

8K MILES SOFTWARE SERVICES LIMITED
(CIN: L72300TN1993PLC101852)

Registered Office: Second Floor, Srinivas Towers, No. 5, Cenotaph Road, Teynampet, Chennai - 600 018

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2019

(Amount in INR in lakhs except EPS)

S.No.	Particulars	Quarter Ended			Year to Date
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Un-Audited	Audited	Un-Audited	Audited
1	Income				
	a) Revenue from operations	1,003.22	1,320.81	1,469.34	5,694.44
	b) Other income (including foreign exchange gain / (loss) - Refer Note 8)	0.68	3.28	386.57	686.96
	Total income	1,003.90	1,324.09	1,855.91	6,381.42
2	Expenses				
	a) Employee benefits expense	479.33	464.22	408.74	1,732.87
	b) Finance costs	235.66	249.25	207.88	969.66
	c) Depreciation and amortization expense	6.05	7.67	8.35	34.05
	d) Other expenses	129.17	380.77	657.54	2,281.79
	Total expenses	850.21	1,101.91	1,282.51	5,018.37
3	Profit / (Loss) before exceptional items and tax (1-2)	153.69	222.18	573.40	1,363.05
4	Exceptional items	-	-	-	-
5	Profit / (Loss) before tax (3-4)	153.69	222.18	573.40	1,363.05
6	Tax expense				
	- Current tax (including prior period)	50.01	33.11	168.17	219.91
	- Deferred tax	(5.78)	35.56	(10.92)	169.92
7	Net profit / (loss) for the period (5-6)	109.46	153.51	416.15	973.21
8	Other comprehensive income / (loss)				
	Items that will not be reclassified to the statement of profit and Loss				
	(a) Actuarial gain / (loss) on defined benefit obligation	-	(4.60)	-	9.74
	(b) Income tax relating to items that will not be reclassified to the statement of profit or loss	-	1.37	-	(2.81)
	Total other comprehensive income / (loss) (Net of tax)	-	(3.23)	-	6.93
9	Total comprehensive income / (loss) for the period (7+8)	109.46	150.28	416.15	980.14
10	Paid-up equity share capital (Face value of Rs. 5/- each)	1,525.88	1,525.88	1,525.88	1,525.88
	Number of equity shares	30,517,605	30,517,605	30,517,605	30,517,605
	Reserves (Other Equity)				7,274.55
11	Earnings per equity share (EPS) [Face value of Rs. 5/- each]				
	(a) Basic EPS	0.36	0.50	1.36	3.19
	(b) Diluted EPS	0.36	0.50	1.36	3.19

Notes

- The above statement of Standalone financial results have been reviewed by the Audit Committee and thereafter approved and taken on record by the Board in its meeting held on 29th February 2020. The above statements for the period ended 30th June 2019 have been subjected to limited review by the Statutory Auditors of the Company.
- The Standalone financial results have been prepared in accordance with applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Amended Rules, 2016.
- The Company operates in a single segment, i.e., "Information And Technology Services" and hence, does not have any additional disclosures to be made under Ind AS 108 -
- Effective 01 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" wherever necessary.



Place: Chennai
Date: 29 February 2020

By Order of the Board
For and on behalf of the Board of Directors

P. Dinesh Raja
Dinesh Raja Punniamurthy
Director
DIN No. 03622140



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UN-AUDITED QUARTERLY FINANCIAL RESULTS

TO
THE BOARD OF DIRECTORS
8K MILES SOFTWARE SERVICES LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **8K MILES SOFTWARE SERVICES LIMITED** ("the Company"), for the Quarter ended 30th June, 2019 and period from 1st April 2019 to 30th June 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/CMDI/44/2019 dated 29th March 2019 ("the Circular")

2. Management's Responsibility

The Management of the Company is responsible for preparation of the Statement in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. The Board of Directors have approved the Statement.

