

Directors' Report

The Board of Directors of 8K Miles Software Services Limited have pleasure in presenting the Thirty Third Annual Report on the business & operations for the year ended 31st March 2018 along with the Audited Financial Statements for the year.

FINANCIAL PERFORMANCE

The Financial performance of the Company for the year ended 31st March 2018 & 31st March 2017 is summarized below. The financial statements for the year have been prepared in accordance with the new mandatory accounting standards Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable and necessary changes were made to the corresponding figures of the previous year.

Amount In ₹ Lakhs

Particulars	Consolidated		Standalone	
	FY18	FY17	FY18	FY17
Revenue	84,923.87	52,833.50	5,056.52	3,746.40
Earnings Before Interest & Depreciation	30,087.02	18,541.64	1,560.76	737.26
Interest	971.49	135.30	755.42	89.90
Depreciation and Amortization	2,518.68	1,351.63	83.87	304.28
Profit Before Tax (PBT)	26,596.85	17,054.71	721.47	343.08
Profit After Tax (PAT) before Minority Interest	20,552.14	12,917.03	487.84	163.28
Profit After Tax (PAT) after Minority Interest	17,172.45	10,445.58	487.84	163.28

FINANCIAL PERSPECTIVE (CONSOLIDATED)

On consolidated basis, revenue for the year is ₹ 84,923.87 lakhs signifying a growth of 60.74% in Rupee terms. EBITDA margin for the current year is 35.08 % as compared to 35.03 % in previous year. Profit After Tax (PAT) after Minority Interest has increased by 64.40 % to ₹ 17,172.45 Lakhs as compared to ₹ 10,445.58 Lakhs in the previous year. Total employee benefit expenses have increased by 33.57%. However, Employee benefits expenses as a percentage to revenue, has decreased by only 5.64% on Revenue.

Highlights of performance are discussed in detail in the Management Discussion and Analysis Report attached as **Annexure D** to this Report.

SHARE CAPITAL

We have only one class of shares - equity shares of par value ₹ 5 each. The authorized share capital as at 31st March 2018 was ₹ 3,000 Lakhs divided into 600 Lakhs Equity shares of ₹ 5 each. The paid-up share capital as at 31st March 2018 was ₹ 1,525.88 lakhs divided into 3,05,17,605 equity shares of ₹ 5 each.

DIVIDEND

Your company is exploring new business opportunities; therefore it is necessary to conserve the funds to meet these investment opportunities, which your Board believes would enhance the shareholders' wealth in

coming periods. Thus, your Board has not recommended any dividend for the financial year 2017-18.

TRANSFER TO RESERVES

The provisions of Section 124(5) of the Companies Act, 2013 do not apply, as the amount lying with unpaid dividend account is not more than seven years.

PUBLIC DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply, as there was no dividend declared and paid during the year.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have not been any material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the company to which the financial statements relate and the date of the Report & change in nature of business, if any.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Loans, guarantees and investments covered under Section 186 of the Act form part of the notes to the financial statements provided in this Annual Report.

BOARD AND COMMITTEE MEETINGS

The Board met 7 times during the year. The details regarding the board meetings and committee meetings are given separately in the Corporate Governance Report as **Annexure B** to this report. The gap intervening between two meetings of the board is within the stipulated time frame prescribed in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

INDEPENDENT DIRECTORS

Independent Directors of the company are not liable to retire by rotation. The company has received declarations from all the Independent Directors of the company confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015. The terms of appointment of Independent Directors are available in the website of the company.

<https://8kmiles.com/Investor/Policies/FamiliarizationprogramforIndependentDirectors.pdf>

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year, a separate meeting of Independent Directors was held on 30th March 2018. The Independent Directors actively participated and provided guidance to the Company in all its spheres.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Committee of the Company reviews the composition of board to ensure that there is appropriate mix of talent, qualification, experience and diversity in the Board. Pursuant to Section 178 of the Companies Act, 2013, the Remuneration policy has been formulated to govern the terms of appointment and remuneration of Directors of the Company. The policy ensures that the remuneration paid is sufficient to retain and motivate the Directors of the company. The Remuneration policy is available in the website of the Company.

<https://8kmiles.com/Investor/Policies/Remunerationpolicy.pdf>

SUBSIDIARY COMPANIES

- 1) 8K Miles Software Services Inc. USA
 - (i) Nexage Technologies USA Inc
 - (ii) Cornerstone Advisors Inc. USA
- 2) 8K Miles Software Services FZE. UAE
- 3) 8K Miles Health Cloud Inc. USA
 - (i) Serj Solutions Inc. USA

- 4) Mentor Minds Solutions and Services Inc. USA
- 5) Mentor Minds Solutions and Services (P) Ltd. India (Till 28th February 2018)

CONSOLIDATED ACCOUNTS

The accounts of the subsidiary companies are consolidated with the accounts of the company in accordance with the provisions of section 129 of the Companies Act, 2013 and regulation 33 of SEBI (LODR) Regulations, 2015. The consolidated financial information forms part of the Annual Report.

