

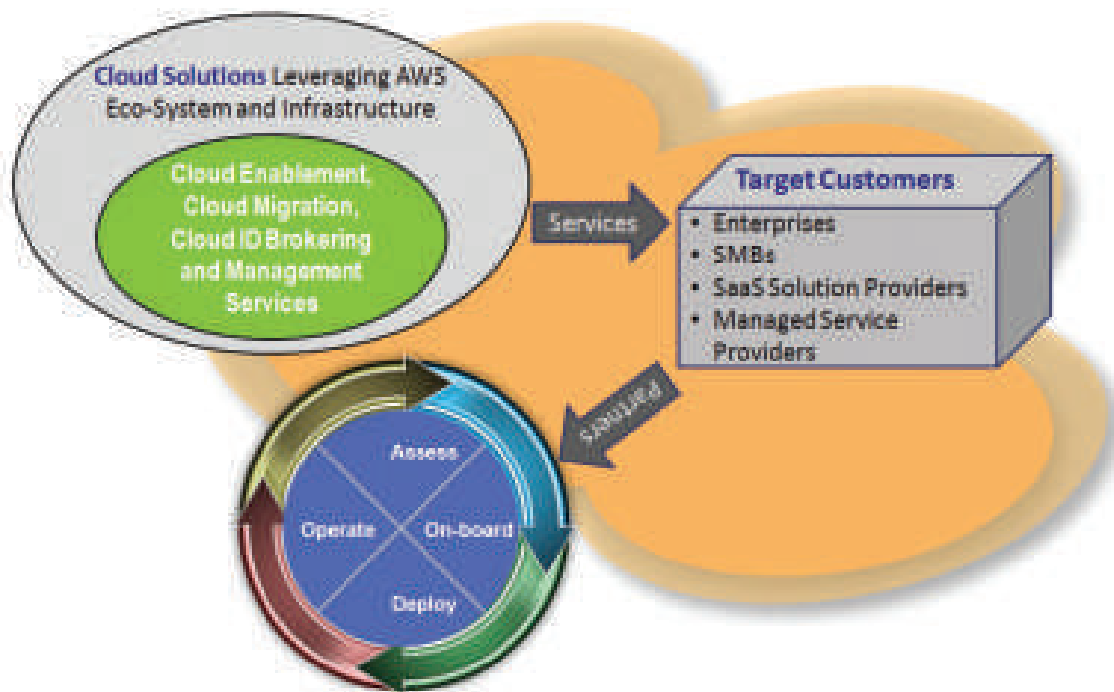
28th Annual Report 2012-2013

8K Miles

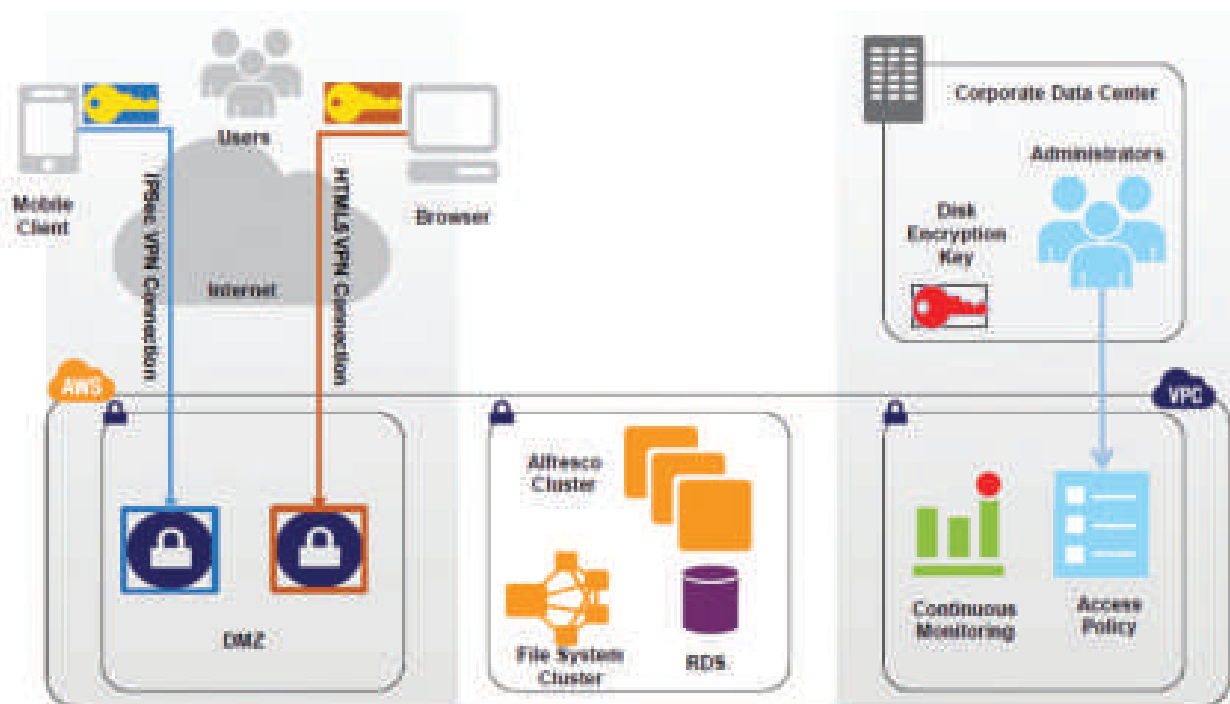


PREMIER CONSULTING PARTNER

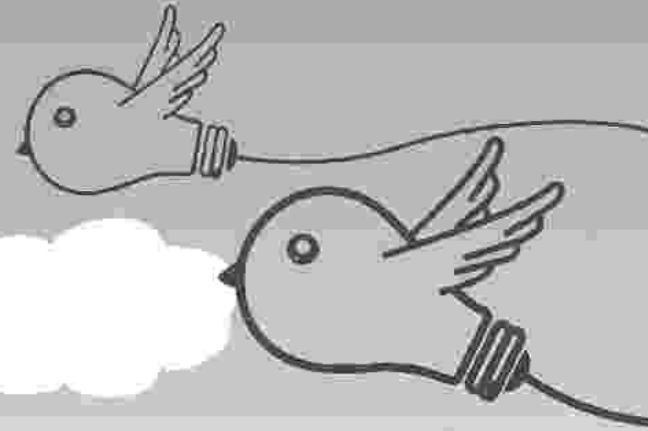
8K Miles Secure Cloud Solutions ...



8K Miles Secure Mobile Colocation Solution Secure Drop Box Solution Architecture



Invest in your Ideas, not on Servers



No matter what the size of your business is, **You can benefit by moving to the Cloud!**



Cost saving:
No Cap-Ex. Pay for Use.



Fault Tolerance:
Make your applications available all the time.



Autoscaling:
Address spike in demand easily.



Backup & Disaster Recovery:
Automatic multiple backups let you meet recovery objectives.

Why 8KMiles Cloud Solutions ?

- Amazon System Integrations Partner.
- Migrated hundreds of servers to cloud for Startups, Small businesses and Enterprises.
- In-depth understanding of cloud infrastructure services.
- Cloud solution design and migration expertise



Get to the Cloud in 5 Days!

Take your applications to the cloud right now with
the 8KMiles Cloud Starter Package.

Key Features

- Recommendations on Scalability, High Availability, Failover
- Identify, suggest and implement relevant AWS technologies
- Best practices to leverage AWS technologies

For further details contact : cloudstarter@8kmiles.com

8KMiles Solutions Overview

Cloud Consulting

- Strategy and roadmap for cloud adoption
- Design public, virtual private and hybrid clouds
- Architect solutions using AWS

Cloud Migration

- AutoScaling/Load Balancing Solutions
- Backup/Disaster Recovery
- GEO Distributed Web Infrastructure
- Monitoring and Storage Solutions
- Production and Test Infrastructure Setup

Cloud Engineering

- Custom cloud applications and tools
- Application Integration with Amazon Web Services



Offers on demand
Virtual cloud infrastructure
with Web service



Offers cloud consulting
and infrastructure
management services



Customers

benefit from Infrastructure
cost reduction, low capex,
Greener IT, Greater value
in lesser time and flexibility

8KMiles is an internet company which helps companies integrate cloud computing into their IT and Business Strategies. 8KMiles Cloud Solutions group offers cloud consulting, engineering and migration services to help companies leverage the power of cloud computing. 8KMiles is an Amazon Web Services Systems Integrator.

Board of Directors

Mr. Suresh Venkatachari, Managing Director
Mr. R S Ramani, Whole Time Director
Ms. T P Saira, Director
Mr. Vedantharamanujam Srinivasan, Director
Ms. Padmini Ravichandran, Director

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 Eighth Annual General Meeting of the Shareholders of the Company will be held at 03:00 pm on Saturday, 28th September 2013 at 16-2-741/2, AsmanBagh, Andhra Bank Colony, Hyderabad, Andhra Pradesh 500036.

As Ordinary Business:

1. To receive, consider and adopt the Balance Sheet of the Company as on March 31, 2013 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 a Director in the place of Mr. Vedantharamanujam Srinivasan, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint a 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 2013-14, 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/-
SURESH VENKATACHARI
MANAGING DIRECTOR

Sd/-
R.S. RAMANI
WHOLE TIME DIRECTOR

Place: Secunderabad

Date: 05 September 2013

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 27th of September 2013 and 28th September 2013 (Both days Inclusive)
3. Members are requested to notify the Company at its Registered Office or to the Share Transfer Registrar of any change in address quoting their folio number.
4. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except holidays up to the date of AGM.
5. 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 to the place of the meeting.
6. Members are requested to bring their Client ID and DP ID for easy identification of attendance at the meeting.

Corporate Members are requested to send certified copy of Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the meeting.

7. 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.
8. 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. Vedantharamanujam Srinivasan as an Independent Director

| | |
|---------------------------------------|---|
| Name | Vedantharamanujam Srinivasan |
| Age | 53 years |
| Qualification | B. Sc, B.E. |
| Other Directorships held in Companies | Compucrafters India Private Limited Compucrafters Systems and Solutions Private Limited |
| Date of Appointment | 31/08/2010 |

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

| | |
|---------------------------------------|---|
| Name | Ms. Padmini Ravichandran |
| Age | 49 years |
| Qualification | BCA |
| Other Directorships held in Companies | Sreyes Communetwork Private Limited Sudesi Infomedia Private Limited |
| Date of Appointment | 31/08/2010 |

DIRECTOR'S 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, 2013, together with the Auditors' Report and Audited Accounts for the Financial year 2012-13.

FINANCIAL PERFORMANCE

The comparative pictures of the financials of the Company for the last two years are presented in the table below.

(All figures in Rupees)

| PARTICULARS | 2012-13 | 2011-12 |
|---|----------------|----------------|
| Sales and Other Income | 30363681 | 20308080 |
| Profit/(Loss) before Interest & Depreciation | 2622610 | 1018908 |
| Interest | 1607533 | 298257 |
| Depreciation | 319275 | 126514 |
| Profit/(Loss) for the year | 695802 | 594137 |
| Provision for Taxation | | |
| Current tax | (128723) | (72753) |
| MAT Credit Enhancement | - | - |
| Deferred Tax | 43382 | 39023 |
| Profit/(Loss) After Tax | 523697 | 482361 |
| Balance carried forward from Previous Year | (8158031) | (8640392) |
| Total Loss carried Forward | (7634334) | (8158031) |

OPERATIONS REVIEW

The Company's income stood at Rs. 3, 03, 63,681/= as against Rs. 2, 03, 08,080/= in the previous year. Your Company has entered a net profit of Rs.5, 23,697/= as against Rs. 4, 82,361/= in the previous year.

BONUS

Your Company has issued 2 Bonus Shares for every 3 Shares to its Share Holders during this year.

SUBSIDIARY COMPANIES

- 1) Mentor minds solutions and Services Inc (USA)
- 2) Mentor minds solutions and Services Private Ltd (India)
- 3) 8kmiles Software Services Inc (USA)
- 4) 8kmiles Software Services (FZE) UAE

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Vedantharamanujam Srinivasan, 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, 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 OUT GO

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.

During the year under review, there was no Foreign Exchange outgo for your Company. The Forex for this period stands at a gain of Rs.2, 60,981/= as against of Rs. 3,49,330/=

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, 2013 and Profit & Loss Account for the year ended March 31, 2013;
- 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: 05 September 2013

MANAGEMENT DISCUSSION & ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Cloud computing is a major technology breakthrough that has clearly caught the attention of business executives who are finding real benefits by adopting cloud computing within their organizations. Various market studies by leading research firms indicate that cloud computing is projected to grow at a CAGR of 40-60% till 2017 to reach \$250-\$300 billion. The reports also indicate that cloud computing is being adopted in all segments of businesses, from small and medium businesses to large enterprises and across many verticals from Retail to Manufacturing to Healthcare, BFSI, Hospitality and Media.

Business Offerings

Enterprise, SMB and Government Solutions – including NCPA Contract Vehicle

8K Miles' end-to-end, enterprise-class cloud, mobility and big data solutions are robust enough to meet the security and capacity requirements of Fortune 1000 firms but agile enough for SMBs. States and local governments can also benefit from 8K MILES National Co-operative Purchasing Alliance (NCPA) Contract vehicle to streamline cloud procurements and reduce their costs.

Secure Cloud Framework that keeps “You” in Compliance

Providing a secure cloud-based framework is 8K MILES' greatest strength – and the reason so many enterprise, government and private sector customers trust us to implement their AWS services. Our innovative framework provides the security and privacy controls you need to ensure your data is protected. With 8K MILES, you can meet compliance requirements of FISMA, PCI, HIPPA and other standards for cloud and mobility solutions.

Reliable and Elastic Enterprise-Level Mobility and Big Data Solutions to Improve Productivity

8K MILES offers turnkey Mobility/Big Data solutions that leverage the AWS cloud to seamlessly ramp up during demand spikes to maintain performance and decrease automatically during demand lulls to minimize costs. For example, our Enterprise Drop Box Solution provides a secure mobile collaboration and content management solution for your on-the-go workforce. It's built on our security framework to mitigate your risk of data leakage/loss, while providing tools for compliance reporting.

Seasoned Professional with Extensive AWS Experience

As a Company with Global presence, 8K MILES has a team of seasoned professionals with years of specialized AWS expertise. We offer consulting, engineering and migration services to make optimal use of AWS for the business. The talent is available on demand – to scale up or down based on your precise needs.

Accelerated Time-to-Market/Reduced Costs

As one of the very first AWS partners, 8K MILES Cloud Solutions has built a track record of success in helping companies quickly standup an Amazon presence so they can benefit sooner from the advantages of a secure, on demand and cost-effective infrastructure.

Secure Identity Broker Service for the Cloud

For Small and Medium Businesses (SMBs) that provide online services to enterprise customers choosing to move their applications to the cloud, 8K MILES offers a Secure Identity Broker Service. Enterprise users need seamless access to SaaS applications such as CRM, Email, HR Benefits and Expense Management. The Broker abstracts the management of Identities from applications, providing easy last-mile SSO integration options. For Identity Providers, it offers a single federated connection to SaaS applications either hosted by cloud providers or by the service providers themselves.

