

**CORPORATE INFORMATION****Board of Directors:**

Omprakash Ramashankar Pathak  
Ankit Rathi  
Preeti Sharma  
Harish Kumar Chauhan  
Deepa Kumari

Whole Time Director  
Chairman/ Non-Executive Director  
Independent/Non-Executive Director  
Independent/Non-Executive Director  
Chief Financial Officer

**Registered Office:**

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

**Tel:** 011-43656567, **Fax:** 011-43656567 **Email:** bitsltd@gmail.com, **Web:** www.bits.net.in

**Corporate Office:**

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

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

Chartered Accountants

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

**Internal auditors****M/s R. MAHAJAN & ASSOCIATES**

Chartered Accountants

**Registrar & Transfer Agents:**

M/s Mas Services Ltd.

T-34, Okhla Industrial Area, Phase-II, New Delhi-110020

**Bankers:****Yes Bank**

27, Netaji Subhash Marg, Daryaganj, New Delhi-110002

**Dena Bank**

Netaji Subhash Marg, Daryaganj, New Delhi-110002

**DCB Bank**

Office No. 3, Ground Floor, 'B' Wing, BRP Marg, Churchgate, Nariman Point, Mumbai, Maharashtra- 400021

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## NOTICE

**NOTICE** is hereby given that the **23<sup>rd</sup> Annual General Meeting** of the members of **BITS LIMITED** will be held at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094 on Wednesday, **30<sup>th</sup> September 2015 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, 2015 along with the Report's of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Ankit Rathie (DIN: 01379134) 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, 2016 as may be recommended by the audit committee in consultation with the auditors."

### SPECIAL BUSINESSES:

4. To consider adoption of newly substituted Articles of Association of the Company containing regulations in line with the Companies Act, 2013, and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the revised draft regulations contained in the Articles of Association submitted to this meeting and duly initialed by Whole Time Director be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;  
**RESOLVED FURTHER THAT** the Board of Directors of the Company (including a Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give 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: 27.08.2015

## 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 2014-15 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 2014-2015 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. A statement giving details of the Directors including those proposed to be appointed/re-appointed since last Annual General Meeting, as mandated under Clause 49 (VIII) (E) of Listing Agreement with the Stock Exchanges, is annexed hereto and forms part of 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/authorised representative are requested to

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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 NSDL: <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 24.09.2015 to 30.09.2015 (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 and Clause 35B of the Listing Agreement, 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 clause 35B of the listing agreement 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 clause 35B of the Listing Agreement 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 the venue of AGM ("remote e-voting") at the 23<sup>rd</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

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, 2015	Up to 5:00 p.m. (Indian Standard Time) on September 29, 2015

The cut-off date for the purpose of sending this Notice is Friday, 21<sup>st</sup> August, 2015

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 23.09.2015 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 23<sup>rd</sup> Annual General Meeting and holds shares as of the Cut – off date of 23.09.2015 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 23rd 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.
  - l. 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 [cspritikanagi@gmail.com](mailto:cspritikanagi@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 23<sup>rd</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. Pritika Nagi & 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 scrutinizer, 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 scrutinizer'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)

The following Explanatory Statement set out all material facts relating to the Special Business mentioned under item No. 4 of the accompanying notice dated 27<sup>th</sup> August, 2015.

#### ITEM NO. 4

The existing Articles of Association ("Articles") of the Company are based on the Companies Act, 1956 and several regulations in the existing Articles contain reference to the Sections of the Companies Act, 1956.

With the enactment of the Companies Act, 2013, the reference to specific sections of the Companies Act, 1956 in the existing Articles are no longer in conformity with the provisions of the Companies Act, 2013 ("Act").

Due to which these regulations of the existing Articles of the Company require alteration and/or deletion. Given this position, it is considered expedient to wholly replace the existing Articles by a new set of regulations of Articles as per Companies Act, 2013.

The draft Article of Association will be tabled before the meeting and shall be open for inspection by the Members at the Registered Office of the Company 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.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members.

