BSE) around 28 years ago.

The financial statements of the Company are prepared in compliance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 With general circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. The Company follows the revised Schedule VI as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2011.

Financial performance parameters

(Rupees in Crores)

Particulars	F Y 2013-14	F Y 2012-13
Revenue	44.06	26.21
Profit Before Interest, Tax, Depreciation and Amortization	13.84	5.51
Profit Before Tax	9.16	4.53
Profit After Tax (attributable to Shareholders)	6.08	3.97
Earnings Per Share (EPS) (Basics/Diluted)	Rs. 6.05	Rs. 3.95

Share Capital

The authorized share capital of the Company as at March 31, 2014 was Rs. 15 Crores divided into 1.5 Crores equity shares of Rs. 10 each. The paid up share capital as at March 31, 2014 was Rs. 10.04 Crores divided into 1.04 Crores equity shares of Rs. 10 each. There was no change in the Authorized and Paid-up Share Capital during the year.

Reserves and Surplus

The Reserves and Surplus as at March 31, 2014 stood at 51.96 Crores as against 17.54 Crores showing a growth of 196.24%. The details of Reserves and Surplus are given in the financial statements.

Foreign Currency Translation Reserve

While consolidating the financial information of subsidiaries with the financial information of the holding company, the assets and liabilities are stated at the closing currency exchange rate and income and expenditure are stated at the average currency exchange rate. This results in foreign currency translation reserve.

Trade Receivables

Trade receivables (net of provision for doubtful debts) amounted to Rs. 13.42 Crores as at March 31, 2014 as against Rs. 13.82 Crores as at March 31, 2013.

The Company follows a policy of providing for all customer invoices outstanding for a period of 180 days or more and for those invoices, which are otherwise considered doubtful, based on the management's perception of risk of collection.

There was no requirement for provision for doubtful debts to be made in the financial statement as at the end of 31st March 2014.

Cash and Bank balances

Cash and bank balances amounted to Rs.4.83 Crores as at March 31, 2014 as compared to Rs.1.45 Crores as at March 31, 2013. Revenue from Operations

The revenue for the year in Rupee terms, the revenue was Rs. 44.06 Crores as against Rs. 26.14 Crores representing a growth of 68.56% over the previous year. During the year, the growth in revenue was driven by growth in both, IP and Cloud Identity Security.

Profit Before Interest, Tax, Depreciation and Amortization

During the year, the Company reported Profit before interest, tax, depreciation and amortization of Rs. 13.84 Crores as against Rs. 5.51 Crores during the previous year. The margin of Profit before interest, tax, depreciation and amortization increased to 31.4% during the year from 21% in the previous year.

Depreciation and Amortization

The depreciation and amortization for the year amounted to Rs.4.3 Crores as against Rs.81 Crores, in the previous year showing a huge increase compared to previous year. This increase is mainly due to amortization of intangible assets procured in the recent acquisitions.

Depreciation and amortization as a percentage of revenue was 6.1% in the year as against 6.0% during the previous year. The Company follows the Written Down Value method (WDV) of depreciation. Depreciation rates followed by the Company are based on the useful lives of the assets as estimated by the Management and are higher than the rates prescribed in the Schedule XIV of the Companies Act, 1956.

Provision for Taxation

Tax expense consists of current tax and deferred tax.

The Group is exposed to income tax in multiple geographies where it is doing business through its subsidiaries. 8K Miles Software Services Limited, the parent company is mainly liable to income tax in India.

Earnings Per Share (EPS)

Basic/Diluted earnings per share went up to Rs.6.05 per share, compared to Rs.3.95 per share in the previous year, recording an increase of 53.2%.

Business Overview

8K Miles is a Secure Cloud Computing company focused on helping enterprise and small and medium businesses ("SMBs") integrate Cloud computing and identity security into their information technology ("IT") and business strategies. Our team of Cloud computing experts provide Cloud consulting and migration, Big Data services using Hadoop software that enables distributed parallel processing of huge amounts of data, remote infrastructure management, backup and disaster recovery services over Amazon Web Services (AWS), Windows Azure and other Cloud platforms. Our Company was a very early strategic partner with Amazon Web Services, and is currently working with Microsoft Azure, Google and IBM to develop a solution similar to that developed with AWS. Our goal, to help companies of all sizes understand, navigate and implement Cloud computing technologies in order to lower overall costs and better serve their employees and customers. We have specialized our expertise and currently have major clientele within the retail, finance, insurance, media, travel and healthcare industries. Our US Subsidiary 8K Miles Software Services acquired 100% stock of FuGen Solutions in May 2013, FuGen Solutions is the leading white label provider of federated identity management services as a Cloud ID broker for large distributed enterprises, government agencies and small and medium service providers, and online services.

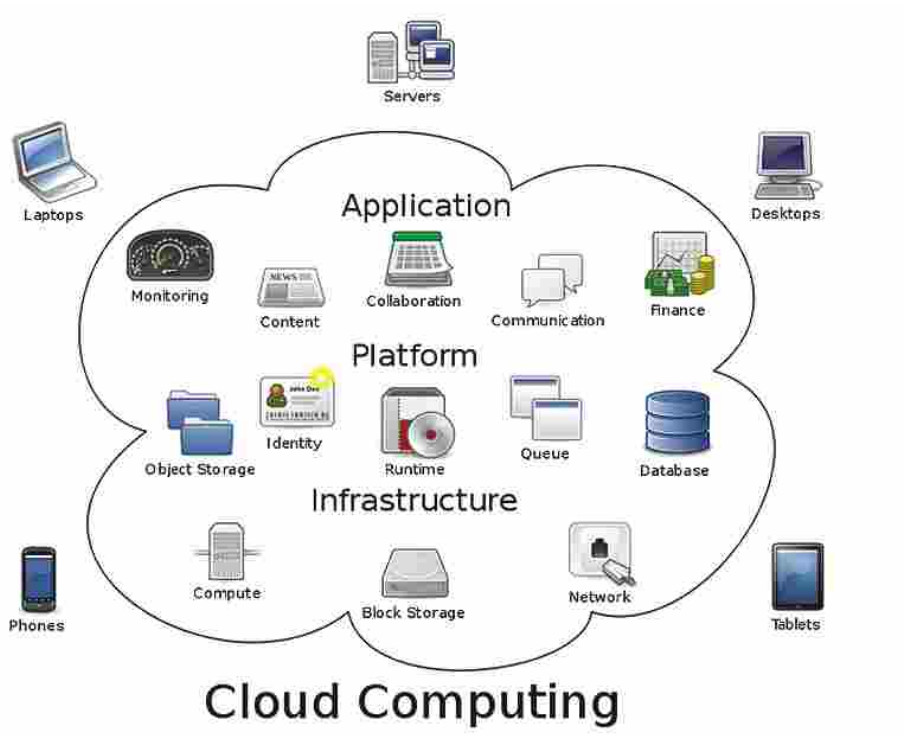
Through the acquisition of FuGen Solutions we helps to establish and scale these identity federations by rapidly and cost effectively on-boarding any type of partner - large SPs, cloud identity integration for SMBs, and SaaS service providers - as well as helping to manage the established federations by offering cloud identity service broker services to enable secure federated single sign-on and sharing of identity information. FuGen Multi-Domain Identity Services Platform (MISPTM) platform, an on- premise or cloud solution, provides features to on-board, deploy, certify, monitor, and audit deployments. We partners with the large Identity and Access Management vendors such as CA Technologies and IBM to provide security and identity solutions.

Introduction to Cloud Computing

We believe that Cloud computing, as an industry, will change the way we think about technology and information management. The "Cloud" computing concept is a computing model providing web-based software, middleware and computing resources on demand. By deploying technology as a service, we give users access only to the resources they need for a particular task. This prevents businesses from paying for idle computing resources. Cloud computing can also go beyond cost savings by allowing users to access the latest software and infrastructure offerings to foster business innovation. We believe there is a significant opportunity to further enhance the value we deliver to clients and users. The current economic downturn creates great potential for the growth of our Company, as our offerings always save costs for our customers. Key elements of our strategy are based on providing clients with top-level customers support and service offerings. By raising funds through this private offering, we plan to enhance the reach of our current offerings, branch out into the public sector, form strategic alliances to grow our Company internally, and acquire a services company that will rapidly grow out Company externally.

The "Cloud" Computing Concept

In its simplest form Cloud computing means the migration of many functions that used to be done inside the standalone computer/server to the Internet, or "Cloud". In order to fully understand the industry of Cloud computing, one must understand what Cloud computing truly means. Within the context of the phrase 'Cloud computing', 'Cloud' is a metaphor for the Internet derived the Cloud symbols used to represent the Internet in diagrams, and 'computing' refers to any IT activity carried out over the Internet. Thus, 'Cloud computing' is a type of Internet-based computing that follows a certain set of characteristics. Simply put, Cloud computing is an approach to deploying IT infrastructure and software applications in a way that keeps end-users and information consumers from needing to know the nuts and bolts of the system they use. Nearly every person who owns a web-enabled personal computer ("PC"), laptop, smartphone, digital notebook, etc. has been influenced in the recent years by the rise in popularity of Cloud computing. Cloud technology has many advantages for users because you can access your files from any computer with an Internet connection, thus making access to files and collaborative work much easier. An additional, benefit of Cloud computing is the potential to lower total cost of doing business by reducing datacenter costs and the associated administration costs. The advancements in Cloud computing are creating the potential for IT savings and improved business efficiencies. The following image illustrates the power of the Cloud computing concept, and shows how this concept can be employed and the devices that can be used to access any information and resources contained in the Cloud..



Traditional enterprise software requires companies to purchase servers, bandwidth, networks, data storage, power, and find a place to house everything with a proper cooling system. On top of all that, companies have to factor in the cost of IT staff, and the support required run the entire system and manage scalability. Enterprise software is a costly endeavor with significant up front expense. Conversely, Cloud computing tackles the need for sprawling datacenters through infrastructure virtualization. Within a Cloud, access to resources is controlled by the entity, and restricted by them to their authorized used; resources are then delivered via the Internet to all of these users. Further, resources are hosted by a service provider on behalf of the entity, and dedicated for their exclusive use. Cloud combines virtualization, automation, and parallel processing technology to shield resource consumers from many IT complexities. Because of this virtualization, a Cloud datacenter footprint requires less physical hardware, maintenance, and administration. This allows companies requiring enterprise software to lower capital expenditures and in some instances lower operational expenditures as well. Cloud computing also has the capability for leveraging on-demand computing through Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) and Infrastructure-as-a-Service (IaaS) service models.

- SaaS is often referred to as on-demand software because it is a software delivery model in which software and associated data are centrally hosted on the Cloud, which allows users to run an application without having to know where it is installed or how it is managed. In order to run SaaS applications, there is no hardware or software to buy other than a network connection and web enabled device. SaaS applications may include office e-mail, productivity and document sharing software, all provided over the Internet rather than maintained on a company's network and server.

- PaaS is a service model of Cloud computing, wherein the consumer creates the software using tools and libraries from the provider. The consumer also controls software deployment and configuration settings. The provider simply provides the networks, servers and storage, which enables software vendors and corporate IT departments to focus on innovation instead of infrastructure when creating and delivering applications. The platform service model leverages the elasticity of Cloud computing to provide developers with tools to design, test, stage, and deploy web applications over the Internet or through a local corporate Cloud.

- IaaS is this most basic Cloud service model, wherein Cloud providers can deliver on-demand Cloud-based computation, data storage, and virtualized hardware. IaaS providers supply these resources on demand from their large pools installed in data centers or "Cloud centers" which create flexibility for companies to deploy IT resources, from network components and data stores to virtual datacenters that can satisfy even the most intensive work loads and computing scenarios. To deploy their applications, Cloud users then install operating system images on the machines as well as their application software. In this model, it is the Cloud user who is responsible for patching and maintaining the operating systems and application software.

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Our Company Mission

Our mission is to continue to grow and gain market share in the Secure Cloud computing industry by offering services to the industry sectors that offer the greatest grow and profit potential. As the Internet continues to change the way that businesses structure and house their data, resources, and applications, there is enormous potential for carving out our share of the market. With trailblazers in the Cloud computing industry such as Amazon Web Services, Microsoft Azure, and IBM SmartCloud, it has been profitable for smaller companies like 8K Miles to form partnerships and offer a wide array of Secured Cloud computing services while keeping overhead low.

Our Company currently offers Security and Identity solutions, Big Data and Cloud consulting, engineering, migration, managed services to help companies leverage the power of Cloud computing. We feel that the secret to successful Cloud computing is having massive amounts of storage capabilities because Cloud computing is essentially selling easily retrievable data storage from a nearly unlimited Cloud system. This is why our Company utilizes large Cloud company's platforms such as Amazon Web Services, Windows Azure, and others. Because of our Cloud solutions, our Company has carved out our market share by focusing on certain sectors of the Cloud computing industry: e-commerce, finance and insurance, media and entertainment, travel, startups and ventures capital, each described below.

E-Commerce Industry

The e-commerce and e-business industry is typically a high volume, low margin sector with approximately 60-65% of the annual online sales happening during the holiday season. Due to the cyclical nature of e-commerce businesses, during the holiday season, e-commerce websites see an average of 4 to 6 times their normal traffic. The increasing number of online consumers and the unpredictable and sharp demand spikes during holidays create a unique set of challenges for IT infrastructure planning. We work closely with e-commerce businesses to address these specific IT challenges:

Capacity Planning during normal times - Variation in traffic throughout the day causes a lot of inefficiencies. Roughly 40% of the capacity gets wasted in the process.

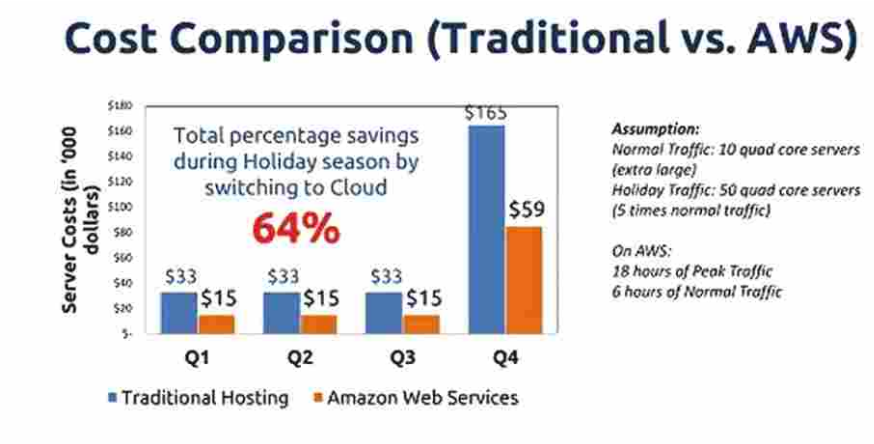
Scaling and capacity planning during peak times (Thanksgiving and the Winter Holiday Season) - Traditionally, the only way to handle peak traffic periods like the Black Friday rush is to forecast the maximum traffic and provide surplus capacity which leads to huge inefficiencies. We are able to provide auto-scaling capability so that businesses only pay for what they use.