A statement under Section 129 (3) of the Companies Act, 2013 in Form AOC-1 is attached as **Annexure F** to the Directors Report.

CONSERVATION OF ENERGY

- a) Company ensures that the operations are conducted in the manner whereby optimum utilisation and maximum possible savings of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilisation of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Since the Company does not fall under the list of industries, which should furnish this information in Form A annexed to the aforesaid Rules, the question of furnishing the same does not arise.

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS

The Company continues to innovate, develop, adopt and use the latest technologies to improve the productivity and quality of its services. The Company's core business demands innovation & adoption of emerging technologies to stay ahead of competition. The Company has made significant investments in area of Product/framework to reduce the Cloud transformation time for our customers while staying ahead of competition.

The Company has taken following initiatives during the year to improve the productivity and quality of its services:

- Developed Patient-centric Health Exchange platform targeting to have Patient as the central and primary focus on the Blockchain technology. This will enable the platform to represent Patient's medical history effectively, which is the foundation for Healthcare and Health Information Exchange. Such Exchange can be integrated with any EHR/EMR solutions such as EPIC, Cerner and Meditech thus not impacting the way hospitals run today,

while enabling Patients to have direct access to his/her own medical records - on their mobile phones and tablets. This not only ensures transparency but also enable the patients share the necessary medical records information with other Providers for effective continuation or validation of care.

- Integrating with Payers (Insurance companies) would extend Digital Experience of the patients so the Exchange becomes a primary point of interaction as it would be able to address Insurance related capabilities such as Viewing EOBs (Explanation of Benefits), Managing Claims, Paying Copays/Deductibles and so on. Having those capabilities on top of Public Cloud means not only an effective PaaS (Platform as a Service) solution but also makes it possible to provide Big Data Analytics and Artificial Intelligence, which will be very valuable for Pharma and Medical research.

Foreign Exchange Earnings and Outgo (₹ in Lakhs)

Particulars	2017-18
Earnings	4,953.57
Outflow	2,121.49

OTHER LAWS:

Disclosure as required under Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is committed to provide a work environment that ensures every women employee is treated with dignity and respect. The Company has setup an Internal Complaints Committee (ICC). ICC has representation of men and women and is chaired by women employee and has an external women representation. The Company is also committed to promote equality at work and an environment that is conducive to the professional growth for all employees and encourages equal opportunity. Your Company does not tolerate any form of sexual harassment and is committed to take all necessary steps to ensure that its employees are not subjected to any form of harassment including sexual harassment.

The Company has in place a Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

APPOINTMENT OF DIRECTORS

Mr. Suresh Venkatachari, Managing Director retires by rotation at the forthcoming AGM and being eligible, offers himself for reappointment. The resolution seeking approval of the members for the re-appointment of Mr. Suresh Venkatachari, has been incorporated in the Notice of the AGM of the company.

Mr. R.S.Ramani, Whole-Time Director retires by rotation at the forthcoming AGM and being eligible, offers himself for reappointment. The resolution seeking approval of the members for the re-appointment of Mr.R.S.Ramani, has been incorporated in the Notice of the AGM of the company.

Mr. Vivek Prakash was appointed as an Additional Director (Independent Category) with effect from 17th July 2018 for a period of 5 years subject to approval of members at the forthcoming AGM.

During the year under review, Mrs. Sujatha Chandrasekaran (who was appointed as additional Director by the Board on 8th February 2017 and such appointment was subsequently regularized by the shareholders at the AGM held on 30th September 2017) resigned from the Board with effect from 17th July 2018. The Board wishes to place on record its appreciation for the valuable contributions made by her during her tenure as Director.

PARTICULARS OF EMPLOYEES

Information as required under the section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, attached as **Annexure A** to the Directors' Report.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 (3) and Schedule V of SEBI (LODR) Regulations, 2015 the Corporate Governance Report forms an integral part of this Report.

A detailed report on Corporate Governance is available as a separate section in this Annual Report as **Annexure B** to this report.

A Certificate from the Practising Company Secretary regarding compliance with the requirements of Corporate Governance attached as **Annexure C** to this report as stipulated in SEBI (LODR) Regulations, 2015.

The Chief Executive Officer & Managing Director/Chief Financial Officer (CEO/CFO) certification as required under the SEBI Listing Regulations is attached as **Annexure E** to this report.

AUDITORS

The Members of your company at the 32nd AGM of your company, held on 30th September 2017 appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of your company to hold office till conclusion of AGM in the year 2022.

The requirement of ratification of appointment of Statutory Auditors in every Annual General Meeting has been omitted under the Companies (Amendment) Act,

2017 which is effective from 7th May 2018. Accordingly, the Board has decided not to place the ratification before the Members of the Company at the 33rd Annual General Meeting.