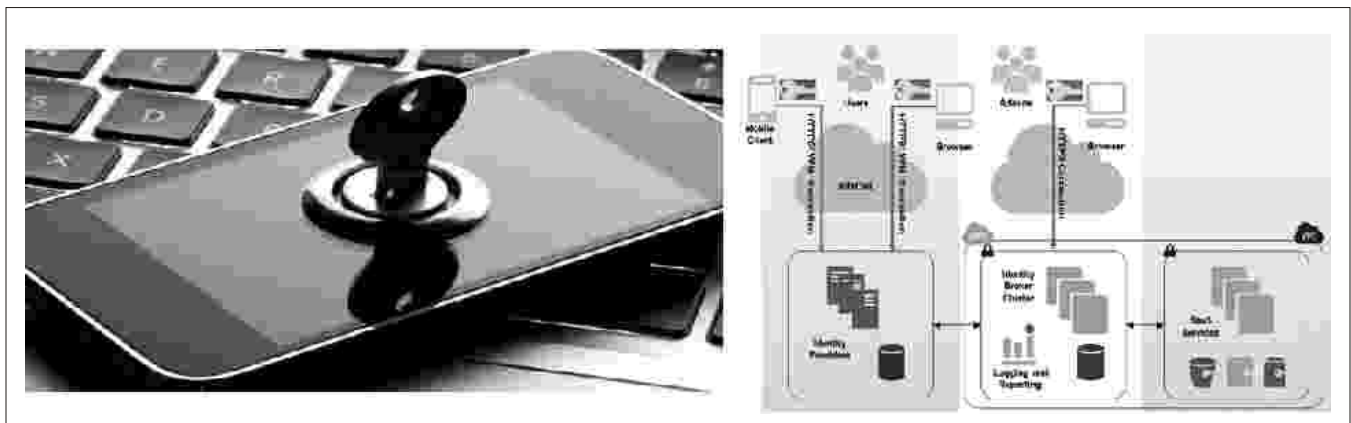
An administrative web-based dashboard configures the associated Virtual Private Cloud (VPC) resources registers new or existing applications, synchronizes user identities, controls access to the applications.

The Identity Broker Service can also be configured to enable federation with multiple Identities hosted by Enterprises, Cloud and Social network Providers.

Features of Secure Identity Broker Service for the Cloud

- Ease of configuration and integration with applications
- Support for multiple Identity Federation Protocols, token translation, and Identity provisioning.
- Synchronization of user identities
- Mobile, web browser and rich client support
- Scalable and elastic infrastructure.

Secure Identity Broker Service Solution Architecture



2. BUSINESS OVERVIEW

8K MILES is an Internet based company focused on helping enterprise and small and medium businesses ("SMBs") integrate Cloud computing into their information technology ("IT") and business strategies. Our team of Cloud computing experts provide Cloud consulting and migration, Big Data (Hadoop) services, 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 IBM Smartcloud and Microsoft Azure 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, media, travel and healthcare industries.

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 are in the early days of pursuing our mission to help companies to learn and utilize all the features of the Cloud. 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 customer 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 multiple subsidiaries that will rapidly grow out Company externally.

Typically, in today's corporate there are three ways that businesses can fulfill their IT requirements:

The first approach is commonly referred to as a "do it yourself," or DIY model. This is the long-standing approach to managing IT services, in which a business retains complete ownership and responsibility for ongoing maintenance and management of servers, software, networking equipment and IT staff. Companies may choose to house this equipment in their own data centers or server closets, or may rent datacenter space from a provider.

The second approach is outsourcing, where businesses transfer full responsibility for their IT systems, operations and employees to - third-party service providers.

The third approach is Cloud computing, which is the delivery of IT services on demand, usually over the Internet.

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.

The 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.

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 workloads 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.

Characteristics of Cloud

| Characteristics = | On-Demand Self-Service | Internet Accessibility | Pooled Resources | Elastic Capacity | Usage-Based Billing |
|-------------------|------------------------|------------------------|------------------|------------------|---------------------|
|-------------------|------------------------|------------------------|------------------|------------------|---------------------|

Source: KPMG's The Cloud Changing the Business Ecosystem, 2011

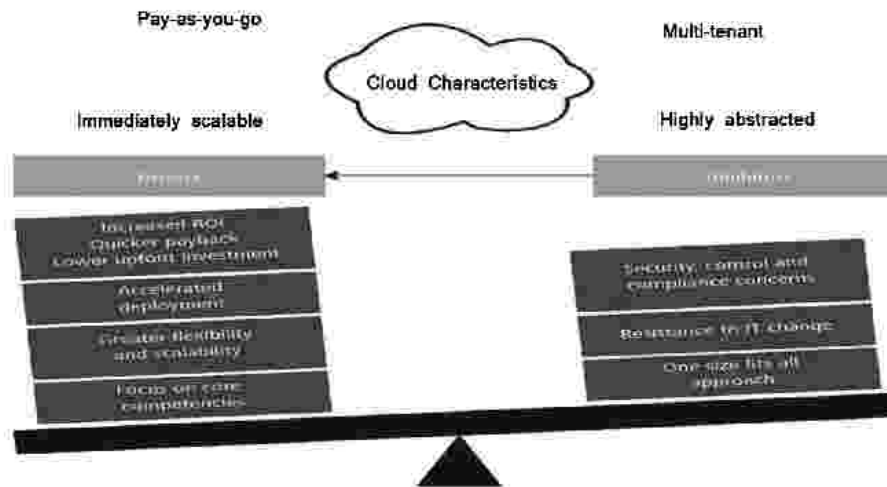
Further, the Cloud is defined in terms of three Service Models and four deployment models as depicted below:

Cloud Service Models and Deployment Models

| Cloud Service Models | | | Cloud Deployment Models | |
|---|--|---|---|--|
| Software as a Service Business operations over a network "SaaS" | Platform as a Service Deploy customer-created applications to a Cloud "PaaS" | Infrastructure as a Service Rent processing, storage, network, other computing resources "IaaS" | Private Operated for a single organization | Community Shared by several organizations, supporting a specific community |
| | | | Public Available to the general public or large industry group, owned by an organization selling Cloud services | Hybrid Two or more Clouds that remain unique but are bound by technology that enables data and application portability |

Source: KPMG's The Cloud Changing the Business Ecosystem, 2011

Cloud Computing Drivers and Inhibitors



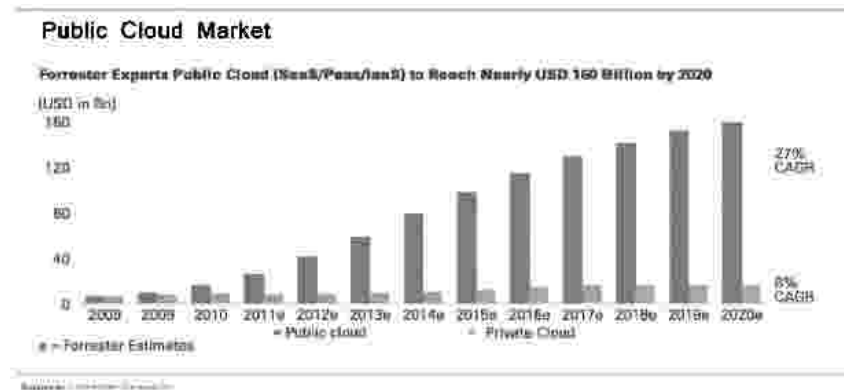
Public, Private and Hybrid Clouds

There are three different types of Clouds that can be utilized within the industry: public, private and hybrid Clouds.

Public Clouds are those located outside a corporate firewall and are delivered over the Internet. With a public Cloud there is zero cost of ownership, maintenance, and administration associated with operating the datacenters. A service provider makes public Cloud applications, storage, and other resources available to the general public, and offers the services for free or on a pay-per-use model. PaaS and IaaS providers maintain global datacenters where services are often metered providing pay-as-you-go pricing for on-demand resource usage. SaaS may take advantage of the public Cloud's economy of scale to provide services to a mass market, typically through a subscription price model. The shared nature public Clouds can make companies question data security, however this is a matter of perception because PaaS and IaaS services can be just as secure as offsite datacenters, extranets, and virtual private networks prevalent across the industry.

On the other hand, private Clouds, or dedicated Clouds, contain Cloud infrastructure operated solely for a single organization, whether managed internally or by a third-party, and hosted internally or externally. Customers have full administrator privileges and are responsible for most administrative functions. The operator can provide a customer management portal and other management tools. This service frees the customer from the burden of managing the data center, network, hardware devices, and operating system software. Private Cloud hosting is largely a recurring, subscription-based business. Private Clouds offer SaaS, PaaS, and IaaS capabilities via a corporate network providing complete control over where sensitive data is stored. For publicly traded companies that can be subject to data stewardship laws, a private Cloud provides on-demand computing without jeopardizing regulatory compliance (e.g., the US Sarbanes–Oxley Act). Private Clouds offers an advantage over public Clouds where certain situations bottlenecks or bandwidth limitations can exist. Private Clouds typically require investment in a physical IT footprint and require hands-on administration, upkeep and associated costs. Because of this, private Clouds often receive criticism because users must buy, build, and manage them, thus not fully benefiting from less hands-on management. This approach is typically popular with larger corporate customers.

The third Cloud model is a derivative of both the public and private Clouds, hence its name, the hybrid Cloud. Hybrid Cloud is a composition both Clouds that remain unique entities but are bound together, offering the benefits of multiple deployment models. By utilizing hybrid Cloud architecture, companies and individuals are able to obtain degrees of fault tolerance combined with locally immediate usability without dependency on Internet connectivity. Hybrid Cloud architecture requires both on-premises resources and off-site server based Cloud infrastructure



8K MILES business solutions provide cloud consulting, cloud regulations on demand with software as services. There are two types:

(a) Managed Model

Uses technology professions and Project Managers from the ecosystem to offer turnkey solutions at a significantly lower cost than IT services companies. Account Management by 8K Miles with guaranteed delivery.

Benefits

- Complete Account Management by 8KMiles with dedicated account manager
- Project execution via pre-assessed partners
- Low total cost via competitive proposals from partners
- Freedom from hiring and project management overheads
- Guaranteed Delivery

(b) Self Service Model

Global talent ecosystem with collaboration tools and cloud computing infrastructure that provides outsourced services to businesses on demand. Just in time, pay for use model.

Benefits

- Complete control over project execution
- Tools to post requirements, review proposals and hire providers
- Easy collaboration and tracking via time sheets, documents sharing, messaging and conferencing services
- On demand, pay-for-use virtual desktops / Servers for testing and real-time review
- Invoicing and flexible, escrow-based payment services for transparency and trust

3. STRENGTHS of 8K MILES

Providing a secure cloud-based solution is 8K MILES' greatest strength – and the reason so many enterprise, government and private sector customers trust us to implement their AWS services. As one of the very first AWS partners, 8K MILES Cloud Solutions has built a track record of success in helping companies quickly standup an Amazon presence so they can begin to leverage the advantages of a secure, on demand infrastructure sooner. 8K MILES offers end-to-end turnkey Mobility/Big Data solutions that are robust enough to meet the security and capacity requirements of Fortune 1000 firms but agile enough for SMBs. As a company with global presence, 8K MILES has a team of on-demand seasoned professionals with years of specialized AWS Auto Scaling expertise. This unique demand spikes to maintain performance and decrease automatically during demand lulls to minimize costs. State and local governments can benefit from 8K MILES National Co-operative Purchasing Alliance (NCPA) Contract Vehicle to streamline cloud procurements and reduce their costs.

Cloud Consulting and Implementation

- Provide a cloud strategy and roadmap for cloud adoption
- Design and deploy public, private and hybrid cloud solutions

Cloud Migration Services

- Testing Infrastructure set up/ production Infrastructure set up
- Monitoring solutions and Storage solutions
- Scaling / Load balancing solutions / GEO Distributed Load
- Back up / Disaster recovery / Fail over solutions

Cloud Application Development

- Custom cloud applications and tools
- Application integration with AWS services

4. INDUSTRY OVERVIEW AND MARKET OPPORTUNITY

We believe that the days of paying for costly software upgrades coming to an end as Cloud computing continues to gain popularity and becomes accepted practice for more companies. For IT to keep up with the pace of growing businesses in this modern, interconnected world, it has become necessary to take data into the Cloud. Anywhere in the world, on any computer, laptop, tablet, notebook, or smartphone, all data, information, files, database, analytics, and more needs to be synched, up-to-date, and fully accessible in order for businesses to thrive. According to the Sand Hill Group, Cloud computing is more transformational than the Internet, which revolutionized communications and e-commerce but, unlike Cloud computing, it didn't really change the way companies build and deliver IT systems and services. Cloud computing transforms the entire IT landscape.

It is believed that Cloud computing will also be a powerful catalyst for generating hundreds of thousands of new jobs in the United States and worldwide because there is rarely a need for capital expenditures, and operational expenditures is significantly decreased in most scenarios. This is very important for SMBs that require extra cash or money to run daily operations.

According to a Sand Hill Group Study published in January 2012 Cloud computing already generates a sizable number of U.S. jobs. For instance, 11 technology companies with Cloud operations as their main business unit added 80,000 jobs in the United States and abroad between January 2010 and January 2011, despite the poor economy. The study further reports that an average savings of 25 percent across IT services and hardware is not inconceivable. Re-investing the cost savings into new business opportunities can yield hundreds of thousands of new jobs in the next five years

In its April 2011 report, "Sizing the Cloud," Forrester predicted that the Cloud market could be \$118.17 billion by 2014. Gartner's projection is \$177 billion in 2015, which is a more modest 25 percent annual growth estimate. In either case, Cloud companies may add an average of \$20 billion of net revenues every year for the next four to five years.

Sand Hill Group points out the three industry trends that are driving the Cloud model to be even bigger and create massive business opportunities and hundreds of thousands of new jobs are: mobile, social and Big Data. Facebook, Twitter, LinkedIn, Google+ and other social networking sites would not be possible without Cloud computing technologies. And Cloud infrastructure and platforms really shine in addressing the challenges of accessing, processing and analyzing Big Data. Traditional businesses of all kinds, even those that may not define themselves as technology companies can benefit from Cloud innovations to improve their productivity and agility, reduce costs, free up resources for investment and compete globally with larger companies.

5. OUR MISSION

Our mission is to continue to grow and gain market share in the 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 Cloud computing services while keeping overhead low.

We believe demand for Cloud computing will continue to grow because most smaller companies do not have the IT staff needed to manage complicated websites or other IT applications, and they do not want to purchase expensive hardware with their available capital. Yet they must have an increasingly robust, reliable online presence in order to succeed in today's market. Also, larger companies that do have specialized, dedicated IT resources would rather deploy these resources to more strategic areas of their business rather than managing servers or running a website. As companies have experienced the benefits of using Cloud computing providers to manage some of their IT workloads, they have become more comfortable having those providers manage additional IT services. As time goes by, they will move more and more of their IT workloads to the Cloud. Cloud computing also removes many of the traditional barriers to new business formation, through its low cost, its high speed and scalability, and the way it lowers upfront capital requirements.