Unexpected demand spike (when there is a fire sale or a super hot product getting released) - Predicting and planning for unexpected demand spikes is next to impossible and not being able to meet demands at these times can have an adverse effect on revenues and top line in the short term, and brand name loyalty in the

long run.

Lead-time for leasing and procurement - Lead time for leasing and procurement of traditional IT infrastructure takes anywhere between 1 to 3 months and requires the coordination of several departments such as IT, Finance and Purchase.

Cloud computing presents an excellent and hassle free solution to address these IT challenges in a cost effective way for e-commerce businesses. During the holiday season, a typical e-commerce site running on Amazon Web Services can save approximately 64% on their IT operating costs as against traditional/leased hardware.



Finance and Insurance Industry

We helped to solve Big Data problem for one of our customers, the leading Private Mortgage Insurance company in the United States. Customer offers millions of American homeowners, and for lenders who help finance their home ownership, a family of innovative mortgage insurance products and services that protect and preserve the future of home ownership in any market. We were tasked to optimize their Mortgage certificates' Extract Transform and Load (ETL) process.

Customer processes about six million mortgage certificates and it used to take them several hours to complete. We have optimized the ETL process by utilizing custom Hadoop infrastructure using AWS Elastic Map Reduce to the ETL processing times from hours to minutes. The ETL process involved consuming large amounts of data from AWS S3, processing them using EMR to compute differences in daily data, transform the differences and loaded the transformed data into a database cluster for self-services reporting base business intelligence use.

We also helped one of the Leading Financial services provider, focused on solutions that enable financial institutions to deliver wealth management to their clients. We are aiding the customer to deliver world class SMAC services on AWS Platform.

Media and Entertainment Industry

With the proliferation of broadband Internet and the increased consumption of rich media (audio and video) across multiple clients, it has become crucial for media and entertainment companies to optimize their IT infrastructure in order to manage and distribute their content efficiently. Our current Cloud computing solutions present great and cost-effective solution for Digital Asset Management. Within the media and entertainment industry our Company is the perfect partner to provide a Cloud strategy. Since inception, our Company has been a partner with Amazon providing media companies leverage the Cloud. Be it a public Cloud solution or a hybrid solution, we have the expertise to ensure that businesses get their Cloud strategy right.

The key benefits of Cloud computing that our Company provides for media and entertainment companies are:

Multi-platform content delivery - In the current day and age, users expect content to be ever-present and optimized for consumption on a variety of devices (mobile, tablet or PC). Be it an image, audio, video or other high-density data, the Cloud ensures that your content is available at all times and optimized for end-user consumption.

Geo-distributed content optimization - Since multimedia is bandwidth intensive, user experience may vary depending on the physical location of the user. To help companies maintain consistency, we offer geo-distributed solutions, which caches data in multiple locations increasing redundancy and reducing the latency/lag at the user's end.

Data management made easy - As multimedia digital assets grow, it becomes increasingly difficult to store and archive data in such a way as to make it easily accessible in the future. The Cloud makes it possible to store and backup your data efficiently. We can also add built-in data redundancy ensuring that data is secure and available whenever it is needed.

Be prepared for viral success - Social media has changed the way content is shared and consumed. Content could get unprecedented visibility at any given time. However, if you are unprepared, this opportunity could quickly become a disaster. Cloud helps prepare for such scenarios by adding more servers (or scaling up) when demand increases and reducing the servers (scaling down) when demand recedes.

We helped daily digital magazine startup company that is custom built for the Change generation. High profile investors from Apple and Google fund it. Our company aided them in developing and scaling their media platform as well as managing it on an ongoing basis.

Travel Industry

Companies that are in the online ticketing business know that it is a high volume, low margin industry. Companies are always trying to sell at the lowest market rates, in order to assure high traffic and sales

volumes. Travel companies have to continuously innovate by controlling operating costs, improving customer service and being available to customers 24 hours a day, 7 days a week. The Cloud presents an excellent solution to do just that. Cloud computing helps improve accessibility of travel services, provides faster response time to customers and reduces IT operating expenses. With our Cloud solutions, we have been able to help clients within the travel industry manage their data and cut costs.

The key benefits that we can currently provide to ticketing portal companies through the use of Cloud solutions are:

Overcoming seasonal demand - Be it sporting events, concerts or travel, demand for tickets picks up in the days leading up to the event and drops as soon as the event is over. The only ways to handle such demand is to either over-provision (which is expensive and less efficient) or under provision and lose potential sales. The on-demand provisioning of the Cloud allows ticketing companies to provision the right amount of resources at the right time.

Pay as you go - Since ticketing is a high volume, low margin business, companies should be able to manage their margins during lean periods. Unfortunately, traditional IT infrastructure costs cannot be reduced when demand recedes. This is where we can help ticketing companies with a pay per use model of the Cloud, wherein IT spend is be proportional to business demand.

We partnered with the world's number one low cost airline and the pioneer of low cost travel in Asia to migrate them to the Cloud and to meet their stringent economic and technical requirements. Our Company aided the customer in building a Cloud solution using Amazon VPC to securely connect between the cloud and their in-house infrastructure. Being a low cost carrier, they follows a lean distribution system wherein more than 65% of their ticket sales are done via the airline's website. The user registration and authentication engines, which are the front facing systems of ticketing platform, needed a highly available and scalable infrastructure which could handle over 2 Million http requests per second and our Company designed the infrastructural architecture considering all the technical and business challenges.

Startups

As a startup there are always too many things on your plate and yet you need to have laser sharp focus on your core business idea to make it successful. With the Cloud, infrastructure worries are one of the things you can take off your plate. Our company has helped startups design Cloud strategies right. Be it social gaming, web, mobile or social applications, our Cloud experts understand business needs and design a Cloud strategy on Amazon Web Services (AWS) which can gear any startup for success.

The key benefits that we can currently provide to startup companies through the use of our Cloud solutions are:

Reduced time to market - The near-instant provisioning of IT infrastructure provided by our Cloud solutions leads to reduced time to market and quick monetization of a companies ideas.

Shifts focus from infrastructure to user acquisition - Once a product or service is on the Cloud, traditional IT planning becomes redundant. Planning for the next hardware upgrade or updating and maintaining the latest OS release is no longer necessary. This freedom gives startups more time to focus on building features and marketing that will drive more users to their product.

No capital expenses, pay as you go - Cloud computing changes the way companies look at computing power. Startups no longer have to worry about budgeting the next server purchase or a data center commitment running many years. It is as simple and ubiquitous as electricity. Simply pay for what is used and get what is needed on-demand.

Speed and flexibility - Be it a simple web/mobile application or a complex biotech product, from idea creation to business success Cloud helps startups turn an idea into business opportunity in a short span of time without really risking your wallet.

8K Miles Solutions and Services

Our solutions and services are well designed and we have the reach to market new solutions and expand on current ones. With our current solutions and services we are positioned to be a dominant player in the Cloud computing industry. Everything that we do falls under the umbrella of Cloud computing, defined as the delivery of computing, storage, and applications over the Internet. Our core solutions and services are described below:

8K Miles Services Offering:

Cloud Readiness Assessment Service

The Cloud is causing disruption in every organization and every vertical. IT managers are under intense pressure to accelerate the migration of their infrastructure to the Cloud. This pressure is due to multiple factors including cost, performance, reduction in Data Center footprint, CapEX vs. OpEx and "Shadow IT" - BUs bypassing IT and standing up their own workloads. IT managers need to act fast and ensure they have the right processes in place.

Key Benefits:

- **Cloud Infrastructure Design and Costing:** 8K Miles monitors workloads for 5 days to determine the appropriate infrastructure to be provisioned and its cost in the cloud.
- **Determination of security posture:** As part of migration assessment, we determine security posture and provide with the right solutions to meet security requirements
- **Compliance:** Our recommended solutions will be developed to meet compliance requirements
- **Infrastructure Management and Monitoring:** Recommend the appropriate set of tools to

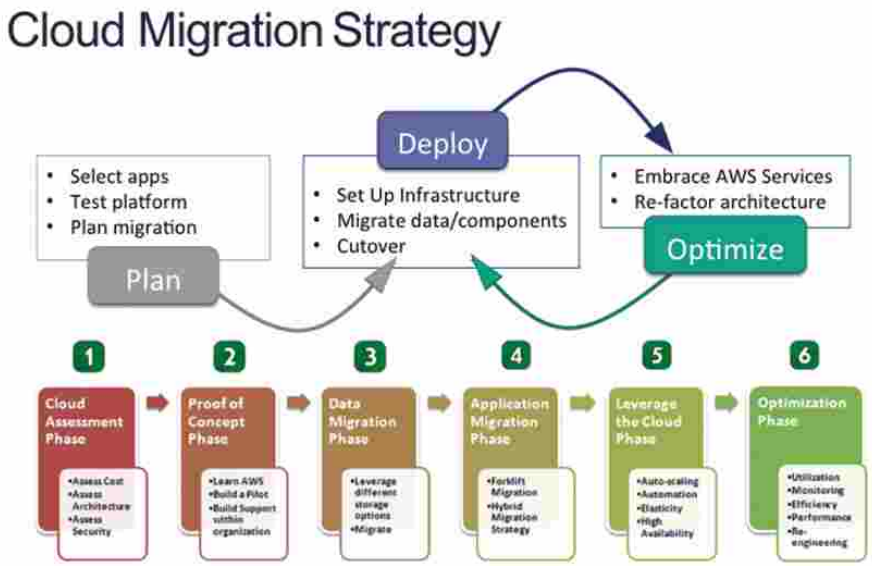
manage and monitor infrastructure, security, identity and cost

- **Service Design, Transition and Delivery:** Based on the IT services offer or plan to offer to your users, we will define the list of automation templates required for service transition and delivery
- **DR Strategy and Backup/Recovery:** We will architect DR strategy and define data backup schedule.

8K Miles Cloud Consulting, Migration and Engineering Services

In enterprises, each set of business applications are different and on-premise deployment require a costly project to design, architect and implement, factoring into that equation the idiosyncrasies and nature of an environment very much understood by, and under control of, IT. Any application cloud migration project needs to reconsider those assumptions from scratch; similarly any project looking to stand up a brand new application in cloud needs to carefully consider these dynamics. The big difference is that as a customer will no longer be intimate with the IaaS infrastructure and available infrastructure services. As a first step in the migration process, our team of experts will perform a detailed technical study the requirements and recommend a cost-effective and secure cloud architecture. Some of the key areas of focus include:

- **Analysis:** We analyze usage patterns to leverage auto scaling and maximize server utilization
- **Scalability:** We assess and implement GEO load balancing to improve reliability and scalability
- **Improved Efficiency & Cost Containment:** Our team can decompose relational databases and replace them with less expensive and more effective solutions, such as SimpleDB or DynamoDB, where applicable
- **Compliance:** We implement security frameworks and solutions for stringent compliant standards



Key Benefits:

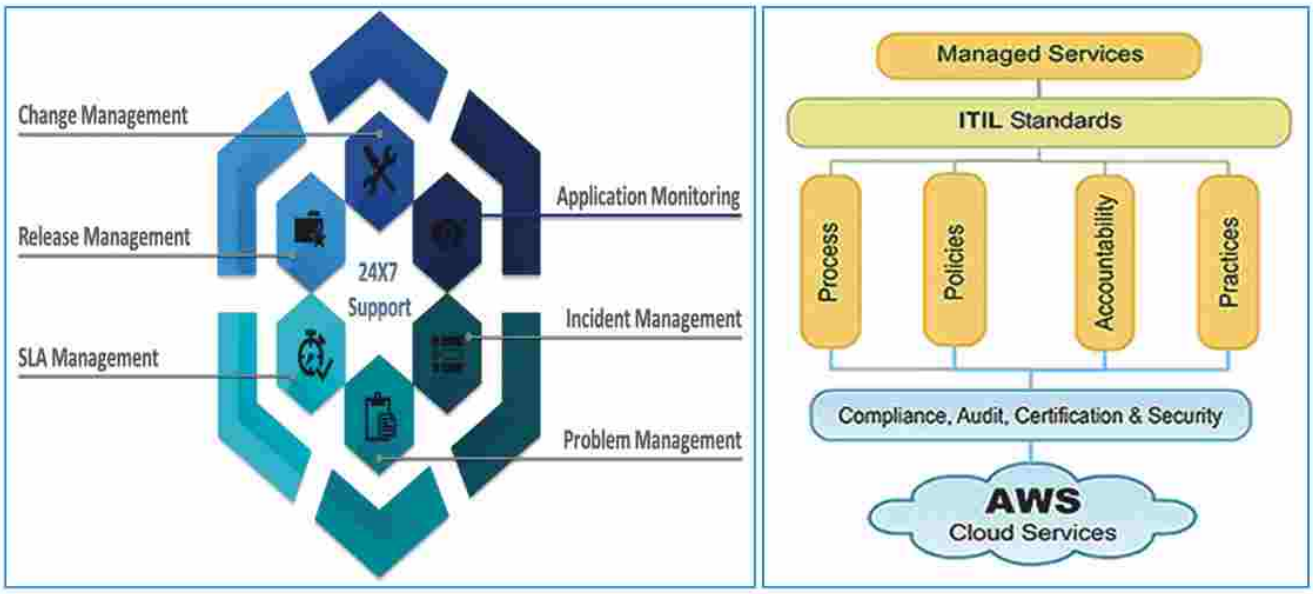
- 8K Miles cloud migration aligns with enterprise's business and technical requirements
- Unique Core-Flex, "One Team" model matured over 100's of engagement
- Proven migration models and methodologies
- In-house developed tools to automate, streamline and accelerate cloud migration
- Mature cloud risk and best practices knowledge database
- Help customers embrace and optimize for cloud

8K Miles Cloud Managed Services

Application migration to the Cloud comes with its own set of challenges. Cloud providers have made it very easy to instantiate infrastructure, but the same ease of use does not translate very well when it comes to issues with infrastructure. The lack of visibility and complexity of troubleshooting mechanisms can be time consuming, costly and frustrating. 8K Miles makes cloud enablement quick, affordable, and dependable. Following are the key benefits of using 8K Miles AWS Managed Services.

