

# **BITS LIMITED**

**24<sup>TH</sup>  
ANNUAL REPORT  
2015-2016**



## CORPORATE INFORMATION

**Board of Directors:**

Mr. Ankit Rathi	Chairman and Director
Mr. Omprakash Ramashankar Pathak	Whole Time Director
Mr. Harish Kumar Chauhan	Director
Ms. Preeti Sharma	Director

**Registered Office:**

1111, 11th Floor, New Delhi House,  
 27, Barakhamba Road, New Delhi – 110001

**Mumbai Office:**

23, Great Western Building, 1stFloor, 130/132,  
 Apollo Street, SBS Road, Fort, Mumbai-400023

**M/s Soni Gulati & Co.**

Chartered Accountants  
 G-79/212, Laxmi Nagar, Main Market,  
 Delhi-110092.

**Listed With Stock Exchange:**

BOMBAY STOCK EXCHANGE LIMITED  
 Phiroze Jeejeebhoy Towers, Dalal Street, Kala Ghoda, Fort,  
 Mumbai, Maharashtra- 400001

**Registrar & Transfer Agents:**

M/s Mas Services Ltd.  
 T-34, Okhla Industrial Area, Phase-II,  
 New Delhi-110020

**Bankers:**

Development Credit Bank  
 Mittal Court -C Wing, Nariman Point,  
 Mumbai-400 021

**Yes Bank**

Netaji Subhash Marg, Darya Ganj,  
 New Delhi-110002

**Dena Bank**

N.S.Marg,Daryaganj,New Delhi-110002

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**NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the members of BITS LIMITED will be held at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094 on Friday, 30<sup>th</sup> September 2016 at 11.00 A.M. (IST) to transact the following business:-

**ORDINARY BUSINESSES:**

1. To receive, consider and adopt the Audited Financial Statement of the company for the Financial Year ended 31st March, 2016 along with the Report's of the Directors and Auditors' thereon
2. To appoint a Director in place of Mr. Omprakash Ramashankar Pathak (DIN: 01428320) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the existing auditor M/s Soni Gulati & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT**, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the audit committee of the Board of Directors, M/s Soni Gulati & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, and the Board of Directors be and is hereby authorized to fix remuneration payable to them for the financial year ended 31<sup>st</sup> March, 2017 as may be recommended by the audit committee in consultation with the auditors.”

**SPECIAL BUSINESSES:**

4. To re-appoint Mr. Om prakash Ramashankar Pathak (DIN : 01428320) as Whole Time Director of the Company :-

To consider and if thought fit, to pass with or without modification, the following as a Special Resolution:

**“RESOLVED THAT** pursuant to the approval of board of directors and recommendation of Nomination and Remuneration Committee of the board and in accordance with the provisions of Section 196, 197 and 203 of the Companies Act, 2013 read with Schedule V and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval of central government, if required, approval of the shareholders

of the Company be and is hereby accorded for the re-appointment of Mr. Om prakash Ramashankar Pathak (DIN : 01428320) as Whole-Time Director of the Company, for a period of 3 (three) years with effect from 1<sup>st</sup> March, 2017 to 28<sup>th</sup> February, 2020 and his term of office shall be liable to retire by rotation.

**“RESOLVED FURTHER THAT** approval be and is hereby accorded to the terms and conditions including remuneration payable as set out in the Agreement entered by Mr. Om prakash Ramashankar Pathak with the Company for the aforesaid re-appointment and as set out in the statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. Om prakash Ramashankar Pathak, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or reenactment thereof;

**RESOLVED FURTHER THAT** in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule- V to the Companies Act, 2013, then remuneration as decided above be paid with the prior approval of the Central Government or in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

**RESOLVED FURTHER THAT** board be and is hereby authorised (which term shall always be deemed to include any Committee as Constituted or to be constituted by the board to exercise its powers conferred under this resolution) to vary or increase the remuneration specified above from time to time to the extent the board of directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provision of the Companies Act, 2013 and/or as approved by the Central Government or such other competent authority.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (including a Committee thereof) be and is hereby authorised to sign, seal and execute necessary papers, deeds and other documents to be filed with the Office of Registrar of Companies/ Ministry of Company Affairs or any other authority to give effect to this resolution and to do all such acts, deeds, things, matters connected with the aforesaid matter or any other matter incidental thereto.”

5. To approve the material related party transaction

To consider and if thought fit, to pass with or without modification, the following as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of

SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with Related Party Transaction Policy, approval of the members be and is hereby accorded to the Board of Directors, for contracts/ arrangements/ transactions entered or to be entered with Pan India Corporation Limited, a Related Party under Regulation 2(1)(zb) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 related to sale, purchase or supply of any goods or materials, for an amount of Rs. 39,68,498/- for financial year 2015-16 and Rs. 50,00,000/- p.a. for financial year 2016-2017 2017-2018 respectively, on such terms and conditions as detailed in the agreement entered with Pan India Corporation Limited

RESOLVED FURTHER THAT the Board of Directors (including committee thereof) be and are hereby authorized to decide upon the nature and value of the goods or materials transacted or to be transacted with Pan India Corporation Limited within the aforesaid limit and also to vary or change the terms of conditions of agreement within the aforesaid limit;

RESOLVED FURTHER THAT the Board of Directors of the Company (including a Committee thereof) be and are hereby authorized to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this Resolution."

**By Order of the Board of Directors  
For Bits Limited  
Sd/-  
Omprakash Ramashankar Pathak  
(Whole Time Director)  
DIN No. - 01428320**

Place: New Delhi  
Date: 29.08.2016

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS (48 HOURS) BEFORE THE SCHEDULED TIME FOR HOLDING THE AFORESAID MEETING.

A BLANK PROXY FORM IS ENCLOSED.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the company.
3. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
4. The Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
5. The Annual Report 2015-16 is being sent through electronic mode only to those members whose email address are registered with the Company/Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email address, physical copies of the annual report 2015-2016 are being sent by the permitted mode.
6. The Landmark for reaching venue of Annual General Meeting is Krishna Bharti Public School.
7. Route Map for easy location of Venue of Annual General Meeting is attached herewith the Notice of Annual General Meeting.
8. No gifts, gifts coupons, or cash in lieu of gifts is distributed in the Meeting.
9. The relevant explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of the Special Businesses as set out above is annexed hereto and form part of this notice.
10. Additional Information, pursuant to regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, In respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice.

11. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.

Note that copies of Annual Report will not be distributed at the Annual General Meeting.

12. Members/Proxies/authorized representative are requested to deposit the attendance slip duly filed in and signed for attending the Meeting. Members who hold shares in dematerialization form are requested to write their client ID and DP ID numbers for identification.

13. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

14. The Notice for the Annual General Meeting and the Annual Report will be available for inspection at the Registered Office of the Company on all working days in business hour up to the date of Annual General Meeting. The above said shall also be available on the Company's website at <http://www.bits.net.in/> and on the website of the NDSL: <https://nsdl.co.in/> for inspection and downloading by the shareholders of the company

15. Members seeking further information on the Accounts or any other matter contained in the Notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.

16. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the Registered Office of the Company during the office hours on all working days (except Saturdays, Sundays and Public Holidays) between 11: 00 A.M. to 1: 00 P.M up to the date of this Annual General Meeting.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their de-mat account. Member holding shares in physical form can submit their PAN details to the Company at the Registered Office of the Company.

18. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

19. The Register of Members and Share Transfer Books shall remain closed from 24.09.2016 to 30.09.2016 (Both days inclusive).

20. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the meeting.

21. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) rules, 2014 as substituted by the Companies (Management and Administration) Amendment, Rules 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has provided a facility to the

members to exercise their votes electronically through the electronic voting system facility arranged by National Securities Depository Limited (NSDL). The Facility for voting through ballot paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their vote again. The instruction for e-voting are annexed to the Notice.

22. Voting through electronic means:

i) According to Section 108 of Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 e-voting is mandatory for all listed companies or companies having Shareholders not less than one thousand.

ii) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges, the Company is pleased to provide its members facility to exercise their right to vote using an electronic voting system from a place other than the venue of AGM ("remote e-voting") at the 24<sup>th</sup> Annual General Meeting (AGM) and the business may be transacted through remote e-voting services provided by National Securities Depository Limited (NSDL). It is hereby clarified that it is not mandatory for a member to vote using the remote e-voting facility and a member may avail of the facility at his/her/its discretion. The instructions for remote e-voting are as under:

The e-voting facility is available at the link <http://www.evoting.nsdl.com>

iii) The electronic voting particulars are set out below:

EVEN (E-VOTING EVENT NO.)	USER ID	PASSWORD/ PIN
105443		

The e-voting facility will be available during the following voting period:

COMMENCEMENT OF E-VOTING	END OF E-VOTING
Form 9:00 a.m. (Indian Standard Time) on , September 27, 2016	Up to 5:00 p.m. (Indian Standard Time) on , September 29, 2016

The cut-off date for the purpose of sending this Notice is 02.09.2016.

During the e-voting period, all members of the Company holding shares in any form i.e. physical or dematerialized, as on cut-off date (record

date) of 23<sup>rd</sup> September, 2016 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.

Any person who acquired shares and became member after dispatch of Notice of 24<sup>th</sup> Annual General Meeting and holds shares as of the Cut – off date of 23<sup>rd</sup> September, 2016 may obtain the login ID and Password for remote e-voting by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company

Vote once cast by the member cannot be changed/ altered.

23. The procedure and instructions for e-voting as given in the Notice of the 24th Annual General Meeting are reproduced hereunder for easy reference:

- I. In case of Members receiving e-mail from NSDL (For those members whose e- mail addresses are registered with Company/Depositories):
  - a. Open e-mail and open PDF file viz."Bits Limited" with your client ID or Folio No. as password containing your user ID and password for remote e- voting. Please note that the password is an initial password.
  - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>.
  - c. Click on Shareholder-Login.
  - d. Put user ID and password as initial password noted in step (i) above. Click Login.
  - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - g. Select "EVEN" of "Bits Limited".
  - h. Now you are ready for remote e-voting as Cast Vote page opens.
  - i. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - j. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
- I. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e- mail to [bitsltd@gmail.com](mailto:bitsltd@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) .

II. In case of Members receiving Physical copy of Notice of 24<sup>th</sup> Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)

- a. Initial password is provided in the box overleaf.
- b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.

A. In case of any queries, you may refer the frequently asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

B. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

C. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

D. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

E. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

F. PritikaNagi & Associates, Practicing Company Secretary (Membership No. ACS 29544 & CP No.11279), has been appointed as the Scrutinizer for scrutinize the voting and remote e-voting process in a fair and transparent manner.

G. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiner, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

H. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e- voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutiner's report of the total votes cast in favour or against, if any, to the Chairman, who shall countersign the same and declare the result of the voting forthwith.

I. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.bits.net.in](http://www.bits.net.in) and on the website of NSDL immediately after the declaration of result by the Chairman and communicated to the BSE Limited.

Members holding shares in physical form are requested to intimate their e-mail address to M/s. Mas Services Limited either by mail on [info@masserv.com](mailto:info@masserv.com) or by sending a communication at the M/s. Mas Services Limited at T-34, Okhla Industrial Area, Phase-II, New Delhi-110020.

## **ANNEXURE TO THE NOTICE**

### **(Explanatory Statement pursuant to section 102 of the Companies Act, 2013)**

#### **Item No. 4**

The Board at its meeting held on 29.08.2016 and subject to approval of the members of the Company, re-appointed Mr. Omprakash Ramashankar Pathak as a Whole Time Director of the company for a period of 3 (Three) years from the expiry of his present term, which will expire on 28<sup>th</sup> February, 2017, at the remuneration recommended by Nomination and Remuneration Committee of the Board and approved by the Board.

As per proviso of Section 196(2) of the Companies Act, 2013, no re-appointment of the managerial personnel shall be made earlier than one year before the expiry of the term.

Mr. Omprakash Ramashankar Pathak, was re-appointed as Whole Time Director of the company by the members at the Annual general Meeting held on 30<sup>th</sup> September, 2014 to hold office for a period of three years w.e.f. 1<sup>st</sup> March, 2014 to 28<sup>th</sup> February, 2017.

In pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company approved re-appointment of Mr. Omprakash Ramashankar Pathak, as Whole Time Director of the Company subject to the approval of the shareholders at this Annual General Meeting.

It is proposed to seek approval of the member's for re-appointment and remuneration payable to Mr. Omprakash Ramashankar Pathak, Whole Time Director in terms of the applicable provisions of the Act

Broad particulars of terms of re-appointment of and remuneration payable to Mr. Omprakash Ramashankar Pathak are as under:-

The present tenure of Mr. Omprakash Ramashankar Pathak will expire on 28.02.2017. The terms and conditions of remuneration as recommended by Nomination and Remuneration Committee and considered by Board and applicable to the Whole Time Director is as under:-

Name & Designation	Period of appointment/re-appointment	Salary per month(Rs.)
Mr. Omprakash Ramashankar Pathak (Whole Time Director)	3 years w.e.f. 1 <sup>st</sup> March, 2017 to 28 <sup>th</sup> February, 2020	Rs. 44,000

The above remuneration as aforesaid to be allowed to the Whole Time Director shall be subject to such limits for this remuneration as laid down by the Companies Act, 2013.

The Scope and quantum of remuneration and perquisites

specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with the relevant provisions of the Companies Act and schedule V and / or the rules and regulations made there under and / or such guidelines as may be announced by the Central Government from time to time in future.

In absence of or inadequacy of profits in any financial year during the currency of tenure of the appointee, the aforesaid remuneration will be paid as the minimum remuneration subject to the provisions of Section II of Part II of Schedule V of the Companies Act, 2013 or such other amount as may be provided in Schedule V as may be amended from time to time or an equivalent statutory re-enactments thereof.

The Company shall pay to or reimburse the Whole Time Director and he shall be entitled to be paid and / or to be reimbursed by the Company all costs, charges and expenses that may have been or may be incurred by him for the purpose of or on behalf of the Company.

Whole Time Director is liable to retire by rotation. Accordingly, if he fails to get re-appointment in General Meeting, his re-appointment as Whole Time Director will cease automatically and such agreement terminate forthwith. If, at any time, the Whole Time Director ceases to be Director of the Company for any cause whatsoever, he shall cease to be a Whole Time Director and such agreement shall terminate forthwith.