3. Auditor's Responsibility

Our responsibility is to issue a report on the Statement based on our review. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4. Basis of Disclaimer

- 4.1 The Company has trade receivables (Rs.3,661 Lakhs) as at 30th June, 2019 from its subsidiary 8K Miles Software Services Inc. It may be noted that this subsidiary has made an advance of Rs.4,473 Lakhs towards acquisition.
- 4.2 The Company has export trade receivables aggregating Rs. 7,101 lakhs outstanding for more than twelve months from the invoice date as at 30th June, 2019, which is beyond the time limit stipulated under the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, for repatriation of foreign currency receivables.
- 4.3 The amount of Rs. 7,101 lakhs referred above includes dues from overseas customers aggregating to Rs. 3,464 lakhs. It may be noted that there has been no transaction for more than ten months.
- 4.4 We are informed that as on the date of this report, the investigation report of the external firm of Chartered Accountants for the matters reported u/s 143(12) not received by the Company and hence the same has not been made available to us.

We are unable to conclude on the consequential impact, if any, of the same on the financial statement.

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- ❖ Madurai
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5. Conclusion

We are unable to express our opinion on the results/figures for the year ended 31st March, 2019 disclosed in the financial statements for the quarter ended 30th June 2019 and for the period from 1st April 2019 to 30th June 2019 as the disclaimers made by the previous statutory auditors in their audit report for the financial year 2018-19 continue to hold good. Consequently, we are unable to express our opinion on the balance sheet as on 30th June 2019.

6. Except for the possible effects of the matters described in paragraphs 4 and 5 under the Basis of Disclaimer above, we are unable to conclude on the financial statements for the reasons stated therein and based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statements, prepared in accordance with the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.



For K.Gopal Rao & Co.
Chartered Accountants
FRN: 000956SS

CA Bashyakar Mattapalli

Partner

(M Number: 015932)

UDIN:20015932AAAAAA2975

Chennai
29th February 2020

8K MILES SOFTWARE SERVICES LIMITED
(CIN: L72300TN1993PLC101852)

Registered Office: Second Floor, Srinivas Towers, No. 5, Cenotaph Road, Teynampet, Chennai - 600 018

STATEMENT OF UN-AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

(Amount in INR in lakhs except EPS)

S.No.	Particulars	Quarter Ended			Year ended
		30 June 2019	31 March 2019	30 June 2018	31 March 2019
		Un-audited	Audited	Un-audited	Audited
1	Income				
	a) Revenue from operations	9,174.11	5,884.45	24,021.91	84,219.15
	b) Other income	0.16	(105.79)	485.82	819.42
	Total income	9,174.27	5,778.66	24,507.73	85,038.57
2	Expenses				
	a) Employee benefits expense	6,899.85	(8,362.09)	11,040.73	29,052.51
	b) Finance costs	311.26	398.51	207.88	1,162.49
	c) Depreciation and amortization expense	2,575.79	3,319.18	1,176.10	6,959.83
	d) Other expenses	6,527.61	23,741.06	4,611.17	38,220.86
	Total expenses	16,314.51	19,096.66	17,035.68	75,395.69
3	Profit before exceptional items and tax (1-2)	(7,140.24)	(13,318.00)	7,471.85	9,642.88
4	Exceptional items	48,732.69	-	-	-
5	Profit before tax (3-4)	(55,872.93)	(13,318.00)	7,471.85	9,642.88
6	Tax expense				
	- Current tax	56.79	(3,736.53)	1,622.25	1,300.58
	- Deferred tax	175.84	359.81	-	359.81
7	Net profit after tax for the period (5-6)	(56,105.56)	(9,941.28)	5,849.60	7,982.45
8	Other comprehensive income / (loss)				
	(i) Items that will not be reclassified to profit or loss:				
	(a) Remeasurements of the defined benefit plans	-	-	-	9.74
	(b) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	(2.81)
	(ii) Items that will be reclassified to profit and loss:				
	(a) Foreign currency translation differences	-	-	-	3,246.43
	Total other comprehensive income	-	-	-	3,253.36
9	Total comprehensive income for the period (7+8)	(56,105.56)	(9,941.28)	5,849.60	11,235.85
10	Profit attributable to:				
	Owners of the company	(39,625.09)	(7,585.13)	4,751.30	6,871.77
	Non-controlling interest	(16,480.47)	(2,356.15)	1,098.30	1,110.72
11	Other comprehensive income attributable to:				
	Owners of the company	-	-	-	3,253.36
	Non-controlling interest	-	-	-	-
12	Total comprehensive income attributable to:				
	Owners of the company	-	-	-	10,125.13
	Non-controlling interest	-	-	-	1,110.72
13	Paid-up equity share capital (Face value of Rs. 5/- each)	1,525.88	1,525.88	1,525.88	1,525.88
	Reserves (Other Equity) - excluding any revaluation reserve	-	-	-	57,706.55
14	Earnings per equity share (EPS) [Face value of Rs. 5/- each]				
	(a) Basic EPS (Rs.)	(129.84)	(32.58)	15.57	22.52
	(b) Diluted EPS (Rs.)	(129.84)	(32.58)	15.57	22.52