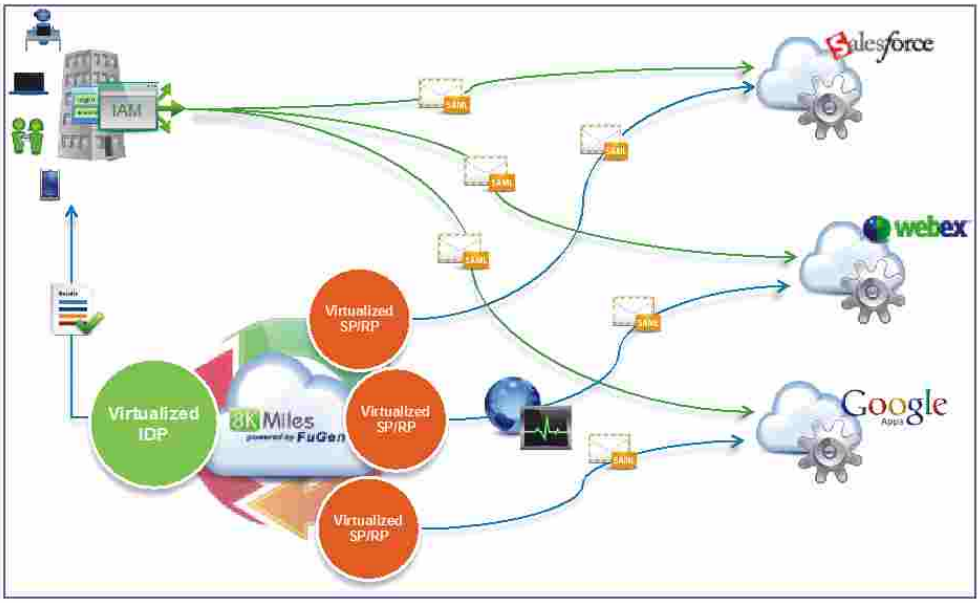
Key Benefits:

- Reduced cost of ownership. Cloud hosting reduces deployment time and accelerates ability to leverage cloud's elastic capabilities combined with our years of AWS experience.
- Secure operations. 8K Miles' 24x7x365 scalable and secure managed infrastructure gives customers peace of mind that their applications are protected
- Audit. Provide audit reports to satisfy the needs of regulatory compliance such as PCI and HIPAA
- Technical qualifications. We have the largest team of AWS-certified engineers worldwide, along with application developers and security experts
- Flexibility. No long-term contracts, no lock-in • Security best practices. Unlike many providers, we consider the larger picture when migrating applications to the cloud. We have deep expertise in security both with our AWS Security Framework as well as Identity and Access Governance.
- Uniqueness. No other AWS partners provide the unique and compelling blend of AWS services as well as Identity and Access Governance as-a-Service combined with our own IP in Identity Federation for rapid SaaS partner on- boarding.



8K Miles Solutions Offering:

Multi-Domain Identity Services Platform (MISP™):



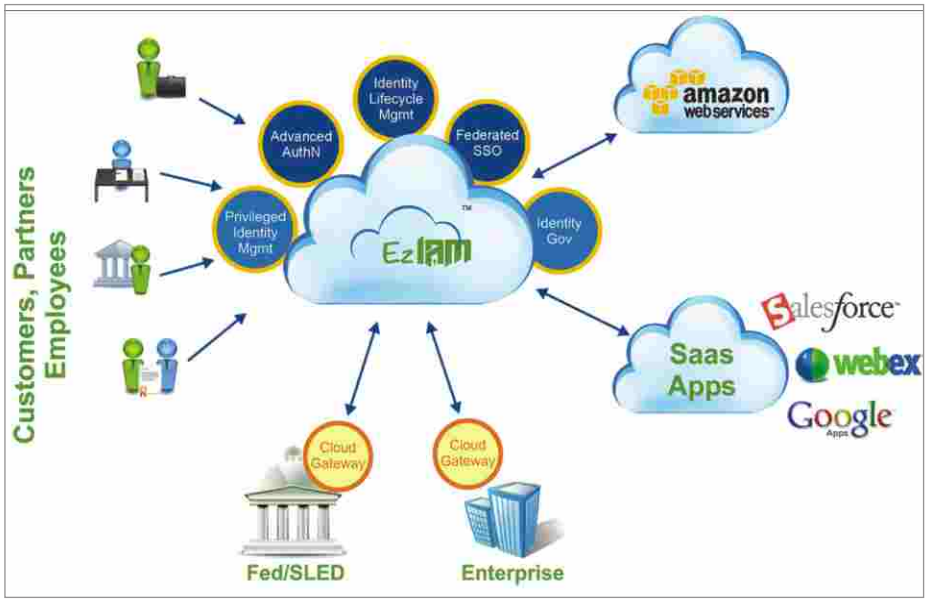
Organizations want to provide their users with single sign-on to external applications (business partners, SMBs, SaaS applications). The standard way to do this is via SAML-based federation products from vendors such as CA Technologies, Oracle, and Ping Identity. Such technology, however, is highly complex and configuring partner federations using it can take weeks especially if having to troubleshoot interoperability issues.

MISP is a patented solution that automates this process. 8KMiles/FuGen or the customer can use it to test, validate, and certify federations with partners rapidly. MISP virtualizes both sides of the federation to test out-of-band and customers can leverage an existing portfolio of pre-validated IDP (Identity Provider) and SP (Service Provider) virtualized configuration profiles to accelerate the process.

MISP platform will help enterprises rapidly set up identity federations with minimum friction and cost ownership, establish a delivery infrastructure for scaling, automated partner testing and monitor deployments through real-time compliance certification. Currently, the MISP platform supports 15 government profiles, 40+ identity providers such as Facebook, LinkedIn and Google, process templates for establishing large federation communities, and more than 200 pre-configured and validated SaaS applications including Salesforce, Office365, Dropbox, NetSuite, Concur, Citrix.

EzIAM – Identity and Access Management as a Service (SaaS):

As organizations look to utilize more cloud-based services, they face new security and compliance challenges: lost user productivity, increased help desk costs, fraud, data breaches and compliance failures. Ensuring safe access to their on-premise and cloud-based applications with a robust cloud-based identity and access management (IAM) solution helps them realize the benefits of cloud computing without unnecessarily increasing risks and costs.



EzIAM provides all organizations (large and small) with the tools they need to manage their users, control access to resources, and determine "who has access to what" – a fundamental requirement of important regulatory mandates such as HITECH, PCI, and SOX.

The service brings the core functions of IAM delivered as a SaaS service hosted in the Amazon Web Services (AWS) cloud and managed by 8KMiles/FuGen. Doing so removes the most challenging aspects of deploying an IAM solution on-premise – complexity, massive infrastructure, and the subject matter expertise required to operate and manage the solution.

Core capabilities of EzIAM include: multi-factor authentication; fraud prevention; federated SSO to SaaS applications; identity lifecycle management; self-service password reset; role-based access control; and auditing/reporting.

Report on Corporate Governance

1. Company's Philosophy on Code of Governence

8K Miles Software Services Limited's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

8K Miles Software Services Ltd is committed to achieving the highest standards of corporate governance.8K Miles Software Services Ltd believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

Total strength of the board on the date of this report is (5) FIVE. The constitution of the Board has been made as per the guidelines provided by various regulatory authorities.

During the last financial year, the Directors on Board met at regular Intervals for discussing and finalizing on key issues. Also, the Board has duly complied with the norms laid down by the guidelines in connection with the meeting of Board of Directors.

3. Audit Committee

(i) Brief description of terms of reference

Your Company constituted an Audit Committee comprising of the following met 4 times during the year on 31st of May 2013, 14th of August 2013, 14th of November 2013 and 12th of February 2014.

Ms. T.P . Saira as the Chairman, (attended all the four meetings held)

Ms. Padmini Ravichandran as its Member (attended all the four meetings held) and Mr. Vedanta Ramanujam Srinivasan as its Member (attended all the four meetings held) and complied with the necessary guidelines.

The Audit Committee met and reported key issues to the Board of Directors and also duly complied with the necessary guidelines.

- Overseeing the Company's financial reporting process and Discloser of its financial information to ensure that the financial statements are correct, sufficient and creditable;
- The appointment / removal of Statutory Auditor(s) & Internal Auditor(s), Fix the Audit fee also approve the payment for any other services;

- Reviewing with the Management, the quarterly financial statement before submission to the board;
- Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit;
- 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;
- Reviewing the Company's financial and risk management policies;

All the members including the chairman have adequate financial and accounting Knowledge.

4. Shareholder/ Investor Grievance Committee

Subsequent to takeover, your Company also constituted the Shareholder or Investor Grievance Committee comprising of:

Ms. Padmini Ravichandran as its Chairman,

Mr. Vedanta Ramanujam Srinivasan as the Member and Mr. R S Ramani as the Compliance Officer and complied with the necessary guidelines.

Shareholder or Investor Grievance Committee met and were attended by all the members to discuss on various matters pertaining to the Shareholders. No investor grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company.

Regular reporting procedures are been carried out to keep the Board of Directors updated.

(i) Brief description of terms of reference

- Allot to the applicants, shares and other securities issued by the Company from time to time.
- Approve registration of transfer of shares and other securities issued and that may be issued from time to time; and approve or reject application for transfer of shares certified to the shareholders;
- Decide the stock exchange(s) / depositor(y)ies in India or abroad, on which shares or other securities issued by the Company are to be listed or delisted including offering/issuing such shares / securities through depositories;
- Redressal of shareholders and investors complaints such as transfer of shares, non-receipt of Annual Reports, non-receipt of dividend declared etc.;
- Report to the Board about important developments in the area of servicing of shareholders and ? Take initiatives for better servicing of the shareholders

(ii) Details of the complaints/requests received, resolved and pending during the year 2013 -2014.

Total Shareholders complaints/ Requests

RECEIVED	REDRESSED	PENDING
0	0	0

5. General Meetings

Date, location and time for last 3 Annual General Meetings –

DATE	VENUE	TIME
30th September 2011	1-7-241/11/D, Ramalaya, 3rd floor, S.D.Road, Secunderabad – 500 003	3:00PM
29th September 2012	1-7-241/11/D, Ramalaya, 3rd floor, S.D.Road, Secunderabad – 500 003	3:00PM
28th September 2013	16-2-741/2 Asman Bagh, Andhra Bank colony, Hyderabad, Andhra Pradesh 500036	3.00PM

6. Disclosure

- There has not been any non-compliance by the Company and there are no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of Corporate Governance, as required under the Listing Agreementand Company's status of Compliance with the non-mandatory requirements is given below:

(a) The Board:

As our Chairman is a Managing Director, the Company maintains an office for him at the Corporate Office.

(b) Shareholder Rights:

The quarterly and half yearly and yearly declaration of the financial performance are posted on the website of the Company and are also sent to the stock exchanges, where the shares of the Company are listed.

7. Means of Communication:

All material information about the Company is promptly sent through fax to the concerned stock exchanges wherein the Company's Shares are listed. Besides, these are all given to press for information of the Public at large. The above results are also hosted on the Company website www.8kmilessoftwareservices.com.

8. General Information for Shareholders:

a. Annual General Meeting –

Date : Tuesday, 30th September, 2014

Time: 3.00 PM

Venue: Vintage Court Hall, Taj Mahal Hotel, Abidz, Hyderabad 500001

As required under Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Tuesday, 30th September, 2014.

b. Financial Year : 1st April 2013 to 31st March 2014

c. Financial reporting for the quarter ending for finance year ending 31st March, 2015 (Tentative).

30th June, 2014	On or Before 14th August, 2014
30th September, 204	On or Before 14th November, 2014
31st December, 2014	On or Before 14th February, 2015
31st March, 2015	On or Before 30th May, 2015

d. Annual General Meeting Between August and September, 2015

e. Period of Book Closure – 29th September, 2014 to 30th September, 2014 both days inclusive.

9. Listing on Stock Exchanges :

The Company's Equity Shares are listed on the following Stock Exchanges:

Sl. No.	Name of the Stock Exchange	Stock Code
1.	BSE Limited Floor 25, P.J. Towers, Dalal Street, Mumbai – 400 001	512161
2.	National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051	8KMILES

Annual Listing Fees have been paid the above Stock Exchanges, for the Financial year 2014-2015.

Corporate Identification Number (CIN) of the Company : CIN No.L72300AP1993PLC015804.

10. Market Price Data

High, Low (based on closing prices) and number of shares traded during each month in the financial year 2013-14 on BSE Limited and National Stock Exchange of India Limited:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	55.00	47.95	-	-
May, 2013	63.80	50.15	-	-
June, 2013	90.50	57.50	-	-
July, 2013	93.00	62.00	-	-
August, 2013	81.00	65.00	-	-
September, 2013	84.50	62.25	-	-
October, 2013	79.90	66.45	-	-
November, 2013	82.00	66.00	-	-
December, 2013	92.50	70.30	-	-
January, 2014	110.00	75.00	108.00	96.90
February, 2014	120.85	95.00	130.00	96.05
March, 2014	123.50	100.00	124.00	123.50

Share Price performance in comparison to broad based indices – BSE Sensex

11. Distribution of Shareholding as on March 31, 2014

	Shareholders		Share Amount	
	Numbers	Percentage to total	Rupees	Percentage to total
Up to 500	789	69.15	90054	0.90
501-1000	86	7.54	74371	0.74
1001-2000	75	6.57	113888	1.13
2001-3000	41	3.6	105285	1.04
3001-4000	15	1.31	53135	0.53
4001-5000	26	2.28	122371	1.22
5001-10000	39	3.42	267016	2.66
10001 and above	69	6.13	9217982	91.78
Total	1140	100%	100441020	100

12. Dematerialisation of Shares:

As on March 31, 2014, out of total 10044102 equity shares of the company, 10043909 equity shares representing 99.9% of total shares have been dematerialized. The detailed break-up of shares as on March 31, 2013 is as follows:

Particulars	No. of equity Shares	Percentage
CDSL	7409645	73.77
NSDL	2634264	26.23
PHYSICAL	193	0.00
Total	10044102	100%

- The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and the BSE Limited, in dematerialized form.

- Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE650K01013
- Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity : Nil

13. Any query on Annual Report :

8K Miles Software Services Limited
Secretarial Department
No.7, 3rd Floor, 3rd Street,
Ganapathy Colony, Teynampet,
Chennai- 60018.
Email : investor@8kmilessoftwareservices.com

14. Address for Investor's Correspondence :

Adroit Corporate Services Private Limited
Unit: 8K Miles Software Services Limited
Industries Estate, Makwane Road,
Noranvaka, Andheri (East),
Mumbai – 59
Email :info@adroitcorporate.com
Website: www.adroitcorporate.com

15. Shareholding Pattern of the Company as on March 31, 2014.

8K Miles Software Services Limited			
Scrip Code : 512161 (BSE) 8KMILES (NSE)			
Partly paid-up shares	**No. of partly paid-up shares**	**As a % of total no. of partly paid-up shares**	**As a % of total no. of shares of the company**
Held by promoter /promoter group	0	0	0
held by public	0	0	0
Total	**0**	**0**	**0**
Outstanding convertible securities	**No. of outstanding securities**	**As a % of total no. of outstanding convertible securities**	**As a % of total no. of shares of the company assuming full conversion of the convertible securities**
Held by promoter/ promoter group	0	0	0
held by public	0	0	0
Total	**0**	**0**	**0**
Warrants	**No. of warrant**	**As a % of total no. of warrants**	**As a % of total no. of shares of the company assuming full conversion of warrants**
Held by promoter/ promoter group	0	0	0
held by public	0	0	0
Total	**0**	**0**	**0**
Total Paid-up capital of the company assuming full conversion of warrants and convertible securities	**1,00,44,102**		

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a% of total No. of Shares
(A)Shareholding of Promoter and Promoter Group							
(1) Indian individuals / HUF	1	61,795	-	0.62	0.62	0	0.00
(2) Directors	2	65,95,140	-	65.66	65.66	5936075	90.01
Sub Total	3	66,56,935	-	**66.28**	**66.28**	5936075	89.17
(2) Foreign/NRI	-	-	-	**-**	**-**	-	-
Total shareholding of Promoter and Promoter Group (A)	**3**	**66,56,935**	-	**66.28**	**66.28**	5936075	89.17
(B) Public Shareholding							
(1) Institutions							
(2) Non-Institutions							
Bodies Corporate	90	4,31,176	4,31,176	4.29	4.29	-	-
Individuals						-	-
Individual share-holders holding nominal share capital up to Rs. 1 lakh	950	6,47,210	6,47,017	6.44	6.44	-	-
Individual share-holders holding nominal share capital in excess of Rs.1 lakh	53	18,29,812	18,29,821	18.22	18.22	-	-
Any Others (Clearing member/Directors)	**21**	**9573**	**9573**	**0.10**	**0.10**	**-**	**-**
Non Resident Indians	22	4,53,587	4,53,587	4.52	4.52	-	-
Directors	1	15800	15800	0.16	0.16	-	-
Sub Total	**1137**	**33,87,167**	**33,86,974**	**33.72**	**33.72**	**-**	**-**
Total Public shareholding (B)	**1137**	**33,87,167**	**33,86,974**	**33.72**	**33.72**	**-**	**-**
Total (A)+(B)	**1140**	**1,00,44,102**	**1,00,43,909**	**100.00**	**100.00**	**5936075**	**59.10**
(C) Shares held by Custodians and against which Depositorvrects. Have been issued	-	-	-	-	-	-	-
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A)+(B)+(C)	**1140**	**1,00,44,102**	**1,00,43,909**	**100.00**	**100.00**	**5936075**	**59.10**

Note:

1. For determining public shareholding for the purpose of Clause 40A
2. For definitions of Promoter and Promoter Group, refer to Clause 40A
3. Public Shareholding

Certificate by Managing Director of
8K Miles Software Services Limited

I, Suresh Venkatachari, Managing Director of 8K Miles Software Services Limited, to the best of our knowledge and belief and certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and its schedules and Notes on Accounts, as well as the Cash Flow Statement and Director's Report.

a. based on our Knowledge and information, these statements do not contains any untrue statements of a material fact or omit any material fact or contain statements that might be misleading

b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. I also certify, that based on our knowledge and information provided to us, there are no transactions entered into by 8K Miles Software Services Limited which are fraudulent, illegal or in violation of the Company's Code of Conduct.

3. I am responsible for establishing and maintaining internal controls and procedures for the Company pertaining to the financial reporting, and have evaluated the effectiveness of these procedures in 8K Miles Software Services limited. We have disclosed to the auditors and the audit committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies.

4. I have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors;-

a. Significant change in internal controls during the year:

b. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and

c. Instance, if any, of significant fraud of which we become aware and involvement therein, if any, of the Management or an employee having a significant role in the Company's internal Control System.

5. I affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).

Sd/-
Suresh Venkatachari
Managing Director

Place: Secunderabad
Date: 28th May 2014

Declaration Pursuant to Clause 49 of The Listing Agreement Regarding Adherence to the Code of Business Conduct & Ethics

To

The Members of 8K Miles Software Services Limited

Secunderabad.

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2014 as envisaged in Clause 49 of the listing agreement with Stock Exchange.

	Sd/-	**Sd/-**
Place: Secunderabad	**Suresh Venkatachari**	**Krishnasamy**
Date: 28th May 2014	Managing Director	Company Secretary

Auditor's Certificate on Compliance with the Conditions of Corporate Governance Under Clause 49 of the Listing Agreements

To
The Members of
M/s 8K Miles Software Services Limited
1-7-241/11/D, S.D.ROAD,
Secunderabad – 500003.
Andhra Pradesh

We have examined the compliance of the conditions of Corporate Governance by 8K Miles Software Services Limited for the year ended March 31,2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending against the Company as per records maintained by the Company.

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

For GHG ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
S. HARESH
PARTNER
M.NO. 205204

Place: Secunderabad
Date : 28th May 2014

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Members of
M/s 8K Miles Software Services Limited
1-7-241/11/D, S.D.ROAD,
Secunderabad – 500003.
Andhra Pradesh

Report on the Financial Statements

We have audited the accompanying Financial Statements of M/s. 8K Miles Software Services Limited ("the Company"), Secunderabad-500003 which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date along with Notes on Accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditors' Report

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014 and

(ii) In the case of the Statement of Profit and Loss of the PROFIT for the year ended March 31, 2014.

(iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended March 31, 2014.

Report On Other Legal And Regulatory Requirement

1. As required by the Companies (Audit Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of subsection (4A) of the section 227 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 4 and 5 of the Order.
2. As required by the section 227(3) of the Act, we report that:

a) We have 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 accounts as required by law have been kept by the company so far it appears from our examination of those books;

c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of account;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in subsection (3C) of section 211 of the Act; and

e) On the basis of written representations received from the directors as at 31st March, 2014 and taken on record by the Board Of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Act.

For GHG ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
S. HARESH
PARTNER
M.NO. 205204

Place: Secunderabad
Date : 28th May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of M/s 8K Miles Software Services Limited ("the Company") for the year ended March 31, 2014. We report that:

i) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies have been noticed on such verifications. No substantial part of fixed assets was disposed-off during the year and hence the going concern assumption is not affected.

ii) During the year, the company does not have any stock of raw materials, stores, spare parts and finished goods.

iii) a) During the year, the company has not granted any loan, secured or unsecured to the companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

b) During the year the company has not availed any loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. For related party transactions refer Note no.1.20.2 Category II. During the period company has availed interest free unsecured loans from Directors and the closing balance of Loans as on 31st March, 2014 is Rs.14,63,389/- No terms and conditions/repayment schedule is agreed upon.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for purchase of fixed assets and provision of services. During the course of our audit, no major weakness in internal control system was noticed.

v) a) Based on the audit and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into register maintained in pursuance of section 301 of the Companies Act, 1956 have been properly entered in the said Register.

B) In our opinion and according to the information and explanations given to us, these transactions made in pursuance of contracts and agreements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The company has not accepted any deposit from public and consequently clause 4(vi) is not applicable.

vii) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

viii) Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.

ix) a) According the information and explanations given to us and in the basis of our examination of the books of account, the Company has been covered under the provisions of Profession Tax, Investor Education and Protection Fund, Provident Fund and Employees State Insurance. As per the explanations furnished, amounts deducted/accrued in the respect of undisputed statutory dues on account of Investor Education and Protection Fundand Profession Tax remainunpaid for more than 6 months from the due date for remittance with the appropriate authorities.

b) According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty except:

The company had provided Rs.6,53,089/- as Minimum Alternate Tax during the F.Y 2010-11. The company has received a notice of Demand from Income Tax Department to the tune of Rs.11,90,670/- for the said year. No additional provision/payment has been made in the books of accounts for the same.

x) In our opinion, there are accumulated losses available in the books of the company in respect of earlier years to the tune of Rs.67,33,534/- as on 31st March, 2014. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given by the management, the company has not defaulted in the repayment of dues to a financial institution or bank or debenture holders.

xii) The company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.

xiii) In our opinion, the company is not a chit fund or nidhi/mutual fund/society. Therefore, the provisions of the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. The company is holding only long term investments being investment in share capital of its subsidiaries.

xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for the loans taken by others from banks and financial institutions during the year.

xvi) In our opinion, the term loans have been applied for the purpose for which they are obtained.

xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

xix) According to the information and explanations given to us, during the year, the company has not issued any debentures.

xx) The Company has not raised any money by way of public issue during the year.

xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For GHG ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
S. HARESH
PARTNER
M.NO. 205204

Place: Secunderabad
Date : 28th May 2014

8K MILES SOFTWARE SERVICES LIMITED
Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh
Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

BALANCE SHEET AS AT 31ST MARCH, 2014

	PARTICULARS	Note	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
I	**EQUITY AND LIABILITIES**			
	SHAREHOLDERS' FUNDS			
	Share capital	2	100,441,020	100,441,020
	Reserves and Surplus	3	120,345,364	119,444,564
			220,786,384	**219,885,584**
	NON-CURRENT LIABILITIES			
	Long Term Borrowings	4	655,718	1,365,932
	Deferred Tax Liability (net)	5	4,412,304	91,846
	Other long term liabilities	6	80,872,086	87,706,783
	Long Term Provisions		-	-
			85,940,108	**89,164,561**
	CURRENT LIABILITIES			
	Short Term Borrowings	7	35,045,848	10,524,677
	Trade Payables	8	-	14,735
	Other Current Liabilities	9	5,651,933	6,954,842
	Short Term Provisions	10	1,683,939	781,781
			42,381,720	18,276,035
	TOTAL		**349,108,211**	**327,326,180**
II	**ASSETS**			
	NON-CURRENT ASSETS			
	Fixed Assets			
	Tangible Assets	11	3,609,924	2,744,143
	Intangible Assets	12	87,529,665	14,354
	Product under development		18,402,842	104,875,852
			109,542,431	**107,634,349**
	Non-Current Investments	13	125,704,725	125,704,725
	Deferred Tax Assets (net)		-	-
	Long Term Loans and Advances	14	6,094,508	13,711,453
	Other Non-Current Assets	15	63,372,793	63,372,793
			195,172,026	**202,788,971**
	CURRENT ASSETS			
	Trade Receivables	16	42,883,405	12,616,407
	Cash and Cash Equivalents	17	74,306	16,738
	Short Term Loans and Advances	18	-	3,821,701
	Other Current Assets	19	1,436,043	448,013
			44,393,753	**16,902,860**
	TOTAL		**349,108,211**	**327,326,180**

Significant Accounting Policies and the accompanying statements form an integral part of the financial statements 1

As per our report of even date attached

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

8K MILES SOFTWARE SERVICES LIMITED

Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh

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Statement of Profit & Loss for the year ended 31st March 2014

	PARTICULARS	Note	Year ended 31st March 2014	Year ended 31st March 2013
			Rs.	Rs.
I	Revenue from operations	20	72,211,226	30,363,681
II	Other income	21	-	647,661
III	**Total Revenue**		**72,211,226**	**31,011,342**
IV	Expenses			
	Employee benefit expenses	22	38,927,307	23,185,419
	Finance costs	23	3,855,081	1,607,533
	Depreciation and amortisation expenses	11&12	18,418,898	319,275
	Other expenses	24	5,759,543	5,203,313
	Total expenses		**66,960,829**	**30,315,540**
V	Profit before Exceptional & Extraordinary items and tax(III-IV)		**5,250,397**	**695,802**
VI	Exceptional items		-	-
VII	Profit before Extraordinary items and tax (V-VI)		5,250,397	695,802
VIII	Extraordinary items		-	-
IX	Profit before tax (VII-VIII)		5,250,397	695,802
X	Tax expenses	25		
	(1) Current Tax		29,140	128,723
	(2) Deferred Tax		4,320,458	43,382
XI	Profit /(Loss) for the period from Continuing Operations (IX-X)		**900,799**	**523,697**
XII	Profit /(Loss) for the period from Discontinuing Operations		-	-
XIII	Proposed Dividend		-	-
XIV	Profit /(Loss) for the period from Discontinuing Operations (after tax) (XII - XIII)		-	-
XV	Profit(Loss) for the period (XI + XIV)		900,799	523,697
XVI	Number of Shares		10,044,102	10,044,102
XVII	Earnings per share :	26		
	(1) Basic		0.09	0.06
	(2) Diluted		0.09	0.06

Significant Accounting Policies and the accompanying statements form an integral part of these consolidated financial statements 1

As per our report of even date attached

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

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CASH FLOW STATEMENT

	PARTICULARS	as at 31.03.2014 Rs.	as at 31.03.2013 Rs.
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit After Tax	**900,799**	**523,697**
	Adjustments For Non Cash & Non Operating Items:		
	Depreciation	18,418,898	319,275
	Interest	3,855,081	1,607,533
	Operating Profit Before WC Changes	**23,174,778**	**2,450,505**
	Adjustments For Working Capital Changes:		
	In Current Assets	(27,433,327)	(1,347,913)
	In Current Liabilities	17,270,991	(49,107,757)
	Cash Generated From Operations	**13,012,442**	**(48,005,165)**
	Net Cash Flow From Operating Activites (1)	**13,012,442**	**(48,005,165)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Proceeds From Sale Of Assets	-	500
	Decrease in Non Current Assets	94,089,955	(13,808,837)
	Increase in Tangible & Intangible Assets	(106,799,991)	(2,749,026)
	Net Cash Flow From Investing Activities (2)	**(12,710,036)**	**(16,557,363)**
C	**CASH USED IN FINANCING ACTIVITIES**		
	Proceeds From Issue Of Share Capital	-	4,723,000
	Reserves & Surplus	-	22,198,100
	Repayment Received Against Advances	4,320,458	16,231,733
	Interest Paid	(3,855,081)	(1,607,533)
	Repayment Of Loan	(710,214)	-
	Net Cash Used In Financing Activities (3)	**(244,838)**	**41,545,300**
	Net Increase In Cash & Cash Equivalents(1+2+3)	**57,568**	**(23,017,227)**
	Cash & Cash Equivalents at the beginning of the year	**16,738**	**23,033,967**
	Cash & Cash Equivalents at the end of the year	**74,306**	**16,738**

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

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8K MILES SOFTWARE SERVICES LIMITED
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2. SHARE CAPITAL