General Disclosure as per Schedule - V of the Companies Act 2013:

<u>General Information</u>				
Nature of Industry	The main business of the company is to impart education in field of Art, Commerce, Science, Computer Software, Computer Hardware, Business Management , Hotel Management, Engineering & Technical Education and in all innovative fields that may be useful to segments of society by setting up centers, institutes, colleges, universities including Distance Learning Programmes etc			
Date or expected date of commencement of commercial production	Not applicable			
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable			
<u>Financial performance based on given indicators</u>				
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Paid up Capital	223,750,000	223,750,000	223,750,000	223,750,000
Reserve & Surplus	169,971,839.01	137,928,188.59	139626198	24922697
Profit & Loss Account	1,310,950.40	(32,043,650.42)	1698009.41	(114703501)
Revenue from operation	417,967.00	1,551,000.00	2251445	2418990
Other Income	3,304,581.00	4,179,453.94	8113769	8599242
Total Revenue	3,722,548.00	5,730,453.94	10365214	11018232
Profit Before Taxation	1,427,947.40	(31,936,110.42)	(1337852.59)	(114299873)
Foreign investments or collaborations, if any.				<u>Not Applicable</u>
<u>Information about the Whole Time Director</u>				
Background details	Mr. Om Prakash Ramashankar Pathak, 41 years, Graduate, has a wide experience in field of Finance, Marketing & Administration.			
Past remuneration	Rs. 5,50,000/- per annum			
Recognition or awards	Nil			
Job profile and his suitability	The Job requires high level of planning, vision and strategy and leadership skills. Shri Om Prakash Ramashankar Pathak is having vast experience of Finance and Marketing and has been successfully working as a Director of the Company. He is ideally suited for the job			
Remuneration proposed	The details of remuneration are set out above in Explanatory Statement.			
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The salary proposed to be paid is in line with current industry standards based upon size and operations of company.			
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Beside the remuneration proposed, Mr. Om Prakash Ramashankar Pathak, does not have any pecuniary relationship with the Company			
<u>Other information:</u>				
Reasons of loss or inadequate profits	Factors such as general economic slowdown and consequent adverse market costs and high financial cost have severally affected the margins of the company.			
Steps taken or proposed to be taken for improvement	The Company is making all possible efforts to improve the margins.			



Expected increase in productivity and profits in measurable terms.	The Company is very conscious about improvement in productivity and undertakes constant measure to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
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**Disclosures:**

The report on Corporate Governance in the Annual Report indicates the remuneration paid to managerial personnel.

Copy of agreement entered between Company and Mr. Om Prakash Ramashankar Pathak is available for inspection in physical at the registered office of the company during business hours till the date of meeting.

The Board recommends the Special resolution set out in item no. 4 of the notice for the approval of the members of the Company.

Save and except above, none of other Directors/Key managerial personnel of the Company/their relatives are in any way concerned or interested, financially or otherwise in the proposed Special resolution set out in item no. 4.

Copy of arrangement entered between Company and Pan India Corporation Limited is available for inspection in physical at the registered office of the company during business hours.

The Board of Directors therefore recommends the resolution as set out in Item No. 5 of the Notice for approval of shareholders of the Company who are unrelated vis-a-vis the subject matter of contract by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. Om Prakash Ramashankar Pathak and Mr. Ankit Rathi are concerned or interested, financially or otherwise, in the said Resolution.

**Item No. 5**

Pan India Corporation Limited, is a related party within the meaning of Regulation 2(1)(zb) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. In terms of Reg. 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Contracts/arrangements/transactions relating to sale, purchase or supply of any goods or materials with Pan India Corporation Limited are/will be material in nature as these transactions exceed 10% of consolidated turnover of Company as per the audited financial statement of the Company as on March 31, 2016. Therefore in terms of Reg. 23(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the contracts/arrangements/ transactions with Pan India Corporation Limited requires the approval of shareholders of the Company.

Further, Section 188 of the Companies Act, 2013 read with the rules made there under, prescribe certain procedure/disclosure for approval of related party transactions. The proposed transaction put up for approval at arm's length basis. However, pursuant to the provision of Reg. 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the following contracts/arrangements/transactions will be material in nature, therefore requires approval of shareholders by way of special resolution.

The particulars of contracts/arrangements/ transactions are as under:

- a) Name of Related Party: Pan India Corporation Limited
- b) Name of Director or Key Managerial Personnel who is related: Mr. Ankit Rathi and Mr. Om Prakash Ramashankar Pathak are common directors.
- c) Nature of relationship: Associate Company as per Accounting Standard (AS) - 18
- d) Nature and Material Terms/ Particulars of contracts/arrangements/ transactions : Sale, purchase or supply of any goods or materials on arm's length basis.
- e) Monetary value: Rs. 39,68,498/- for financial year 2015-16 and Rs. 50,00,000/- p.a. for financial year 2016-2017,2017-2018 respectively.
- f) Any other information relevant or important for the members to make a decision on proposed transaction: None.

**DETAILS OF DIRECTORS SEEKING APPOINTMENT OR RE-APPOINTMENT AT FORTHCOMING ANNUAL GENERAL MEETING**

(pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India.)

Particulars	
Name and Age of Director	Mr. Om Prakash Ramashankar Pathak, 41 years
Date of Birth	04/01/1975
DIN	01428320
Qualification	Graduate
Expertise in specific functional areas	He has a wide experience in Finance, & Marketing.
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	<p>Terms – 3 years w.e.f. 1<sup>st</sup> March, 2017</p> <p>Conditions – As specified in Agreement entered by Mr. Omprakash Ramashankar Pathak with the Company</p> <p>Remuneration as specified above.</p>
Last Drawn Remuneration	Rs. 5,50,000/- per annum
Date of first appointment on the Board	13 <sup>th</sup> August, 2013
Directorship held in other Listed companies and Unlisted companies	<ol style="list-style-type: none"> <li>1) PAN INDIA CORPORATION LIMITED</li> <li>2) TACTFULL INVESTMENTS LIMITED</li> <li>3) UJJWAL LIMITED</li> </ol> <ol style="list-style-type: none"> <li>1) VIZWISE COMMERCE PRIVATE LIMITED</li> <li>2) MILI INVESTMENT AND TRADES PRIVATE LIMITED</li> <li>3) MITIKA TRADERS PRIVATE LIMITED</li> <li>4) SPG FINVEST PRIVATE LIMITED</li> </ol>
No. of Board Meeting attended during the year 2015-2016	8
Membership/Chairmanship of the Committees across the Companies*	<p>Member – 2;</p> <p>Chairman - 1</p>
No. of equity shares held	Nil
Relationship with other Directors	He is not related /associated with any director of the Company
Brief Resume	Mr. Om Prakash Ramashankar Pathak aged 41 years is associated with the company from last 3 years. He has wide experience in Finance, & Marketing

\*Committee position only of the Audit Committee and Stakeholder's Relationship Committee in Public Companies (whether listed or not) have been considered

**By Order of the Board of  
 Directors  
 For Bits Limited  
 Sd/-  
 Omprakash Ramashankar Pathak  
 Whole Time Director  
 DIN No.–01428320**

Place: New Delhi  
 Date: 29.08.2016

## DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 2015-16

Dear Members,

Your Directors are pleased to present the 24<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Financial Statement for the year ended 31<sup>st</sup> March, 2016.

### **CORPORATE OVERVIEW:**

Bits Limited (Your Company) is engaged in the business to impart education in field of Art, Commerce, Science, Computer Software, Computer Hardware, Business Management, Hotel Management, Engineering & Technical Education and in all innovative fields that may be useful to segments of society by setting up centers, institutes, colleges, universities including Distance Learning Programmes etc.

### **FINANCIAL PERFORMANCE**

SUMMARISED FINANCIAL HIGHLIGHTS				
				(Amount in Rs.)
			Current Year	Previous Year
Particulars			Year Ended	Year Ended
			31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Income from Operations			2418990	2251445
Other Income			8599242	8113769
Total Income			11018232	10365214
Total Expenditure			125318105	11703066.59
Profit/ (Loss) before tax			(114299873)	(1337852.59)
Less: Provision for Deferred Tax			Nil	3035862
Less: Prior Period Adjustment of Tax			403628	
Net Profit/(Loss) after Tax			(114703501)	1698009.41

### **STATE OF COMPANY AFFAIRS**

During the year, the sales of the company jumped to Rs. 2418990 as compared to Rs. 2251445 in the previous year registering a growth in the business of the company.

However during the year, due to increase in other expenses, your company has suffered losses.

Nonetheless, your director's expect that the initiatives undertaken will result in improvement in financial results in the coming years.

#### **Material Changes and Commitments after the date of close of Financial Year 2015-16**

There is no material changes and commitment affecting the financial position of company after the close of financial year 2015-16 till the date of report.

### **DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES AND HIGHLIGHTS OF THEIR PERFORMANCE AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY**

There is no subsidiary, associate and joint venture of the company and further there are no companies, which have become or ceased to be the subsidiary and joint venture of the company during the year.

Further, M/s Prurient I.T Solutions Private Limited cease to be our Associate Company because it conversion into Limited Liability Partnership (LLP).

### **DIVIDEND AND RESERVES**

During the year under review, your Company does not recommend any dividend. And also, your company has not made any transfer to Reserves during the financial year 2015-16.

### **PARTICULARS OF LOANS, GAURANTEES OR INVESTMENTS BY COMPANY**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of Companies Act, 2013 are given in the notes to the

Financial Statements as on 31.03.2016 and part of annual report.

## **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures.

The internal audit is entrusted to M/s R. Mahajan & Associates, a firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business practices.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements to strengthen the same. The Board of Directors has framed a policy which ensures the orderly and efficient conduct of its business, safeguarding of its assets, to provide greater assurance regarding prevention and detection of frauds and accuracy and completeness of the accounting records of the company.

During the year, no reportable weakness in the operations and accounting were observed and your company has adequate internal financial control with reference to its financial statements.

## **RELATED PARTY TRANSACTIONS**

All the contracts/arrangements/transactions entered with related party for the year under review were on Arm's Length basis. Company has entered into material related party transactions during the year under review. Further, disclosure in Form AOC-2 is attached as Annexure A.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company ([http://www.bits.net.in/Bits%20Limited\\_RPT%20Policy.pdf](http://www.bits.net.in/Bits%20Limited_RPT%20Policy.pdf)).

## **RISK MANAGEMENT**

The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of all risks.

In this regard the Company has formulated a Risk Management Committee (which forms an integral part of Corporate Governance Report) which lays down the procedures to inform Board members about the risk assessment and minimization procedures. Risk Management Committee is responsible for framing, implementing and monitoring risk management plan for the Company.

Further, a Risk Management Policy has been adopted by the board of directors for the company, which defines the risk assessment and minimization procedures. . As per view of board, there is no risk in operation of company, which may impact the existence of company.

## **AUDITOR AND AUDITORS REPORT**

### **STATUTORY AUDITORS**

M/s Soni Gulati & Co., Chartered Accountants who are Statutory Auditors of the Company and who hold office up to the forthcoming Annual General Meeting are recommended by the audit committee and Board of Director for re-appointment to audit the Accounts of the Company for the Financial Year 2016-17 at remuneration as may be decided by the Board of Directors on the recommendation of the audit committee.

The Company has received a certificate from the auditors to the effect that their appointment, if made, would be within the limits prescribed under the of the Companies Act, 2013, and they are not disqualified for re-appointment, as per the provisions of Section 141 of the Companies Act, 2013.

The auditor's report and notes on accounts referred to in the Auditor's Report are self explanatory and there are no adverse remarks or qualification in the Report.

## **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of Companies Act, 2013 and rules made there under, the board has appointed M/s PritikaNagi & Associates, Company Secretary in Practice to conduct the Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2016 is attached herewith as part of the Annual Report as Annexure B which forms an integral part of this report.

There is no secretarial audit qualification/adverse remarks, reservation for the year under review except as stated below:-

### **Secretarial Auditor remarks for financial year ending 31.03.2016:**

#### **SECRETARIAL AUDITOR REMARK**

Appointment of Company Secretary which is mandatory for the company is not done by the company, I again advised the board to appoint the same at the earliest.

#### **Our reply to Secretarial Auditor remarks:**

Your Board has acknowledged that the Whole Time Company Secretary is not appointed in the company, it is to be informed to the board that financial position of company is not very strong and company is running into the losses, so appointment of whole time company secretary will be an addition burden on the financial position of company, however the board is doing continuous effort to increase the revenue of company and will also ensure to appoint a whole time company secretary in near future.

### **FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

There are no such frauds reported by auditors, which are committed against the company by officers or employees of the company.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

#### **• Retirement by Rotation**

In accordance with the provisions of Section 152 of Companies Act, 2013 Mr. Om Prakash Pathak, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

#### **• Appointment/Re-appointment and Cessation of Directors & Key Managerial Personnel**

During the year there is no change in the composition of the board of director of the company.

Further, no Key Managerial Personnel has been appointed/re-appointed or resign from the company during the year under review i.e. 2015 - 2016.

Ms. Deepa Kumari, Chief Financial Officer resign from the company w.e.f. 1<sup>st</sup> July, 2016

All Independent Directors has given declarations to the company confirming that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI(Listing Obligation and Disclosure Requirements) Regulations,2015

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of Companies Act, 2013, is included in this report as Annexure Cand forms an integral part of this report.

## NUMBER OF MEETINGS OF THE BOARD

The Board duly met at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The notice along with Agenda and notes on agenda of each Board Meeting was given in writing to each Director.

In the Financial Year 2015-16, the Board met Eight times. The meetings were held on 29<sup>th</sup> May, 2015; 27<sup>th</sup> July, 2015; 13<sup>th</sup> August, 2015; 27<sup>th</sup> August, 2015; 6<sup>th</sup> October, 2015; 20<sup>th</sup> October, 2015; 7<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016. The interval between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## AUDIT COMMITTEE

The present Audit Committee of the board comprises of three Directors with independent directors forming a majority, namely, Mr. Harish Kumar Chauhan, Non-Executive Independent Director is the Chairman of the Committee, Ms. Preeti Sharma, Non-Executive Independent Directors and Mr. Omprakash Ramashankar Pathak, Executive Directors are members of the Committee.

All the recommendations made by the Audit Committee were accepted by the Board.

Further, the roles & responsibility and other related matters of Audit Committee forms an integral part of Corporate Governance Report a part of Annual Report.