6. RISKS AND CONCERNS:

Risks:

As a pure play cloud services company, 8KMiles Software Services is uniquely positioned to capitalize on the cloud computing opportunity. There is a high level of interest from executives to adopt cloud computing. However, the situation can change when there is a slowdown in the global economy. IT investments can be reduced which can have a negative impact on the business.

Though cloud computing is being seen as a reliable and cost saving model of computing, there are many businesses (and business verticals) that are still evaluating it and not bringing it into the mainstream of their organizations. This slower adoption is also a risk factor for the business.

Finally, the entry of newer players into the market may result in increased competition and force a reduction on our pricing. This will compromise on the margins of 8KMiles Software Services.

Concerns:

Cloud Computing is a niche and specialized skill set and is one that is having a high demand. For a services model of 8KMiles, it is a challenge to hire and retain top talent in the organization. This is one area of concern for the company.

The talent issue may force the company to increase the salary costs. Also, the growth of the company in existing and newer markets comes at an increasing cost of hiring non-technical talent. It also increases the operational expenses of the company. This is an additional area of concern for the company.

7. VALUE PROPOSITIONS:

- 8K Miles models real world outsourcing without the overheads
- End-to-End Model: Design, Develop, Test, Deploy and Maintain Solutions
- Access to diverse talent on-demand
- Access to unlimited computing infrastructure on-demand: Cloud delivered

8. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has set up internal control systems and considering the volume of operations, they are fairly adequate.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

During the year, the Company has recruited employees for its Business development and also managerial personnel, who would drive the diversified activities of the company including overseas trading and also the operations of its four wholly owned subsidiaries. Relationship with its employees continues to remain cordial.

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 2012, 14th of August 2012, 14th of November 2012 and 15th of February 2013.

Mr. Vedanta Ramanujam Srinivasan as the Chairman, (attended all the four meetings held)

Ms. Padmini Ravichandran as its Member (attended all the four meetings held) and Mr. M V Bhaskar 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) / depository(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 2012-2013.

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 |
|---------------------|--|----------|
| 28th September 2010 | 1-7-241/11/D, Ramalaya, 3rd floor, S.D.Road, Secunderabad – 500 003 | 11:00 AM |
| 30th September 2011 | 1-7-241/11/D, Ramalaya, 3rd floor, S.D.Road, Secunderabad – 500 003 | 3:00 PM |
| 29th September 2012 | 1-7-241/11/D, Ramalaya, 3rd floor, S.D.Road, Secunderabad – 500 003 | 3:00 PM |

Date, location & time for the Extra-ordinary general meeting held during the year 2012-13:

| DATE | VENUE | TIME |
|------------------|--|--------|
| 11th April, 2012 | 1st Floor, No.114, LUZ Church Road, Mylapore, Chennai 600 004 | 4:00PM |
| 12th June, 2012 | No. 7, 3rd Floor, Ganapathy Colony 3rd Street, Teynampet, Chennai 600 018 | 4:00PM |

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 Agreement and 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.8kmilesoftware.com.

GENERAL SHAREHOLDER INFORMATION:

| S. NO. | PARTICULARS | DESCRIPTION |
|--------|---|---|
| 1. | Financial Year | April 1, 2012- March 31, 2013 |
| 2. | Date, Time and Venue | 28 th September 2013 at 3.00 pm Regd Office of the Company : 1-7-241/11/D, S.D. Road, Secunderabad – 500 003 Andhra Pradesh |
| 3. | Book closure date | 27 th September 2013 and 28 th September 2013 (Both days inclusive) |
| 4. | Listed Stock Exchanges | Bombay Stock Exchange Limited, Mumbai. |
| 5. | Registrar and Transfer Agents (share transfer and communication regarding share certificates and change of address) | Adroit Corporate Services Private Ltd. Unit : 8K Miles Software Services Limited Industries Estate, Makwane Road, Naravaka, Andheri (East), Mumbai - 59 Tel / Fax: (022) 42270400 E-mail: info@adroitcorporate.com Website: www.adroitcorporate.com |
| 6. | Share Transfer System | Presently, the transfer of shares is done through electronic mode with the help of the DP account held by the members. |
| 7. | Dividend Payment Date | No dividend declared. |
| 8. | Scrip ID (BSE) | 8KMILES |
| 9. | Stock Code(BSE) | 512161 |
| 10. | Market Price Data | Annexed. |
| 11. | Address for Correspondence | 1-7-241/11/D, S D Road, Secunderabad – 500 003 |
| 12. | ISIN | INE650K01013 |
| 13. | AGM | 28 th Annual General Meeting |
| 14. | Quarterly Results (Tentative) For the First Quarter ending June 30, 2013. | August 14, 2013 |
| | For the Second Quarter ending September 30, 2013. | On or before November 14 th , 2013 |
| | For the Third Quarter ending December 31, 2013. | On or before February 14 th , 2014 |
| | For the Fourth Quarter ending March 31, 2014. | On or before May 15 th , 2014 |
| 15. | Dematerialization of Shares | About 99.77% of the shareholding has been demateriali-zed as on March 31, 2013. |
| 16. | Any query on Annual Report | 8K Miles Software Services Limited Secretarial Department No.7, 3 rd Floor, 3 rd Street, Ganapathy Colony, Teynampet, Chennai – 600 018 Email: investor@8kmilesoftware.com |
| 17. | Investor Correspondence | Adroit Corporate Services Private Limited Unit : 8K Miles Software Services Limited Industries Estate, Makwane Road, Naravaka, Andheri (East), Mumbai - 59 Tel / Fax: (022) 42270400 E-mail: info@adroitcorporate.com Website: www.adroitcorporate.com |

2. STOCK MARKET DATA:

| Month | Bombay Stock Exchange Ltd. | |
|----------------|----------------------------|-----------|
| | High (Rs.) | Low (Rs.) |
| April 2012 | 59.70 | 48.60 |
| May 2012 | 59.95 | 47.95 |
| June 2012 | 64.60 | 38.00 |
| July 2012 | 42.00 | 21.80 |
| August 2012 | 27.05 | 18.40 |
| September 2012 | 24.65 | 17.65 |
| October 2012 | 33.75 | 20.15 |
| November 2012 | 54.90 | 32.85 |
| December 2012 | 62.15 | 41.85 |
| January 2013 | 58.95 | 44.15 |
| February 2013 | 52.00 | 41.85 |
| March 2013 | 61.90 | 49.50 |

3. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013

| Shareholding Pattern | Shareholders | | Share Amount | |
|----------------------|--------------|---------------------|------------------|---------------------|
| | Numbers | Percentage to total | Rupees | Percentage to total |
| Up to 500 | 370 | 50.14 | 663730 | 0.66 |
| 501-1000 | 90 | 12.20 | 766400 | 0.76 |
| 1001-2000 | 83 | 11.25 | 1325670 | 1.32 |
| 2001-3000 | 27 | 3.66 | 685970 | 0.68 |
| 3001-4000 | 32 | 4.34 | 1129190 | 1.12 |
| 4001-5000 | 20 | 2.71 | 942040 | 0.94 |
| 5001-10000 | 46 | 6.23 | 3321260 | 3.31 |
| 10001 and above | 70 | 9.48 | 91606760 | 91.21 |
| Total | 738 | 100% | 100441020 | 100 |

4. DEMATERIALISATION OF SHARES:

As on March 31, 2013, out of total 10044102 equity shares of the company, 10020909 equity shares representing 99.77% 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 | 73,98,973 | 73.66% |
| NSDL | 26,21,936 | 25.11% |
| PHYSICAL | 23,193 | 0.23% |
| Total | 10044102 | 100% |

5. Shareholding Pattern of the Company as on March 31, 2013.

| 8K Miles Software Services Limited | | | |
|---|-------------------------------|---|---|
| Scrip Code : 512161 Date Begin : 01 Jan 2013 | | | Quarter Ended: March 2013 Date End: 31 Mar 2013 |
| 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 | | |
| Sub Total | 1 | 61,795 | - | 0.62 | 0.62 | - | - |
| (2) Foreign/NRI | 2 | 65,95,140 | - | 65.66 | 65.66 | | |
| Total shareholding of Promoter and Promoter Group (A) | 3 | 66,56,935 | - | 66.28 | 66.28 | - | - |
| (B) Public Shareholding | | | | | | | |
| (1) Institutions | | | | | | | |
| (2) Non-Institutions: | | | | | | | |
| Bodies Corporate | 63 | 3,08,696 | 3,08,696 | 3.07 | 3.07 | - | - |
| Individuals: | | | | | | | |
| Individual share-holders holding nominal share capital up to Rs. 1 lakh | 602 | 7,53,167 | 7,52,974 | 7.50 | 7.50 | - | - |
| Individual share-holders holding nominal share capital in excess of Rs. 1 lakh | 53 | 18,30,647 | 18,07,647 | 18.23 | 18.23 | - | - |
| Any Others (Clearing member/Directors) | 9 | 36,308 | 36,308 | 0.36 | 0.36 | - | - |
| Non Resident Indians | 8 | 4,58,349 | 4,58,349 | 4.56 | 4.56 | - | - |
| Sub Total | 735 | 33,87,167 | 33,63,974 | 33.72 | 33.72 | - | - |
| Total Public shareholding (B) | 735 | 33,87,167 | 33,63,974 | 33.72 | 33.72 | - | - |
| Total (A)+(B) | 738 | 1,00,44,102 | 1,00,44,102 | 100.00 | 100.00 | - | - |
| (C) Shares held by Custodians and against which Depository receipts have been issued | | | | | | | |
| (1) Promoter and Promoter Group | - | - | - | - | - | - | - |
| (2) Public | - | - | - | - | - | - | - |
| Sub Total | - | - | - | - | - | - | - |
| Total (A)+(B)+(C) | 738 | 1,00,44,102 | 1,00,44,102 | - | 100.00 | - | - |

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/-

Place: Secunderabad
Date: 31st May 2013

Suresh Venkatachari
Managing Director

DECLARATION OF CODE OF CONDUCT

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, 2013 as envisaged in Clause 49 of the listing agreement with Stock Exchange.

Sd/-

Place: Secunderabad

Date: 31st May 2013

Suresh Venkatachari

Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of 8K Miles Software Services Limited
Secunderabad.

I have examined the compliance of the conditions of Corporate Governance by 8K Miles Software Services Limited for the year ended March 31, 2013 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. My 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 my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that generally no investor grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company.

I 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/-

Place: Secunderabad
Date: 31st May 2013

**S. HARESH
PARTNER
M.NO. 205204**

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 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date along 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial accounts 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013 and

- b) In the case of the Statement of Profit and Loss of the PROFIT for the year ended March 31, 2013
- c) In the case of the Cash Flow Statement of the Cash Flows for the year ended March 31, 2013.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 (herein after called the Act) We give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so it appears from our examination of those books.
 - (iii) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, and
 - (v) On the basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

**For GHG ASSOCIATES
CHARTERED ACCOUNTANTS**

Sd/-

Place: Secunderabad
Date: 31st May 2013

**S. HARESH
PARTNER
M.NO. 205204**

Annexure to the Independent Auditors' Report – 31st March, 2013.

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, 2013. We report that:

1. 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 status is not affected.
2. During the year, the Company does not have any stock of Raw materials, stores, spare parts and finished goods.
3. a) During the year, the Company has not granted any loan, secured or unsecured to Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. For related party transactions refer Note No. BVId
- b) During the year the company has not availed any loan from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. 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 weaknesses in the internal control system.
5. a) Based on the audit to the procedures applied 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 the 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 or arrangements 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.
6. The Company has not accepted any deposits from the public.
7. 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.
8. Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company.

9. a) According to the information and explanations given to us and on 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 explanations furnished, amounts deducted / accrued in the respect of undisputed statutory dues including Provident fund and Employees State Insurance are not paid 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:
- c) The company had provided Rs.6,53,089/- as Minimum Alternate Tax during the FY 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 has been made in the books of account for the same.
- d) An amount of Rs.13,21,399/- being TDS deducted under various sections by the Company which has not been remitted to the Government Account for a period of more than six months from the date they became payable.
10. In our opinion, there are accumulated losses available in the books of the company in respect of earlier years to the tune of Rs.76,34,334/- as on 31st March 2013. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/mutual fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's report) Order, 2003 are not applicable to the company.
14. 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 the share capital of wholly owned subsidiaries.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
16. In our opinion, the term loans have been applied for the purpose for which they were obtained.

17. According to the information and explanations 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.
18. 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.
19. According to the information and explanations given to us, during the year, the Company has not issued any debentures during the year.
20. The Company has raised money by issuing Preferential Shares of 472300 shares at Rs.57 (Inclusive of Share Premium Rs.47) per share as on 27th June 2012 from public issues.
21. 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: 31st May 2013

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

BALANCE SHEET AS AT 31st MARCH, 2013

| PARTICULARS | | Note | As at 31st March 2013 | As at 31st March 2012 |
|-------------|--|------|-----------------------|-----------------------|
| | | | Rs. | Rs. |
| I | EQUITY AND LIABILITIES | | | |
| 1 | SHAREHOLDERS' FUNDS | | | |
| | (a) Share capital | 2 | 10,04,41,020 | 5,55,41,610 |
| | (b) Reserves and Surplus | 3 | 11,94,44,564 | 13,68,99,177 |
| | | | 21,98,85,584 | 19,24,40,787 |
| 2 | SHARE APPLICATION MONEY PENDING ALLOTMENT | | - | - |
| 3 | NON-CURRENT LIABILITIES | | | |
| | (a) Long Term Borrowings | 4 | 13,65,932 | - |
| | (b) Deferred Tax Liability (net) | 5 | 91,846 | 48,464 |
| | (c) Other long term liabilities | 6 | 8,77,06,783 | 7,28,84,364 |
| | (d) Long Term Provisions | | - | - |
| | | | 8,91,64,561 | 7,29,32,828 |
| 4 | CURRENT LIABILITIES | | | |
| | (a) Short Term Borrowings | 7 | 1,05,24,677 | 1,88,56,085 |
| | (b) Trade Payables | 8 | 14,735 | 5,43,140 |
| | (c) Other Current Liabilities | 9 | 69,54,842 | 4,72,58,756 |
| | (d) Short Term Provisions | 10 | 7,81,782 | 7,25,812 |
| | | | 1,82,76,036 | 6,73,83,793 |
| | TOTAL | | 32,73,26,181 | 33,27,57,408 |
| II | ASSETS | | | |
| 1 | NON-CURRENT ASSETS | | | |
| | (a) Fixed Assets | | | |
| | (i) Tangible Assets | 11 | 27,44,144 | 3,05,324 |
| | (ii) Intangible Assets | 12 | 14,354 | 23,923 |
| | (iii) Capital work-in-progress | | 10,48,75,852 | 9,76,71,413 |
| | (iv) Intangible assets under development | | - | - |
| | | | 10,76,34,350 | 9,80,00,660 |
| | (b) Non-Current Investments | 13 | 12,57,04,725 | 12,57,04,725 |
| | (c) Deferred Tax Assets (net) | | - | - |
| | (d) Long Term Loans and Advances | 14 | 3,66,22,392 | 4,29,14,047 |
| | (e) Other Non-Current Assets | 15 | 1,28,96,053 | - |
| | | | 17,52,23,170 | 16,86,18,772 |
| 2 | CURRENT ASSETS | | | |
| | (a) Current Investments | | - | - |
| | (b) Inventories | | - | - |
| | (c) Trade Receivables | 16 | 4,02,06,373 | 3,91,21,872 |
| | (d) Cash and Cash Equivalents | 17 | 16,738 | 2,30,33,967 |
| | (e) Short Term Loans and Advances | 18 | 38,21,701 | 39,05,987 |
| | (f) Other Current Assets | 19 | 4,23,848 | 76,150 |
| | | | 4,44,68,661 | 6,61,37,976 |
| | TOTAL | | 32,73,26,181 | 33,27,57,408 |