PARTICULARS		As at 31 March 2014	As at 31 March 2013
		Rs.	Rs.
A.	Authorised share Capital (15000000 equity shares of Rs 10.each)	150,000,000	150,000,000
B.	Issued &Subscribed Share Capital 10044102 equity shares capital of Rs 10 each	100,441,020	100,441,020
	Paid- Up Share Capital 10044102 equity shares capital of Rs 10 each fully paidup	100,441,020	100,441,020

The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2014 and 31st March, 2013 is set out below:

PARTICULARS	As at 31st March 2014		As at 31st March 2013	
	Number of shares	Amount	Number of shares	Amount
		Rs.		Rs.
Number of shares at the begining	10,044,102	100,441,020	5,554,161	55,541,610
Add: Preferential Shares Issued	-	-	472,300	4,723,000
Add: Bonus Shares issued by capitalisation of reserves	-	-	4,017,641	40,176,410
Number of shares at the end	10,044,102	100,441,020	10,044,102	100,441,020

Shares in the company held by each share holder holding more than 5% share :

S.No.	Name of share holder	Number of share held in the company	Percentage of shares held
1.	Suresh Venkatachari	5936075	59.10%
2.	R.S.Ramani	659065	6.56%

3 RESERVES AND SURPLUS

Particulars	As at 31 March 2012	Additions during the year	Deductions during the year	As at 31 March 2013
	Rs.	**Rs.**	**Rs.**	**Rs.**
Capital Reserves -	-	-	-	
Capital Redemption Reserve	-	-	-	-
Share Premium Reserve	106,075,481	-	-	106,075,481
Debenture Redemption Reserve	-	-	-	-
Revenue profit on Consolidation	-	-	-	-
Share Options Outstanding Account	-	-	-	-
Deferred Employee Compensation expense account	-	-	-	-
General Reserve	19,580,307	-	-	19,580,307
Dividend Equalization Reserve	-	-	-	-
Taxation Reserve	-	-	-	-
Reserve for contingent liabilities	-	-	-	-
Subsidy Reserve	1,423,110	-	-	1,423,110
Surplus (Profit and Loss Account)	(7,634,334)	900,799	-	(6,733,534)
Total	**119,444,564**	**900,799**	**-**	**120,345,364**
Note :				
		Year ended 2014		**Year ended 2013**
Profit for the period		900,799		523,697
Less: Proposed Dividend on Equity shares	-	-	-	-
Tax on distributed profits on Equity shares	-	-	-	-
Transfer to Reserve		**900,799**		**523,697**

4 LONG TERM BORROWINGS

Particulars	As at31 March 2014	As at31 March 2013
	Rs.	Rs.
Bonds & Debentures	-	-
Secured	-	-
Unsecured	-	-
Term loans from Banks		
Secured		
From HDFC Bank (Secured against hypothecation of vehicle purchased out of Term Loan) (Loan repayable in 36 monthly Instalments of Rs. 69000/- Commencing from March 2013 onwards)	655,718	1,365,932
Unsecured	-	-
Term loans from Others		
Secured	-	-
Unsecured	-	-
Loans and Advances From Related Parties		
Secured	-	-
Unsecured	-	-
- From Directors	-	-
PUBLIC DEPOSITS (UNSECURED)	-	-
Total	**655,718**	**1,365,932**

5 DEFERRED TAX LIABILITIES (Net)

Particulars	As at31 March 2014	As at31 March 2013
	Rs.	Rs.
Deferred Tax Liabilities	4,412,304	91,846
Deferred Tax Assets		
Deferred Tax Liabilities (Net)	**4,412,304**	**91,846**

6 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Outstanding Liabilities	800,000	800,000
Consideration Payable for Business Purchased	80,072,086	86,906,783
Total	**80,872,086**	**87,706,783**

7 SHORT TERM BORROWINGS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
LOAN REPAYABLE ON DEMAND		
Secured Bank over draft with Indian Bank (Secured against Hypothecation of Book debts and Personal property of Director T.P. Saira)	24,820,141	8,316,493
Unsecured	-	-
LOANS AND ADVANCES FROM RELATED PARTIES		
Secured	-	-
Unsecured	10,225,707	2,208,184
PUBLIC DEPOSITS (UNSECURED)	**-**	**-**
Total	**35,045,848**	**10,524,677**

8 TRADE PAYABLES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Trade Payables	-	14,735
Others	-	-
Total	**-**	**14,735**

9 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Current maturities of Long Term Borrowings		
- HDFC Bank (Refer Note No.4)	710,215	634,980
Salary payable & Employee Dues	3,588,574	2,451,355
Rent Payable	112,653	107,289
Statutory Payables	623,480	3,154,332
Advance from customers		99,364
Audit fee payable	153,540	111,236
Others		
- Other Payables	463,471	396,286
- Other Advances	-	-
Total	**5,651,933**	**6,954,842**

10 SHORT TERM PROVISIONS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Provision for income-tax	1,683,939	781,781
Total	**1,683,939**	**781,781**

8K Miles

8K MILES SOFTWARE SERVICES LIMITED

Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh
Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

Notes forming part of the Balance Sheet (Continued)

11 FIXED ASSETS (TANGIBLE)

Reconciliation of the Gross Carrying Amounts and Net Carrying Amounts at the beginning and at the end of the year

		Gross Carrying Amount				Accumulated Depreciation				Accumulated Impairment				Net Carrying Amount	
Sl.No	Description	As at 31st March 2013 Rs.	Addl. adjsmt. during the year Rs.	Ded. during the year Rs.	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.	Provided during the year Rs.	Ded. during the year Rs.	As at 31st March 2014 Rs.	As at 31st March 2013	Reversed during the year	Provided during the year	As at 31st March 2014	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
1	**Furniture**														
	Owned	86,600	-		86,600	14,494	13,051		27,545	-	-	-	-	59,052	72,105
2	**Computers**														
	Owned	688,187	860,300	-	1,548,487	333,677	308,399	-	642,076	-	-	-	-	906,411	354,510
3	**Office & Equipments**														
	Owned	45,990	1,063,839	-	1,109,829	10,999	145,958		156,957	-	-	-	-	952,872	34,991
4	**Vehilces**														
	Owned	2,400,000	-		2,400,000	117,463	590,949	-	708,412	-	-	-	-	1,691,588	2,282,537
	Total	**3,220,777**	**1,924,139**	**-**	**5,144,916**	**476,633**	**1,058,357**	**-**	**1,534,990**	**-**	**-**	**-**	**-**	**3,609,924**	**2,744,143**
	FY 2012-13	**472,251**	**2,749,026**	**500**	**3,220,777**	**166,927**	**309,706**	**-**	**476,633**	**-**	**-**	**-**	**-**	**2,744,144**	**305,324**

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

8K MILES SOFTWARE SERVICES LIMITED

Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh
Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

Notes forming part of the Balance Sheet (Continued)

12 FIXED ASSETS (INTANGIBLE)

Reconciliation of the Gross Carrying Amounts and Net Carrying Amounts at the beginning and at the end of the year

		Gross Carrying Amount				Accumulated Depreciation				Accumulated Impairment				Net Carrying Amount	
Sl.No	**Description**	**As at 31st March 2013**	**Additions during the year**	**Ded. during the year**	**As at 31st March 2014**	**As at 31st March 2013**	**Provided during the year**	**Ded. during the year**	**As at 31st March 2014**	**As at 31st March 2013**	**Reversed during the year**	**Provided during the year**	**As at 31st March 2014**	**As at 31st March 2014**	**As at 31st March 2013**
		Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**					**Rs.**	**Rs.**
1	Computer Software & Development														
	Acquired	35,676	-	-	35,676	21,322	5,742	-	27,064	-	-	-	-	8,612	14,354
	Devoloped	-	30,875,852	-	30,875,852	-	5,109,319	-	5,109,319	-	-	-	-	25,766,533	-
	Mastheads		-	-	-	-	-	-	-	-	-	-	-	-	-
	Mining Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Copyrights														
	Goodwill Acquired	-	74,000,000	-	74,000,000	-	12,245,479	-	12,245,479	-	-	-	-	61,754,521	-
	Total	**35,676**	**104,875,852**	**-**	**104,911,528**	**21,322**	**17,360,541**	**-**	**17,381,863**	**-**	**-**	**-**	**-**	**87,529,665**	**14,354**
	FY 2012-13	**35,676**	**-**	**-**	**35,676**	**11,753**	**9,569**	**-**	**21,322**	**-**	**-**	**-**	**-**	**14,354**	**23,923**

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

13 NON CURRENT INVESTMENTS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Investment Property	-	-
Trade Investments	-	-
Investments in Equity Instruments	-	-
- Associate	-	-
- Joint venture	-	-
- Subsidiary	-	-
- In 10 lakh shares of Mentor Minds Solutions and Services Inc(USA) - 100% of total no of shares	115,011,500	115,011,500
- In 76587 shares of Mentor Minds Solutions and Services Pvt Ltd - 100% of total no of shares	8,807,505	8,807,505
- In 8K Miles Software Services Inc (USA) - 59.72% of total no of shares	45,220	45,220
- In 1 share of 8K Miles Software Services (FZE)	1,840,500	1,840,500
Total	**125,704,725**	**125,704,725**
Investments valued at other than cost		
All the above investments stated at cost except:		
(i) Investments in partnership firms are stated at amount invested as capital contributions from time to time as adjusted by interest on capital, share of profit / loss from firm and drawings by the company from the firm.		
(ii) Investments in shares of …… (a subsidiary) shown as traded investment has been valued at cost less other than temporary diminution in value	-	-
Quoted Investments		
Aggregate amount		
Market Value	-	-
Unquoted Investments		
Aggregate Amount	125,704,725	125,704,725

14 LONG TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Capital Advances	-	-
Security Deposits		
- Secured, considered good		
- Unsecured, considered good	1,100,000	815,400
- Doubtful		
Less : Allowance for bad and doubtful advances		
Total	**1,100,000**	**815,400**
Loans and advances to related parties (1)		
- Secured, considered good		
- Unsecured, considered good	4,994,508	12,896,053
- Doubtful		
Less : Allowance for bad and doubtful advances		
Total	**4,994,508**	**12,896,053**
TOTAL	**6,094,508**	**13,711,453**

15 OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Long-Term Trade Receivable	-	-
- Secured, considered good		
- Unsecured, considered good (Pertaining to Previous Business Activities)	27,589,966	27,589,966
- Doubtful		
Less : Allowance for bad and doubtful advances		
Total	**-**	**27,589,966**
Others (Pertaining to the previous business activities)		
- Secured, considered good		
- Unsecured, considered good	35,782,827	35,782,827
- Doubtful		
Less : Allowance for bad and doubtful advances		
Total	**63,372,793**	**35,782,827**

16 TRADE RECEIVABLES

Particulars	As at31 March 2014	As at31 March 2013
	Rs.	Rs.
Trade receivables outstanding for more than six months from the date they became due for payment:		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	3,532,219
Less: Allowance for bad and doubtful debts	-	-
	-	**3,532,219**
Trade Receivables (i) Secured, considered good		
(ii) Unsecured, considered good	42,883,405	9,084,188
Less: Allowance for bad and doubtful debts		
	42,883,405	**9,084,188**
Total	**42,883,405**	**9,084,188**

17 CASH AND CASH EQUIVALENTS

Particulars	As at31 March 2014	As at31 March 2013
	Rs.	Rs.
Balance with Banks	73,461	16,057
Other bank balances		
- Bank deposits	-	-
- Others	-	-
Cheques, drafts in hand		
- Cheques on hand		
- Drafts in hand		
Cash on hand	845	681
TOTAL	**74,306**	**16,738**

18 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Loans and advances to related parties (1)		
Secured, considered good		
Unsecured, considered good	-	-
Doubtful		
Less : Allowance for bad and doubtful advances		
Total (A)	**-**	**-**
Others		
Secured, considered good		
Unsecured, considered good	-	3,821,701
Doubtful		
Less : Allowance for bad and doubtful advances		
Total (B)	**-**	**3,821,701**
TOTAL [(A) + (B)]	**-**	**3,821,701**

19 OTHER CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Statutory Receivables - TDS, Mat, Service tax Input	1,366,929	423,848
Prepaid expenses	69,114	24,165
Total	**1,436,043**	**448,013**

20 REVENUE FROM OPERATIONS

Particulars	As at31 March 2014	As at31 March 2013
	Rs.	Rs.
Project Revenue	72,211,226	30,363,681
Total	**72,211,226**	**30,363,681**

21 OTHER INCOME

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Income from non-current investments		
Total (A)	-	-
Income from current investments		
Total (B)	-	-
Other Income	-	647,661
Total (A+B+C)	**-**	**647,661**

22 EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Salary	38,770,220	23,140,437
Staff welfare	157,087	44,982
Total	**38,927,307**	**23,185,419**

23 FINANCE COST

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Interest expense	3,401,917	1,529,316
Bank charges	116,846	78,217
Loss on foreign exchange transaction and translation	336,318	-
Total	**3,855,081**	**1,607,533**

24 OTHER EXPENSES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Professional & consultancy charges	163,500	366,350
Rent	1,025,271	1,080,762
Rates & Taxes	352,155	148,737
Auditors Remuneration :		
- Statutory Audit Fees	110,000	70,000
- Tax Audit Fees	20,000	20,000
- Other Services	20,000	20,000
Travelling and Business Promotion Expenses	1,171,589	683,506
Communication-Telephones	357,082	375,300
Internship fees	170,000	194,562
Electricity Expenses	461,202	391,124
General & Other Administrative expenses	1,908,743	1,852,972
Total	**5,759,542**	**5,203,313**

25 TAX EXPENSE

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
- Current tax	29,140	128,723
- Deferred taxes	318,908	43,382
Total	**348,048**	**172,105**

26 EARNINGS PER SHARE (EPS)

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
(i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	900,799	523,697
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	10,044,102	9,295,779
(iii) Basic and Diluted Earnings per share (Rs.)	0.09	0.06
(iv) Face Value per equity share (Rs.)	10	10

27 FOREIGN CURRENCY TRANSACTIONS

	Year ending 31 March 2014		Year ending 31 March 2013	
Particulars	**In foreign currency**	**Amount (in Rs.)**	**In foreign currency**	**Amount (in Rs.)**
Amount invoiced for services rendered	US$ 1137129.61	68,893,686.65	US$ 5,03,153	27,162,034
Amount Received from clients	US$ 575337.50	35,307,106.00	US$ 4,82,515	26,543,937

28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Contingent Liabilities		
- Claims against the company not acknowledged as debts		
- Guarantees		
- Other money for which company is contingently liable		
-Bills discounted with banks		
Total (A)	-	-
Commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Uncalled liability on shares and other investments partly paid		
- Others		
The company had provided for Rs.6,53,089/- as Minimum Alternate tax for the Ay 2011-12. Notice of Demand under Income Tax Act, 1961 of Rs.11,90,670/- for the AY 2011-12 has been received and the Company havn't made any representation before the income tax authorities. No provision has been made in the books of account for the difference amount. The company has not paid any amount of tax relating to AY 2011-12	537,581	537,581
Total (B)	**537,581**	**537,581**
TOTAL [(A) + (B)]	**537,581**	**537,581**

As per our report of even date
For GHG Associates
Chartered Accountants
Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

8K MILES SOFTWARE SERVICES LIMITED

1-7-241/11/D, S.D.ROAD, SECUNDERABAD – 500003, ANDHRA PRADESH.