Notes

- The above statement of Consolidated financial results have been reviewed by the Audit Committee and thereafter approved and taken on record by the Board in its meeting held on 29 February 2020. The above statements for the quarter ended 30th June 2019 have been subjected to limited review by the Statutory Auditors of the Company.
- The Consolidated financial results have been prepared in accordance with applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and Amended Rules, 2016.
- The Company operates in a single segment, i.e., "Information And Technology Services" and hence, does not have any additional disclosures to be made under Ind AS 108 - Operating Segments.
- Effective 01 April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers wherever necessary.
- The above statement of Consolidated financial results includes a write off of the entire Net Book Value of the internally developed intangibles Rs.48,732.69 Lakhs as an exceptional item.

For and on behalf of the Board of Directors

Place: Chennai
Date : 29 February 2020



Dinesh Raja Punniarumrthy
Director
DIN:03622140



Independent Auditor's Review Report on consolidated unaudited quarterly and year to date financial statements of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To The Board of Directors
8K Miles Software Services Limited

1. We have reviewed the accompanying unaudited consolidated financial statement of **8K Miles Software Services Limited** ("the Parent"), its foreign subsidiaries (together referred to as "the Group") for the quarter ended **30th June, 2019** (the "Statement") attached herewith being submitted by the Parent Company pursuant to the requirements of Regulations 33 of the SEBI (Listing, Obligations and Disclosure requirements) Regulations, 2015 as amended ("Regulations") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated 29th March 2019 ("the Circular").
2. This Statement, which is the responsibility of the Parent Company's Management and approved by the Parent Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended read with relevant rules issued thereunder the other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We have not performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
4. The Statement includes the results of the following Four foreign subsidiaries: 8K Miles Software Services Inc., USA, 8K Miles Software Services FZE, UAE, 8K Miles Health Cloud Inc., USA and Mentor Minds Solutions & Services Inc., USA.
5. **Basis of Disclaimer**
 - 5.1 We are informed that as on the date of this report, the investigation report of the external firm of Chartered Accountants for the matters reported u/s 143(12) has not been received by the Company and hence the same has not been made available to us.
 - 5.2 We are unable to express our opinion on the financial results for the year ended 31st March, 2019 disclosed in the financial statements for the quarter ended June 30, 2019 as the disclaimers reported by the previous statutory auditors in their audit report for the year ended 31st March, 2019 continue to hold good as on date. Consequently, we are unable to express our opinion on the balance sheet as on June 30, 2019.

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6. Subject to the disclaimers described in Para 5 and based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review of the auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
7. We did not review the standalone unaudited financial statements of the subsidiaries included in the Group, whose results reflect total revenues of Rs.90,075 Lakhs total net profit / (loss) after tax of Rs. (50,027) Lakhs for the quarter ended 30th June 2019 as considered in the respective standalone unaudited financial statements of the subsidiaries included in the Group. The financial statements of these subsidiaries, except 8K Miles Software Services FZE, and Mentor Minds Solutions & Services Inc., USA. have been certified by the management and reviewed by the respective auditors whose reports have been furnished to us. The financial statements of 8K Miles Software Services FZE, UAE and Mentor Minds Solutions & Services Inc., USA. have been certified by the management. Our conclusions in so far as they relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of such auditors/Management and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matters.