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

For 8K Miles Software Services Limited

Sd/-
S.Hareesh
Partner
Membership No.205204

Sd/-
V.Suresh
Managing Director

Sd/-
R.S.Ramani
Whole Time Director

Place : Secunderabad
Date : 31/05/2013

| 8K MILES SOFTWARE SERVICES LIMITED 1-7-241/11D,S.D.ROAD,SECUNDERABAD-500003, ANDHRA PRADESH Statement of Profit & Loss for the year ended 31st March 2013 | | | | |
|--|--|-------------|---------------------------------------|---------------------------------------|
| PARTICULARS | | Note | Year ended 31st March 2013 | Year ended 31st March 2012 |
| | | | Rs. | Rs. |
| I. | Revenue from operations | 20 | 3,03,63,681 | 2,03,08,080 |
| II. | Other income | 21 | 6,47,661 | 3,49,330 |
| III. | Total Revenue | | 3,10,11,342 | 2,06,57,410 |
| IV. | Expenses | | | |
| | Employee benefit expenses | 22 | 2,31,85,419 | 1,39,94,275 |
| | Finance costs | 23 | 16,07,533 | 2,98,257 |
| | Depreciation and amortisation expenses | 11&12 | 3,19,275 | 1,26,514 |
| | Other expenses | 24 | 52,03,313 | 56,44,227 |
| | Total expenses | | 3,03,15,540 | 2,00,63,273 |
| V. | Profit before Exceptional & Extraordinary items and tax(III-IV) | | 6,95,802 | 5,94,137 |
| VI. | Exceptional items | | - | - |
| VII. | Profit before Extraordinary items and tax (V-VI) | | 6,95,802 | 5,94,137 |
| VIII. | Extraordinary items | | - | - |
| IX. | Profit before tax (VII-VIII) | | 6,95,802 | 5,94,137 |
| X. | Tax expenses | 25 | | |
| | (1) Current Tax | | 1,28,723 | 72,753 |
| | (2) Deferred Tax | | 43,382 | 39,023 |
| XI. | Profit /(Loss) for the period from Continuing Operations (IX-X) | | 5,23,697 | 4,82,361 |
| XII. | Profit /(Loss) for the period from Discontinuing Operations | | - | - |
| XIII. | Tax expenses on Discontinuing Operations | | - | - |
| XIV. | Profit /(Loss) for the period from Discontinuing Operations (after tax) (XII - XIII) | | - | - |
| XV. | Profit(Loss) for the period (XI + XIV) | | 5,23,697 | 4,82,361 |
| XVI. | Number of Shares | | 1,00,44,102 | 55,54,161 |
| XVII. | Earnings per share : | | | |
| | (1) Basic | | 0.06 | 0.09 |
| | (2) Diluted | | 0.06 | 0.09 |
| <p>Significant Accounting Policies and the accompanying statements form an integral part of these consolidated financial statements</p> <p>As per our report of even date attached</p> <p>For GHG Associates Chartered Accountants</p> <p>For 8K Miles Software Services Limited</p> <p>Sd/- S.Haresh Partner Membership No.205204</p> <p>Sd/- V.Suresh Managing Director</p> <p>Sd/- R.S.Ramani Whole Time Director</p> <p>Place : Secunderabad Date : 31/05/2013</p> | | | | |

8K MILES SOFTWARE SERVICES LIMITED

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

2 - SHARE CAPITAL

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| A. Authorised share Capital (15000000 equity shares of Rs 10 each) | 15,00,00,000 | 15,00,00,000 |
| B. Issued & Subscribed Share Capital 10044102 equity shares capital of Rs 10 each (Previous year 5554161 equity shares of Rs 10 each) | 10,04,41,020 | 5,55,41,610 |
| Paid-Up Share Capital 10044102 equity shares capital of Rs 10 each fully paidup (Previous year 5554161 equity shares of Rs 10 each) | 10,04,41,020 | 5,55,41,610 |

C. The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2013 and 31st March, 2012 is set out below:

| Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|---------------|
| | Number of shares | Amount Rs. | Number of shares | Amount Rs. |
| Number of shares at the beginning | 55,54,161 | 5,55,41,610 | 55,54,161 | 5,55,41,610 |
| Add: Preferential Shares issued | 4,72,300 | 47,23,000 | - | - |
| Add: Bonus Shares issued by capitalisation of reserves | 40,17,641 | 4,01,76,410 | - | - |
| Number of shares at the end | 1,00,44,102 | 10,04,41,020 | 55,54,161 | 5,55,41,610 |

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

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

3 - RESERVES AND SURPLUS

| Particulars | As at 31 March 2012 Rs. | Additions during the year Rs. | Deductions during the year Rs. | As at 31 March 2013 Rs. |
|--|-------------------------------|-------------------------------------|--------------------------------------|-------------------------------|
| Capital Reserves: | - | - | - | - |
| Capital Redemption Reserve | - | - | - | - |
| Share Premium Reserve | 8,38,77,381 | 2,21,98,100 | - | 10,60,75,481.00 |
| Debenture Redemption Reserve | - | - | - | - |
| Revenue profit on Consolidation | - | - | - | - |
| Share Options Outstanding Account | - | - | - | - |
| Deferred Employee Compensation expense account | - | - | - | - |
| General Reserve | 5,97,56,717 | - | 4,01,76,410 | 1,95,80,307 |
| Dividend Equalization Reserve | - | - | - | - |
| Taxation Reserve | - | - | - | - |
| Reserve for contingent liabilities | - | - | - | - |
| Subsidy Reserve | 14,23,110 | - | - | 14,23,110 |
| Surplus (Profit and Loss Account) | (81,58,031) | 5,23,697 | - | (76,34,334) |
| Total | 13,68,99,177 | 2,27,21,797 | 4,01,76,410 | 11,94,44,564 |
| Note :: | | | | |
| | | Year ended 2013 | | Year ended 2012 |
| Profit for the period | | 5,23,697 | | 4,82,361 |
| Less: Proposed Dividend on Equity shares | - | - | - | - |
| Tax on distributed profits on Equity shares | - | - | - | - |
| Transfer to Reserve | | 5,23,697 | | 4,82,361 |

4 - LONG TERM BORROWINGS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| A. Bonds & Debentures | | |
| Secured | - | - |
| Unsecured | - | - |
| B. Term loans from Banks | | |
| Secured :- | | |
| From HDFC Bank (Secured against hypothecation of vehicle purchased out of Term Loan) | 13,65,932 | - |
| (Loan repayable in 36 monthly instalments of Rs. 69000/- Commencing from March 2013 onwards) | | |
| Unsecured | - | - |
| C. Term loans from Others | | |
| Secured | - | - |
| Unsecured | - | - |
| D. Loans and Advances From Related Parties | | |
| Secured | - | - |
| Unsecured :- | | |
| From Directors | - | - |
| (E) PUBLIC DEPOSITS (UNSECURED) | - | - |
| (F) LONG TERM MATURITIES OF FINANCE LEASE OBLIGATIONS (SECURED BY HYPOTHCATION) | - | - |
| Total | 13,65,932 | - |

5 - DEFERRED TAX LIABILITIES (NET)

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---------------------------------------|-------------------------------|-------------------------------|
| Deferred Tax Liabilities | 91,846 | 49,464 |
| Deferred Tax Assets | - | - |
| Deferred Tax Liabilities (Net) | 91,846 | 49,464 |

6 - OTHER LONG TERM LIABILITIES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| Outstanding Liabilities | 8,00,000 | 8,26,545 |
| Consideration Payable for Business Purchased | 8,69,06,783 | 7,20,57,419 |
| Total | 8,77,06,783 | 7,28,84,364 |

7 - SHORT TERM BORROWINGS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| A. LOAN REPAYABLE ON DEMAND | | |
| Secured Bank over draft with Indian Bank | | |
| (Secured against hypothecation of Book debts and Personal property of Director T.P. Saini) | 83,16,493 | 4,50,92,567 |
| Secured Bank Over Draft with Indian Overseas bank | | |
| (Secured by Hypothecation of Book debts) | - | 14,70,240 |
| Unsecured | - | - |
| B. LOANS AND ADVANCES FROM RELATED PARTIES | | |
| Secured | - | - |
| Unsecured | 22,08,184 | 22,93,278 |
| C. PUBLIC DEPOSITS (UNSECURED) | - | - |
| Total | 1,05,24,677 | 1,88,56,085 |

8 - TRADE PAYABLES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|----------------|-------------------------------|-------------------------------|
| Trade Payables | 14,735 | 5,43,140 |
| Others | - | - |
| Total | 14,735 | 5,43,140 |

9 - OTHER CURRENT LIABILITIES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| Current maturities of Long Term Borrowings- HDFC Bank (Refer Note No. 4) | 6,34,980 | - |
| Current maturities of finance lease obligations | - | - |
| Interest accrued but not due on borrowings | - | - |
| Interest accrued and due on borrowings | - | - |
| Income received in advance | - | - |
| Unpaid / unclaimed dividends | - | - |
| Application money received for allotment of securities and due for refund and interest accrued thereon | - | - |
| Salary payable | 24,51,355 | 21,69,663 |
| Employee dues | - | 3,20,566 |
| Rent Payable | 1,07,289 | 10,837 |
| Consulting fee payable | 2,14,091 | 1,48,003 |
| Service tax payable | 53,235 | 36,661 |
| Profession tax payable | 1,78,897 | 84,025 |
| TDS payable | 29,42,199 | 18,05,420 |
| Advance received from debtors | 99,364 | 1,48,581 |
| Audit fee payable | 1,11,235 | 5,000 |
| Others | | |
| - Other Payables | 1,82,195 | - |
| - Other Advances | - | 2,00,00,000 |
| - Current maturities of consideration payable for business purchased | - | 2,25,00,000 |
| Total | 69,54,842 | 4,72,58,756 |

10 - SHORT TERM PROVISIONS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| Provision for employee benefits - Salary payable | - | - |
| Provision for dividends (including dividend distribution tax) | - | - |
| Provision for income tax | 7,81,762 | 7,25,812 |
| Provision for wealth tax | - | - |
| Other provisions | - | - |
| Total | 7,81,762 | 7,25,812 |

13 - NON CURRENT INVESTMENTS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Investment Property | - | - |
| (B) Trade Investments | - | - |
| (i) Investments in Equity Instruments | - | - |
| - Associate | - | - |
| - Joint venture | - | - |
| - Joint venture | - | - |
| - Joint venture | - | - |
| (ii) Investments in Equity Instruments | - | - |
| - Associate | - | - |
| - Joint venture | - | - |
| - Subsidiary | - | - |
| - In 10 lakh shares of Mentorminds solutions and Services Inc(USA) - 100% of total no of shares | 11,50,11,500 | 11,50,11,500 |
| - In 75,507 shares of Mentorminds solutions and Services Pvt.Ltd - 100% of total no of shares | 98,07,505 | 88,07,505 |
| - In 1000 shares of 8k miles Software Services Inc(USA) - 100% of total no of shares | 45,220 | 45,220 |
| - In 1 share of 8k miles Software Services (FZE) | 18,40,500 | 18,40,500 |
| - Partly paid | - | - |
| (iii) Investments in Preference Shares | - | - |
| - Associate | - | - |
| - Joint venture | - | - |
| - Subsidiary | - | - |
| - Partly paid | - | - |
| (iv) Investments in debentures or bonds | - | - |
| - Associate | - | - |
| - Joint venture | - | - |
| - Subsidiary | - | - |
| - Partly paid | - | - |
| (v) Investments in Mutual Funds | - | - |
| (vi) Investments in Government or trust securities | - | - |
| - NSCs (deposited with Sales Tax Authorities as security in respect of disputed dues) | - | - |
| (vii) Investments in partnership firms | - | - |
| Total | 12,57,04,725 | 12,57,04,725 |
| (2) Investments valued at other than cost | | |
| All the above investments stated at cost except the following: | | |
| (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 | - | - |
| (3) Quoted Investments | | |
| Aggregate amount | - | - |
| Market Value | - | - |
| (4) Unquoted Investments | | |
| Aggregate Amount | 12,57,04,725 | 12,57,04,725 |
| (5) Aggregate provision made for diminution in value | - | - |

14 - LONGTERM LOANS AND ADVANCES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Capital Advances | | |
| Secured, considered good | | |
| Unsecured, considered good | | |
| Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (A) | | |
| (B) Security Deposits | | |
| Secured, considered good | | |
| Unsecured, considered good | 8,15,400 | 5,00,591 |
| Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (B) | 8,15,400 | 5,00,591 |
| (C) Loans and advances to related parties (1) | | |
| Secured, considered good | | |
| Unsecured, considered good | 3,58,06,992 | 4,24,13,456 |
| Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (C) | 3,58,06,992 | 4,24,13,456 |
| TOTAL [(A) + (B) + (C)] | 3,66,22,392 | 4,29,14,047 |

15 - OTHER NON CURRENT ASSETS

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|------------------------|------------------------|
| A) Long Term Trade Receivable (including trade receivables on deferred credit terms) | | |
| Secured, considered good | - | - |
| Unsecured, considered good | | |
| Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (A) | - | - |
| (B) Others | | |
| Secured, considered good | | |
| Unsecured, considered good | 1,28,96,053 | - |
| Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (A+B) | 1,28,96,053 | - |

16 - TRADE RECEIVABLES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Trade receivables outstanding for more than six months from the date they became due for payment: | | |
| (i) Secured, considered good | - | - |
| (ii) Unsecured, considered good | 3,11,22,185 | 2,87,56,090 |
| (iii) Doubtful | | |
| Less: Allowance for bad and doubtful debts | | |
| | 3,11,22,185 | 2,87,56,090 |
| (B) Trade Receivables (others) | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | 90,84,188 | 1,03,65,782 |
| (iii) Doubtful | | |
| Less: Allowance for bad and doubtful debts | | |
| | 90,84,188 | 1,03,65,782 |
| Total | 4,02,06,373 | 3,91,21,872 |