Note: 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Basis of Accounting:

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India and presented under historical cost convention on the accrual basis of accounting and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

b) Use of Estimates:

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities on the date of financial statements and reported amount of income and expenses during the period.

c) Current/Non-Current Classification

Any asset or liability is classified as current if it satisfies any of the following conditions:

i) It is expected to be realized or settled or is intended for sale or consumption in the company's normal operating cycle;

ii) It is expected to be realized or settled within twelve months from the reporting date;

iii) In the case of an asset,

- It is held primarily for the purpose of being traded; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

iv) In the case of a liability, the company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current / non-current classification of assets and liabilities, the company has ascertained its normal operating cycle as 12 months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in

cash and cash equivalents and also based on arrangements or agreements or contracts entered into with respective parties.

1.2 TANGIBLE AND INTANGIBLE ASSETS:

a) Tangible Fixed Assets:

Tangible 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. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant asset heads. Profit or Loss on disposal of tangible assets is recognized in the Statement of Profit and Loss.

b) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss, if any, on disposal of intangible assets is recognized in the Statement of Profit and Loss.

c) Depreciation And Amortization:

Depreciation is provided on fixed assets on the written down value (WDV) method. The rates of depreciation prescribed in Schedule XIV to the Companies Act 1956 are considered as minimum rates.

Depreciation has been charged in respect of intangible assets – Software (internally developed) and Goodwill (purchased),under Straight Line Basis across the useful life of such asset as determined by the management.

Assets costing less than Rs.5,000 are fully charged to the Statement of Profit and Loss in the year of acquisition. Leasehold land and leasehold improvements are amortized over the primary period of lease.

1.3 REVENUE RECOGNITION:

Revenue is primarily derived from Information Technology Software Consulting and related services. Revenues are recognized on the services rendered on accrual basis, based on arrangements with clients either on fixed Price or on Time and Material basis.

1.4 LEASE ACCOUNTING:

This Standard is not applicable as the Company does not have any finance lease agreement in force.

1.5 INVENTORY:

The Company is a service company primarily rendering IT services. Hence, no quantitative details are being furnished.

1.6 INVESTMENTS

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than an year from the date of acquisition are classified as current investments. Al other investments are classified as long term investments.

Current investments are stated at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Long term investments are stated at cost. A provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of management.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is recognized in the Statement of Profit & Loss.

Investments in subsidiaries are accounted as per Accounting Standard 13 issued by the Institute of Chartered Accountants of India. Investments are stated at cost. No provision is made for diminution in value of investments as they are long term and strategic in nature.

1.7 TRANSACTION IN FOREIGN CURRENCY:

a) Initial Recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

b) Measurement of foreign currency items at the Balance Sheet date:

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

c) Forward exchange contracts:

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

The Company has not entered into any forward exchange contracts during the period of audit.

1.8 TRADE RECEIVABLES:

Trade receivables are stated after writing off debts considered as bad, if any. Adequate provision shall be made for debts if considered doubtful.

1.9 EMPLOYEE BENEFITS:

The company is registered with PF Authorities and both the Employer Contribution and Employee Contributions are deposited as per the relevant Act, during the period under audit.The Company has not made Provision of Gratuity and other retirement benefits as per the Actuarial Valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers". The effect on the current period profit was not ascertainable.

1.10 RESEARCH AND DEVOLOPMENT

Research Expense is recognized as an expense as and when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the company and is disclosed separately.

1.11 PROVISION FOR TAXATION

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry 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 are reviewed as at each Balance Sheet date to reassess realization.

1.12 PROVISIONS AND CONTINGENCIES:

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 EARNINGS PER SHARE:

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

1.14 PROPOSED DIVIDEND:

No Dividend has been declared and paid during the period under audit.

1.15 BORROWING COST:

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalized. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.

1.16 CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash & cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

1.17 GOVERNMENT GRANTS AND SUBSIDIES:

The Company has not received any Government grants during the reporting period.

1.18 SEGMENT REPORTING:

Since the group of products and services rendered by the Company pertains to Information Technology related products and services, the operations of the Company relate to a single reportable segment.

1.19 TRANSFER PRICING:

As per the information and explanations provided by the Management, during the Current year, the Company has not entered into any international transaction which attracts the provisions of Sec.92 – 92 F of the Income Tax Act, 1961.

1.20 RELATED PARTY DISCLOSURES:

1. **Relationships**

Category – I – Major shareholders in the company:

- Mr. Suresh Venkatachari - 59.10%
- Mr.R.S.Ramani - 6.56%

Category – II – Subsidiaries and Associates of the company.

- 8K Miles Software Services Inc. (USA) -59.72% held subsidiary company
- 8K Miles Software Services (FZE) (UAE) -100% subsidiary company
- Mentor Minds Solutions and Services Inc (USA) -100% subsidiary company
- Mentor Minds Solutions & Services Pvt Ltd-100% subsidiary company

Category – III – Other parties where common control exists.

- 8K Miles Web Services Private Limited - No.7, 3rd floor, Ganapathy Colony 3 rd street, Teynampet, Chennai – 600018.

Category – IV – Key Managerial Personnel:

- Mr. Suresh Venkatachari, Director
- Mr.R.S.Ramani, Director

Category – V – Relatives of Key Managerial Personnel:

- There is no relationship existing among Key Management Personnel.

2. **Transactions with related parties:-**

Category – I – Major shareholders in the company:

Loan Received from Directors:

- Mr. Suresh Venkatachari : Rs.8,23,104/-
- Mr.R.S.Ramani: Rs.6,40,287/-

Category – II – Subsidiaries and Associates of the company.

8K Miles Software Services Inc (USA) :

Amount invested in share capital: US$ 1,000.00 (Rs.45,220/-)

8K Miles Software Services FZE (UAE):

Amount invested in share capital: AED150,000(Rs.18, 40,500/-)

Mentor Minds Solutions and Services Inc (USA):

Amount invested in share capital: Rs.11,50,11,500/-

Outstanding receivable as on 31st March 2014: Rs.32,96,700/-

Mentor Minds Solutions & Services Private Limited, India

Amount invested in share capital: Rs.88,07,505/-

Outstanding Receivable as on 31st March 2014: Rs.87,62,318/-

Category – III – Other parties where common control exists.

8K Miles Web Services Private Limited

Consideration payable for business purchased outstanding as on 31st March 2014 – Rs.60,72,086/-

1.21 INTEREST ON LOANS:

The management has decided not to charge any interest on loans advanced to subsidiaries/Associates of the Company and also not to pay interest on loans taken from Subsidiaries/Associates/Directors of the Company.

1.22 CASH FLOW STATEMENT:

The cash flows are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of noncash 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.

1.23 OTHER INFORMATION:

Director Remuneration (Value in Rs.)

Nature	2013-14 Rs.	2012-13 Rs.
Mr.R.S.Ramani	NIL	NIL

Auditor's Remuneration (Value in Rs.)

Nature	2013-14 Rs.	2012-13 Rs.
Statutory Audit – Net of Service Tax	1,10,000	70,000
Tax Audit – Net of Service Tax	20,000	20,000
Taxation matters	20,000	20,000

1.24 DETAILS OF CAPACITY AND PRODUCTION:

The company is into Information Technology Software Services, which cannot be expressed in any generic unit. As the company is not into manufacture / production of any product, data relating to capacity and production is not relevant and hence not provided.

1.25 DEBTORS & CREDITORS:

Confirmation of balances for receivables and payables are yet to be obtained.

1.26 PREVIOUS YEAR FIGURES:

Figures for the prior year have been regrouped, recast or rearranged to conform to the current year's classification.

As per our report attached

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Place : Secunderabad
Date : 28th May 2014

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Members of
M/s 8K Miles Software Services Limited
1-7-241/11/D, S.D.ROAD,
Secunderabad – 500003.
Andhra Pradesh

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of M/s. 8K Miles Software Services Limited ("the Company"), Secunderabad -500003 which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date along with Notes on Accounts.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

Auditors' Report

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standard) Rules, 2006.

We have audited the financial statements of M/s. 8K Miles Software Services Limited, Secunderabad, India, the Parent Company and the financial statements of M/s. Mentor Minds Solutions and Services Private Ltd., India, the Indian wholly owned subsidiary of the Parent Company and the Financial Statements of Foreign wholly owned Subsidiaries - M/s.8K Miles Software Solutions FZE (UAE) and M/s. Mentor Minds Solutions and Services Inc. (USA) and 59.72% owned foreign subsidiary - M/s.8K Miles Software Solutions Inc. (USA). Consolidated Financial Statements of Foreign Subsidiary's (M/s. Mentor Minds Solutions and Services Inc. - USA) immediate subsidiary company, SRM Tech Canada Inc., have been audited by other Auditors whose reports have been furnished to us for consolidation purpose and our opinion in respect of these subsidiaries is based solely on the report of the respective auditors and the representation of the Company.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014 and
(ii) In the case of the Statement of Profit and Loss, of the **PROFIT** for the year ended March 31, 2014.
(iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended March 31, 2014.

Other Matter

We have not audited the financial statements of foreign subsidiaries. These financial statements have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is solely based on reports of the reports of the other auditors.

For GHG ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
S. HARESH
PARTNER
M.NO. 205204

Place: Secunderabad
Date : 28th May 2014

8K MILES SOFTWARE SERVICES LIMITED
Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh
Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

	PARTICULARS	Note	As at 31st March 2014	As at 31st March 2013
			Rs.	Rs.
I	**EQUITY AND LIABILITIES**			
	SHAREHOLDERS' FUNDS			
	Share capital	2	100,441,020	100,441,020
	Reserves and Surplus	3	519,616,093	175,464,582
			620,057,113	**275,905,602**
	MINORITY INTEREST		**211,261,724**	**-**
	NON-CURRENT LIABILITIES			
	Long Term Borrowings	4	12,298,637	1,365,932
	Deferred Tax Liability (net)	5	4,548,012	247,433
	Other long term liabilities	6	82,367,470	87,706,783
	Long Term Provision		-	-
			99,214,119	**89,320,148**
	CURRENT LIABILITIES			
	Short Term Borrowings	7	24,820,141	18,844,408
	Trade Payables	8	-	-
	Other Current Liabilities	9	11,139,223	33,981,353
	Short Term Provisions	10	29,088,083	29,554,081
			65,047,447	**82,379,842**
	TOTAL		**995,580,403**	**447,605,592**
II	**ASSETS**			
	NON-CURRENT ASSETS			
	Fixed Assets			
	(i) Tangible Assets	11	8,504,759	7,251,040
	(ii) Intangible Assets			
	- Other Intangible assets	12	514,028,660	14,354
	(iii) Intangible assets under development		195,807,693	174,806,071
			718,341,112	**182,071,465**
	Non-Current Investments		-	-
	Deferred Tax Assets (net)		-	-
	Long Term Loans and Advances	13	2,797,808	7,115,543
	Other Non-Current Assets	14	63,372,793	63,372,793
			66,170,601	**70,488,336**
	CURRENT ASSETS			
	Trade Receivables	15	134,172,974	138,258,940
	Cash and Cash Equivalents	16	48,343,208	14,478,414
	Short Term Loans and Advances	17	24,987,967	28,466,712
	Other Current Assets	18	3,564,542	13,841,724
			211,068,691	**195,045,791**
	TOTAL		**995,580,403**	**447,605,592**

Significant Accounting Policies 1
The Accompanying Notes form an integral part of the financial statements
As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

8K MILES SOFTWARE SERVICES LIMITED

Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh

Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	PARTICULARS	Note	Year ended 31st March 2014	Year ended 31st March 2013
			Rs.	Rs.
I.	Revenue from operations	19	440,552,444	262,145,881
II.	Other income	20	470,711	695,925
III.	**Total Revenue**		**441,023,155**	**262,841,806**
IV.	**Expenses**			
	Employee benefit expenses	21	233,624,304	156,654,032
	Finance costs	22	3,720,067	1,714,362
	Depreciation and amortisation expenses	11&12	43,085,227	8,115,160
	Other expenses	23	68,978,431	51,064,169
	Total expenses		**349,408,028**	**217,547,722**
V.	Profit before Exceptional & Extraordinary items and tax(III-IV)		**91,615,127**	**45,294,084**
VI.	Exceptional items		-	-
VII.	Profit before Extraordinary items and tax (V-VI)		91,615,127	45,294,084
VIII.	Extraordinary items		-	-
IX.	Profit before tax (VII-VIII)		91,615,127	45,294,084
X.	Tax expenses	24		
	(1) Current Tax		13,034,463	5,648,901
	(2) Deferred Tax		4,300,579	(61,322)
XI.	Profit /(Loss) for the period from Continuing Operations (IX-X)		**74,280,085**	**39,706,505**
XII.	Profit /(Loss) for the period from Discontinuing Operations		-	-
XIII.	Minority Interest		**13,500,345**	**-**
XIV.	Profit /(Loss) for the period from Discontinuing Operations (after tax) (XII - XIII)		-	-
XV.	Profit attributable to shareholders of the company		**60,779,740**	**39,706,505**
XVI.	Number of Shares		10,044,102	10,044,102
XVII.	Earnings per equity share :			
	(1) Basic		6.05	3.95
	(2) Diluted		6.05	3.95

Significant Accounting Policies 1

The Accompanying Notes form an integral part of the financial statements

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

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CONSOLIDATED CASH FLOW STATEMENT