## NOMINATION AND REMUNERATION COMMITTEE

The present Nomination and Remuneration Committee of the Board comprises of three Non Executive Directors, namely, Mr. Harish Kumar Chauhan, Non-Executive Independent Director is the Chairman of the Committee, Ms. Preeti Sharma, Non-Executive Independent Directors and Mr. Ankit Rathi, Non-Executive Directors are members of the Committee.

All the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Further, the terms of reference and other related matters of Nomination and Remuneration Committee forms an integral part of

Corporate Governance Report as part of Annual Report.

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Board comprises of two members, namely, Mr. Ankit Rathi, Non-Executive Director, Chairman of the Committee. The other member of Stakeholders Relationship Committee includes Mr. Harish Kumar Chauhan, Non-Executive Independent Director.

Further, the roles & responsibility and other related matters of Stakeholders Relationship Committee forms an integral part of Corporate Governance Report a part of Annual Report.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board comprises of two members, namely, Mr. Om Prakash Ramashankar Pathak, Whole Time Director, is the Chairman of the committee. The other member of Risk Management Committee includes Mr. Anki Rathi, Non-Executive, Director.

Further, the roles and responsibility and other related matters of Risk Management Committee forms an integral part of Corporate Governance Report a part of Annual Report.

## POLICIES AND DISCLOSURES

### VIGIL MECHANISM

The Vigil Mechanism/Whistle Blower Policy of the company provides that protected disclosures can be made by a whistle blower through an email to the Chairman of Audit Committee. There has been no change to the Whistleblower Policy adopted by the Company during fiscal 2016. The Whistle Blower Policy can be accessed on the Company's website i.e. [http://www.bits.net.in/Bits%20Limited\\_whistle%20blower%20policy.pdf](http://www.bits.net.in/Bits%20Limited_whistle%20blower%20policy.pdf).

### REMUNERATION AND NOMINATION POLICY

The nomination and remuneration committee has recommended to the Board:

- a) A policy which lays down a framework in relation to remuneration of Director, Key Managerial Personnel and Senior Management of the Company. The details of this policy are attached herewith as Annexure D in this report.
- b) Further, Policy for selection criteria of Directors and Senior management and criteria for determining qualifications, positive attributes and director independence is also attached as Annexure E to this report.

### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013 and rules made there under, every company having net worth of Rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board.

However, it is not applicable in case of your Company. Hence there is no need to form Corporate Social Responsibility Committee and Corporate Social Responsibility Policy for the company as per the requirement of the Companies Act, 2013.

## **BOARD EVALUATION**

SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013, states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole and that of its committee was conducted based on the criteria and framework adopted by the Board. Board has engaged Nomination and Remuneration Committee for carrying out the evaluation and their finding were shared with the board that had discussed and analyze its performance during the year. The Board approved the evaluation results as collated by the nomination and remuneration committee.

## **FAMILIARIZATION PROGRAMME AND TRAINING OF INDEPENDENT DIRECTORS**

The details of programmes for familiarization of Independent Directors with the Company, their roles and responsibilities of the company, business model of the Company and other related matters are put on the website of the Company at the following link: [i.e. http://www.bits.net.in/familiarisation\\_policy.pdf](http://www.bits.net.in/familiarisation_policy.pdf). To familiarize the new inductees as independent director with the strategy, operations and functions of our company, the executive directors make presentations to the inductees about the Company's organization structure, finance, human resources, facilities and risk management.

Further, at the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a director. The format of the letter of appointment is available on our website <http://www.bits.net.in/docs.html>.

## **CORPORATE GOVERNANCE**

Your Company has implemented all the stipulations of the Corporate Governance Practices set out by the Securities and Exchange Board of India and as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Report of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, form part of the Annual Report.

The requisite certificate from the Auditor's regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure F of the Director's Report.

## **MANAGEMENTS' DISCUSSION AND ANALYSIS REPORT**

Managements' Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming Annexure G of the Director's Report.

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197(12) of the Act read with Rules

5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no employee in the company, which draws the remuneration in excess of the limits set out in the said rules.

Further, the details of top 10 employees in terms of Remuneration Drawn as per provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Disclosures pertaining to remuneration and other details of directors & KMP as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure H.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given hereunder:

### **Conservation of Energy-**

i.) Steps taken or impact on conservation of energy: Energy conservation efforts are ongoing activities. During the year under review further efforts were made to ensure optimum utilization of electricity.

ii) Steps taken by the company for utilizing alternate sources of energy: Nil, as your company does not carry any manufacturing activities

iii) The Capital investment on energy conservation equipments: Nil

### **Technology Absorption, Adaption & Innovation and Research & Development**

No research & development or technical absorption or adaption & innovation taken place in the company during the Financial Year 2015-16, the details as per rule 8(3) of The companies (Accounts) Rules 2014 are as follows:

i) Efforts made towards technology absorption: - Nil

ii) Benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii) in case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)-

a) Details of technology imported: Nil

b) Year of Import: Nil

c) Whether the technology been fully absorbed: Nil

d) Areas where absorption has not taken place, and the reasons thereof: Nil

iv) Expenditure incurred on Research and Development: Nil

### **Foreign Exchange Earnings and Outgo**

As your Company does not deal in Foreign Exchange, therefore the particulars relating to Foreign Exchange Earnings and Outgo are not applicable to your Company.

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: Nil

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by them, your Directors confirmed the following statement in terms of Section 134(3) (c) of the Companies Act, 2013:

- 1) That in preparation of Annual Accounts for the year ended March, 31st, 2016; the applicable accounting standards have been followed and there are no material departures from the same;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March, 31st, 2016 and of the profit and loss of the Company for the year ended on that date;
- 3) That the Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The directors have prepared the annual accounts on a going concern basis;
- 5) That 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;
- 6) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## LISTING OF SECURITIES

The Company's Equity Shares are listed on Bombay Stock Exchange.

## GENERAL

Your Director states that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:-

- a) Details relating to deposits covered under Chapter V of the Act.
- b) Issue of the equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to directors or employees of the Company.
- d) Issue of Employee Stock Option Scheme to employees of the company.
- e) As there is no subsidiary or holding company of your company, so Whole Time Director of the company does not receive any remuneration or commission from any of such companies.
- f) No significant or material orders were passed by the regulators

or courts or tribunals, which impact the going concern status and Company's operations in future.

g) Purchase of or subscription for shares in the company by the employees of the company.

h) There is no subsidiary of company, so no policy on material subsidiary is required to be adopted.

## Your Directors further state that:-

a) The Company has zero tolerance for sexual harassment and during the year under review, there were no complaint received and no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

b) And there is no change in the nature of business of company during the year.

## INDUSTRIAL AND HUMAN RELATIONS

Since the Company is not into any kind of manufacturing activity, there is no matter to discuss about industrial relations and the Company is maintaining cordial relations with its staff members.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation for the shareholders, bankers and other business associates for their forbearance, understanding and support to the Company. They also wish to place on record their great appreciation of the commitment, sense of involvement and dedication exhibited by each staff member in the overall development, growth and prosperity of the company.

## By Order of the Board of Directors

**For Bits Limited**  
**Sd/-**

**O.P. Pathak**  
(Whole Time Director)  
DIN No. -01428320

**Sd/-**  
**AnkitRathi**  
(Director)  
DIN No. -01379134

Place: New Delhi

Date: 29.08.2016

**Annexure A to Director's Report**

**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2016 which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

The Details of material contracts or arrangements or transactions at Arm's length basis for the year ended March 31, 2016 are as follows:

Name of related party & Nature of Contracts/arrangements/transactions	Nature of relationship	Duration of contract	Salient terms	Date of approval by the Board	Amount paid as advances, if any
Pan India Corporation Limited; Purchase of Share	Associate Company as per Accounting Standard (AS) - 18	3 years	Purchase of investment of a Company registered in India and based on Arm's Length basis	29 <sup>th</sup> August, 2016	Nil

**By Order of the Board of Directors  
For Bits Limited**

**Sd/-**

**Omprakash Ramashankar Pathak**

(Whole Time Director)

DIN No. - 01428320

**Sd/-**

**AnkitRath**

Director

DIN No. – 01379134

i

Place: New Delhi

Date: 29.08.2016

**Annexure B to Director's Report**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED AS ON MARCH, 31<sup>ST</sup>2016

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,  
 The Board of Directors  
 Bits Limited  
 1111, 11<sup>th</sup> Floor,  
 New Delhi House,  
 27, Barakhamba Road,  
 New Delhi-110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bits Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis

for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended as on March, 31<sup>ST</sup>2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Bits Limited ("the Company") for the Financial Year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-



laws framed there under;

- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;- Not Applicable
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;- Not Applicable
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client - Not applicable
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not Applicable and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable.
  - i. The Securities and Exchange Board of India (listing obligation & disclosure requirement) regulation, 2015

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India
- ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, and Listing Agreements etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the period under review. Appointment of Company Secretary which is mandatory for the company is not done by the company, I again advised the board to appoint the same at the earliest.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. It is also advisable to maintain all the records of the company in the electronic form also.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not passed any Special Resolution which have major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

I further Report that company is carrying out the activity of running of coaching Centre and selling of study material and does not fall under any industry for which any specific law is applicable.

**For Pritika Nagi & Associates**  
**Sd/-**  
**Pritika Nagi**  
Practicing Company Secretaries  
Membership No. 29544

Place : New Delhi

Date : 29/08/2016

**This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

**Annexure A**

To,  
The Members  
BITS Limited  
1111, 11th Floor,  
New Delhi House,  
27, Barakhamba Road,  
New Delhi-110001

Our report of even date is to be read along with this letter:

- 1.Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express opinion on the secretarial records based on our audit.
- 2.We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3.We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4.Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5.The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6.The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Pritika Nagi & Associates**  
**Sd/-**  
**Pritika Nagi**  
Practicing Company Secretaries  
Membership No. 29544  
C.P. No.11279

Place: New Delhi

Date: 29.08.2016

**Annexure C to Director's Report**  
FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2016  
i. REGISTRATION & OTHER DETAILS:

I. REGISTRATION & OTHER DETAILS:

1	CIN	L72200DL1992PLC241971
2	Registration Date	27/11/1992
3	Name of the Company	Bits Limited
4	Category/Sub-category of the Company	Listed Public Company, Indian Non-Government Company
5	Address of the Registered office & contact details	1111, 11th Floor, New Delhi House 27, Barakhamba Road, New Delhi-110001
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, II nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Phone No. 011-26387281

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sale of Books	1349100	44.23%
2	Sale of Course Material	24189100	55.77%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	"% of shares held"	"Applicable Section"
	NIL				

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
g) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
j) Bodies Corp.	7,25,47,186	252000	7,27,99,186	65.07%	7,27,99,186		7,27,99,186	65.07%	
k) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
l) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	7,25,47,186	2,52,000	7,27,99,186	65.07%	7,27,99,186	-	7,27,99,186	65.07%	
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%

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d) Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + (A)(2)	7,25,47,186	2,52,000	7,27,99,186	65.07%	7,27,99,186	-	7,27,99,186	65.07%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	30,500	30,500	0.03%	-	30,500	30,500	0.03%	0.00%
b) Banks / FI	-	47,000	47,000	0.04%	-	47,000	47,000	0.04%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	77,500	77,500	0.07%	-	77,500	77,500	0.07%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.	1112502	215600	1328102	1.19%	881517	215600	1097117	0.98%	0.21%
i) Indian									
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	2,23,43,767	83,62,700	3,07,06,467	27.45%	22604638	8354250	3,09,58,888	27.67%	0.22%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	55,29,887	70,500	56,00,387	5.01%	4623677	65500	46,89,177	4.19%	0.82%
<b>c) Others (specify)</b>									
Non Resident Indians/OCB	2,81,124	8,77,500	11,58,624	1.04%	2,60,224	877500	11,37,724	1.02%	0.02%
Clearing Members	2,04,734		2,04,734	0.18%	1115408	-	11,15,408	1.00%	0.82%
Trusts			0.00%			-	0.00%	0.00%	
Sub-total (B)(2):-	2,94,72,014	95,26,300	3,89,98,314	34.86%	2,94,85,464	95,12,850	3,89,98,314	34.85%	0.01%
Total Public Shareholding (B) = (B)(1) + (B)(2)	2,94,72,014	96,03,800	3,90,75,814	34.93%	2,94,85,464	95,90,350	3,90,75,814	34.93%	0.00%
C. Shares held by Custodian for GDRs & ADRs		-	0.00%				0.00%	0.00%	
Grand Total (A+B+C)	10,20,19,200	98,55,800	11,18,75,000	100.00%	10,22,84,650	95,90,350	11,18,75,000	100.00%	0.00%

**(ii) Shareholding of Promoters**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year	
1	Vizwise Commerce Private Limited		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
2			7,27,99,186	65.07%		7,27,99,186	65.07%		0
	Total								0

**(iii) Change in Promoters' Shareholding**

SN	Particulars	Date	Reasons for increase/ decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
				No. of shares	% of total shares of the company	No. of shares		% of total shares of the company
	At the beginning of the year			NIL	NIL		NIL	
	Changes during the year			NIL	NIL		NIL	
	At the end of the year			NIL	NIL		NIL	

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reasons for increase/ decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
				No. of shares	% of total shares of the company	No. of shares		% of total shares of the company
1	Name : SHYAM BEHARI							
	At the beginning of the year	31-03-2015		1,30,000	0.12%	1,30,000		0.12%
	Changes during the year	NIL			0.00%			0.00%
	At the end of the year	31-03-2016		1,30,000	0.12%	1,30,000		0.12%
2	Name: ANITA ANIL BANSAL							

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	At the beginning of the year		31-03-2015		1,73,107		0.15%	1,73,107		0.15%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		1,73,107		0.15%	1,73,107		0.15%
3	Name: Manish Agarwal									
	At the beginning of the year		31-03-2015		2,10,500		0.19%	2,10,500		0.19%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		2,10,500		0.19%	2,10,500		0.19%
4	Name :SSJ FINANCE & SECURITIES PVT. LTD.									
	At the beginning of the year		31-03-2015		1,601		0.00%	1,601		0.00%
	Changes during the year			Transfer	8,56,053		0.77%	8,56,053		0.77%
	At the end of the year		31-03-2016		8,57,654		0.77%	8,57,654		0.77%
5	Name: Mahavir G Chopra									
	At the beginning of the year		31-03-2015		8,44,200		0.75%	8,44,200		0.75%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		8,44,200		0.75%	8,44,200		0.75%
6	Name: VIMAL VADILAL SHAH									
	At the beginning of the year		31-03-2015		1,28,500		0.11%	1,28,500		0.11%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		1,28,500		0.11%	1,28,500		0.11%