17 - CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| (A) Balance with Banks | 16,057 | 30,33,769 |
| (B) Earmarked Bank balances | | |
| (i) Employees security deposits pursuant to section 617 of the Companies Act, 1956 | | |
| (ii) Unpaid dividend bank account | | |
| (iii) Monies raised in public issue kept in schedule bank account pending allotment | | |
| (iv) Monies kept in escrow account for payment of buyback consideration | | |
| (C) Bank balances held as margin money or as security against: | | |
| (i) Borrowings | | |
| (ii) Guarantees | | |
| (iii) Letters of Credit | | |
| (iv) Other commitments | | |
| (D) Other bank balances | | |
| (i) Bank deposits with more than 12 months | | 2,00,00,000 |
| (ii) Others | | |
| (E) Cheques, drafts in hand | | |
| (i) Cheques on hand | | |
| (ii) Drafts in hand | | |
| (F) Cash on hand | 681 | 202 |
| G) Others: | | |
| (i) Preference shares acquired with less than 12 months for maturity | | |
| (ii) Investment in Flotter Mutual Funds | | |
| (iii) Government securities acquired with less than 3 months for maturity | | |
| TOTAL | 16,738 | 2,30,33,967 |

18 - SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Loans and advances to related parties (1) | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | | 24,165 |
| (iii) Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (A) | - | 24,165 |
| (B) Others | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | 38,21,701 | 38,81,822 |
| (iii) Doubtful | | |
| Less: Allowance for bad and doubtful advances | | |
| Total (B) | 38,21,701 | 38,81,822 |
| TOTAL [(A) + (B)] | 38,21,701 | 30,05,987 |

19 - OTHER CURRENT ASSETS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--------------------|-------------------------------|-------------------------------|
| TDS on Receivables | 4,23,848 | 76,150 |
| Prepaid expenses | | |
| Total | 4,23,848 | 76,150 |

20 - REVENUE FROM OPERATIONS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|------------------------|-------------------------------|-------------------------------|
| Product Revenue | 3,03,63,681 | 2,03,08,080 |
| Profit on sale of land | | |
| Total | 3,03,63,681 | 2,03,08,080 |

21 - OTHER INCOME

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Income from non current investments | | |
| Rentals from investment property | - | - |
| Dividends from subsidiaries | - | - |
| Interest from Government Securities | - | - |
| Dividends from shares of other companies / units of Mutual Funds | - | - |
| Interest from debentures | - | - |
| Share of profit / loss from partnership firms | - | - |
| Total (A) | - | - |
| (B) Income from current investments | | |
| Interest income from debentures | - | - |
| Dividends | - | - |
| Total (B) | - | - |
| (C) Other Income | | |
| | 8,47,661 | 3,49,338 |
| Total (A+B+C) | 8,47,661 | 3,49,338 |

22 - EMPLOYEE BENEFIT EXPENSES

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---------------|------------------------|------------------------|
| | Rs. | Rs. |
| Salary | 2,11,40,437 | 1,39,94,275 |
| Staff welfare | 44,982 | - |
| Total | 2,31,85,419 | 1,39,94,275 |

23 - FINANCE COST

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|------------------------|------------------------|
| | Rs. | Rs. |
| Interest expense | 15,29,316 | 1,35,761 |
| Bank charges | 78,217 | 1,62,498 |
| Loss on foreign exchange transaction and translation | - | - |
| Less: Capital Amount included in Capital Work-in progress | - | - |
| Total | 16,07,533 | 2,98,257 |

24 - OTHER EXPENSES

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|--|------------------------|------------------------|
| | Rs. | Rs. |
| Professional & consultancy charges | 3,66,350 | 24,46,840 |
| Rent | 10,80,763 | 7,18,728 |
| Rates & Taxes | 1,48,737 | 2,81,596 |
| Auditors Remuneration | - | - |
| - Statutory Audit fees | 70,000 | 40,000 |
| - Tax Audit fees | 20,000 | 10,000 |
| - Other Services | 20,000 | 23,000 |
| Travelling and Business Promotion Expenses | 5,83,506 | 2,47,722 |
| Communication Telephones | 3,75,300 | 96,775 |
| Intermedia fees | 1,94,562 | 1,92,000 |
| Electricity Expenses | 3,91,124 | - |
| General & Office Administrative expenses | 18,52,972 | 15,77,566 |
| Total | 52,03,313 | 56,44,227 |

25 - TAX EXPENSE

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|----------------|------------------------|------------------------|
| | Rs. | Rs. |
| - Current tax | 1,28,723 | 72,753 |
| - MAT credit | - | - |
| Deferred Taxes | 43,382 | 35,023 |
| Total | 1,72,105 | 1,11,776 |

26 - EARNINGS PER SHARE (EPS)

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|--|------------------------|------------------------|
| | Rs. | Rs. |
| (i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.) | 5,23,687 | 4,02,361 |
| (ii) Weighted Average number of equity shares used as denominator in calculating EPS | 92,95,779 | 55,54,161 |
| (iii) Basic and Diluted Earnings per share (Rs.) | 0.06 | 0.09 |
| (iv) Face Value per equity share (Rs.) | 10 | 10 |

27 - FOREIGN CURRENCY TRANSACTIONS

| Particulars | Year ending 31 March 2013 | | Year ending 31 March 2012 | |
|---------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | In foreign currency | Amount (In Rs.) | In foreign currency | Amount (In Rs.) |
| Amount invoiced for services rendered | US\$ 503,133 | 2,71,62,034.00 | US\$ 3,96,701 | 1,95,98,088 |
| Amount Received from clients | US\$ 482,515 | 2,65,43,932.00 | US\$ 3,55,708 | 1,69,66,142 |
| Outflow | - | - | - | - |

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

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|------------------------|------------------------|
| | | |
| (A) Contingent Liabilities | | |
| (a) Claims against the company not acknowledged as debts | | |
| (b) Guarantees | | |
| (c) Other money for which company is contingently liable | | |
| Bills discounted with banks | | |
| Total (A) | - | - |
| (B) Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| (b) Uncalled liability on shares and other investments partly paid | | |
| (c) 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.11,99,670/- for the AY 2011-12 has been received and the Company has preferred a representation before the incometax 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 | | |
| Total (B) | 5,37,581 | 5,37,581 |
| TOTAL [(A) + (B)] | 5,37,581 | 5,37,581 |

As per our report of even date attached.

For GMC Associates
Chartered Accountants

For 8K Miles Software Services Limited

Sd/-
S.Harish
Partner
Membership No.205204Sd/-
V.Suresh
Managing DirectorSd/-
R.S.Ramani
Whole Time DirectorPlace : Secunderabad
Date : 31/05/2013

8K MILES SOFTWARE SERVICES LIMITED
1-7-241/7-D, 5 B, ROAD, SECUNDERABAD-500003, ANDHRA PRADESH

11 - FIXED ASSETS (TANGIBLE)

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

| Sl. No | Description of Assets | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | ACCUMULATED IMPAIRMENT | | | | NET CARRYING AMOUNT | |
|--------|--|------------------------------|--|-----------------------------------|------------------------------|------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------|------------------------------|--|
| | | As at 31st March 2012 Rs. | Additional adjustment during the year Rs. | Deductions during the year Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | Provided during the year Rs. | Deductions during the year Rs. | As at 31st March 2013 Rs. | Reversed during the year Rs. | Provided during the year Rs. | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. | As at 31st March 2013 Rs. | |
| 1 | Furniture Owned Leased | 25,000 | 62,100 | 500 | 86,500 | 112 | 14,382 | - | 14,494 | - | - | - | 24,888 | 72,106 | |
| 2 | Computers Owned Leased | 4,24,751 | 2,61,436 | - | 6,86,187 | 1,61,022 | 1,22,675 | - | 3,39,877 | - | - | - | 2,65,749 | 3,94,519 | |
| 3 | Office & Equipments Owned Leased | 22,500 | 23,290 | - | 95,390 | 5,811 | 5,145 | - | 10,999 | - | - | - | 14,687 | 30,251 | |
| 4 | Vehicles Owned Leased | - | 24,00,000 | - | 24,00,000 | - | 1,17,453 | - | 1,17,463 | - | - | - | - | 22,92,537 | |
| | Total | 4,72,251 | 27,49,026 | 500 | 32,20,777 | 1,66,927 | 3,09,706 | - | 4,76,633 | - | - | - | 3,05,324 | 27,44,144 | |
| | PY 2011-12 | 1,29,964 | 2,43,207 | - | 4,72,251 | 47,559 | 1,19,332 | - | 1,06,927 | - | - | - | 1,02,369 | 3,05,324 | |

As per report of external auditor

For GHG Associates
Chartered Accountants

For 8K Miles Software Services Limited

S. Harish

Partner
Membership No. 205204

Place: Secunderabad
Date: 31/05/2013

V. Suresh
Managing Director

R. S. Raman
Whole time Director

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

reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year.

| Sl. No | Description of Assets | ACCUMULATED DEPRECIATION | | | | ACCUMULATED IMPAIRMENT | | | NET CARRYING AMOUNT | |
|--------|---|--------------------------|-----------------------|----------------------------|--------------------------|------------------------|-------------------------|---------------------------|-----------------------|-----------------------|
| | | As at 31st March 2012 | As at 31st March 2013 | Deductions during the year | Provided during the year | As at 31st March 2012 | Reverse during the year | Provide d during the year | As at 31st March 2012 | As at 31st March 2013 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | | | Rs. | Rs. |
| 1 | Computer Software Acquired Internally Generated | 35,676.00 | 35,676 | - | 11,753 | 9,569 | - | - | 23,923 | 14,354 |
| | Total | 35,676.00 | 35,676.00 | - | 11,753.00 | 9,569.20 | - | - | 23,923.00 | 14,353.80 |
| | FV 2011-12 | 19,676.00 | 16,000.00 | - | 4,571.00 | 7,182.00 | - | - | 15,105.00 | 23,923.00 |

For 8K Miles Software Services Limited

S. Hareesh

Pauline

Membership No. 205204

place • Socioeconomic

Date : 21/07/2013

V. Suresh

Managing Director

R. S. Ramani

Whole Time Bireddun

| 8K MILES SOFTWARE SERVICES LIMITED 1-7-241/11D, S.D. ROAD, SECUNDERABAD-500003 A.P. CASH FLOW STATEMENT | | | | | | | | |
|---|---|--|--|---|--|--|--------------------------------------|--|
| Particulars | As at 31 March 2013 | As at 31 March 2012 | | | | | | |
| Cash Flow from Operating Activity | | | | | | | | |
| Net Profit before taxes and Extra-ordinary Items | 5,23,697 | 4,82,361 | | | | | | |
| Adjustment for : | | | | | | | | |
| Depreciation | 3,19,275 | 1,26,514 | | | | | | |
| Interest Paid | 16,07,533 | 2,98,257 | | | | | | |
| Operating Profit before working capital Changes | 24,50,505 | 9,07,132 | | | | | | |
| Changes in Working Capital | | | | | | | | |
| (Increase)/Decrease in Deposits & Advances | 84,286 | (39,05,987) | | | | | | |
| (Increase)/Decrease in Sundry Debtors | (10,84,501) | (34,16,475) | | | | | | |
| (Increase)/Decrease in Other Current Assets | (3,47,698) | (76,150) | | | | | | |
| Increase/(Decrease) in Current Liabilities | (4,91,63,727) | 3,52,05,735 | | | | | | |
| Increase/(Decrease) in Provision | 55,970 | 72,753 | | | | | | |
| Increase/(Decrease) in Share application money pending allotment | - | 2,00,00,000 | | | | | | |
| Cash Generated from Operations | (4,80,05,166) | 4,87,87,008 | | | | | | |
| Cash Flow from Financing Activity | | | | | | | | |
| Increase in Share Capital | 47,23,000 | - | | | | | | |
| Reserves & Surplus | 2,21,98,100 | - | | | | | | |
| Increase/(Decrease) in Unsecured Loan | 1,61,88,351 | (1,51,60,822) | | | | | | |
| Deferred Tax Liability | 43,382 | - | | | | | | |
| Interest Paid | (16,07,533) | -2,98,257 | | | | | | |
| Total Cash flow from financing activities | 4,15,45,300 | (1,54,59,079) | | | | | | |
| Cash Flow from Investing Activity | | | | | | | | |
| Increase in Fixed Assets | (27,49,026) | (2,58,287) | | | | | | |
| Proceeds on sale of Fixed Assets | 500 | - | | | | | | |
| Capital Work in progress | (72,04,439) | (82,37,126) | | | | | | |
| (Increase)/Decrease in Investment | (66,04,398) | (18,05,439) | | | | | | |
| Total Cash flow from investing activities | (1,65,57,363) | (1,03,00,852) | | | | | | |
| Closing Balance | (2,30,17,229) | 2,30,27,077 | | | | | | |
| Cash and Cash equivalents at the beginning of the year | 2,30,33,967 | 6,890 | | | | | | |
| | 16,738 | 2,30,33,967 | | | | | | |
| Cash and Cash equivalents at the end of the year | 16,738 | 2,30,33,967 | | | | | | |
| <table> <tr> <td>For GHG ASSOCIATES Chartered Accountants</td> <td colspan="2">For 8K Miles Software Services Limited</td></tr> <tr> <td> S. Haresh Partner Membership No. 205204</td> <td>V.Suresh Managing Director</td> <td>R.S.Ramani Whole Time Director</td></tr> </table> | | | For GHG ASSOCIATES Chartered Accountants | For 8K Miles Software Services Limited | | S. Haresh Partner Membership No. 205204 | V.Suresh Managing Director | R.S.Ramani Whole Time Director |
| For GHG ASSOCIATES Chartered Accountants | For 8K Miles Software Services Limited | | | | | | | |
| S. Haresh Partner Membership No. 205204 | V.Suresh Managing Director | R.S.Ramani Whole Time Director | | | | | | |
| Place : Secunderabad Date: 31/05/2013 | | | | | | | | |

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 Indian Generally Accepted Accounting Principles (GAAP) 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 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) 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 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:

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.

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 amortised 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 accrual basis, based on arrangements with clients are either on fixed Price or on Time and Material basis.

1.2.4 LEASE ACCOUNTING:

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

1.2.5 INVENTORY:

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

1.2.6 INVESTMENTS

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.

1.2.7 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.

1.8 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.

1.9 EMPLOYEE BENEFITS:

The company has not registered with PF & ESI Authorities and both the Employer Contribution and Employee Contributions were not deposited as per the relevant Acts, 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 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 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 of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation.

1.11 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.

1.12 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.

1.13 PROPOSED DIVIDEND:

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

1.14 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.

1.15 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.

1.16 GOVERNMENT GRANTS AND SUBSIDIES:

The Company has not received any Government grants.

1.17 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.

1.18 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.

1.19 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.

- Mentor minds solutions and Services Inc (USA) -100% subsidiary company
- Mentor minds solutions and Services Pvt Ltd-100% subsidiary company
- 8k miles Software Services Inc (USA) -100% subsidiary company
- 8k miles Software Services (FZE) (UAE) -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.
- 8k Miles Inc(USA). – 3525, Quaker bridge road, Suite 1600, Hamilton, NJ 08619, USA
- Vinoosh Foods and Entertainment Private Limited - No.7, 3rd floor, Ganapathy Colony 3rd street, Teynampet, Chennai – 600018.