For K.Gopal Rao & Co.
Chartered Accountants
(ICAI Firm Registration Number: 000956S)



CA Bashyakar Mattapalli
Partner
(M Number: 015932)
UDIN: 20015932AAAAAB213

Chennai

29th February ~~2020~~ 2020

8K Miles Q1, FY 19-20

8K Miles Software Services Limited, a leading Global IT Business Transformation, Secure Cloud Solutions and NextGen Managed Provider, today (29th February 2020) announced the Company's unaudited financial results for the quarter ended 30th June 2019 as approved by the Board of Directors.

We are executing a transformational strategy that will help in ensuring that we enhance the depth of our engagement with our existing customers while increasing our direct customer acquisition focus even more as evidenced by the confidence customers are placing on us and we will start seeing improved results in the coming quarters.

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED 30TH JUNE 2019 :

Particulars	Q1 FY 20	Q-o-Q growth	Y-o-Y growth
Revenue (INR Lakhs)	9,174.11	56%	-62%
EBITDA (INR Lakhs)	(4,253.19)	-56%	-148%
PBT before exceptional items	(7,140.24)	-46%	-196%
Exceptional items	48,732.69		
PBT after exceptional items (INR Lakhs)	(55,872.93)	320%	-848%
PAT before minority interest	(56,105.56)	464%	-1059%
PAT after minority interest	(39,625.09)	422%	-934%

Consolidated performance

Consolidated Statement of Profit & Loss for the Quarter ended 30th June 2019

(Rupees in Lakhs except EPS)

Particulars	3 Months ended			Year To Date		Year ended
	30-June-19 IND AS Unaudited	31-Mar-19 IND AS Audited	30-Jun-18 IND AS Unaudited	30-Jun-19 IND AS Unaudited	30-Jun-18 IND AS Unaudited	31-Mar-19 IND AS Audited
Revenue from operations	9174.11	5884.45	24021.91	9174.11	24021.91	84219.15
Other Income	0.16	(105.79)	485.82	0.16	485.82	819.42
Total Income	9174.27	5778.66	24507.73	9174.27	24507.73	85038.57
Expenses						
Employee benefit and other direct costs	6899.85	(8362.09)	11040.73	6899.85	11040.73	29052.51
Other Expenses	6527.61	23741.06	4611.17	6527.61	4611.17	38220.86
Depreciation & Amortization	2575.79	3319.18	1176.10	2575.79	1176.10	6959.83
Finance Costs	311.26	398.51	207.88	311.26	207.88	1162.49
Total Expenses	16314.51	19096.66	17035.88	16314.51	17035.88	75395.69
Profit before exceptional items and tax	(7140.24)	(13318.00)	7471.85	(7140.24)	7471.85	9642.88
Exceptional Items	48732.69	0	0	48732.69	0	0
Profit/(Loss) before tax	(55872.93)	(13318.00)	7471.85	(55872.93)	7471.85	9642.88
Tax Expenses	232.63	(3376.72)	1622.25	232.63	1622.25	1660.39
Profit/(Loss) after tax	(56105.56)	(9941.28)	5849.60	(56105.56)	5849.60	7982.49
Minority Interest	(16480.47)	(2356.15)	1098.30	(16480.47)	1098.30	1110.72
Profit attributable to shareholders	(39625.09)	(7585.13)	4751.30	(39625.09)	4751.30	10125.13
Number of equity shares	30517605	30517605	30517605	30517605	30517605	30517605
Earnings Per Share(EPS) - Basic & Diluted	(129.84)	(32.58)	15.57	(129.84)	15.57	22.52

Note:

While the customers have continued to place their confidence in us, there have been some challenges faced by 8K Miles during this period. As we all know, Indian companies are the biggest beneficiaries of the US H-1B visa, accounting for over two-thirds of all H1B visas issued. In the last two years, there has been increased scrutiny of these visa applications, resulting in an increased number of requests for evidence (RFE) and subsequent visa rejections. There is a significant drop in US H1B visa approvals and the rejections rate stood at 32% in FY 2019 compared to 6% in the year 2015. The rejection rates of H-1B visas for the top Indian tech firms continue to rise and were at more than 50% in the first half of 2019. This immigration issue has directly impacted 8K Miles in executing several projects, lost opportunities, increase in staff expenses due to hiring of more contractors and local employees thereby contributing to lesser revenue/margin. Although we have mitigated these issues, the effect of such mitigation can be seen only after couple of quarters.