7	Name: URMILA DEVI SEKSARIA									
	At the beginning of the year		31-03-2015		1,97,379		0.18%	1,97,379		0.18%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		1,97,379		0.18%	1,97,379		0.18%
8	Name: LAXMIPAT DUDHERIA									
	At the beginning of the year		31-03-2015		3,30,383		0.30%	3,30,383		0.30%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		3,30,383		0.30%	3,30,383		0.30%
9	Name: SAMEER VASANT GODBOLE									
	At the beginning of the year		31-03-2015		2,39,395		0.21%	2,39,395		0.21%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		2,39,395		0.21%	2,39,395		0.21%
10	Name : SANDEEP MUSADDY									
	At the beginning of the year		31-03-2015		1,30,000		0.12%	1,30,000		0.12%
	Changes during the year						0.00%			0.00%
	At the end of the year		31-03-2016		1,30,000		0.12%	1,30,000		0.12%
(v) Shareholding of Directors and Key Managerial Personnel:										
SN	Shareholding of each Directors and each Key Managerial Personnel	DATE	Reasons for increase/ decrease	Shareholding at the beginning of the year			Cumulative Shareholding during the year			
				No. of Shares		% of total shares of the company	No. of shares		% of total shares of the company	
1	Name									

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	At the beginning of the year									0.00%
	Changes during the year									0.00%
	At the end of the year									0.00%
2	Name									
	At the beginning of the year									0.00%
	Changes during the year									0.00%
	At the end of the year									0.00%

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars		Secured Loans excluding deposits		Unsecured Loans		Deposits		Total Indebtedness
Indebtedness at the beginning of the financial year								
i) Principal Amount								-
ii) Interest due but not paid								-
iii) Interest accrued but not due								-
Total (i+ii+iii)		-		-		-		-
Change in Indebtedness during the financial year								
* Addition								-
* Reduction								-
Net Change		-		-		-		-

Indebtedness at the end of the financial year

i) Principal Amount								-
ii) Interest due but not paid								-
iii) Interest accrued but not due								-
Total (i+ii+iii)		-		-		-		-

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration				Name of MD/WTD/ Manager			Total Amount
	Name				Mr. Omprakash Ramashankar Pathak			
	Designation				Whole Time Director			
1	Gross salary							

	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			5,28,000.00			5,28,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			22,000.00			22,000.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-	-		-
2	Stock Option			-	-		-
3	Sweat Equity			-	-		-
4	Commission			-	-		-
	- as % of profit			-	-		-
	- others, specify			-	-		-
5	Others, please specify				-		-
	Total (A)			5,50,000	-		5,50,000
	Ceiling as per the Act			42 lakhs as per Section II of Part II of Schedule V of the Companies Act, 2013			
<b>B. Remuneration to other Directors</b>							
SN.	Particulars of Remuneration	Name of Directors					Total Amount
3	Independent Directors			Mr. Harish Kumar Chauhan		Ms.Preeti Sharma	
	Fee for attending board committee meetings			2,73,000.00		2,52,000.00	5,25,000.00
	Commission						
	Others, please specify						
	Total (1)	-		2,73,000.00		2,52,000.00	5,25,000.00
4	Other Non-Executive Directors						
	Fee for attending board committee meetings						
	Commission						
	Others, please specify						
	Total (2)	-		-		-	
	Total (B)=(1+2)	-		-		-	5,25,000.00
	Total Directors Remuneration						10,75,000.00
	Overall Ceiling as per the Act	42 lakhs as per Section II of Part II of Schedule V of the Companies Act, 2013					
<b>C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD</b>							



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SN.	Particulars of Remuneration	Name of Key Managerial Personnel					Total Amount
	Name			Deepa Kumari			(Rs/Lac)
	Designation	CEO		CFO		CS	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			1,38,000.00			1,38,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						-
2	Stock Option						-
3	Sweat Equity						-
4	Commission						
	- as % of profit						-
	- others, specify						-
5	Others, please specify						-
	Total	-		1,38,000.00		-	1,38,000.00

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

## ANNEXURE D TO DIRECTOR'S REPORT

### BITS LIMITED

REGISTERED OFFICE -1111, 11TH FLOOR, NEW DELHI HOUSE, 27, BARAKHAMBA ROAD

NEW DELHI-110001  
CIN: L72200DL1992PLC241971

### INTRODUCTION

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management of the Company and to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### SCOPE

The policy contains a description of the core principles of the company's remuneration policy with respect to executive and non-executive Board members, KMP and other senior management. It follows the principles of maximum transparency and disclosure regarding remuneration, which the company has been applying to its public reporting documents.

The terms of this policy shall not be binding on employment agreement entered prior to this date. This Policy is based upon following principals as drawn by nomination and remuneration committee of company:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- The remuneration of directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

### APPLICABLE

This Policy is applicable on Directors, Key Managerial Personnel (KMP) and Senior Management and of the Company

### Fundamental principles of the policy

The fundamental Principals of this policy are mentioned below, which are the core factors while determining the remuneration of Director, KMP and senior management:

- Industry Practice and Bench marks;
- Long-term value creation.
- Reward achievement of results on the basis of prudent practice, responsibility and risk taking abilities.

- Attract and retain the best professionals.
- Reward the experience and professional track record.
- Ensure equity within the Group and competitiveness outside it.
- Optimum mix of fixed and variable salary;
- Reward in the form of stock options
- Ensure transparency in its remuneration policy

### TERMS OF THE POLICY

- A. Terms for Executive Directors, KMP and senior management of company
- i. Fixed Salary

Managerial Person, KMP and Senior Management are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- ii. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government

- iii. Provisions for excess remuneration

If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government

- B. Terms for Non Executive/ Independent Directors of company

- i. Remuneration / Commission

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force

- ii. Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the

Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Further, the Sitting fees payable to independent directors shall not be less than the sitting fee payable to other directors.

### iii. Limit of Remuneration/Commission

Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013

### iv. Stock Option

An Independent Director shall not be entitled to any stock option of the Company.

## Disclosures

Disclosure in respect to the remuneration of the Company's Board of Directors will be disclosed annually in the Corporate Governance Report part of the Annual Report.

The Policy shall be disclosed in the Board Report of the company.

## POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013 and rules there under and requirements of Clause 49 of the Listing Agreement.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any of the provisions in this policy inconsistent with the Act or regulations, the provisions of the Act or regulation would prevail over the policy, and provisions in the policy would be modified in due course to make it consistent with the law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee. Any change or modification in the policy as recommended by the Committee would be given for approval to the Board.

## Annexure E to Director's Report

### POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTOR'S INDEPENDENCE for bits limited

This Policy will be applicable to the Company with the approval of Nomination and Remuneration Committee and Board of Directors. This Policy is in line with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### Scope

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company

### POSITIVE ATTRIBUTES

The Nominating and Remuneration Committee of the company works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience.

Characteristics expected of all directors candidate include independence, integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board to discharge the duties of Board membership and exercise his responsibilities in a bona-fide manner in the interest of the company.

The director candidate should be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.

### Qualification & Criteria:

The Nomination and Remuneration Committee has not established specific minimum age, education, years of business experience or specific types of skills for evaluating the suitability of individual Board member, but, in general, expects a candidate to have extensive experience and proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

The proposed appointee shall also fulfill the following requirements:

- 1) Shall possess a Director Identification Number;
- 2) Shall not be disqualified under the Companies Act, 2013;
- 3) Shall give his written consent to act as a Director;
- 4) Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- 5) Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- 6) Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association

of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

### **Criteria of Independence**

The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

e. who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding,

subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

(v) is a material supplier, service provider or customer or a lessor or lessee of the company.

f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.

g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.

h. who is not less than 21 years of age.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

### **Appointment**

The appointment of an Independent Director shall be approved by the Company in general meeting as provided in sub-section (2) of section 152 of the Act and the explanatory statement annexed to the notice of the general meeting called to consider the said appointment shall indicate the justification for choosing the appointee for appointment as Independent Director.

### **INDEPENDENCE STANDARDS**

The candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the Listing Agreement with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence.

### **Independence Review Procedures**

#### **1. Annual Review**

The director's independence for the independent director will be determined by the Board on an annual basis upon the declarations made by such Directors as per the Companies Act, 2013 read with rules thereon and the listing agreement.

#### **2. Notice of change of Independent Status**

Each director has an affirmative obligation to inform the Board of any change in circumstances that put his or her independence at issue.

### **Amendment**

Any amendment to the above criteria for appointment of directors shall be subject to the prior approval of the Board of Directors.

### **Disclosure**

The Company will disclose the details about this policy in its Board's Report.

**Annexure-F to Directors' Report****AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members,  
BITS LIMITED

We have examined the compliance of conditions of Corporate Governance by BITS LIMITED for the year ended 31.03.2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulations 15 (2) of the Listing Regulations for the period 1<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement/ Listing Regulations, as applicable has been complied by the Company in all material respect.

**For and on behalf of M/sSoni Gulati & Co.**

Chartered Accountants  
**Sd/-**  
**Sanjeev Kumar**  
(Partner)  
M. No. 91901

Place: New Delhi  
Date: 29/08/2016

**Annexure – G to the Directors' Report****MANAGEMENT DISCUSSION AND ANALYSIS****OVERVIEW**

The financial statements are prepared in compliance with the requirements of the Companies Act, 2013. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of BITS LIMITED accepts responsibility for the integrity and objectivity of these financial statements.

**Industrial Structure & Developments**

Changing economic and business conditions, rapid technology innovation and adoption and globalization is creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their business objectives such as revenue growth, profitability and asset efficiency.

**Opportunities and threat, Outlook & Area of Concern**

Growth in the Indian economy and demand creates unprecedented opportunities for company to invest significantly in each of its core businesses.

Outlook for the overall industries is positive. In keeping with the philosophy of continuous consumer centric approach which is the hall mark of any organization, several developmental activities have been planned for the next fiscal year.

**Risk Management & Concerns**

Risk in cost of raw materials, environmental liabilities, tax laws, labour relations, litigation and significant changes in the Global political and economical environment exert tremendous influence on the performance of the company.

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures.

**HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:**

The Company believes that the employees are the backbone of the Company. Congenial and safe work atmosphere, appropriate recognition and rewards, constant communication, focus on meeting customer needs and change management through training are the hallmarks for development of human resources of the company. Every employee is aware of the challenges posed by the current economic environment. Employee morale has remained high even during difficult times. The employees have co-opted fully with the management in implementing changes as required by the market. And it is providing an opportunity to all the employees to utilize their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business. These systems are designed to ensure that all the assets of the company are safeguarded and protected against any loss and that all the transactions are properly authorized recorded and reported.

The internal audit is entrusted to M/s R. Mahajan & Associates, a firm of Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business practices.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements to strengthen the same. The Board of Directors has framed a policy which ensures the orderly and efficient conduct of its business, safeguarding of its assets, to provide greater assurance regarding prevention and detection of frauds and accuracy and completeness of the accounting records of the company.

Further your company has adequate internal financial control with reference to its financial statements

## FINANCIAL REVIEW AND ANALYSIS

The financial performance of the Company for the financial year ended March 31, 2016 is given as under:-

PERFORMANCE	Year ended 31-03-2016
Revenue	11018232
Expenditure	125318105
Profit/ (Loss) before tax	(114299873)
Prior Period Adjustment of tax	403628
Profit/(Loss) for the year	(114703501)

## CAUTIONARY STATEMENT:

Certain Statements in the "Management Discussion and Analysis" describing the Company's objectives, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. These Statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied due to various risk & uncertainties. Important factors that could make a difference to the Company's operations include changes in Govt. regulations, tax regimes, economic developments and other factors such as litigation. The company does not undertake to update these statements.

By Order of the Board of Directors  
For Bits Limited

**Sd/-**  
**Omprakash Ramashankar Pathak**

(Whole Time Director)  
DIN No.-01428320

**Sd/-**  
**Ankit Rathi**

(Director)  
DIN No. -01379134

Place: New Delhi  
Date: 29/08/2016

**Annexure H to Director's Report**

DETAILS OF TOP 10 EMPLOYEES IN TERMS OF REMUNERATION DRAWN AS PER PROVISIONS OF SECTION 197(12) OF THE ACT READ WITH RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S.No	Name and Age of the Employee	Designation of the Employee	Remuneration Received (Amount in Rs.)	Nature of employment whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee within the meaning of clause (iii) of sub-rule (2) of rule 2 of Companies (Appointment and Remuneration ) Rules, 2014	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	Mr. Omprakash Ramashankar Pathak; 41 years	Whole Time Director	Rs. 5,50,000	Contractual	Graduate; He has a wide experience in Finance, & Marketing	13th August, 2013	Ujjwal Green Energy Private Limited -Director	Nil	No
2	Ms. Deepa Kumari; 33 years	Chief Financial Officer	Rs. 1,38,000	Contractual	Graduate; Nil	12 <sup>th</sup> August, 2014	N.A.	Nil	No

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name of Director/KMP and designation	Remuneration Of Director/KMP for financial year 2015-16	Ratio of remuneration of each Director to median remuneration of employees	% increase in Remuneration Of each director CFO,CEO, C.S or Manager
Omprakash Ramashankar Pathak (Whole Time Director)	5,50,000	3.9:1	10%
Deepa Kumari (Chief Financial Officer)	1,38,000	1:1	Nil

1. There is no Percentage increase in the median remuneration of employees of Bits Limited ;
2. There were 2 permanent employees on the rolls of Company as on March 31, 2016 ;
3. There was no average increase made in the salaries of employees in this financial year. Further, the average increase in the salary of Managerial Personnel in this financial year is 10%. The Remuneration payable to Managerial Personnel is directly linked to individual performance as well as that of the business. The remuneration payable to managerial personal was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.
4. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy of the company.

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2016.