**Information to Shareholders in pursuance of Clause 49 (VIII) (E) of Equity Listing Agreement with reference to Appointment/ Re-appointment of Directors.**

At the ensuing Annual General Meeting, Mr. Ankit Rath (DIN: 01379134) shall retire by rotation and being eligible offer himself for re-appointment

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1.	<b>Name of Director</b>	Mr. Ankit Rathi
	<b>Date of Birth</b>	03/04/1977
	<b>Qualification</b>	Graduate from Agra University
	<b>Expertise in Specific Functional area</b>	Has an experience of about thirteen years in Share Trading & Administration, Financial Management.
	<b>Directorship held in Other Companies#</b>	a) Ujjwal Limited b) Amorphos Industries Limited c) Pan India Corporation Limited d) Tactfull Investments Limited e) Prurient I.T. Solutions Private Limited f) SPG Finvest Private Limited g) Vizwise Commerce Private Limited h) Ujjwal Infrastructure Private Limited
	<b>Membership/Chairmanship of the specified Committees* of the Board</b>	Membership/ Chairmanship In Audit Committee a) Pan India Corporation Limited (Member) b) Ujjwal Limited (Member) Membership/ Chairmanship In Stakeholder Relationship Committee a) Bits Limited (Chairman) b) Pan India Corporation Limited (Member) c) Ujjwal Limited (Member)
	<b>Date of Appointment</b>	01/ 08/2011
	<b>Shareholding in the Company</b>	Nil
	<b>Relationship with other directors</b>	He is not related /associated with any director of the Company.

\*Excluding Membership/Chairmanship of Nomination & Remuneration Committee & Risk Management Committee

### Other details as per Secretarial Standard 1

Particulars	
Name and Age of Director	Mr. Ankit Rathi, 38 Years
Brief Resume of Director (Qualification, Experience etc.)	Mr. Ankit Rathi is Graduate from Agra University. He has an experience of about thirteen years in Share Trading & Administration, Financial Management.
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	Not Applicable
Last Drawn Remuneration, (if applicable)	Not Applicable
Date of first appointment on the Board	01/08/2011
No. of equity shares held	Nil
Relationship with other Directors, Manager and KMP	He is not related /associated with any director and KMP of the Company.
No. of Board Meeting attended during the year 2014-2015	7
Directorship held in other companies	a) Ujjwal Limited b) Amorphos Industries Limited c) Pan India Corporation Limited d) Tactfull Investments Limited e) Prurient I.T. Solutions Private Limited f) SPG Finvest Private Limited g) Vizwise Commerce Private Limited h) Ujjwal Infrastructure Private Limited
Membership/Chairmanship of the Committees across the Companies	Membership/ Chairmanship In Audit Committee a) Pan India Corporation Limited (Member) b) Ujjwal Limited (Member) Membership/ Chairmanship In Stakeholder Relationship Committee a) Bits Limited (Chairman) b) Pan India Corporation Limited (Member) c) Ujjwal Limited (Member)

By Order of the Board of Directors  
For Bits Limited  
Sd/-

Date: 27.08.2015  
Place: New Delhi

Omprakash Ramashankar Pathak  
Whole Time Director  
DIN No. – 01428320



## DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 2014 - 2015

Dear Members,

Your Directors are pleased to present the 23<sup>rd</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, 2015.

### 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.)

Particulars	Current Year 31.03.2015	Previous Year 31.03.2014
Income from Operations	2251445	1551000
Other Income	8113769	4179453.94
Total Income	10365214	5730453.94
Total Expenditure	11703066.59	37666564.36
Profit/ (Loss) before tax	(1337852.59)	(31936110.42)
Less: Provision for Deferred Tax	3035862	107540
Net Profit/(Loss) after Tax	1698009.41	(32043650.42)

#### STATE OF COMPANY AFFAIRS

During the year, the sales of the company jumped to Rs. 2251445 as compared to Rs. 1551000 in the previous year registering a growth in the business of the company.

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 2014 – 15

There is no material changes and commitment affecting the financial position of company after the close of financial year 2014-2015 till the date of report.

#### DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES AND THEIR FINANCIAL POSITION

There is no subsidiary 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.

However, M/s Prurient I.T. Solutions Private Limited is our Associate Company as per Section 2(6) of the Companies Act, 2013. The summary of the performance and financial position of associate company is as follows:

SN	Name and address	CIN/GLN of the Company	Holding/Subsidiary/ Associate	%age of Shareholding
1	Prurient I.T. Solutions Private Limited Add:- 1111, 11th Floor, New Delhi House 27, Barakhamba Road, New Delhi - 110001	U72200DL2008PTC178613	Associate Company	50.00%

#### 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 2014 – 2015.

#### 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 31.03.2015 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 with related party in Form AOC-2 is attached as **Annexure A**. Further, there are no material related party transactions during the year under review.

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 2015-16 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 Pritika Nagi & Associates, Company Secretary in Practice to conduct the Secretarial Audit of the Company for the financial year 2014-2015. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2015 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 statement ending 31.03.2015:

As per Section 203 of the Companies Act, 2013 read with rules made there under, Every Listed Company Shall have Whole Time Key Managerial personnel. Nonetheless, your company has not appointed Whole Time Company Secretary in the company.

#### Our reply to 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 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. Ankit Rathi, 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 of Directors & Key Managerial Personnel

During the year under review, the members approved the appointments of Mr. Harish Kumar Chauhan and Ms. Preeti Sharma as Non-Executive Independent Directors of the Company who are not liable to retire by rotation.

The members also appointed Mr. Omprakash Ramashankar Pathak as Whole Time Director of the Company for a period of 3 years with effect from 1st March, 2014 to 28th February, 2017 and fixed the terms and condition of such appointment including remuneration.

During the year under review, the board has appointed Ms. Deepa Kumari as Chief Financial Officer of the Company in their duly convened Board Meeting held on 12<sup>th</sup> August, 2014.

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 Clause 49 of the Listing Agreement.

##### • Cessation of Directors

During the year Mr. Akhilesh Chandra Khare ceased from the Directorship of the Company w.e.f. 5<sup>th</sup> May, 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 C** and 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 of each Board Meeting was given in writing to each Director.

In the Financial Year 2014-15, the Board met seven (7) times. The meetings were held on 27/05/2014, 12/08/2014, 06/09/2014, 30/09/2014, 14/11/2014, 14/02/2015 and 25/03/2015. The interval between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and Clause 49 of the Listing Agreement

#### 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 and Ms. Preeti Sharma, Non-Executive Independent Directors and Mr. Omprakash Ramashankar Pathak, Executive Promoter 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 and 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. 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, 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. 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 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.
- 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**

Clause 49 of the Listing Agreement 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/familirisation\\_policy.pdf](http://www.bits.net.in/familirisation_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/>

#### **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 Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate section on Report of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, form part of the Annual Report.

The requisite certificate from the Auditor's regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges 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 clause 49 of the Listing Agreement with the Stock Exchanges in India, 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.

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

**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 2014 – 2015, 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, 2015; 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, 2015 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**

Date: 27.08.2015  
Place: New Delhi

Sd/-	Sd/-
O.P. Pathak	Ankit Rath
(Whole Time Director)	(Director)
DIN No. - 01428320	DIN No. - 01379134



## 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, 2015 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, 2015 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	Amount as on 31.03.2015
Nil	Nil	Nil	Nil	Nil	Nil	Nil

By Order of the Board of Directors  
For Bits Limited

Date: 27.08.2015  
Place: New Delhi

Sd/-  
Omrakash Ramashankar Pathak  
Whole Time Director  
DIN No. – 01428320

Sd/-  
Ankit Rathi  
Director  
DIN No. - 01379134

## Annexure B to Director's Report

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED AS ON MARCH, 31<sup>ST</sup> 2015

{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 Members  
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> 2015 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 Bits Limited by the Company for the period ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;- Not Applicable
- 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 :-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:- Not Applicable
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:- Not Applicable