Category – IV – Key Managerial Personnel:

- Mr. Suresh Venkatachari, Director, No. 24, GA Rahul Apartments, Cenatoph Road 1st Street, Teynampet, Chennai – 600 018
- Mr.R.S.Ramani, Director, SubaGruham, No. 364-B, 5th Main Road, Vijaya Nagar, Velacherry, Chennai - 600042,
- Mr. M.V.Bhaskar, Director, 13/219,42nd Street, 8th Sector, KK Nagar, Chennai -600078.
- Ms.T.P.Saira, Director, Old No.15 New No.6 II Crescent Park Street, Gandhi Nagar, Adyar, Chennai – 600020.

Category – V – Relatives of Key Managerial Personnel:

- There is no relationship exists among Key Management Personnel.

2. Transactions with related parties:-**Category – I – Major shareholders in the company:**

Loan Received from Directors:

- Mr. Suresh Venkatachari : Rs.59,36,075/-.
- Mr.R.S.Ramani: Rs.6,59,065/-.

Category – II – Subsidiaries and Associates of the company.

8k miles Software Services INC (USA) :

Amount recd. against invoices raised: US\$ 286809 (Rs.15511290)

Amount invested in share capital: US\$ 1000 (Rs.45220).

Outstanding Receivable as on 31st March 2013: Rs.32,04,045/-

8k miles Software Services FZE (UAE):

Amount invested in share capital: AED150000 (Rs.18, 40,500).

Mentor Minds Solutions Services Inc:

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

Outstanding receivable as on 31st March 2013: Rs.26,54,969/-

Mentor Minds Solutions and Services Pvt Ltd:

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

Outstanding Receivable as on 31st March 2013: Rs.100,36,745.

Category – III – Other parties where common control exists.

8k Miles Software Services Singapore

Amount Received against invoices raised: Rs.1565762.

Outstanding Payable as on 31st March 2013: Rs.699/-

8k Miles Web Services Private Limited

Consideration payable for business purchased outstanding as on 31st March 2013 –
Rs.1,29,06,783/-

8k Miles INC (USA)

Consideration payable for business purchased outstanding payable as on 31st March 2013 –
Rs.7,40,00,000/-

1.20 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.

1.21 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.

1.22 OTHER INFORMATION:**Director Remuneration****(Value in Rs.)**

| Nature | 2012-13 Rs. | 2011-12 Rs. |
|---------------|------------------------|------------------------|
| Mr.R.S.Ramani | NIL | 1,00,000 |

Auditor's Remuneration**(Value in Rs.)**

| Nature | 2012-13 Rs. | 2011-12 Rs. |
|--------------------------------------|------------------------|------------------------|
| Statutory Audit – Net of Service Tax | 70,000 | 40,000 |
| Tax Audit – Net of Service Tax | 20,000 | 10,000 |
| Taxation matters | 20,000 | 23,000 |

1.23. 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.

1.24 DEBTORS & CREDITORS:

All balances of receivables and payables are subject to confirmation.

1.25 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

For 8KMiles Software Services Limited

Sd/-
S.Haresh
Partner
Membership No. 205204

Sd/-
V. Suresh
Managing Director

Sd/-
R.S.Ramani
Whole Time Director

Place: Chennai
Date: 31st May 2013

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 2013, 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. 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, M/s.8K Miles Software Solutions Inc., USA and M/s. Mentor Minds Solutions and Services Inc., USA along with the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013 and
- b) In the case of the Statement of Profit and Loss of the PROFIT for the year ended March 31, 2013.
- c) In the case of the Cash Flow Statement of the Cash Flows for the year ended March 31, 2013.

**For GHG ASSOCIATES
CHARTERED ACCOUNTANTS**

Sd/-

Place: Secunderabad
Date: 31st May 2013

**S. HARESH
PARTNER
M.NO. 205204**

| 8K MILES SOFTWARE SERVICES LIMITED | | | |
|--|------|--|------------------------------|
| 1-7-24/L/11D/S.D.ROAD,SECUNDERABAD-500003, ANDHRA PRADESH | | | |
| CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013. | | | |
| PARTICULARS | Note | As at 31st March 2013 Rs. | As at 31st March 2012 Rs. |
| I EQUITY AND LIABILITIES | | | |
| 1 SHAREHOLDERS' FUNDS | | | |
| (a) Share capital | 2 | 10,04,41,020 | 5,55,41,610 |
| (b) Reserves and Surplus | 3 | 23,00,49,191 | 19,96,19,320 |
| | | 33,04,90,211 | 25,51,60,930 |
| 2 SHARE APPLICATION MONEY PENDING ALLOTMENT | | | - |
| 3 NON-CURRENT LIABILITIES | | | |
| (a) Long Term Borrowings | 4 | 13,65,932 | 1,21,91,924 |
| (b) Deferred Tax Liability (net) | 5 | 2,47,433 | 3,08,755 |
| (c) Other long term liabilities | 6 | 8,77,06,783 | 7,39,84,364 |
| (d) Long Term Provisions | | - | - |
| | | 8,93,20,148 | 8,64,85,043 |
| 4 CURRENT LIABILITIES | | | |
| (a) Short Term Borrowings | 7 | 1,88,44,408 | 1,66,11,641 |
| (b) Trade Payables | 8 | 2,03,04,597 | 56,71,662 |
| (c) Other Current Liabilities | 9 | 3,64,32,708 | 7,19,70,957 |
| (d) Short Term Provisions | 10 | 67,98,128 | 82,60,336 |
| | | 8,23,79,842 | 10,25,14,597 |
| TOTAL | | 50,21,90,201 | 44,41,60,570 |
| II ASSETS | | | |
| 1 NON-CURRENT ASSETS | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 72,51,040 | 51,54,795 |
| (ii) Intangible Assets | | | |
| - Goodwill on Consolidation | | 5,45,84,609 | 5,45,84,609 |
| - Other Intangible assets | 12 | 14,354 | 23,923 |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | 17,48,06,071 | 16,42,95,792 |
| | | 23,66,56,074 | 22,40,59,119 |
| (b) Non-Current Investments | | - | - |
| (c) Deferred Tax Assets (net) | | - | - |
| (d) Long Term Loans and Advances | 13 | 71,15,543 | 4,03,92,377 |
| (e) Other Non-Current Assets | 14 | 3,87,10,156 | 1,54,90,525 |
| | | 4,58,25,699 | 5,58,82,902 |
| 2 CURRENT ASSETS | | | |
| (a) Current Investments | | - | - |
| (b) Inventories | | - | - |
| (c) Trade Receivables | 15 | 16,58,48,906 | 12,94,74,558 |
| (d) Cash and Cash Equivalents | 16 | 1,44,78,414 | 2,97,31,961 |
| (e) Short Term Loans and Advances | 17 | 2,55,39,383 | 39,05,987 |
| (f) Other Current Assets | 18 | 1,38,41,724 | 11,06,043 |
| | | 21,97,08,428 | 16,42,18,549 |
| TOTAL | | 50,21,90,201 | 44,41,60,570 |
| Significant Accounting Policies The Accompanying Notes form an Integral part of the financial statements | | | |
| 1 | | | |
| As per our report of even date | | | |
| For GHG Associates | | For 8K Miles Software Services Limited | |
| Chartered Accountants | | | |
| Sd/- | | Sd/- | |
| S.Hareesh | | V. Suresh | |
| Partner | | Managing Director | |
| Membership No.205204 | | Sd/- | |
| | | R.S. Ramani | |
| | | Whole Time Director | |
| Place : Secunderabad | | | |
| Date : 31/05/2013 | | | |

| 8K MILES SOFTWARE SERVICES LIMITED 1-7-241/11D, S.D. ROAD, SECUNDERABAD-500003, ANDHRA PRADESH | | | | |
|--|---|-------------|---|---------------------------------------|
| Consolidated Statement of Profit & Loss for the year ended 31st March 2013 | | | | |
| PARTICULARS | | Note | Year ended 31st March 2013 | Year ended 31st March 2012 |
| | | | Rs. | Rs. |
| I. | Revenue from operations | 19 | 26,21,45,881 | 21,06,09,240 |
| II. | Other Income | 20 | 6,95,925 | 6,36,591 |
| III. | Total Revenue | | 26,28,41,806 | 21,12,45,831 |
| IV. | Expenses | | | |
| | Employee benefit expenses | 21 | 15,66,54,032 | 13,12,86,324 |
| | Finance costs | 22 | 17,14,362 | 4,80,683 |
| | Depreciation and amortisation expenses | 11&12 | 81,15,160 | 80,42,594 |
| | Other expenses | 23 | 5,10,64,169 | 2,93,63,081 |
| | Total expenses | | 21,75,47,722 | 16,91,72,681 |
| V. | Profit before Exceptional & Extraordinary items and tax(III-IV) | | 4,52,94,084 | 4,20,73,150 |
| VI. | Exceptional Items | | - | - |
| VII. | Profit before Extraordinary items and tax (V-VI) | | 4,52,94,084 | 4,20,73,150 |
| VIII. | Extraordinary items | | - | - |
| IX. | Profit before tax (VII-VIII) | | 4,52,94,084 | 4,20,73,150 |
| X. | Tax expenses | 24 | | |
| | (1) Current Tax | | 56,48,901 | 71,22,801 |
| | (2) Deferred Tax | | (61,322) | (72,126) |
| XI. | Profit/(Loss) for the period from Continuing Operations (IX-X) | | 3,97,06,505 | 3,50,22,475 |
| XII. | Profit/(Loss) for the period from Discontinuing Operations | | - | - |
| XIII. | Tax expenses on Discontinuing Operations | | - | - |
| XIV. | Profit/(Loss) for the period from Discontinuing Operations (after tax) (XII - XIII) | | - | - |
| XV. | Profit(Loss) for the period (XI + XIV) | | 3,97,06,505 | 3,50,22,475 |
| XVI. | Number of Shares | | 1,00,44,102 | 55,54,161 |
| XVII. | Earnings per equity share : | | | |
| | (1) Basic | | 3.95 | 6.31 |
| | (2) Diluted | | 3.95 | 6.31 |
| 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 | | | For 8K Miles Software Services Limited | |
| Chartered Accountants | | | | |
| Sd/- | | | Sd/- | Sd/- |
| S.Haresh | | | V. Suresh | R.S. Ramani |
| Partner | | | Managing Director | Whole Time Director |
| Membership No.205204 | | | | |
| Place : Secunderabad | | | | |
| Date : 31/05/2013 | | | | |

8K MILES SOFTWARE SERVICES LIMITED
 1-7/241/110, S.D. ROAD, SECLUNJERABAD-500003, ANDHRA PRADESH

2 - SHARE CAPITAL

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|----------------------------------|-------------------------------|
| A. Authorised share Capital (25000000 equity shares of Rs 10 each) | 15,00,00,000 | 15,00,00,000 |
| B. Issued & Subscribed Share Capital 10044102 equity shares capital of Rs 10 each (Previous year 5554161 equity shares of Rs 10 each) | 10,04,41,020 | 5,55,41,610 |
| Paid-Up Share Capital 10044102 equity shares capital of Rs 10 each fully paidup (Previous year 5554161 equity shares of Rs 10 each) | 10,04,41,020 | 5,55,41,610 |

C. The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2013 and 31st March, 2012 is set out below:

| Particulars | As at 31st March, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|---------------|
| | Number of shares | Amount Rs. | Number of shares | Amount Rs. |
| Number of shares at the beginning | 55,54,161 | 5,55,41,610 | 55,54,161 | 5,55,41,610 |
| Add: Preferential Shares Issued | 4,73,300 | 47,23,000 | - | - |
| Add: Bonus Shares Issued by capitalisation of reserves | 40,17,641 | 4,01,76,410 | - | - |
| Number of shares at the end | 1,00,44,102 | 10,04,41,020 | 55,54,161 | 5,55,41,610 |

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. | V.Suresh | 5936075 | 59.10% |
| 2. | R.S.Ramani | 659065 | 6.56% |

3 - RESERVES AND SURPLUS

| Particulars | AS at 31 March 2011 Rs. | Additions during the year Rs. | Deductions during the year Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| Capital Reserves | | | | |
| Capital Redemption Reserve | | | | |
| Securities Premium Reserve | 8,38,77,381 | - | - | 8,38,77,381 |
| Debt Redemption Reserve | | | | |
| Revenue profit on Consolidation | | | | |
| - Mentorminds solutions and Services Inc (USA) | 18,38,778 | 71,56,053 | - | 89,96,778 |
| - Mentorminds solutions and Services Pvt Ltd (India) | 5,10,603 | 1,27,172 | - | 6,37,776 |
| - 8kmiles Software Services Inc (USA) | 71,95,730 | 93,32,771 | - | 1,65,28,501 |
| - 8kmiles Software Services (FZE) - UAE | 54,02,417 | 1,76,24,367 | - | 2,30,26,784 |
| Foreign Currency Translation reserve | - | 1,35,30,304 | - | 1,35,30,304 |
| Share Options Outstanding Account | | | | |
| Deferred Employee Compensation expense account | | | | |
| General Reserve | 5,97,56,717 | - | - | 5,97,56,717 |
| Dividend Equalization Reserve | | | | |
| Taxation Reserve | | | | |
| Reserve for contingent liabilities | | | | |
| Subsidy Reserve | 14,23,110 | - | - | 14,23,110 |
| Surplus (Profit and Loss Account) | (86,40,392) | 4,82,361 | - | (81,58,031) |
| Total | 15,13,64,291 | 4,82,55,028 | - | 19,96,19,320 |
| Note : | | | | |
| | | Year ended 2012 | | Year ended 2011 |
| Profit for the period | | 3,50,22,475 | | 2,09,18,177 |
| Less: Proposed Dividend on Equity shares | | - | | - |
| Tax on distributed profits on Equity shares | | - | | - |
| Transfer to Reserve | | 3,50,22,475 | | 2,09,18,177 |

| Particulars | AS at 31 March 2012 Rs. | Additions during the year Rs. | Deductions during the year Rs. | As at 31 March 2013 Rs. |
|--|----------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Capital Reserves | - | - | - | - |
| Capital Redemption Reserve | - | - | - | - |
| Securities Premium Reserve | 8,38,77,301 | 2,21,96,100 | - | 10,60,73,481 |
| Debenture Redemption Reserve | - | - | - | - |
| Revenue profit on Consolidation | - | - | - | - |
| - Mentorminds solutions and Services Inc (USA) | 89,96,778 | 49,56,426 | - | 1,39,53,204 |
| - Mentorminds solutions and Services Pvt Ltd (India) | 6,37,777 | 10,458 | - | 6,48,235 |
| - Bk Miles Software Services Inc (USA) | 1,65,28,501 | 91,61,953 | - | 2,56,90,454 |
| - Bk Miles Software Services (FZE) - UAE | 2,30,26,793 | 2,50,53,970 | - | 4,80,80,753 |
| Foreign Currency Translation reserve | 1,39,30,304 | 87,01,677 | - | 2,22,31,981 |
| Share Options Outstanding Account | - | - | - | - |
| Deferred Employee Compensation expense account | - | - | - | - |
| General Reserve | 5,97,56,717 | - | 4,01,76,410 | 1,95,80,307 |
| Dividend Equalization Reserve | - | - | - | - |
| Taxation Reserve | - | - | - | - |
| Reserve for contingent liabilities | - | - | - | - |
| Sundry Reserve | 14,23,110 | - | - | 14,23,110 |
| Surplus (Profit and Loss Account) | (81,58,031) | 5,23,697 | - | (76,34,334) |
| Total | 19,96,19,320 | 7,06,06,281 | 4,01,76,410 | 23,00,49,191 |
| Note :- | | | | |
| Profit for the period | - | Year ended 2013 3,97,06,505 | - | Year ended 2012 3,50,22,475 |
| Loss - Proposed Dividend on Equity shares | - | - | - | - |
| Tax on distributed profits on Equity shares | - | - | - | - |
| Transfer to Reserve | - | 3,97,06,505 | - | 3,50,22,475 |