The other reason for reduced revenue is because of our decision to slowly disengage with intermediary customers in order to stay focused on our direct customers to enhance our depth of engagement with these direct customers as we see a huge growth potential in these accounts. While the immediate impact of this strategy is a reduced revenue, we believe our overall financials in terms of revenue, profitability and cashflow will improve substantially in the future.

We have invested heavily on our platform/framework such as Cloud EZ, EziAM, BREMA and Automaton in the past and will continue to do this in the future to stay competitive and ensure that the first mover advantage is not only maintained but enhanced through our domain-centric, platform based cloud transformation offering and is very much sought after by our customers – DataEz is one such enhanced platform that has helped us in securing major customers.

In continuation to the evaluation of the technology which was performed in the Q1 of FY 2018/19 where the Board had accepted to revise the period of amortization from 15 years to 5 years. In furtherance and after a careful evaluation the Board has accepted the recommendation of the Audit Committee for a one time write off the intangibles totaling to Rs 486 Cr in Q1 of FY 2019/20. It has also been decided that the company will expense these under Profit & Loss account at the time of occurrence and not capitalize going forward thereby ensuring true reflection of profitability without impact of amortization.

We are completely realigning to bring together our customers, people, solutions and technologies to pursue business opportunities and transformational capabilities in healthcare and life sciences industry. We plan to deliver world class services in the area of cloud technologies

and extend those capabilities with additional professionals that work across provider and care delivery settings.

We will continue to stay focused on bringing world class compliance, security, cloud infrastructure provisioning, data governance, data management, advanced analytics and data asset development services and solutions, while at the same time bringing new and simplified services to the market that will help connect the stakeholders in the healthcare and life sciences ecosystem. Our people-based advisory and consulting services will also be available to help connect the ecosystem, including data centric services that extend across traditional boundaries and help fuel interactions between providers and life sciences companies

While there have been challenges that have immediate impact this quarter, we are pleased that we have a sound and robust strategy in place for the future that will ensure we stay in the forefront of technology and ahead of our competition, enhancing our depth of engagement with our customers, acquire new direct customers and improve our profitability from operations and we have already started seeing the results. Overall, this was a period of transformational journey that will position us to win and grow more customers.

For 8K Miles Software Services Limited



Diya Venkatesan
Company Secretary

The Board has deliberated about the financial results and the limited review report of the statutory auditors. The response for disclaimer in the Auditors' report has been provided below:

Management's Response on the Auditor's Opinion for the Unaudited Financial Results for the Quarter ended June 30, 2019	
Auditor's Observation:	Management's Response
(Standalone)	
The Company has trade receivables (Rs.3,661 Lakhs) as at 30th June, 2019 from its subsidiary 8K Miles Software Services Inc. It may be noted that this subsidiary has made an advance of Rs.4,473 Lakhs towards acquisition.	The Trade receivables from 8K Software Services Inc., a subsidiary is an ongoing account and have since received Rs.1123 Lakhs till date of this report. The advance which has been given for acquisition has been extended for a further period of nine months ending 30th September 2020.
The Company has export trade receivables aggregating Rs.7,101 lakhs outstanding for more than twelve months from the invoice date as at 30th June, 2019, which is beyond the time limit stipulated under the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, for repatriation of foreign currency receivables.	The management hereby states that this has been reported to the Reserve Bank of India through the AD Bank.
The amount of Rs.7,101 lakhs referred above includes dues from overseas customers aggregating to Rs. 3,464 lakhs. It may be noted that there has been no transaction for more than ten months.	We are following up with the relevant customers to collect the dues at the earliest.
Standalone & Consolidated	
We are informed that as on the date of this report, the investigation report of the external firm of Chartered Accountants for the matters reported u/s 143(12) not received by the Company and hence the same has not been made available to us.	We have received the draft report. The management is reviewing it and will be made available to the Audit Committee shortly and for further noting by the Board.