Sr. NO	Observation	Response
1	According to the information and explanations given to us and based on our audit, a material weaknesses was identified in the Company's internal financial controls over financial reporting as at 31 st March 2018 with regard to the adequacy and operating effectiveness of the management's oversight and review of the financial information and the book closing procedures at the subsidiaries, which could result in a material misstatement in the consolidated financial statements of the Company.	This being the first year of adoption of Indian Accounting Standards (IND AS), the financials had to be converted/translated effective 1 st April 2016 and hence the delay in reporting. However, the Board has taken necessary steps and a process has been put in place to prepare the books of its subsidiaries under IND AS.

SECRETARIAL AUDIT

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s. Chandra & Associates, Practising Company Secretaries, to undertake the Secretarial Audit of the Company for the year ended 31st March 2018.

The Secretarial Audit report forms part of the Annual Report attached as **Annexure H** to this report.

EXPLANATION TO OBSERVATION IN THE SECRETARIAL AUDIT REPORT

Reply to Observations in Secretarial Audit Report: -

S. NO	Particulars	Response
1.	The company has entered into Related Party Transactions in the ordinary course and at arms' length without taking prior approval of the Audit Committee under Clause 23 of the SEBI (Listing Obligations and Disclosure) Requirements (LODR) even though the transactions have been ratified at a later date.	Going forward the company will take suitable steps to obtain prior approval .
2.	The Company didn't file MGT-10 pursuant to sec.93 of the Companies Act, 2013 (Section since deleted) when one of the promoter sold 2.24% of equity shares in Company in January 2018.	The delay was due to inadvertence. The Company has taken sufficient precautions not to repeat such instances in the future.
3.	The Company had granted loans / made investments to its subsidiary after taking approval of the board of directors as required u/s.179 of the Companies Act, 2013 but the filing of the resolution pursuant to sec.117 of the Companies Act, 2013 has not been complied with. The company is in the process of making an application for the condonation of delay and for filing the aforesaid form with ROC.	The company is in the process of making an application for the condonation of delay and for filing the aforesaid form with ROC and such delay was due to inadvertence.
4.	It is seen from the copies of the Inter Depository Delivery Instructions (Form 15 of the Depositories' business Rules) by one of the promoters that he has transferred 16,50,000 equity shares of the Company before 31-03-2018 to his own account maintained with another depository, but the said shares are not reflected either in the Promoters' category or Public category in the name of the said promoter as per the Benpos dated 06-04-2018. The said transfer perhaps is reflected as 'disposal' in the system based disclosures of insider trading by the BSE Limited. The shareholding pattern filed by the Company to the stock exchanges doesn't reflect the aforesaid transaction	The promoter is in the process of taking up the same with the concerned for necessary corrective measures.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of Companies Act, 2013 an extract of Annual Return in form MGT 9 as on 31st March 2018 is attached as **Annexure I** to this report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business and are in compliance of the provisions of the Companies Act, 2013 and the Listing Regulations. There are no material related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the company at large.

The details of the transactions with related parties are provided in the financial statements. Policy on Related Party transactions are available in the website.

<https://8kmiles.com/Investor/Policies/PolicyonRelatedpartytransactions.pdf>

The details of the related party transactions as required under the Companies Act, 2013 and rules made thereunder are attached in Form AOC-2 as **Annexure G**.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Provisions of section 135 of the Companies Act, 2013 are not applicable to the Company. However CSR activities are already embodied in the value system of the Company.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors has approved a Code of Conduct and Ethics in terms of Schedule IV of Companies Act, 2013 and Listing Agreement. All the Board Members and the Senior Management personnel have confirmed compliance with the Code for the year ended 31st March 2018. The annual report contains a declaration to this effect signed by the Managing Director.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015 the company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy provides a mechanism for all employees to report to the management, grievances about the unethical behaviour or any suspected fraud. The policy is available at the website of the company.

<https://8kmiles.com/Investor/Policies/WhistleBlowerPolicy.pdf>

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS.

There are no significant material orders passed by the regulators or courts or tribunals which would impact the going concern status of the Company.

EVALUATION OF BOARD'S PERFORMANCE

The board has carried out an evaluation of its own performance, and that of its directors individually. The manner in which the evaluation has been carried out is explained in the Corporate Governance Report. Detailed Note on the composition of the Board and its committees are provided in the Corporate Governance Report.

REPORTING OF FRAUD

During the year under review, neither the statutory auditors nor the secretarial auditors has reported any instances of fraud committed against the Company by its officers or employees, as specified under Section 143(12) of Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

ACKNOWLEDGMENT 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 appreciate and value the contributions made by Employees at all levels.

CAUTIONARY STATEMENT

The Directors' Report & Management Discussion and Analysis contains forward-looking statements, which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future including but not limited to statements about your Company's strategy for growth, product development, market positions, expenditures and financial results are forward looking statements.

Your Company's actual results, performance & achievements could thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

For and On behalf of the Board,
8K Miles Software Services Limited

Sd/-

Place: Chennai

Suresh Venkatachari

Date: 7th September 2018

Managing Director & CEO