	PARTICULARS	as at 31.03.2014 Rs.	as at 31.03.2013 Rs.
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit	**74,280,085**	**39,706,587**
	Adjustments For Non Cash & Non Operating Items:		
	Depreciation	43,085,227	4,700,925
	Finance Cost	3,720,067	1,714,362 .
	Operating Profit Before WC Changes	**121,085,378**	**46,121,874**
	Adjustments For Working Capital Changes:		
	In Current Assets	17,841,894	(91,103,748)
	In Current Liabilities	(17,332,395)	(29,182,790)
	Cash Generated From Operations	**121,594,877**	**(74,164,664)**
	Net Cash Flow From Operating Activites (1)	**121,594,877**	**(74,164,664)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Decrease in Non Current Assets	4,317,735	-
	Increase in Tangible & Intangible Assets (Net)	(579,354,873)	(20,712,115)
	Net Cash Flow From Investing Activities (2)	**(575,037,138)**	**(20,712,115)**
C	**CASH USED IN FINANCING ACTIVITIES**		
	Share Capital	-	44,899,410
	In Reserves & Surplus	481,133,150	
	Deferred Tax liabilities	4,300,579	30,356,204
	Interest Paid	(3,720,067)	(1,714,362)
	Increase in Non Current Liabilities	5,593,392	6,081,982
	Net Cash Used In Financing Activities (3)	**487,307,054**	**79,623,234**
	Net Increase In Cash & Cash Equivalents (1+2+3)	**33,864,794**	**(15,253,545)**
	Cash & Cash Equivalents at the beginning of the year	**14,478,414**	**29,731,961**
	Cash & Cash Equivalents at the end of the year	**48,343,208**	**14,478,414**

For GHG Associates
Chartered Accountants

Sd/-

S.Haresh
Partner
Membership No.205204

For 8K Miles Software Services Limited

Sd/-

V. Suresh
Managing Director

Sd/-

R.S. Ramani
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Sd/-
P Krishnasamy
Company Secretary

Place : Secunderabad
Date : 28/05/2014

8K MILES SOFTWARE SERVICES LIMITED
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2. SHARE CAPITAL

PARTICULARS		As at 31 March 2014	As at 31 March 2013
		Rs.	Rs.
A.	Authorised share Capital (15000000 equity shares of Rs 10.each)	150,000,000	150,000,000
B.	Issued &Subscribed Share Capital 10044102 equity shares capital of Rs 10 each	100,441,020	100,441,020
	Paid- Up Share Capital 10044102 equity shares capital of Rs 10 each fully paidup	100,441,020	100,441,020

C. The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2014 and 31st March, 2013 is set out below:

PARTICULARS	As at 31 March 2014		As at 31 March 2013	
	Number of shares	Amount	Number of shares	Amount
		Rs.		Rs.
Number of shares at the begining	10,044,102	100,441,020	5,554,161	55,541,610
Add: Preferential Shares Issued	-	-	472,300	4,723,000
Add: Bonus Shares issued by capitalisation of reserves	-	-	4,017,641	40,176,410
Number of shares at the end	10,044,102	100,441,020	10,044,102	100,441,020

D. Shares in the company held by each share holder holding more than 5% share :

S.No.	Name of share holder	Number of share held in the company	Percentage of shares held
1.	Suresh Venkatachari	5936075	59.10%
2.	R.S.Ramani	659065	6.56%

3 RESERVES AND SURPLUS

Particulars	As at 31 March 2012	Additions during the year	Deductions during the year	As at 31 March 2013
	Rs.	**Rs.**	**Rs.**	**Rs.**
Capital Reserves	(54,584,609)			(54,584,609)
Capital Redemption Reserve				
Securties Premium Reserve	83,877,381	22,198,100	-	106,075,481
Revenue profit on Consolidation				
- Mentor Minds Solutions and Services Inc (USA)	8,996,778	4,956,426		13,953,204
- Mentor Minds Solutions and Services Pvt Ltd (India)	637,776	10,458		648,234
- 8K Miles Software Services Inc (USA)	16,528,501	9,161,953		25,690,454
- 8K Miles Software Services (FZE)-UAE	23,026,784	25,053,970		48,080,754
Foreign Currency Translation reserve	13,530,304	8,701,677		22,231,981
General Reserve	59,756,717	-	40,176,410	19,580,307
Reserve for contingent liabilities				
Subsidy Reserve	1,423,110	-	-	1,423,110
Surplus (Profit and Loss Account)	(8,158,031)	523,697	-	(7,634,334)
Total	**145,034,711**	**70,606,281**	**40,176,410**	**175,464,582**
Note :				
		Year ended 31.03.2013		**Year ended 31.03.2012**
Profit for the period		39,706,505		35,022,475
Less: Proposed Dividend on Equity shares		-		-
Tax on distributed profits on Equity shares	-	-	-	-
Transfer to Reserve		**39,706,505**		**35,022,475**

Particulars	As at 31 March 2013	Additions during the year	Deductions during the year	As at 31 March 2014
	Rs.	Rs.	Rs.	Rs.
Capital Reserves	(54,584,609)	418,611,174	-	364,026,565
Capital Redemption Reserve			-	-
Securties Premium Reserve	106,075,481	-	-	106,075,481
Revenue profit on Consolidation				
- Mentor Minds Solutions and Services Inc (USA)	13,953,204	13,319,026		27,272,230
- Mentor Minds Solutions and Services Pvt Ltd (India)	648,234	61,341	-	709,575
- 8K Miles Software Services Inc (USA)	25,690,454	20,015,903	-	45,706,358
- 8K Miles Software Services (FZE)-UAE	48,080,754	26,482,671	-	74,563,425
Foreign Currency Translation reserve	22,231,981	(135,239,403)		(113,007,422)
General Reserve	19,580,307	-	-	19,580,307
Reserve for contingent liabilities	-	-	-	
Subsidy Reserve	1,423,110	-	-	1,423,110
Surplus (Profit and Loss Account)	(7,634,334)	900,800	-	(6,733,534)
Total	175,464,582	344,151,511	-	519,616,093
Note :				
		Year ended 31.03.2014		**Year ended 31.03.2013**
Profit for the period		60,779,740		39,706,505
Less: Proposed Dividend on Equity shares	-	-		
Tax on distributed profits on Equity shares	-	-	-	-
Transfer to Reserve		**60,779,740**		**39,706,505**

4 LONG TERM BORROWINGS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Bonds & Debentures	-	-
Secured	-	-
Unsecured	-	-
Term loans from Banks		
Secured	655,718	1,365,932
From HDFC Bank (Secured against hypothecation of vehicle) (Loan repayable in 36 monthly Instalments of Rs. 69000/- Commencing from March 2013 onwards)		
Unsecured	-	-
Term loans from Others		
Secured	-	-
Unsecured	-	-
Loans and Advances From Related Parties		
Secured	-	-
Unsecured	-	-
- From Directors	11,642,919	-
- From Group companies	-	-
PUBLIC DEPOSITS (UNSECURED)	-	-
Total	**12,298,637**	**1,365,932**

5 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Deferred Tax Liabilities	4,548,012	247,433
Deferred Tax Liabilities (Net)	**4,548,012**	**247,433**

6 OTHER LONG TERM LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Outstanding Liabilities	2,295,384	800,000
Consideration Payable for Business Purchased	80,072,086	86,906,783
Total	**82,367,470**	**87,706,783**

7 SHORT TERM BORROWINGS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
LOAN REPAYABLE ON DEMAND		
Secured Bank over draft with Indain Bank (Secured against Hypothecation of Book debts and Personal property of one of the Director)	24,820,141	8,316,493
Unsecured	-	-
LOANS AND ADVANCES FROM RELATED PARTIES		
Secured	-	-
Unsecured	-	10,527,915
PUBLIC DEPOSITS (UNSECURED)	-	-
Total	**24,820,141**	**18,844,408**

8 TRADE PAYABLES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Trade Payables	-	-
Others	-	-
Total	**-**	**-**

9 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Current maturities of Long Term Borrowings-		
HDFC Bank (Refer Note No.4)	710,215	952,788
Provident fund payable	37,420	-
Rent Payable	112,653	107,289
Consulting fee payable	-	214,091
Service tax payable	-	60,899
Profession tax payable	286,886	192,622
TDS payable	299,174	2,953,163
Advance received from debtors	-	99,364
Audit Fees payable	158,540	161,798
Others	9,534,335	29,239,340
Total	**11,139,223**	**33,981,353**

10 SHORT TERM PROVISIONS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Provision for employee benefits		
-Salary payable	13,727,547	22,755,952
Provision for Income-tax	15,360,536	6,109,590
Other provisions	-	688,538
Total	29,088,083	29,554,081

8K MILES SOFTWARE SERVICES LIMITED

Registered Office : 1-7-241/11D, S.D. Road, Secunderabad-500003, Andhra Pradesh

Corporate Office : #7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai - 18

11 FIXED ASSETS (TANGIBLE)

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Consolidated

		Gross Carrying Amount				Accumulated Depreciation				Accumulated Impairment				Net Carrying Amount	
Sl.No	Description	As at 31st March 2013	Addl. adjsmt. during the year	Ded. during the year	As at 31st March 2014	As at 31st March 2013	Provided during the year	Ded. during the year	As at 31st March 2014	As at 31st March 2013	Reversed during the year	Provided during the year	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.
1	**Furniture** Owned	86,600	-	-	86,600	14,494	13,051	-	27,545	-	-	-	-	59,055	72,106
2	Computers Owned	688,187	860,300	-	1,548,487	333,677	308,399	-	642,076	-	-	-	-	906,411	354,510
3	Office & Equipments Owned	45,990	1,063,839	-	1,109,829	10,999	145,958	-	156,957	-	-	-	-	952,872	34,991
4	Vehilces Owned	2,400,000	-	-	2,400,000	117,463	590,949	-	708,412	-	-	-	-	1,691,588	2,282,537
5	On consolidation of Mentorminds solutions and Services Pvt Ltd	5,184,405	-	1,952,946	3,231,459	2,953,556	317,277	1,007,777	2,263,056	-	-	-	-	968,403	2,230,849
6	Mentorminds solutions and Services Inc (USA)	3,863,013	-	-	3,863,013	2,514,483	571,828	-	3,086,311	-	-	-	-	776,703	1,222,316
7	8K Miles Software Services Inc (USA)	1,312,986	2,116,362	-	3,429,347	150,449	129,171	-	279,620	-	-	-	-	3,149,727	1,053,730
	Total	**13,581,181**	**4,040,501**	**1,952,946**	**15,668,736**	**6,095,121**	**2,076,632**	**1,007,777**	**7,163,977**	**-**	**-**	**-**	**-**	**8,504,759**	**7,251,040**

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

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Whole Time Director

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8K MILES SOFTWARE SERVICES LIMITED

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12 FIXED ASSETS (INTANGIBLE)

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

Consolidated

		Gross Carrying Amount				Accumulated Depreciation				Accumulated Impairment				Net Carrying Amount	
Sl.No	Description	As at 31st March 2013	Addl. adjsmt. during the year	Ded. during the year	As at 31st March 2014	As at 31st March 2013	Provided during the year	Ded. during the year	As at 31st March 2014	As at 31st March 2013	Reversed during the year	Provided during the year	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.
1	Computer Software														
	Acquired	35,676	-	-	35,676	21,322	5,742	-	27,064	-	-	-	-	8,612	14,354
	Internally Generated	-	30,875,852	-	30,875,852	-	5,109,319	-	5,109,319	-	-	-	-	25,766,533	-
2	Goodwill	-	74,000,000	-	74,000,000	-	12,245,479	-	12,245,479	-	-	-	-	61,754,521	-
3	8K Miles Software Services Inc (USA)														
	Intangible assets	-	426,498,994	-	426,498,994	-	-	-	-	-	-	-	-	426,498,994	-
	Total	**93,099,059**	**595,134,642**	**-**	**688,233,702**	**35,663,025**	**42,203,992**	**-**	**77,867,017**	**-**	**-**	**-**	**-**	**514,028,660**	**57,436,035**

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

13 LONGTERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Capital Advances		
Total	**-**	**-**
Security Deposits		
- Secured, considered good	-	
- Unsecured, considered good	1,100,000	815,400
- Doubtful	-	
Less : Allowance for bad and doubtful advances	-	
Total	**1,100,000**	**815,400**
Loans and advances to related parties (1)		
- Secured, considered good	-	
- Unsecured, considered good	1,697,808	6,300,143
- Doubtful	-	
Less : Allowance for bad and doubtful advances	-	
Total	**1,697,808**	**6,300,143**
TOTAL	**2,797,808**	**7,115,543**

14 OTHER NON CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Long-Term Trade Receivable		
- Secured, considered good	-	
- Unsecured, considered good		
(Pertaining to previous business activities)	27,589,966	27,589,966
- Doubtful	-	
Less : Allowance for bad and doubtful advances	-	
Total	**27,589,966**	**27,589,966**
Others (Pertaining to previous business activities)		
Total	35,782,827	35,782,827
TOTAL [(A) + (B)]	**63,372,793**	**63,372,793**

15 TRADE RECEIVABLES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Trade receivables outstanding for more than six months from the date they became due for payment:		
(i)Secured, considered good	-	-
(ii)Unsecured, considered good	-	3,532,219
Less: Allowance for bad and doubtful debts	-	-
	-	**3,532,219**
Trade Receivables (i) Secured, considered good		
(ii) Unsecured, considered good	134,172,974	134,726,721
Less: Allowance for bad and doubtful debts		
	134,172,974	**134,726,721**
Total	**134,172,974**	**138,258,940**

16 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Balance with Banks	48,339,845	14,475,215
Earmarked Bank balances		
Bank balances held as margin money or as security against:		
Other bank balances		
Cheques, drafts in hand		
Cash on hand	3,363	3,200
TOTAL	**48,343,208**	**14,478,414**

17 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Loans and advances to related parties (1)		
(i) Secured, considered good	-	
(ii) Unsecured, considered good	-	-
Less : Allowance for bad and doubtful advances	-	
Total	**-**	**-**
Others		
(i) Secured, considered good	-	
(ii) Unsecured, considered good	24,987,967	28,466,712
Less : Allowance for bad and doubtful advances	-	
Total	**24,987,967**	**28,466,712**
TOTAL [(A) + (B)]	**24,987,967**	**28,466,712**

18 OTHER CURRENT ASSETS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
TDS on Receivables	1,416,929	473,848
Prepaid expenses	412,650	13,367,876
Others	1,734,963	-
Total	**3,564,542**	**13,841,724**

19 REVENUE FROM OPERATIONS

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Project Revenue	440,552,444	262,145,881
Total	**440,552,444**	**262,145,881**

20 OTHER INCOME

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Income from non-current investments		
Total (A)	-	-
Income from current investments		
Total (B)	-	-
Other Income		
- Forex gain	470,711	695,925
- Others	-	
Total (C)	**470,711**	**695,925**
Total (A+B+C)	**470,711**	**695,925**

21 EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Salaries & Staff Welfare Expenses	233,624,304	156,654,032
Total	**233,624,304**	**156,654,032**

22 FINANCE COST

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Interest expense	3,602,076	1,635,115
Bank charges	117,990	79,247
Total	**3,720,067**	**1,714,362**