4 - LONG TERM BORROWINGS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|----------------------------|----------------------------|
| A. Bonds & Debentures | | |
| Secured | - | - |
| Unsecured | - | - |
| B. Term loans from Banks | | |
| Secured | 13,65,932 | 3,17,885 |
| 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) | | |
| Unsecured | - | - |
| C. Term loans from Others | | |
| Secured | - | - |
| Unsecured | - | - |
| D. Loans and Advances From Related Parties | | |
| Secured | - | - |
| Unsecured | - | - |
| - From Directors | - | 1,18,57,808 |
| - From Group companies | - | 10,311 |
| (E) PUBLIC DEPOSITS (UNSECURED) | - | - |
| (F) LONG TERM MATURITIES OF FINANCE LEASE OBLIGATIONS (SECURED BY HYPOTHCATION) | - | - |
| Total | 13,65,932 | 1,21,91,924 |

5 - DEFERRED TAX LIABILITIES (NET)

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---------------------------------------|----------------------------|----------------------------|
| Deferred Tax Liabilities | 2,47,433 | 3,08,755 |
| Deferred Tax Assets | - | - |
| Deferred Tax Liabilities (Net) | 2,47,433 | 3,08,755 |

6 - OTHER LONG TERM LIABILITIES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|----------------------------|----------------------------|
| Outstanding liabilities | 8,00,000 | 8,26,945 |
| Consideration Payable for Business Purchased | 8,69,06,783 | 7,31,57,419 |
| Total | 8,77,06,783 | 7,39,84,364 |

7 - SHORT TERM BORROWINGS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|----------------------------|----------------------------|
| A. 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) | 83,10,493 | 1,05,02,807 |
| Secured Bank Over Draft with Indian Overseas bank (Secured by Hypothecation of Book debts) | - | - |
| Unsecured | - | 45,834 |
| B. LOANS AND ADVANCES FROM RELATED PARTIES | | |
| Secured | - | - |
| Unsecured | 1,05,27,915 | - |
| C. PUBLIC DEPOSITS (UNSECURED) | - | - |
| Total | 1,66,44,408 | 1,66,11,641 |

8 - TRADE PAYABLES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|----------------|-------------------------------|-------------------------------|
| Trade Payables | 2,03,04,597 | 56,71,662 |
| Others | - | - |
| Total | 2,03,04,597 | 56,71,662 |

9 - OTHER CURRENT LIABILITIES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| Current maturities of Long Term Borrowings- HDPC Bank (Refer Note No.4) | 9,52,788 | 4,77,280 |
| Current maturities of finance lease obligations | - | - |
| Interest accrued but not due on borrowings | - | - |
| Interest accrued and due on borrowings | - | - |
| Income received in advance | - | - |
| Unpaid / unclaimed dividends | - | - |
| Application money received for allotment of securities and due for refund and | - | - |
| Interest accrued thereon | - | - |
| Salary payable | 24,51,355 | 21,69,663 |
| Employee dues | - | 3,20,566 |
| Rent Payable | 1,07,280 | 40,837 |
| Consulting fee payable | 2,14,093 | 1,48,003 |
| Service tax payable | 60,899 | 61,324 |
| Profession tax payable | 1,92,622 | 97,750 |
| TDS payable | 28,53,163 | 21,40,053 |
| Advance received from debtors | 99,384 | 1,49,581 |
| Audit Fees payable | 1,61,798 | 5,000 |
| Others | 2,02,30,340 | 4,38,58,900 |
| Current Maturities of Consideration payable for business purchase | - | 2,25,00,000 |
| Total | 3,64,32,708 | 7,19,70,957 |

10 - SHORT TERM PROVISIONS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| Provision for employee benefits | - | - |
| - Salary payable | - | - |
| Provision for Dividends (including Dividend Distribution Tax) | - | - |
| Provision for Income tax | 61,09,590 | 82,60,336 |
| Provision for Wealth tax | - | - |
| Other provisions | 6,38,738 | - |
| Total | 67,98,128 | 82,60,336 |

13 - LONGTERM LOANS AND ADVANCES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Capital Advances | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | - |
| Doubtful | - | - |
| Less : Allowance for bad and doubtful advances | - | - |
| Total (A) | - | - |
| (B) Security Deposits | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 8,15,400 | 8,00,591 |
| Doubtful | - | - |
| Less : Allowance for bad and doubtful advances | - | - |
| Total (B) | 8,15,400 | 8,00,591 |
| (C) Loans and advances to related parties (1) | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 63,00,143 | 3,95,91,786 |
| Doubtful | - | - |
| Less : Allowance for bad and doubtful advances | - | - |
| Total (C) | 63,00,143 | 3,95,91,786 |
| TOTAL ((A) + (B) + (C)) | 71,15,543 | 4,03,92,377 |

14 - OTHER NON CURRENT ASSETS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Long Term Trade Receivable (including trade receivables from related parties and on deferred terms) | | |
| Secured, considered good | | |
| Unsecured, considered good | 3,87,10,156 | - |
| Doubtful | | |
| Less : Allowance for bad and doubtful advances | | |
| Total (A) | 3,87,10,156 | - |
| (B) Others | | |
| Secured, considered good | | |
| Unsecured, considered good | | 1,54,90,525 |
| Doubtful | | |
| Less : Allowance for bad and doubtful advances | | |
| Total (B) | - | 1,54,90,525 |
| TOTAL [(A) + (B)] | 3,87,10,156 | 1,54,90,525 |

15 - TRADE RECEIVABLES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Trade receivables outstanding for more than six months from the date they became due for payment: | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | 3,11,22,185 | 2,87,29,424 |
| (iii) Doubtful | | |
| Less : Allowance for bad and doubtful debts | | |
| (B) Trade Receivables (others) | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | 13,47,26,721 | 10,07,45,134 |
| (iii) Doubtful | | |
| Less : Allowance for bad and doubtful debts | | |
| Total | 16,58,48,906 | 12,94,74,558 |

16 - CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| (A) Balance with Banks | 1,44,75,215 | 31,74,644 |
| (B) Earmarked Bank balances | | |
| (i) Employees security deposits pursuant to section 417 of the Companies Act, 1956 | | |
| (ii) Unpaid dividend bank account | | |
| (iii) Moneys raised in public issue kept in schedule bank account pending allotment | | |
| (iv) Moneys kept in escrow account for payment of buyback consideration | | |
| (C) Bank balances held as margin money or as security against: | | |
| (i) Borrowings | | |
| (ii) Guarantees | | |
| (iii) Letters of Credit | | |
| (iv) Other commitments | | |
| (D) Other bank balances | | |
| (i) Bank deposits with more than 12 months | | 2,00,00,000 |
| (ii) Others | | |
| (E) Cheques, drafts in hand | | |
| (i) Cheques on hand | | |
| (ii) Drafts in hand | | |
| (F) Cash on hand | 3,200 | 21,43,836 |
| G) Others | | |
| (i) Preference shares acquired with less than 3 months for maturity | | |
| (ii) Investment in Floating Mutual Funds | | |
| (iii) Government securities acquired with less than 3 months for maturity | | |
| TOTAL | 1,44,78,414 | 2,57,31,961 |

17 - SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| (A) Loans and advances to related parties (1) | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | | 24,165 |
| (iii) Doubtful | | |
| Less : Allowance for bad and doubtful advances | | |
| Total (A) | - | 24,165 |
| (B) Others | | |
| (i) Secured, considered good | | |
| (ii) Unsecured, considered good | 2,55,39,383 | 38,81,822 |
| (iii) Doubtful | | |
| Less : Allowance for bad and doubtful advances | | |
| Total (B) | 2,55,39,383 | 38,81,822 |
| TOTAL [(A) + (B)] | 2,55,39,383 | 39,05,987 |

18 - OTHER CURRENT ASSETS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--------------------|-------------------------------|-------------------------------|
| Trs on Receivables | 4,73,848 | 1,26,150 |
| Prepaid expenses | 1,33,67,876 | 2,95,691 |
| Others | | 6,84,202 |
| Total | 1,38,41,724 | 11,06,043 |

19 - REVENUE FROM OPERATIONS

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|-----------------|-------------------------------|-------------------------------|
| Project Revenue | 26,21,45,881 | 21,06,09,240 |
| Total | 26,21,45,881 | 21,06,09,240 |

20 - OTHER INCOME

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|------------------------|------------------------|
| (A) Income from non current investments | | |
| Rentals from investment property | - | - |
| Dividends from subsidiaries | - | - |
| Interest from Government Securities | - | - |
| -Dividends from shares of other companies / units of Mutual Funds | - | - |
| Interest from debentures | - | - |
| Share of profit / loss from partnership firms | - | - |
| Total (A) | - | - |
| (B) Income from current investments | | |
| Interest income from debentures | - | - |
| Dividends | - | - |
| Total (B) | - | - |
| (C) Other Income | | |
| -Forex gain | 6,95,925 | 6,36,591 |
| -Others | - | - |
| Total (C) | 6,95,925 | 6,36,591 |
| Total (A+B+C) | 6,95,925 | 6,36,591 |

21 - EMPLOYEE BENEFIT EXPENSES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---------------------------|-------------------------------|-------------------------------|
| EMPLOYEE BENEFIT EXPENSES | 15,66,54,032 | 13,12,86,324 |
| Total | 15,66,54,032 | 13,12,86,324 |

22 - FINANCE COST

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|---|-------------------------------|-------------------------------|
| Interest expense | 16,85,115 | 3,13,300 |
| Bank charges | 75,247 | 1,67,383 |
| Loss on foreign exchange transaction and translation | - | - |
| Less: Capital Amount included in Capital Work in progress | - | - |
| Total | 17,14,362 | 4,80,683 |

23 - OTHER EXPENSES

| Particulars | As at 31 March 2013 Rs. | As at 31 March 2012 Rs. |
|--|-------------------------------|-------------------------------|
| Professional & consultancy charges | 3,50,412 | 28,84,872 |
| Rent | 14,39,712 | 15,74,204 |
| Auditors Remuneration | | |
| -Statutory Audit Fees | 1,14,944 | 81,944 |
| -Tax Audit Fees | 20,000 | 21,236 |
| -Other Services | 31,236 | 48,843 |
| Travelling and Business Promotion Expenses | 1,09,826 | 4,92,580 |
| Exchange Fluctuation Account | | |
| Communication-Telephones | 3,75,300 | 4,30,032 |
| General & Other Administrative expenses | 4,86,22,738 | 2,38,26,450 |
| Total | 5,10,64,169 | 2,93,63,081 |

24 - TAX EXPENSE

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|----------------|------------------------|------------------------|
| | Rs | Rs |
| -Current tax | 55,48,901 | 71,22,881 |
| -MAT credit | | |
| Deferred taxes | (61,222) | (72,126) |
| Total | 55,87,579 | 70,50,675 |

25 - FOREIGN CURRENCY TRANSACTIONS

| Particulars | Year ending 31 March 2013 | | Year ending 31 March 2012 | |
|---------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | In foreign currency | Amount (in Rs.) | In foreign currency | Amount (in Rs.) |
| Amount Invoiced for services rendered | 502153 US \$ | 2,71,62,034 | 3,96,701 US \$ | 1,95,98,080 |
| Amount Received from clients | 482515 US \$ | 2,65,43,937 | 3,55,708 US \$ | 1,69,66,142 |
| Outflow | - | - | - | - |

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

| Particulars | As at 31 March 2013 | As at 31 March 2012 |
|--|------------------------|------------------------|
| (A) Contingent Liabilities | | |
| (a) Claims against the company not acknowledged as debts | - | - |
| (b) Guarantees | - | - |
| (c) Other money for which company is contingently liable | - | - |
| Bills discounted with banks | - | - |
| Total (A) | - | - |
| (B) Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |
| (b) Uncalled liability on shares and other investments partly paid | - | - |
| (c) Others | - | - |
| Total (B) | 5,37,581 | 5,37,581 |
| TOTAL [(A) + (B)] | 5,37,581 | 5,37,581 |

As per our report of even date.