### 1. COMPANY'S PHILOSOPHY

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The basis of Corporate Governance envisages optimal utilization of resources for enhancing the values of the enterprise by effectively monitoring executive performance and supporting the entrepreneurship spirit and to ensure ethical behavior of the enterprise in honoring and protecting the rights of all stakeholders, including discharge of social responsibility, through highest level of transparency and accountability in all facets of its operations. The core values of the Company are:

- Caring for people.
- Integrity including intellectual honesty, openness, fairness & trust.
- Commitment to excellence and customer satisfaction.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment in interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre. The Company strives to set and achieve high standards of Corporate Governance. The very essential characteristics of the Company are transparent functioning, social responsiveness and accountability towards shareholders.

### GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company is as follows:

- Board of Directors: The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company.
- Committees of the Board: The Board has constituted the following Committees i.e. Audit Committee, Nomination & Remuneration Committee, Stakeholder's Relationship Committee & Risk Management Committee. Each of the Committee has been mandated to operate within a given framework.

This year's annual report has made substantial disclosures on the Board of Directors, financial performance, which are as follows:

### 2. BOARD OF DIRECTORS:

#### Size & Composition of the Board

As on 31<sup>st</sup> March, 2016, the Board of the Company consists of 4 directors out of which 2 are Independent Directors, 1 is Executive Director and the Chairman of the Board is Non-Executive Director.

The details of each member of the Board along with the number of Directorship/Chairmanship/Committee Membership are as given below:

Name	Category	Designation	No. of Board Meetings Held during the year 2015 – 2016	No. of Board Meetings Attended during the year 2015 - 2016	Number of Directorship in other Companies	Attendance of each Director At last AGM	No. of other Board Committee(s) of which he is a member (% , @)	No. of other Board Committee (s) of which he is a Chairman (% , @)
Mr. Ankit Rathi	Chairman Promoter/ Non-Executive Director	Director	8	8	7	Yes	7	1



Mr. Omprakash Ramashankar Pathak	Promoter/ Executive Director	Whole-Time Director	8	8	7	Yes	2	1
Mr. Harish Kumar Chauhan	Independent/ Non-Executive	Director	8	8	4	Yes	7	5
Mrs. Preeti Sharma	Independent/ Non-Executive	Director	8	8	3	Yes	3	0

% Excluding membership and chairmanship of committees of all private limited companies, foreign Companies and Companies under section 8 of the Companies Act, 2013.

@ Committee position only of the Audit Committee and Stakeholder's Relationship Committee in Public Companies (whether listed or not) have been considered.

Membership/Chairmanship of the Directors in various Committees is within the permissible limits.

None of independent directors serving more than 7 listed companies and Whole Time Director of company is also not acting as independent director in more than 3 listed companies.

There is no relationship between directors of the company. Further, non-executive directors does not have any shareholding in the company.

**Independent Directors**

The Non-Executive Independent Directors of our Company fulfill the conditions of Independence as specified in Section 149(6) of Companies Act, 2013 and rules made there under and meet the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A formal letter of appointment was issued to the Independent Directors of the Company in the manner as provided under Companies Act, 2013 and disclosed on the website of the Company (<http://www.bits.net.in/docs.html>).

Further, the details regarding programmes for familiarization of Independent Directors with the company, their roles and responsibilities in the company, business model of the company and other related matters are put on the website of the Company at the link i.e. [http://www.bits.net.in/familiarisation\\_policy.pdf](http://www.bits.net.in/familiarisation_policy.pdf) which is also explained in the Director's Report.

**Details of Board Meetings**

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are sent in advance separately to each director.

During the Financial Year 2015-2016 (8) Eight Board Meetings were held i.e. 29/05/2015, 27/07/2015, 13/08/2015, 27/08/2015, 06/10/2015, 20/10/2015, 07/11/2015 and 11/02/2016. The intervening period between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015.

**COMMITTEES OF THE BOARD**

The Board of Directors has constituted the board Committees to deal with specific areas and activities which concern the Company and need a closer view.

The Board has currently the following Committees:

**(3) AUDIT COMMITTEE**

The Audit Committee of the Board comprises three members out of which two are Non executive Independent Directors and one is Executive Director, namely Mr. Harish Kumar Chauhan, Non-Executive/Independent Director, is the Chairman of the committee. The other members of Audit Committee include Ms. Preeti Sharma, Non-Executive/Independent Director, and Mr. Omprakash Pathak, Executive Director. All the members of the committee are well versed in finance matters, accounts and general business practice.

The composition, quorum, powers, role and scope are in accordance with Section 177 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Meetings:**

The Audit Committee met 5 times during the year on 29/05/2015, 13/08/2015, 06/10/15, 07/11/2015, 11/02/2016. The attendance of Members at the Meetings was as follows:

S.No.	Name	Status	No. of meetings during the year	No. of Meetings Attended
i)	Mr. Harish Kumar Chauhan	Chairman	5	5
ii)	Ms. Preeti Sharma	Member	5	5
iii)	Mr. Omprakash Ramashankar Pathak	Member	5	5

Terms of Reference:

### POWER OF AUDIT COMMITTEE

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### ROLE OF AUDIT COMMITTEE

The role of Audit Committee includes the review of the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. 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;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

#### **RELATED PARTY TRANSACTION**

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company ([http://www.bits.net.in/Bits%20Limited\\_RPT%20Policy.pdf](http://www.bits.net.in/Bits%20Limited_RPT%20Policy.pdf)). The same has been referred in Directors Report also.

#### **(4) Nomination & Remuneration Committee**

The Nomination & Remuneration Committee of the Board comprises of three members namely Mr. Harish Kumar Chauhan, Non-Executive, Independent Director, is the Chairman of the committee. The other member of Nomination & Remuneration Committee includes Ms. Preeti Sharma, Non-Executive, Independent Director and Mr. Ankit Rathi, Promoter Non-Executive Director.

The composition, quorum, powers, role and scope are in accordance with Section 178 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **MEETINGS OF NOMINATION AND REMUNERATION COMMITTEE:**

During the Financial Year 2015 - 2016 the Committee met 1 time only i.e. on 27/08/2015. The attendance of Members at the Meeting was as follows:

S.No.	Name	Status	No. of meetings during the year	No. of Meetings Attended
i)	Mr. Harish Kumar Chauhan	Chairman	1	1
ii)	Ms. Preeti Sharma	Member	1	1
iii)	Mr. Ankit Rathi	Member	1	1

#### **TERMS OF REFERENCE**

The role of Nomination and Remuneration Committee includes the following

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 2). Formulation of criteria for evaluation of Independent Directors and the Board;
- 3) Devising a policy on Board diversity;
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- 5) Extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

#### **PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS**

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

#### **REMUNERATION POLICY**

The Remuneration Policy of the Company for Directors, Key Managerial Personnel and Senior Management is annexed as annexure D to the Director's Report. The Company's remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical

basis. The remuneration policy is in accordance with the existing industry practice.

Further, the evaluation of all the directors and the Board as a whole and that of its committee was conducted based on the criteria and framework adopted by the Board, which was explained in the Director's Report.

Remuneration paid to the Directors during the financial year 2015-2016:

Name of the Director	Salary	Perquisites and allowances	Retiral benefits	Bonuses	Performance Linked Incentive	Total	Stock Options granted
Mr. Omprakash Ramashankar Pathak	5,28,000 per annum	Nil	Nil	22,000	Nil	5,50,000	Nil

The remuneration of Executive directors is fixed with no performance linked incentives.

Further, Company does not make any payment to Non-Executive Directors except Sitting Fees.

The tenure of the office of the Whole Time Director is for 3 years and tenure of Independent Director is for 5 years from the date of conclusion of 22nd Annual General Meeting i.e. 30th September, 2014 and can be terminated by either party by giving one month advance notice in writing. There is no separate provision for payment of severance fees.

Further, there was no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the company and Non-Executive Directors does not hold any shareholding in the Company.

#### (5) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Board comprises of two members. Mr. Ankit Rathi, Non-Executive, Promoter Director, is the Chairman of the committee. The other member of Stakeholders Relationship Committee includes Mr. Harish Kumar Chauhan, Non Executive Independent Director.

The composition, quorum, powers, role and scope are in accordance with Section 178 of Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

#### MEETINGS OF STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee met 4 times during the year on 29/05/2015, 13/08/2015, 07/11/2015, 11/02/2016. . The attendance of Members at the Meeting was as follows:

S.No.	Name	Status	No. of meetings during the year	No. of Meetings Attended
i)	Mr. Ankit Rathi	Chairman	4	4
ii)	Mr. Harish Kumar Chauhan	Member	4	4

The stakeholder relationship committee is entrusted with responsibility to resolve the grievances of the Security holders of the Company. The Committee monitors and reviews the performance and service standards of the Registrar and Transfer Agents of the Company i.e. Mas Services Limited and provides continuous guidance to improve the service levels for investors. The Committee received and redresses the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of declared dividend, non-receipt of Annual Report, dematerialization of shares, etc.

#### • Investor Greivance Redressal

The number of complaints received and resolved to the satisfaction of investors during the year under review are as follows:

	Received	Resolved	Balance
Complaints	Nil	Nil	Nil

As on March, 31<sup>st</sup>, 2016 no complaints were outstanding.

#### Compliance officer

The Board has designated Mr. Omprakash Ramashankar Pathak, Whole Time Director as Compliance Officer of the Company.

#### • INDEPENDENT DIRECTOR'S MEETING

During the year under review, the Independent Directors met on 11<sup>th</sup> February, 2016 inter alia, to discuss:

- i) Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole.
- ii) Evaluation of performance of the Chairman of the Company, taking into account the views of Executive & Non-Executive Directors.
- iii) Evaluation of quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

#### (6) RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board comprises of two

members. Mr. Omprakash Ramashankar Pathak, Whole Time Director, is the Chairman of the committee. The other member of Risk Management Committee includes Mr. Ankit Rathi, Non-Executive, Promoter Director.

The composition, quorum, powers, role and scope are in accordance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

**MEETINGS OF RISK MANAGEMENT COMMITTEE:**

During the Financial Year 2015- 2016 the Committee met on 11<sup>th</sup> February, 2016. The attendance of Members at the Meeting was as follows:

S.No.	Name	Status	No. of meetings during the year	No. of Meetings Attended
i)	Mr. Omprakash Ramashankar Pathak	Chairman	1	1
ii)	Mr. Ankit Rathi	Member	1	1

The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of all risks.

The Risk Management Committee lays down the procedures to inform Board members about the risk assessment and minimization procedures. Risk Management Committee is also responsible for monitoring and reviewing risk management plan of the Company.

**7. General Body Meetings**

Details about Annual General Meetings held in last three years

For the Year	Venue	Day, Date & Time	Special Resolution *
2012 –13	Registered Office i.e 4/18, IInd Floor, Asaf Ali Road, New Delhi – 110002	Monday, 30th September, 2013 at 10:00 A.M.	No Special Resolution Passed
2013 –14	Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094	Tuesday, 30 <sup>th</sup> September, 2014 at 10.00 A.M.	Appointment of Shri Omprakash Ramashankar Pathak (DIN: 01428320) as Whole Time Director of the Company, for a period of 3 (three) years. (***)

2014-15	Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094	Wednesday, 30 <sup>th</sup> September, 2015 at 11.00 A.M	Adoption of newly substituted Article of Association of Company as per Companies Act, 2013 (***)
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\*\*\* Special Resolution was passed through E-Voting & physical voting i.e. by ballot form at Annual General Meeting.

**POSTAL BALLOT**

During the year, Company approached the shareholders through postal ballot in August, 2015. A snapshot of the voting results of the postal ballot is as follows:-

Particular of the Resolution	Type of Resolution	No. of Votes Polled	Votes Cast in Favour		Votes Cast Against	
			No. of Votes	%	No. of Votes	%
Authorisation for giving loans/ guarantees, providing securities and making investment in securities	Special Resolution	72838770	72830270	65.09	8500	.007

The Company successfully completed the process of obtaining approval of its shareholders for special resolution on the items declared above through a postal ballot.

Mr. Naveen Rastogi, being the proprietor of M/s N K Rastogi & Associates, Practicing Company Secretary(FCS 3685 & CP No. 3785) were appointed as Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

**Procedure for Postal Ballot**

In compliance with section 108 and 110 and other applicable provisions of the Companies Act, 2013 read with related Rules, the Company provides electronic – voting (e-voting) facility to all its members. The Company engage the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appears on the register of members as on cut-off date. The postal ballot notice is sent to members through permissible mode. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the shares registered in the name of the members as on cut-off date. Members desirous to exercise their vote by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desirous to exercise their vote by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of the scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman/Whole Time Director. The Results are communicated to the stock exchanges.

Details of special resolution proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot

## 8. Disclosures

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.

During the period under review, the company had not entered into any material transaction with any of its related party. None of the transactions with any of the related parties were in conflict with the company's interest. All the related party transactions are on arm's length basis and are intended to further the company's interest.

2. Details of non-compliance by the company, penalties and 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.

There has been no non compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets during the last three years.

3. Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

Company has a Whistle Blower Policy for Directors & employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and directors who use such mechanism and makes provision for direct access to the Chairperson of Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

4. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As regard the non-mandatory requirements, Company tries to implement them to the extent possible.

5. Web link where policy for determining 'material' subsidiaries is disclosed;

There is no subsidiary of company, so no policy for determining material subsidiary is required to be disclosed

on the website of the company.

6. Disclosure of commodity price risks and commodity hedging activities Not Applicable
7. Company has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. Company try to adopt the discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## General

A certificate duly signed by the Whole Time Director relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Part B of Schedule II of SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015 was placed before the Board, who took the same on record

1. Profile and other information regarding the Directors being appointed/re-appointed as required under Regulations 36(3) of SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015 have been given in the Notice of the Annual General Meeting annexed to this Annual Report.
2. The Company follows a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Board of compliance status of laws applicable to the company and steps taken to rectify non-compliance, if any.
3. The Company's senior management has confirmed to the Board of Directors that they do not have any personal interest related to its material, financial and commercial transactions that may have a potential conflict with the interests of the Company at large.
4. Declarations by the Whole Time Director regarding compliance by board members and senior management personnel with the company's code of conduct

Mr. Omprakash Ramashankar Pathak, Whole Time Director has furnished the requisite declaration affirming compliance with the Code of Conduct by the board members and senior management personnel, for the financial year ended March 31, 2016, which is attached with the report.

5. The company has complied with all the Accounting Standards applicable to the company.
6. The company has not come out with any Public Issue / Preferential Issue in the Financial Year 2015-16 .
7. Certificate from the Auditor regarding compliance of

conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is attached as Annexure F of the Director's Report.