23 OTHER EXPENSES

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Professional & consultancy charges	205,000	350,412
Rent	1,169,271	1,439,712
Rates & Taxes	352,155	
Auditors Remuneration :		
- Statutory Audit Fees	154,944	114,944
- Tax Audit Fees	20,000	20,000
- Other Services	31,236	31,236
Travelling and Business Promotion Expenses	1,171,589	109,826
Communication-Telephones	357,082	375,300
General & Other Administrative expenses	65,517,154	48,622,738
Total	**68,978,431**	**51,064,169**

24 TAX EXPENSE

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
- Current tax	13,034,463	5,648,901
- Deferred taxes	4,300,579	(61,322)
Total	17,335,042	5,587,579

25 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs.	Rs.
Contingent Liabilities		
- Claims against the company not acknowledged as debts	-	-
- Guarantees	-	-
- Other money for which company is contingently liable	-	-
- Bills discounted with banks		
Total (A)	**-**	**-**
Commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Uncalled liability on shares and other investments partly paid		
- Others		
The company had provided for Rs.6,53,089/- as Minimum Alternate Tax for the AY 2011-12. Notice of Demand under Income Tax Act, 1961 of Rs.11,90,670/- for the AY 2011-12 has been received and the Company havn't made representation before the incometax authorities. No provision has been made in the books of account for the difference amount as the Company has brought forward losses available to set off. The Company has not paid MAT relating to AY 2011-12	537,581	537,581
Total (B)	**537,581**	**537,581**
TOTAL [(A) + (B)]	**537,581**	**537,581**

As per our report of even date

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

Place : Secunderabad
Date : 28/05/2014

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Sd/-
P Krishnasamy
Company Secretary

8K MILES SOFTWARE SERVICES LIMITED
1-7-241/11/D, S.D.ROAD, SECUNDERABAD – 500003, ANDHRA PRADESH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

a) Basis Of Accounting

The Consolidated Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and presented under the historical cost convention on the accrual basis of accounting and materially comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and prescribed in the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

b) Use Of Estimates

The preparation of Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities on the date of financial statements and reported amount of income and expenses during the period.

c) Current /Non-Current Classification

Any asset/liability is classified as current if it satisfies any of the following considerations:

i) It is expected to be realized or settled or intended for sale or consumption in The Company's normal operating cycle;

ii) It is expected to be realized or settled within twelve months from the reporting date;

iii) In case of an asset,

- It is held primarily for the purpose of being traded; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after reporting date

iv) In the case of liability, The Company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, all the group companies have ascertained their normal operating cycle as 12 months. This is based on the nature of service and the time between rendering of services and their realization in cash and cash equivalents.

1.2 TANGIBLE AND INTANGIBLE ASSETS

a) Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction, less accumulated depreciation and accumulated impairment. The cost of fixed asset 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. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant asset heads. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

c) Depreciation and amortization

Depreciation on fixed assets is provided under Written Down Value Method or at permissible rates under applicable local laws or at such rates so as to fully write off the value of the assets (less scrap value) to the statement of Profit and Loss over their estimated useful life.

There is no asset held under financial lease and no depreciation has been charged to Profit and Loss Statement on account of such assets.

Intangible assets are capitalized and amortized over their estimated useful life or at rates permissible under applicable local laws.

d) Impairment

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment of carrying amount of the Company's fixed assets. If any such indications exist, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount.

If any impairment loss is recognized, the depreciation charge for the asset will be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), over its remaining useful life.

1.3 GOODWILL/CAPITAL RESERVE ON CONSOLIDATION

Goodwill arising on acquisition of a subsidiary represents excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the subsidiary recognized at the date of acquisition. Capital Reserve arising on acquisition of a subsidiary represents excess of the Group's interest in the net fair value of the identifiable assets and liabilities of the subsidiary over the cost of acquisition of subsidiary recognized at the date of acquisition. Goodwill/Capital Reserve is initially recognized at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, investment expense of group is compared to fair value net worth of subsidiaries as on reporting date. If the investment value is more than such net worth by a value less than the goodwill already recognized, then goodwill is written off to such extent. If impairment is more than recognized value of goodwill on account of dilution/concentration of holding power in any subsidiary, such excess impairment is recognized as capital reserve arising on consolidation.

1.4 REVENUE RECOGNITION

Revenue is primarily derived from Information Technology Software Consulting and related services. Revenues are recognized on the services rendered on accrual basis, based on arrangements with clients are either on fixed Price or on Time and Material basis.

1.5 LEASE ACCOUNTING

This standard is not applicable as none of The Group companies have any finance lease agreement in force.

1.6 INVENTORY

Companies in The Group are service providers primarily rendering IT and allied services. As a result of nature of business, quantifiable inventory does not exist and hence not reported.

1.7 INVESTMENTS

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than an year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

Current investments are stated at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Long term investments are stated at cost. A provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of management.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is recognized in the Statement of Profit & Loss.

1.8 PRINCIPLES OF CONSOLIDATION

a) The financial statements of 8K Miles Software Services Limited together with financial statements of its subsidiaries has been considered for the purpose of consolidation.

b) The financial statements of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed-off during the year are included in the consolidated Statement of Profit and Loss from the effective date of acquisition or upto the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of relevant reserves as per the Balance Sheet of the parent company and its share in the increase in the relevant reserves of the subsidiaries.

c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and we presented to the extent possible, in the same manner as the parent company's financial statements.

d) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority's interest in the subsidiary's equity are allocated against the interest of the parent company.

1.9 TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY

a) Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

b) Measurement of Foreign Currency Items at Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

c) Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

d) Translation of Financial Statements of Foreign Entities

In translating the Financial Statements of Foreign Subsidiaries (which are Non-Integral Foreign Operations) business for incorporation in the Consolidated Financial Statements, the assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date of parent company and the income and expenses items are translated at the simple average rate of exchange for the year (As prescribed by AS 11 (Revised) issued by The Institute of Chartered Accountants of India). The resulting exchange differences are classified as "Foreign Currency Translation Reserve" arising on consolidation. Such reserve is accumulated until holding interest in subsidiary is compromised.

1.10 TRADE RECEIVABLES

Trade receivables are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Discounts due, yet to be quantified at the customer level are included under Other Current Liabilities.

1.11 EMPLOYEE BENEFITS

Group companies are registered under applicable local laws governing employee benefits. The parent company is registered with PF and Professional Tax Authorities contributions towards PF are deposited with the authorities during the period of audit.The Company has not made Provision of Gratuity and other retirement benefits as per the Actuarial Valuation referred in the Accounting Standard 15 "Accounting for Retirement Benefits in the financial Statement of Employers". The effect on the current period profit was not ascertainable.

1.12 RESEARCH AND DEVOLOPMENT

Research Expense is recognized as an expense as and when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the company and is disclosed separately.

1.13 PROVISION FOR TAXATION

Tax expense comprises of Current Tax (i.e. amount of tax for the period determined in accordance with the applicable local laws) and Deferred Tax Charge or Credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The Deferred Tax Charge or Credit and the corresponding Deferred Tax Liabilities or Assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred Tax Assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, Deferred Tax Assets are recognised only if there is a virtual certainty of realisation ofsuch asset. Deferred Tax Assets are reviewed as at each Balance Sheet date to reassess realisation.

The Deferred Tax Assets or Liabilities (Net) are determined separately for parent and subsidiaries as per their applicable laws and then aggregated.

1.14 PROVISIONS AND CONTINGENCIES

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

1.15 EARNINGS PER SHARE

The Basic and Diluted Earnings Per Share (“EPS”) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

1.16 PROPOSED DIVIDEND

No dividend has been declared nor paid by any company in during the period under audit.

1.17 BORROWING COST

Borrowing Cost include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extend they are regarded as an adjustment to interest cost.

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expenses in the period they occur.

1.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

1.19 GOVERNMENT GRANTS AND SUBSIDIES

The Company has not received any government grant during the period of audit.

1.20 SEGMENT REPORTING

Since the group of products and services rendered by The Company pertains to Information Technology related products and services, the operations of The Company relate to a single reportable segment.

1.21 TRANSFER PRICING

As per the information and explanations provided by the Management, during the Current year,none of the group companies have entered into any international transaction which attracts the provisions of Sec.92 – 92 F of the Income Tax Act, 1961.

1.22 CASH FLOW STATEMENT

The cash flows are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of 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.

1.23 DEBTORS AND CREDITORS

All balances of receivables and payables are subject to confirmation.

1.24 PREVIOUS YEAR FIGURES

Figures for the prior period have been regrouped, recast or rearranged to conform to the current year's classification.

As per our report on even date attached,

For GHG Associates
Chartered Accountants

Sd/-
S.Haresh
Partner
Membership No.205204

For 8K Miles Software Services Limited

Sd/-
V. Suresh
Managing Director

Sd/-
R.S. Ramani
Whole Time Director

Place : Secunderabad
Date : 28th May 2014

8K MILES SOFTWARE SERVICES LIMITED

Regd. Office: 1-7-241/11/D, S.D.ROAD, SECUNDERABAD 500 003.

ATTENDANCE SLIP

(29th Annual General Meeting 30th September 2014)

DP ID: Reg Folio No.:

CLIENT ID:

I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the 29th Annual General Meeting of 8K Miles Software Services Limited held at Vintage Court Hall, Taj Mahal Hotel, Abidz, Hyderabad 500001 Andhra Pradesh on Tuesday, the 30th of September 2014 at 3:00 PM.

Member/Proxy name in BLOCK LETTERS Member/Proxy Signature

Note:

1) Member/Proxy must bring the attendance slip to the meeting and hand it over, duly signed at the registration Counter.
2) The Copy of the Annual Report may please be brought to the meeting hall.
3) NO GIFT WILL BE GIVEN

8K MILES SOFTWARE SERVICES LIMITED

Regd. Office: 1-7-241/11/D, S.D.ROAD, SECUNDERABAD 500 003.

PROXY FORM

I / we, _____of _____, being a Member of 8K Miles Software Services Limited hereby appoint _____ as my / our proxy to attend and vote on my / our behalf at the 29thAnnual General Meeting of the Company to be held at Vintage Court Hall, Taj Mahal Hotel, Abidz, Hyderabad 500001, Andhra Pradesh on Tuesday, the 30th of September 2014 at 3:00 PM and at any adjourned meeting thereof.

Signed this _____ day of _____ 2014.

Folio No.	
No. of shares held	
DP ID / Client ID	

Please affix 1 Rupee Revenue Stamp

Signature of Proxy ***Signature of Member***

Note:

1) Proxy needs to be a member
2) The proxy form, complete in all respects, should reach the Company's Corporate Office, 7, Ganapathy Colony 3rd Street, 3rd Floor, Teynampet, Chennai 600018 not later than 48 hours before the commencement of the aforesaid Meeting.

BOOK-POST
PRINTED MATTER

8K MILES SOFTWARE SERVICES LIMITED
1-7-241/11/D, S.D.ROAD
Secunderabad – 500 003 A.P.

8K Miles
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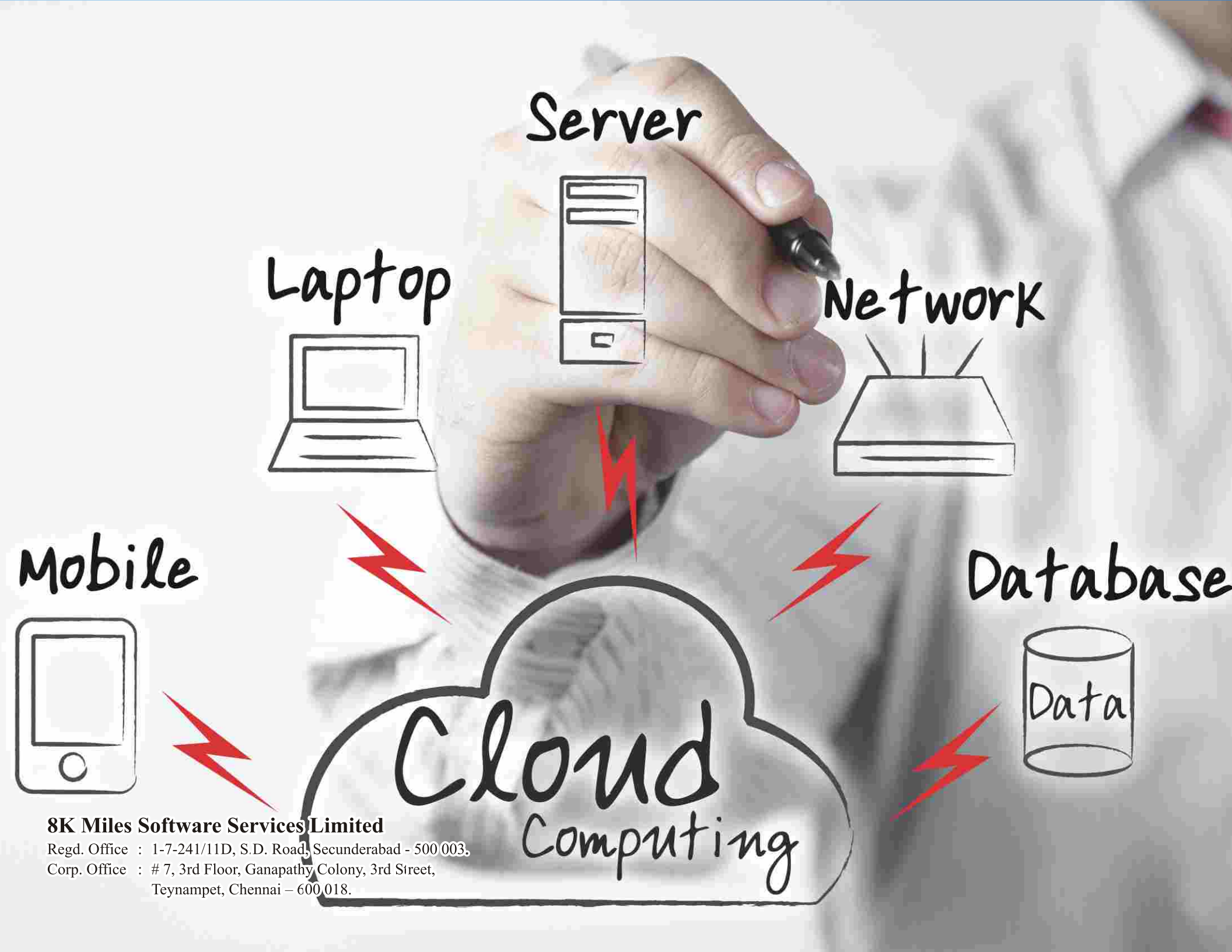

8K Miles Software Services Limited
Regd. Office : 1-7-241/11D, S.D. Road, Secunderabad - 500 003.
Corp. Office : # 7, 3rd Floor, Ganapathy Colony, 3rd Street,
Teynampet, Chennai – 600 018.