For GHG Associates
Chartered Accountants

For 8K Miles Software Services Limited

Sd/-
S. Hareesh
Partner
Membership No. 205204Sd/-
V. Suresh
Managing DirectorSd/-
R.S. Ramani
Whole Time DirectorPlace : Secunderabad
Date : 31/05/2013

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

11 - FIXED ASSETS (TANGIBLE)

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

Rupees Lakhs

| Sl. | Description of Assets | GROSS CARRYING AMOUNT | | | ACCUMULATED DEPRECIATION | | | ACCUMULATED IMPAIRMENT | | | NET CARRYING AMOUNT | |
|--------------|---|-----------------------|----------------------------|----------------------------|--------------------------|--------------------------|----------------------------|------------------------|--------------------------|--------------------------|-----------------------|-----------------------|
| | | As at 31st March 2012 | Additional during the year | Deductions during the year | As at 31st March 2012 | Provided during the year | Deductions during the year | As at 31st March 2012 | Reversed during the year | Provided during the year | As at 31st March 2012 | As at 31st March 2013 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | | | Rs. | Rs. |
| 1 | Furniture Owned Leased | 25,000 | 162,100 | 500 | 112 | 14,362 | - | - | - | - | 24,398 | 72,106 |
| 2 | Computers Owned Leased | 4,26,751 | 2,63,336 | - | 1,61,002 | 1,72,675 | - | - | - | - | 2,63,449 | 3,54,310 |
| 3 | Office & Equipments Owned Leased | 22,500 | 29,480 | - | 5,613 | 5,186 | - | - | - | - | 16,597 | 34,991 |
| 4 | Vehicles Owned Leased | - | 24,00,000 | - | - | 1,17,463 | - | - | - | - | - | 22,42,537 |
| 5 | On consolidation of Minto mids solutions and Services Pvt. Ltd | 55,59,463 | - | 3,75,000 | 25,20,296 | 6,80,525 | 2,47,285 | - | - | - | 30,39,139 | 32,30,840 |
| 6 | On consolidation of Minto mids solutions and Services Pvt.(USA) | - | - | - | - | 70,02,007 | - | - | - | - | 16,29,773 | 12,22,116 |
| 7 | On consolidation of 8K Miles Software Solutions and Services Inc(USA) | - | - | - | - | 1,13,353 | - | - | - | - | 1,80,590 | 10,63,730 |
| Total | | 60,31,656 | 27,49,926 | 3,75,500 | 26,87,223 | 81,05,590 | | 1,05,45,548 | | | 51,54,795 | 72,53,840 |

As per our report of this date

For OHG Associates
 Chartered Accountants

For 8K Miles Software Services Limited

Sd/-
S. Hanash
 Partner
 Membership No. 205204
 Place : Secunderabad
 Date : 31/03/2013

Sd/-
V. Suresh
 Managing Director
 Sd/-
R.S. Raman
 Whole Time Director

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

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

| Sl. No | Description of Assets | GROSS CARRYING AMOUNT | | ACCUMULATED DEPRECIATION | | | ACCUMULATED IMPAIRMENT | | NET CARRYING AMOUNT | |
|--------|---|-----------------------|---------------------------------------|--------------------------|--------------------------|----------------------------|------------------------|--------------------------|-----------------------|-----------------------|
| | | As at 31st March 2012 | Additional adjustment during the year | As at 31st March 2013 | Provided during the year | Deductions during the year | As at 31st March 2012 | Reversed during the year | As at 31st March 2013 | As at 31st March 2013 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1 | Computer Software Acquired Internally Generated | 35,676 | - | 35,676 | 9,569 | - | - | - | 23,923 | 14,384 |
| | Total | 35,676 | - | 35,676 | 9,569 | - | - | - | 23,923 | 14,384 |

As per our report of even date

For GHG Associates
Chartered Accountants

For 8K Miles Software Services Limited

Sd/-

S. Harash

Partner

(Membership No. 205251)

Place : Secunderabad

Date : 31/03/2013

Sd/-

V. Suresh

Managing Director

(Whistle Blower Director)

| BK MILES SOFTWARE SERVICES LIMITED 1-7-241/11D, S. D. ROAD, SECUNDERABAD-500003, ANDHRA PRADESH | | |
|---|--|--|
| Consolidated Cash Flow Statement | | |
| Particulars | As at 31 st March 2013 | As at 31 st March 2012 |
| | Rs. | Rs. |
| Net Profit before taxes and Extra-ordinary Items | 3,97,06,587 | 4,21,84,298 |
| Adjustment For : | | |
| Depreciation and Similar non -Cash Items | 47,00,925 | 80,42,594 |
| Operating Profit before working capital Changes | 44407512 | 5,02,26,892 |
| Add / Less : Decrease / (Increase) in Current Assets excluding Cash/Cash equivalents | | |
| Deposits & Advances | - | 3,75,08,155 |
| Sundry Debtors | (3,63,74,348) | (2,18,34,541) |
| Other Current Assets | (1,27,35,681) | 1,01,12,772 |
| Loans & advances | (4,19,93,719) | (5,58,82,902) |
| Increase / (Decrease) in Current Liabilities excluding Cash /Cash Equivalents | | |
| Current Liabilities | (2,18,58,102) | (5,89,78,616) |
| Provision | (17,37,191) | 53,28,623 |
| Share application money pending allotment | - | - |
| Cash Generated from Operations | (7,02,91,529) | (3,35,19,617) |
| Less : Cash payments (Refunds) of Income Taxes , Unless they can be specifically identified with Financing and Investing Activities | 55,87,497 | - |
| Cash Flow before extra-Ordinary Items | (7,58,79,026) | (3,35,19,617) |
| Add/Less : Cash Receipts (Payments) in relation to extra-Ordinary Items ,e.g.Earthquake disaster settlement,Etc | | |
| Net Cash from Operating Activities | (7,58,79,026) | (3,35,19,617) |
| Cash Flow from Financing Activity | | |
| >Share Capital | 4,48,99,410 | - |
| Reserves & Surplus | - | (19,71,863) |
| Unsecured Loan | 60,81,982 | 9,86,10,059 |
| DTL | 3,03,56,204 | (72,126) |
| Total Cash flow from financing activities | 8,13,37,596 | 9,65,66,070 |
| Cash Flow from Investing Activity | | |
| Fixed Assets | - | 7,11,971 |
| Capital wip | (1,05,10,279) | (3,84,01,074) |
| Good Will | - | - |
| Investment | (1,02,01,836) | - |
| Total Cash flow from investing activities | (2,07,12,115) | (3,76,89,104) |
| Closing Balance | (1,52,53,546) | 2,53,57,350 |
| Opening Balance | 2,97,31,961 | 43,74,611 |
| | 1,44,78,414 | 2,97,31,961 |
| Closing Balance of Cash as on 31/03/2013 | 1,44,78,414 | 2,97,31,961 |
| As per our report of even date For GHG ASSOCIATES Chartered Accountants | | |
| For BK Miles Software Services Limited | | |
| Sd/- S.Hareesh Partner Membership No.205204 Place : Secunderabad Date : 31/05/2013 | Sd/- V. Suresh Managing Director | Sd/- R.S. Ramani Whole Time Director |

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

Note: 1 Significant Accounting Policies and Notes on Accounts

1.1 ACCOUNTING CONVENTIONS AND CONCEPTS

Consolidated Financial statements are prepared based on historical cost convention and on the basis of a going concern and comply with Indian GAAP (Generally Accepted Accounting Principle). Accounting standards referred to in Section 211(3C) of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The audited financial statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended 31st March 2013.

The accounts of the parent and its Indian subsidiary have been prepared in accordance with the accounting standards issued by The Institute of Chartered Accountants of India, and those of foreign subsidiaries have been prepared in accordance with the local laws and applicable accounting standards and generally accepted accounting principles.

1.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with the Accounting standard – 21 “Consolidated Financial Statement” issued by The Institute of Chartered Accountants.

The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra group transactions and unrealized profits.

The excess/deficit of cost to the parent company of its investment over its portion of net worth in consolidated subsidiaries at the respective dates on which the investment in such entities were made have been recognized in the financial statements as goodwill/capital reserve.

Foreign subsidiaries are non-integral in nature. For the purpose of consolidation, monetary items and non-monetary items of assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. The items of revenue income and expenditure reflected in the Profit and Loss Account are translated at the average exchange rate during the period. The resulting exchange differences are classified as foreign currency translation reserve.

As the company has 100% shareholding in all its subsidiaries, there is no need for calculation of minority interest and hence it is not computed and disclosed.

1.4 GOODWILL AND AMORTISATION

Goodwill reflects the excess of the purchase price over the book value of the net assets acquired. Goodwill arising on consolidation (acquisition of subsidiaries) is shown separately and is not amortized.

1.5 USE OF ESTIMATES

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires that the management makes prudent and reasonable estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results may differ from those estimates and such differences are accounted in the period in which they arise.

1.6 REVENUE RECOGNITION

Revenue from software consulting services are recognized as related services are performed.

1.7 FIXED ASSETS

Fixed assets are stated at the cost of acquisition and the value of acquired business assets less accumulated depreciation.

Capital work in progress consists of expenditure incurred in development of software which are not ready for use or sale to customers as the case may be as on the date of balance sheet.

1.8 DEPRECIATION

Depreciation on fixed assets of the parent company and its Indian subsidiary are provided on written down value basis at the rates specified in schedule XIV of the Companies act, 1956. Depreciation is charged on pro-rata basis on assets purchased or sold during the year. Individual assets costing less than Rs.5000 are depreciated in full in the year of purchase in the books of parent company and its Indian subsidiary. Depreciation provided in the books of foreign subsidiaries are not in accordance with Schedule XIV to the companies act, 1956.

1.9 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of the transactions, except those relating to consolidation of financial statements. Realized gains and losses on foreign exchange transactions during the year are accounted in the Profit and loss Account. Foreign currency current assets and current liabilities are restated at year-end exchange rates. Gains / Losses arising on such restatement are recognized in the Profit and Loss Account.

Gain arising on account of foreign currency on consolidation of financial statements has been accounted under foreign currency translation reserve account.

1.10 ACCOUNTING FOR TAXES ON INCOME:

Income tax expense of parent company and its Indian subsidiary comprise current tax and deferred tax charges or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date. The foreign subsidiary recognizes deferred tax assets and liabilities in accordance with the local laws and the applicable accounting standards or generally accepted accounting principles.

1.11 CONSOLIDATION OF ACCOUNTS OF SUBSIDIARIES

In accordance with Accounting standard 21 "Consolidated Financial Statements" issued by The Institute Of Chartered Accountants Of India, the consolidated accounts of 8K Miles Software Services Limited includes the financial statements of all subsidiaries since the parent company has 100% shareholding in all its subsidiaries.

| NAME OF THE SUBSIDIARY | COUNTRY OF INCORPORATION | PERCENTAGE OF SHAREHOLDING |
|---|--------------------------|----------------------------|
| Mentor minds Solutions And Services Inc | USA | 100% |
| Mentor minds Solutions And Services Pvt Ltd | INDIA | 100% |
| 8K Miles Software Services Inc | USA | 100% |
| 8K Miles Software Services (FZE) | UAE | 100% |

As per our report attached

For GHG Associates

Sd/-
S.Haresh
 Partner
 Membership No. 205204

For 8KMiles Software Services Limited

Sd/-
V. Suresh
 Managing Director

Sd/-
R.S.Ramani
 Whole Time Director

Place: Chennai

Date: 31st May 2013

8K MILES SOFTWARE SERVICES LIMITED

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

ATTENDANCE SLIP

(28th Annual General Meeting 28th September 2013)

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 28th Annual General Meeting of 8K Miles Software Services Limited held at 16-2-741/2, Asman Bagh, Andhra Bank Colony, Hyderabad 500036, Andhra Pradesh on Saturday, the 28th of September 2013 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 28th Annual General Meeting of the Company to be held at 16-2-741/2, Asman Bagh, Andhra Bank Colony, Hyderabad 500036, Andhra Pradesh on Saturday, the 28th of September 2013 at 3:00 PM and at any adjourned meeting thereof.

Signed this _____ day of _____ 2013.

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

Please affix
1 Rupee
Revenue
Stamp

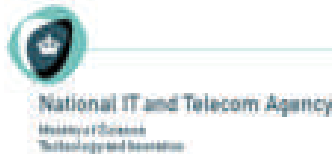
*Signature of Proxy**Signature of Member***Note:**

- 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.**

Customers & Partners



Partners / Resellers

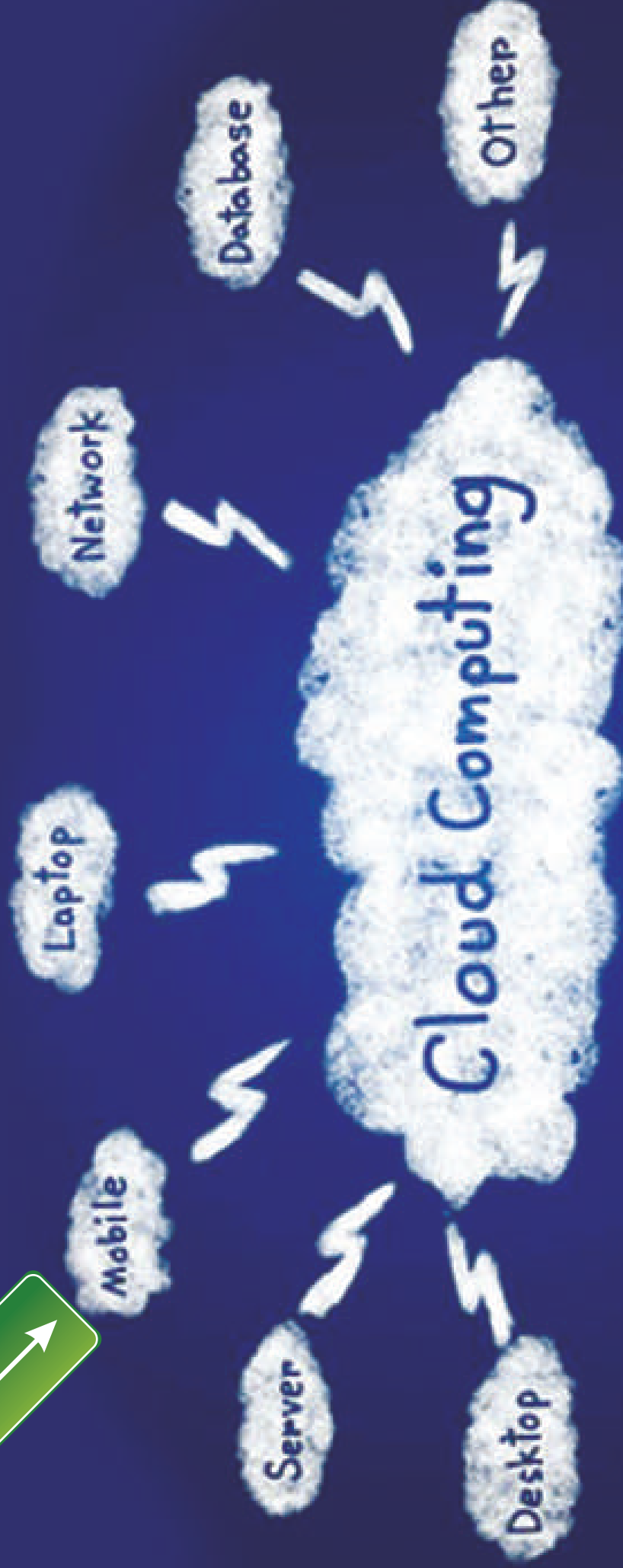


Booz | Allen | Hamilton

Alliances



Future →



8K Miles Software Services Limited

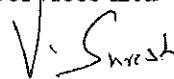
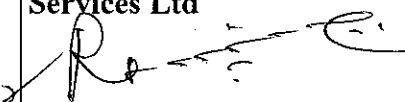
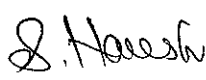
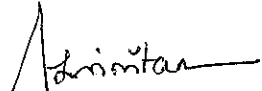
Regd. Office : 1-7-241/11D, S.D. Road, Secunderabad - 500 003.

Corp. Office : # 7, 3rd Floor, Ganapathy Colony, 3rd Street,

Teynampet, Chennai - 600 018.



FORM A
**Format of covering letter of the annual audit report to be filed with the
stock exchanges**

| | | |
|---|--|---|
| 1 | Name of the Company | 8KMILES SOFTWARE SERVICES LIMITED |
| 2 | Annual financial statements for the year ended | 31 st March 2013 |
| 3 | Type of Audit observation | Un-qualified |
| 4 | Frequency of observation | Not Applicable |
| 5 | To be Signed by - | |
| | Managing Director | For 8KMiles Software Services Ltd  V. Suresh Managing Director |
| | Chief Financial Officer | For 8KMiles Software Services Ltd  R.S. Ramani Chief Finance Officer |
| | Auditor of the company | For GHG Associates Chartered Accountants  S. Haresh (M.No. 205204) |
| | Audit Committee Chairman | For 8KMiles Software Services Ltd  Vedanta Ramanujam Srinivasan Audit Committee Charman |