## 9. Means of Communication

### Quarterly Results

Millenium Post (English Daily) and  
30.06.2015 For Quarter ended

Samachar Jagat (Hindi Daily)

Millenium Post (English Daily) and  
30.09.2015 For Quarter ended

Samachar Jagat (Hindi Daily)

Millenium Post (English Daily) and  
31.12.2015 For Quarter ended

Samachar Jagat (Hindi Daily)

Millenium Post (English Daily) and  
ended 31.03.2016 For Quarter

Samachar Jagat (Hindi Daily)

Financial Results also displayed on the website of the company i.e. [www.bits.net.in](http://www.bits.net.in).

As a matter of policy, the company will display the official news release at its website, whenever applicable. There were no instances during the year, which requires the company to make any presentation before institutional investor or to the analyst.

## 10. SHAREHOLDERS' GENERAL INFORMATION

### (1) Annual General Meeting

Day, Date and Time: Friday, 30<sup>th</sup> September, 2016 at 11.00 a.m

Venue: Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi- 110094

### (2) Financial Calendar (Tentative) for the Financial Year 2016 - 2017

Tentative calendar of events for the financial year 2016 - 2017 (April to March) is as under:

Adoption of Quarterly Financial Results for:

First Quarter – by mid of August, 2016      Third Quarter-by mid of February, 2017

Second Quarter-by mid of November, 2016      Fourth Quarter- by mid/end of May, 2017

### (3) Book Closure

The Register of Members and Share Transfer Register will remain closed from 24.09.2016 to 30.09.2016 on account of Annual General Meeting.

### (4) Dividend Payment Date

No dividend has been recommended for the year ended 31<sup>st</sup> March, 2016.

### (5) Listing at Stock Exchanges

Sr. No.	Name of Stock Exchange	Stock Code
1.	The Bombay Stock Exchange Limited  Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001	526709

Listing Fee for the year 2015 -16 has been paid to Bombay Stock Exchange.

### (6) Stock Code -- ISIN – INE839A01021

Market Price Data: High Low for the period April 2015 to March 2016

Month	High (Rs.)	Low (Rs.)
April 2015	0.22	0.19
May 2015	0.37	0.23
June, 2015	0.36	0.31
July 2015	0.35	0.31
August 2015	0.52	0.34
September 2015	0.38	0.34
October 2015	0.45	0.36
November 2015	0.46	0.37
December 2015	0.49	0.37
January 2016	0.63	0.51
February 2016	0.58	0.56
March 2016	0.56	0.48

Source: BSE Portal

## 7. Registrar & Share Transfer Agents:

Pursuant to the SEBI directive, the Company has appointed M/s Mas Services Limited as Share Transfer Agent for maintaining all the work related to share registry in terms of both physical and electronic form. Shareholders can communicate with them for lodgment of transfer deeds and their queries at the following address:

M/s Mas Services Ltd.

T-34, Okhla Industrial Area, Phase-II,

New Delhi-110020

Phone No.: 011-26387281/82/83,

Fax No.: 011-26387384

Email ID: info@masserv.com

Contact Person: Sharwan Mangla

### 11. Share transfer system:

Transfers of Equity Shares are handled by Mas Services Limited. The transferee is required to furnish transfer deed duly completed in all respects together with share certificate to Mas Services Limited at the above address in order to enable the Registrar and transfer agent to process the transfer.

The committee normally attends to share transfer formalities once in a fortnight. De-mat requests are normally confirmed within 21 days from the date of receipt of request. The company obtains from a Company Secretary in Practice half yearly Certificate of Compliance with the share transfer formalities as required under regulation 40(9) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and files a copy of the said certificate with Stock Exchange.

Shareholding Pattern as on 31 <sup>st</sup> March, 2016.		
Category	No. of Shares held	% of Shareholding
<b>A. PROMOTERS</b>		
Promoter and Promoter Group	72799186	65.072
<b>B. PUBLIC</b>		
Individuals holding nominal share capital upto 2 lac	30958888	27.67
Individuals holding nominal share capital in excess of 23 lac	4689177	4.19

Financial Institutions/ Banks	47000	0.04
Mutual Funds/UTI	30500	0.03
OTHERS	3350249	2.99
<b>Total</b>	<b>111875000</b>	<b>100</b>

### 12. Distribution of Shareholding as on 31st March, 2016

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-5000	14096	83.705	12052005	10.773
5001-10000	1504	8.931	6262642	5.598
10001-20000	718	4.264	5848043	5.227
20001-30000	237	1.407	2994406	2.677
30001-40000	91	0.540	1692123	1.513
40001-50000	55	0.327	1300064	1.162
50001-100000	84	0.499	3031552	2.710
100001 & above	55	0.327	78694165	70.341
<b>Total</b>	<b>16840</b>	<b>100</b>	<b>111875000</b>	<b>100</b>

### 13. Dematerialization of shares:

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has already enlisted its shares with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited. Company has been allotted ISIN No. INE – 839A01021. As at 31.03.2016, 10732634 Equity Shares were held in demat form in CDSL and 91552016 shares were held in demat form in NSDL.

### 14. Outstanding GDR'S/ADR's/ Warrants or any Convertible instruments, conversion date and likely impact on equity.

There are no Outstanding GDR'S/ADR's/ Warrants or any Convertible instruments.

15. Commodity price risk or foreign exchange risk and hedging activities

Not Applicable

16. Plant Location



The Company does not carry any manufacturing activity.

17. Address for correspondence:

**Bits Limited (Regd. Office)**

1111, 11<sup>th</sup> Floor, New Delhi House,  
27, Barakhamba Road,  
New Delhi-110001

**Corporate Office**

23, Great Western Building, 1st Floor,  
130/132, Apollo Street, SBS Road,  
Fort, Mumbai-400023.

To

The Members of Bits Limited

**DECLARATION REGARDING COMPLIANCE BY  
BOARD MEMBERS AND SENIOR MANAGEMENT  
PERSONNEL WITH THE COMPANY'S CODE OF  
CONDUCT**

In Compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Om Prakash Ramashankar Pathak, Whole Time Director of the Company, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct formulated by the Company for the financial year ended March 31, 2016.

By **Order of the Board of Directors**  
For **Bits Limited**

**Sd/-**  
**Omprakash Ramashankar Pathak**  
Whole Time Director  
DIN No. - 01428320

Place: New Delhi  
Date: 29.08.2016

**WHOLE TIME DIRECTOR CERTIFICATION**

I, Om Prakash Ramashankar Pathak, Whole Time Director Bits Limited, to the best of my knowledge and belief hereby certify that:

a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. 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.

b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c) I accept responsibility for establishing and maintaining internal

controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d) I have indicated to the Auditors and the Audit Committee;

i) Significant changes in internal control over financial reporting during the year; if any

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; if any and

iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

**By Order of the Board of Directors**

For **Bits Limited**  
**Sd/-**

**Omprakash Ramashankar Pathak**

Whole Time Director  
DIN No. - 01428320

Place: New Delhi  
Date: 29.08.2016

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Bits Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Bits Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, read with noted to accounts note 16 of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure-I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) 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;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-II"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigation which have impact on its financial position in its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Soni Gulati & Co.**  
Chartered Accountants  
FRN 8770  
**Sd/-**  
**Sanjeev Kumar**  
Partner  
M.No. 091901

Place: New Delhi  
Date: 30.05.2016

## ANNEXURE-I TO THE INDEPENDENT AUDITOR'S REPORT OF BITS LIMITED

The Annexure referred to in our report to the members of Bits Limited ('the Company') for the year ended 31<sup>st</sup> March, 2016.

We report that:

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis which in our opinion is at reasonable intervals. As per information and explanations given to us, no material discrepancies were noticed on such verification as compared to book records.  
c) The company does not have any immovable property as fixed assets in its name hence clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
2. a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
3. The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investment made.
5. The Company has not accepted deposit from the public
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company.
7. a). The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.  
b). According to the information and explanations given to us, there are no disputed statutory dues payable in respect of income tax, sales tax, duty of customs, duty of excise and value added tax which are outstanding as at 31<sup>st</sup> March, 2016.
8. According to the information and explanations given to us, the company has not taken any loan from any financial

institution, bank, government or debenture holder, during the year hence clause (viii) of paragraph 3 of the Order regarding default is not applicable to the Company.

9. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year, hence clause (ix) of paragraph 3 of the Order regarding default is not applicable to the Company.
10. Based upon the audit procedures performed and information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
11. According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company, hence clause (xii) of paragraph 3 of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Soni Gulati & Co.**  
Chartered Accountants  
FRN 8770  
**Sd/-**  
**Sanjeev Kumar**  
Partner  
M.No. 091901

Place: New Delhi  
Date: 30.05.2016

## ANNEXURE-II TO THE INDEPENDENT AUDITOR'S REPORT OF BITS LIMITED

The Annexure referred to in our report to the members of Bits Limited ('the Company') for the year ended 31<sup>st</sup> March, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-

section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Bits Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Soni Gulati & Co.**  
Chartered Accountants  
FRN 8770  
**Sd/-**  
**Sanjeev Kumar**  
Partner  
M. No. 091901

Place: New Delhi  
Date: 30.05.2016

CIN - L72200DL1992PLC241971

**BALANCE SHEET AS AT 31ST. MARCH, 2016**

Particulars	Note	AS AT 31st, MARCH 2016	AS AT 31st, MARCH 2015
<b>I. EQUITY AND LIABILITIES</b>			
(1) SHAREHOLDER'S FUND			
(a) SHARE CAPITAL	1	22,37,50,000.00	22,37,50,000.00
(b) RESERVES AND SURPLUS	2	2,49,22,697.00	13,96,26,198.00
<b>(2) NON CURRENT LIABILITIES</b>			
(a) DEFERRED TAX LIABILITY(NET)		-	-
(3) CURRENT LIABILITIES			
(a) OTHER CURRENT LIABILITIES	3	9,47,00,960.00	16,43,15,151.00
<b>TOTAL</b>		<b>34,33,73,657.00</b>	<b>52,76,91,349.00</b>
<b>II. ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) TANGIBLE FIXED ASSETS	4	10,21,498.00	10,94,760.00
(b) NON CURRENT INVESTMENTS	5	12,98,59,958.00	12,50,97,122.00
<b>(2) CURRENT ASSETS</b>			
(a) INVENTORIES	6	3,50,56,141.00	3,72,52,591.00
(b) TRADE RECEIVABLES	7	6,58,61,911.00	24,69,28,312.00
(c) CASH AND CASH EQUIVALENTS	8	9,18,342.00	6,09,489.00
(d) SHORT TERM LOANS AND ADVANCES	9	11,06,55,807.00	11,67,09,075.00
<b>TOTAL</b>		<b>34,33,73,657.00</b>	<b>52,76,91,349.00</b>
SIGNIFICANT ACCOUNTING POLICIES & ADDITIONAL INFORMATION	16		
THE NOTE NOS 1 TO 16 ARE INTEGRATED PART OF FINANCIAL STATEMENTS IN TERMS OF OUR AUDIT REPORT OF EVEN DATE ATTACHED		-	-

FOR **SONI GULATI & CO.**  
CHARTERED ACCOUNTANTS  
FRN 08770

FOR & ON BEHALF OF BOARD

**Sd/-**  
**( SANJEEV KUMAR )**  
PARTNER  
M. NO. 091901

PLACE : NEW DELHI  
DATE : 30.05.2016

**Sd/-**  
**(OMPRAKASH PATHAK)**  
WHOLE TIME DIRECTOR  
DIN - 01428320

**Sd/-**  
**Deepa Kumari**  
(CFO)

**Sd/-**  
**(ANKIT RATHI)**  
DIRECTOR  
DIN - 01379134

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016**

S.No	PARTICULARS	Note	FOR THE YEAR ENDED 31ST MARCH,2016	FOR THE YEAR ENDED 31ST MARCH,2015
I.	REVENUE FROM OPERATIONS	10	24,18,990.00	22,51,445.00
II.	OTHER INCOME	11	85,99,242.00	81,13,769.00
III.	TOTAL REVENUE		1,10,18,232.00	1,03,65,214.00
IV.	EXPENSES:			
	PURCHASE		-	
	CHANGE IN INVENTORIES	12	21,96,450.00	20,33,528.00
	EMPLOYEE BENEFIT EXPENSES	13	9,68,503.00	9,07,951.00
	FINANCE COSTS	14	340.00	8,756.07
	DEPRECIATION		85,512.00	6,87,171.00
	OTHER EXPENSES	15	12,20,67,300.00	80,65,660.52
	TOTAL EXPENSES		12,53,18,105.00	1,17,03,066.59
V.	PROFIT BEFORE TAX(III-IV)		(11,42,99,873.00)	(13,37,852.59)
VI.	TAX EXPENSE:			
	(1)CURRENT TAX			-
	(2)DEFERRED TAX			30,35,862.00
	(3)PRIOR PERIOD ADJUSTMENT OF TAX	4.03,628.00		
VII.	PROFIT(LOSS) FOR THE PERIOD(V-VI)		(11,47,03,501.00)	16,98,009.41
VIII.	EARNINGS PER EQUITY SHARE (1)BASIC (2)DILUTED		(1.03) (1.03)	0.015 0.015

SIGNIFICANT ACCOUNTING POLICIES & ADDITIONAL INFORMATION

16

THE NOTE NOS 1 TO 16 ARE INTEGRATED PART OF FINANCIAL STATEMENTS

IN TERMS OF OUR AUDIT REPORT  
OF EVEN DATE ATTACHED

FOR **SONI GULATI & CO.**

CHARTERED ACCOUNTANTS  
FRN 08770

Sd/-  
**( SANJEEV KUMAR )**  
PARTNER  
M. NO. 091901

PLACE : NEW DELHI  
DATE : 30.05.2016

FOR & ON BEHALF OF BOARD

Sd/-  
**(OMPRAKASH PATHAK)**  
WHOLETIME DIRECTOR  
DIN - 01428320

Sd/-  
**Deepa Kumari**  
(CFO)

Sd/-  
**(ANKIT RATHI)**  
DIRECTOR  
DIN - 01379134

# ANNUAL REPORT 2015-2016

AS AT  
31ST MARCH,2016    31ST MARCH,2015

**NOTE - 1**

**SHARE CAPITAL**

AUTHORIZED SHARE CAPITAL

201250000 EQUITY SHARES OF RS. 2/-EACH (PR. YEAR 201250000 EQUITY SHARES OF RS. 2/-EACH)	40,25,00,000.00	40,25,00,000.00
ISSUED, SUBSCRIBED & PAID UP 111875000 EQUITY SHARES OF RS. 2/-EACH ( PR. YEAR 111875000 EQUITY SHARES OF RS. 2/-EACH)	22,37,50,000.00	22,37,50,000.00
	22,37,50,000.00	22,37,50,000.00

**DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF PAID UP EQUITY SHARE CAPITAL**

SHAREHOLDER	31.03.2016 NO. OF SHARES	31.03.2015 NO. OF SHARES	AS AT 31.03.2016 PERCENTAGE	AS AT 31.03.2015 PERCENTAGE
VIZWISE COMMERCE PRIVATE LIMITED	72799186	72799186	65.07%	65.07%

**SHARE RECONCILIATION STATEMENT**

PARTICULARS	<b>AS AT 31.03.2016</b>	<b>AS AT 31.03.2015</b>
	EQUITY	EQUITY
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	11,18,75,000	11,18,75,000
SHARES ISSUED DURING THE YEAR	-	-
SHARES BOUGHT BACK DURING THE YEAR	-	-
SHARES OUTSTANDING AT THE END OF THE YEAR	11,18,75,000	11,18,75,000

**NOTE - 2**

**RESERVES AND SURPLUS**

SHARE PREMIUM	24,87,50,000.00	24,87,50,000.00
GENERAL RESERVE	10,00,000.00	10,00,000.00
PROFIT & LOSS ACCOUNT		
OPENING BALANCE	(11,01,23,802.00)	(11,18,21,811.41)
ADD: PROFIT/(LOSS) OF CURRENT YEAR	(11,47,03,501.00)	16,98,009.41
CLOSING BALANCE	(22,48,27,303.00)	(11,01,23,802.00)
	2,49,22,697.00	13,96,26,198.00

**NOTE - 3**

OTHER CURRENT LIABILITIES

OTHER LIABILITIES	9,46,75,770.00	16,42,93,151.00
AUDIT FEES PAYABLE	25,190.00	22,000.00
	9,47,00,960.00	16,43,15,151.00

**NOTE-4  
 TANGIBLE FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As On	Addition	Deduction	As On	Up To	For the	Depreciation	Up To	As On	As On
	01.04.2015			31.03.2016	31.03.2015	Year	Adjustment	31.03.2016	31.03.2016	31.03.2015
AIRCONDITIONER	23,40,132	-	-	23,40,132	22,23,126	-	-	22,23,126	1,17,006	1,17,006
COMPUTER & ACCESSORIES	1,77,643	-	-	1,77,643	77,292	46,948		1,24,240	53,403	1,00,351
ELECTRICAL INSTALLATION	18,30,537	-	-	18,30,537	17,39,010	-	-	17,39,010	91,527	91,527
FURNITURE & FIXTURE	3,40,25,698	-	-	3,40,25,698	3,34,29,723	-	-	3,34,29,723	5,95,975	5,95,975
BIKES	1,56,733	-	-	1,56,733	42,206	14,888	-	57,094	99,639	1,14,527
REFRIGRATOR	-	12,250	-	12,250	-	2,300	-	2,300	9,950	-
MOTOR VEHICLE	2,25,000	-	-	2,25,000	1,49,626	21,376	-	1,71,002	53,998	75,374
TOTAL	3,87,55,743	12,250	-	3,87,67,993	3,76,60,983	85,512	-	3,77,46,495	10,21,498	10,94,760
PREVIOUS YEAR	11,75,31,482.00	67,098	7,88,42,837	3,87,55,743.00	9,95,29,672.00	6,87,171.00	6,25,55,860	3,76,60,983.00	10,94,760.00	1,90,01,810.00



**NOTE-5**

NON CURRENT INVESTMENTS

OTHER INVESTMENTS:

INVESTMENT IN EQUITY INSTRUMENTS

QUOTED :

EQUITY SHARES OF STG LIFECARELTD (FORMERLY SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD) 1000000 Equity shares of Rs 10/- each (Pr. Year 1000000 Equity shares of Rs 10/- each)	70,00,000.00	70,00,000.00
EQUITY SHARES OF INDIAN SUCROSE LTD 105500 Equity shares of Rs 10/- each	11,38,345.00	-
EQUITY SHARES OF LANCO INFRATECH LTD 99000 Equity shares of Rs 1/- each	3,71,250.00	-
EQUITY SHARES OF NRB BEARING INDUSTRIES LTD 12420 Equity shares of Rs 10/- each	15,10,640.00	-
EQUITY SHARES OF SEASONS TEXTILES LTD 77303 Equity shares of Rs 10/- each	3,43,998.00	-
EQUITY SHARES OF STANPACKS (INDIA) LTD 43140 Equity shares of Rs 10/- each	2,58,840.00	-
EQUITY SHARES OF VBC FERRO ALLOY LTD 9985 Equity shares of Rs 10/- each	5,39,190.00	-
EQUITY SHARES OF WELCURE DRUGS PHARMACEUTICALS LTD 195475 Equity shares of Rs 10/- each	5,08,235.00	-
EQUITY SHARES OF SHRI LAKSHMI COTSYN LTD 36935 Equity shares of Rs 10/- each	92,338.00	-
UNQUOTED :		
EQUITY SHARES OF MILI INVESTMENT & TRADERS PVT. LTD. 500 Equity shares of Rs 10/- each ( Pr. Year 500 Equity shares of Rs 10/- each )	5,000.00	5,000.00
EQUITY SHARES OF PRURIENT IT SOLUTIONS PVT. LTD. 5000 Equity shares of Rs 10/- each ( Pr. Year 5000 Equity shares of Rs 10/- each )	50,125.00	50,125.00
EQUITY SHARES OF SFS GLOBAL LTD. 3000 Equity shares of Rs 10/- each ( Pr. Year 3000 Equity shares of Rs 10/- each )	15,00,000.00	15,00,000.00
EQUITY SHARES OF ALPS ENERGY PVT. LTD. 566700 Equity shares of Rs 10/- each (Pr. Yr 566700 Equity shares of Rs 10/- each)	8,52,55,020.00	8,52,55,020.00
PREFERENCE SHARES OF UJJWAL LTD 150000 Preference Shares of Rs 100/- each (PY: 150000 Preference Shares Partly Paid Up)	1,50,00,000.00	1,50,00,000.00

(ASSOCIATE COMPANY)

(Aggregate value of Quoted Shares Rs. 11762836/- PY: Rs.7000000/-)

(Market value of Quoted Investments Rs. 6805029 /- PY: Rs.1198000/-).

(Aggregate amount of Unquoted Investments Rs. 101810145 /- PY:Rs.101810145/-)

11,35,72,981.00 10,88,10,145.00

INVESTMENT IN PROPERTY

PREMISES

1,62,86,977.00 1,62,86,977.00

12,98,59,958.00 12,50,97,122.00

**NOTES TO THE ACCOUNTS**

AS AT AS AT  
31ST MARCH,2016 31ST MARCH,2015

**NOTE-6**

INVENTORIES

(AS TAKEN VALUED & CERTIFIED BY THE MANAGEMENT)

STOCK-IN-TRADE

3,50,56,141.00 3,72,52,591.00

3,50,56,141.00 3,72,52,591.00

**NOTE-7**

TRADE RECIEVABLES

TRADE RECIEVABLES OUTSTANDING FOR A PERIOD LESS THAN SIX MONTHS

FROM THE DATE THEY ARE DUE FOR PAYMENT

- UNSECURED CONSIDERED GOOD

TRADE RECIEVABLES OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS

FROM THE DATE THEY ARE DUE FOR PAYMENT

- UNSECURED CONSIDERED GOOD

6,58,61,911.00 24,69,28,312.00

6,58,61,911.00 24,69,28,312.00

TRADE RECIEVABLES STATED ABOVE INCLUDES AMOUNTS DUE BY:

-PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR

**NOTE-8**

CASH & CASH EQUIVALENTS

CASH IN HAND

2,94,160.00 24,977.00

BALANCE WITH BANKS:

IN CURRENT ACCOUNT

6,24,182.00 5,84,512.00

9,18,342.00 6,09,489.00

**NOTE-9**

SHORT TERM LOANS & ADVANCES

LOANS & ADVANCES TO RELATED PARTIES

- UNSECURED CONSIDERED GOOD

7,86,96,795.00 8,20,44,285.00

OTHER SHORT TERM LOANS & ADVANCES

- UNSECURED CONSIDERED GOOD

2,98,96,366.00 3,26,19,585.00

TAX DEDUCTED AT SOURCE

15,77,796.00 14,96,355.00

DEPOSITS

4,78,850.00 4,98,850.00

## ANNUAL REPORT 2015-2016

ADVANCE TO STAFF	6,000.00	50,000.00
	11,06,55,807.00	11,67,09,075.00

LOANS & ADVANCES STATED ABOVE INCLUDES AMOUNTS DUE BY:

-PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	7,86,96,795.00	8,20,44,285.00
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### NOTE-10

REVENUE FROM OPERATIONS		
SALE OF BOOKS	10,69,890.00	12,86,870.00
SALE OF COURSE MATERIAL	13,49,100.00	9,64,575.00
	24,18,990.00	22,51,445.00

### NOTE-11

OTHER INCOME		
RENT	85,19,004.00	79,94,457.00
INTEREST ON INCOME TAX REFUND	45,888.00	23,312.00
INTEREST ON LOAN	-	96,000.00
INTEREST ON FDR	34,350.00	-
	85,99,242.00	81,13,769.00

### NOTE-12

CHANGE IN INVENTORIES		
OPENING STOCK	3,72,52,591.00	3,92,86,119.00
LESS : CLOSING STOCK	3,50,56,141.00	3,72,52,591.00
	21,96,450.00	20,33,528.00

NOTES TO THE ACCOUNTS

AS AT AS AT  
31ST MARCH,2016 31ST MARCH,2015

### NOTE-13

EMPLOYEE BENEFIT EXPENSES		
SALARY & ALLOWANCES	3,67,600.00	3,71,000.00
DIRECTOR SALARY	5,28,000.00	4,80,000.00
STAFF WELFARE	21,628.00	28,451.00
BONUS	51,275.00	28,500.00
	9,68,503.00	9,07,951.00

### NOTE-14

FINANCIAL COSTS		
BANK CHARGES	327.00	4,897.07
INTEREST ON SERVICE TAX	13.00	-
INTEREST ON TDS	-	3,859.00
	340.00	8,756.07

### NOTE-15

OTHER EXPENSES		
CONVEYANCE	55,294.00	48,869.00
ELECTRICITY EXPENSES	1,33,591.00	1,79,556.85

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POSTAGE & COURIER	52,083.00	51,544.00
AGM EXPENSES	2,987.00	5,300.00
BROCKERAGE	30,000.00	1,70,000.00
CDSL	85,875.00	56,180.00
PROFESSIONAL FEE	10,13,808.00	18,68,464.00
RENT PAID	7,32,000.00	11,36,880.85
RTA EXPENSES	-	1,240.00
SERVICE TAX	1,34,933.00	59,328.00
TOUR & TRAVELLING EXP.	78,835.00	1,81,568.00
WATER EXPENSES	9,755.00	9,620.00
LISTING FEES	2,24,720.00	1,12,360.00
OFFICE EXPENSES	15,509.00	30,723.00
AUDITORS REMUNERATION	25,190.00	22,000.00
LEGAL & PROFESSIONAL CHARGES	1,12,725.00	3,15,965.00
MISCELLANEOUS EXPENSES	1,850.00	42,463.00
PRINTING & STATIONERY	83,167.00	79,780.00
PUBLISHING FEES	38,400.00	37,027.00
FRIEGHT & CARTAGE	-	1,100.00
REPAIR & MAINTAINENCE	5,03,318.00	6,36,716.00
PROPERTY TAX	25,87,896.00	27,88,429.00
INSURANCE CHARGES	1,922.00	646.00
FILING FEES	6,158.00	10,980.00
TELEPHONE EXP.	27,846.00	33,256.82
EDP EXP.	9,598.00	8,600.00
SITING FEES	5,25,000.00	1,75,000.00
CONSULTANCY CHARGES	31,500.00	-
DIWALI EXPENSES	30,680.00	-
DP CHARGES	21,420.00	-
E VOTING CHARGES	19,210.00	-
PRIOR PERIOD EXPENSES	8,989.00	-
PROFESSION TAX	500.00	-
SEWERAGE & WATER TAX	3,78,170.00	-
SUNDARY BALANCE W/OFF	11,50,84,371.00	2,064.00
	12,20,67,300.00	80,65,660.52

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**BITS LIMITED****CIN – L72200DL1992PLC241971****NOTE-16**Significant Accounting Policies & Additional Information forming part of the accounts for the year ended on 31<sup>st</sup> March, 2016.**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation of Financial Statements**

The financial statement has been prepared on historical cost convention and in accordance with normally accepted accounting principles and applicable accounting standards.

**2. Revenue Recognition and other policies**

- a) The company follows mercantile system of accounting.
- b) Revenue / Income and cost /expenses are generally accounted for on accrual basis as they are earned or incurred.
- c) Income from Information Technology and Computer Education is accounted and credited to income in the period of invoices raised to the students.
- d) Technical know-how fees from new franchisee centers are accounted for in the year in which agreement is entered into.
- e) Franchisee centers operational expenses are accounted in proportion to the bills raised.
- f) Sales of educational Course Materials are recognised on the basis of requisitions.

**3. Fixed Assets**

Fixed assets are stated at cost less depreciation. The cost of assets comprises of purchase price and any direct cost attributable to its acquisition or bringing the assets to working condition or intended use.

**4. Depreciation**

Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates and in the manner prescribed under the Schedule II to the Companies Act, 2013.

Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates upto the date on which such assets are sold, discarded or demolished.

**5. Inventories**

Closing stock of Educational Course material & Books is valued at cost of acquisition. The company is in information technology business and is holding stock of courseware material and computer hardware & software's and it is considered to realize at least the value at which they are stated in the books.

**6. Investments**

Investments are Non Current in nature and are stated at cost & any decline other than temporary in the value of such investments is charged to the profit & loss account.

**7. Miscellaneous Expenditure**

The Company does not have any miscellaneous expenditure.

**8. Employee Benefits**

Contributions to Provident Fund are accounted on actual liabilities basis. At present there is no employee in the company who has completed 5 years or more, so the requirements of Accounting Standard-15 are not applicable. According to the management, the compensation & benefits payable to employees who have left the service were settled at the time they have left.

**9. Taxation**

Provision for tax is made for both current and deferred taxes. Current tax is provided on the basis of taxable income computed in accordance with the provisions of Income Tax Act, 1961. Deferred tax Assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted.

**B. ADDITIONAL INFORMATION**

1. The balances of Trade Receivables, and Loans and Advances are subject to confirmation. The company is in the process of obtaining confirmation of balances in respect of these. Necessary adjustments, if any, shall be made on receipts/ payments and reconciliation of such balances.

2.(a) Auditor's Remuneration

	<u>Year ended</u> <u>31.03.2016</u> (Rs.)	<u>Year ended</u> <u>31.03.2015</u> (Rs.)
Statutory Audit Fees	25190	22000
Certification	<u>5140</u> 30330	<u>2250</u> 24250
2. (b) Director's Remuneration	550000/-	500000/-

3. Segment Reporting

In accordance with Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India, the Company has only one reportable business segment. Hence segment reporting is not applicable to the company.

4 Disclosure regarding related parties as required under AS-18 on Related Party Disclosure

A. Related Party Relationship

A) Associates:

Pan India Corporation Ltd..  
Vizwise Commerce Pvt. Ltd  
Ujjwal Ltd  
Prurient IT Solutions Pvt Ltd.

C) Key Management Personnel:

Omprakash Pathak  
Ankit Rathi

B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance	Balance
Vizwise Commerce Pvt Ltd(Trade Recvbl)	84024285/-	4700349/-	1352859/-	78696795/-	84024285/-	
Pan india corporation limited	Nil	*3968498/-	3968498/-	Nil	3968498/-	

\*Share Purchased.

Director Remunerations

Mr. Om Prakash pathak Rs. 550000/-

5. Earnings per share

The basic and diluted earnings per share of the company are same because the company does not have any outstanding options, warrants, convertible debentures or any other instrument which may result in issue of equity shares at a price less than their fair market value.

The earnings per share given in Profit & Loss Account has been calculated as under:-

	Current Year	Previous Year	Before
considering exceptional items:			
a) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs (114703501.00)	Rs. 1698009.41	
b) Weighted average number of equity Shares outstanding during the year	111875000	111875000	
c) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (1.03)	Rs. 0.015	
d) Nominal value of each share	Rs. 2/-	Rs. 2/-	
d) Net Profit/ (Loss) for the year attributable			

## ANNUAL REPORT 2015-2016

	Rs (114703501.00)	Rs.1698009.00
e) Weighted average number of equity Shares outstanding during the year	111875000	111875000
f) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (1.03)	Rs. 0.015
d) Nominal value of each share	Rs. 2/-	Rs. 2/-
6. Accounting for Taxes on Income		

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India the Company has accounted for deferred tax during the year.

During the year Deferred tax assets has emerged on depreciation which has not been recognized as stated below.

Net Deferred tax asset on account of brought forward losses and disallowed expenditures has not been recognized as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

8. Additional information pursuant to the provision of part II of Schedule VI to the Companies Act 1956:

Details of Sale & Purchase of Educational Course Material & books:

PARTICULARS	PURCHASES	SALES
COURSE MATERIAL	Nil	1069890
BOOKS	Nil	1349100
TOTAL	Nil	2418990

	<u>Current Year</u>	<u>Previous Year</u>
Expenses in foreign currency	Nil	Nil
Earning of foreign currency (in Rs.)	Nil	Nil
C.I.F. Value of Imports	Nil	Nil
1. During the year management has decided to write off Rs 115084371/- as debtors which has been considered irrecoverable.		
2. Loans & Advances and sundry debtors and current liabilities are subject to confirmation.		
12. Contingent liabilities		
i) Claims made against the company not acknowledged as debt Nil (PY : Nil)		
ii) Capital Commitments Nil(PY:Nil)		
12. The previous year figures have been regrouped/ reclassified wherever necessary to render them comparable.		

Auditors' Report

As per our separate report of even date

Attached herewith  
For Soni Gualti & Company  
F.No - 8770  
Chartered Accountants  
Sd/-  
Sanjeev Kumar  
Partner  
M.No 091901

For and on behalf of the board

Sd/-  
Omprakash Pathak  
(Wholetime Director)  
DIN-01428320

Sd/-  
Ankit Rathi  
(Director)  
DIN-01379134

**Sd/-**  
**Deepa Kumari**  
(CFO)

Place: New Delhi  
Date: 30.05.2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	For Year Ended 31.03.2016	For Year Ended 31.03.2015
	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/ (Loss) before Tax and Extraordinary Items	(11,47,03,501.00)	(13,37,852.59)
Adjustments:		
Depreciation	85,512.00	6,87,171.00
Investment written off	-	-
Operating Profit before Working Capital Changes	(11,46,17,989.00)	(6,50,681.59)
Working Capital Changes:		
Decrease/ (increase) in Current Assets	189316119.00	79,31,869.00
Increase/ (decrease) in Current Liabilities	(6,96,14,191.00)	(83,18,335.00)
Cash Generated from Operations	50,83,939.00	(10,37,147.59)
	-	-
Net cash flow from/ (used in) operating activities	50,83,939.00	(10,37,147.59)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Shares	-	-
Purchase of Investments	47,62,836.00	-
Purchase of Fixed Assets	12250	67,098.00
Net cash flow from/ (used in) investing activities	47,75,086.00	67,098.00
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in Unsecured Loans	-	-
Increase/ (decrease) in Secured Loans	-	-
Net cash flow from/ (used in) financing activities	-	-
i) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	3,08,853.00	(11,04,245.59)
ii) Cash and cash equivalents as at 1st April		
(Opening Balance) Cash in Hand	24,977.00	2,46,831.55
Balance with Banks	5,84,512.00	14,66,903.04
	6,09,489.00	17,13,734.59
iii) Cash and cash equivalents as at 31st March		
(Closing Balance) Cash in Hand	2,94,160.00	24,977.00
Balance with Banks	6,24,182.00	5,84,512.00
	9,18,342.00	6,09,489.00
Net Increase/Decrease in Cash & Cash Equivalents	3,08,853.00	(11,04,245.59)

### Auditors' Report

As per our report of even date attached

For: **Soni Gulati & Company**  
Chartered Accountants  
Firm No. : 8770

For and on behalf of Board  
**Sd/-**  
**(OMPRAKASH PATHAK)**  
WHOLE TIME DIRECTOR  
DIN - 01428320

**Sd/-**  
**(ANKIT RATHI)**  
DIRECTOR  
DIN - 01379134

**Sd/-**  
**Sanjeev Kumar**  
PARTNER  
M.No. : 091901  
Place: New Delhi  
Date : 30-05-2016

**Sd/-**  
**Deepa Kumari**  
(CFO)



**FORM No. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L72200DL1992PLC241971  
 Name of the Company: Bits Limited  
 Registered Address: 1111, 11<sup>th</sup> Floor,  
 New Delhi House, 27, Barakhamba Road,  
 New Delhi - 110001

Name of the Members: Registered Address: E-mail id: Folio No. / Client Id: DP ID:
---

I/We, being the member holding ..... shares of Bits Limited, hereby appoint

1. Name:  
 Address:  
 E-mail id:  
 Signature:....., or failing him
2. Name:  
 Address:  
 E-mail id:  
 Signature:....., or failing him
3. Name:  
 Address:  
 E-mail id:  
 Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 30<sup>th</sup> September, 2016 at 11:00 am at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094 at any adjournment thereof in respect of such resolutions as are indicated below;

Resolution No.	Resolution	Optional*	
		For	Against
Ordinary Business:			
1.	To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2016 along with Report of Director's and Auditors' thereon		
2.	To appoint a Director in place of Mr. Om prakash Ramashankar Pathak(DIN:01428320), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Appointment of M/s Soni Gulati & Co., Chartered Accountant as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration		
Special Business:			
4.	Re-appoint Mr. Om Prakash Ramashankar Pathak (DIN: 01428320) as Whole Time Director of the Company		
5.	Approve Material Related Party Transaction		

Signed this..... day of.....2016.

Affix Revenue Stamp   
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Signature of shareholder..... Signature of Proxy holder(s).....

Note:

- 1.This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2.Notwithstanding the above, the Proxies can vote on such other items which may be tabled at the meeting by the members present.
- 3.For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of Annual General Meeting.
- 4.The Company reserves its right to ask for identification of the proxy.
- 5.The proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company /depository participant.
- 6.It is optional to indicate your preference. If you leave the for, Against or abstain column blank any or all resolution, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

### BITS LIMITED

Registered Address: 1111, 11th Floor, New Delhi House, 27, Barakhamba Road, New Delhi - 110001

CIN: L72200DL1992PLC241971

CIN: L72200DL1992PLC241971

Name of the Company: Bits Limited

Registered Address: 1111, 11<sup>th</sup> Floor,

New Delhi House, 27, Barakhamba Road,

New Delhi - 110001

### ELECTRONIC VOTING PARTICULARS

EVEN	USER ID	PASSWORD	NO. OF SHARES
105443			

The e-voting facility will be available during the following voting period:

Commencement of E-Voting	Form 9:00 am (Indian Standard Time) on September 27,2016
End of E-Voting	Up to 5:00 p.m (Indian Standard Time) on September 29,2016

### ATTENDANCE SLIP

#### BITS LIMITED

Registered Address: 1111, 11th Floor, New Delhi House, 27, Barakhamba Road, New Delhi - 110001

CIN: L72200DL1992PLC241971

CIN: L72200DL1992PLC241971

Name of the Company: Bits Limited

Registered Address: 1111, 11<sup>th</sup> Floor,

New Delhi House, 27, Barakhamba Road,

New Delhi - 110001

Regd. Folio No. / DP ID - Client ID

Name & Address of First/Sole Shareholder

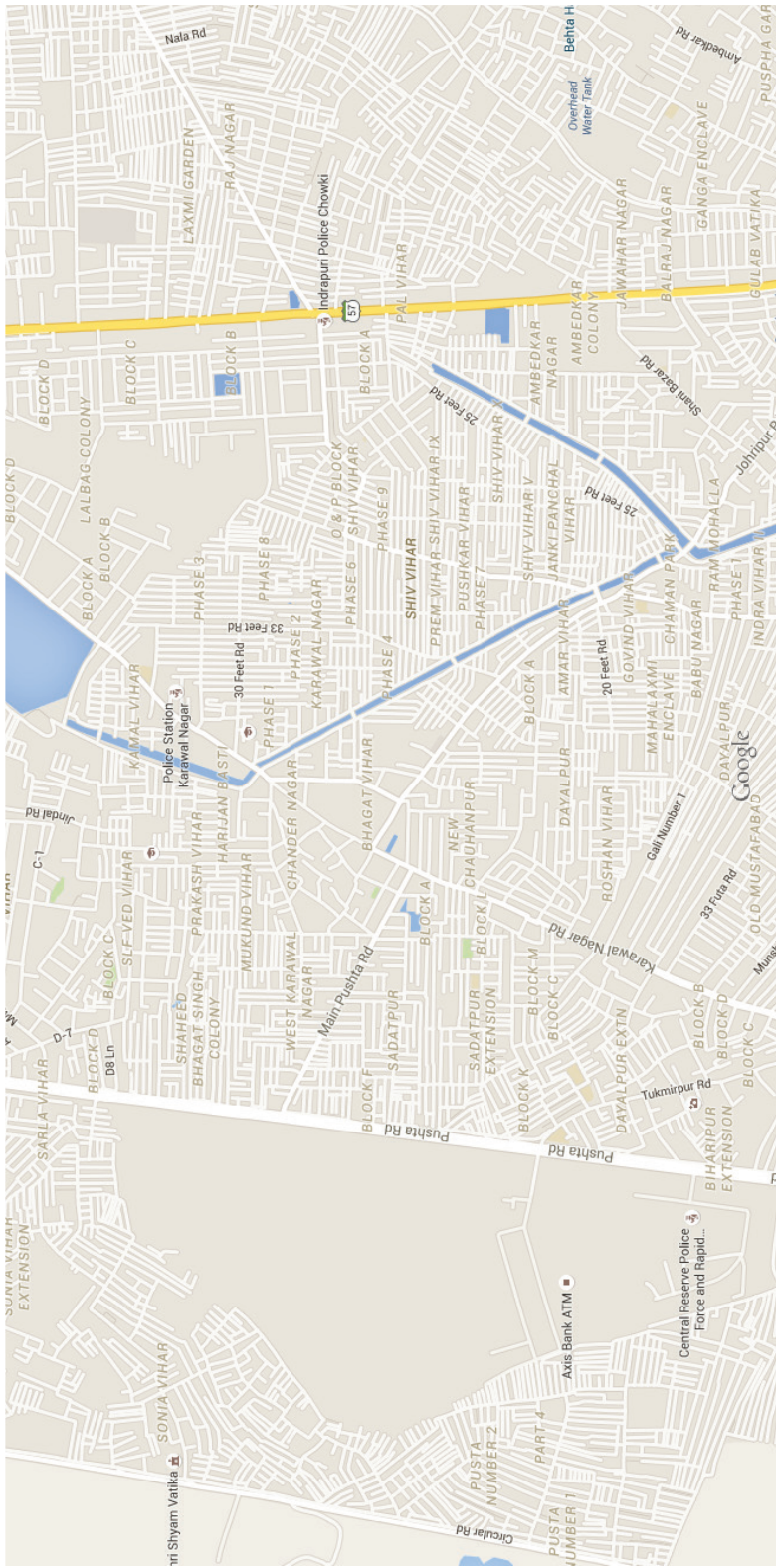
No. of Shares held

I hereby record my presence at the 24<sup>th</sup>Annual General Meeting of the Company to be held on Friday, 30<sup>th</sup> September, 2016 at 11:00 a.m. at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094

\_\_\_\_\_  
Signature of Member/Proxy

Notes:

- a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.



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## BOOK POST

If undelivered please return to:

**BITS LIMITED**

Regd. Office – 1111, 11th Floor, New Delhi House,  
27, Barakhamba Road, New Delhi - 110001