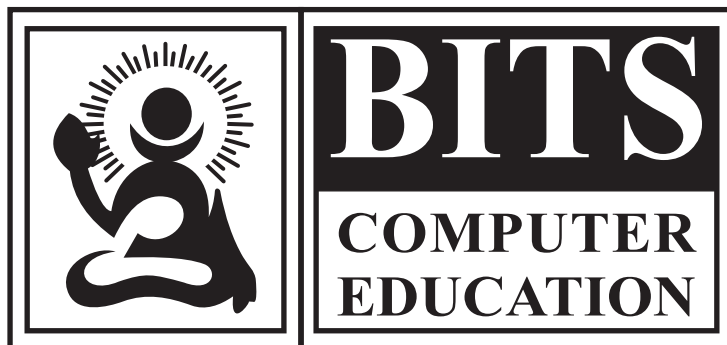


BITS LIMITED

26th ANNUAL REPORT 2017-18



CORPORATE INFORMATION**Board of Directors:**

Mr. Ankit Rath	Chairman and Director
Mr. Omprakash Ramashankar Pathak	Managing Director
Mr. Harish Kumar Chauhan	Non-Executive Independent Director
Ms. Preeti Sharma	Non-Executive Independent Director
Mr. Sachin Sharma	Chief Financial Officer
Mr. Surendra Singh Tangar	Company Secretary

Registered Office:

711, 7th Floor, New Delhi House,
27, Barakhamba Road, New Delhi – 110001

Mumbai Office:

23, Great Western Building, 1st Floor, 130/132,
Shahid Bhagat Singh Road, Fort, Mumbai-400023

M/s. R. C. Chadda & Co. LLP.,

A-27, Vivek Vihar, Phase-II, Maharaja Surajmal Road,
Opposite Sukhdev College, Delhi- 110095

Listed with Stock Exchange:**BSE LIMITED**

PhirozeJeejeebhoy Towers, Dalal Street, Kala Ghoda, Fort,
Mumbai, Maharashtra- 400001

Registrar & Transfer Agents:

M/s. MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area, Phase-II,
New Delhi-110020

Bankers:

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

Dena Bank

Netaji Shubhash Marg, Darya Ganj,
New Delhi- 110002

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NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the members of BITS LIMITED will be held at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094 on Friday, 28th September 2018 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, 2018 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) Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s R. C. Chadda & Co. LLP, LLPIN: AAB-4836, Chartered Accountants, as Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of this AGM (26th AGM) till the conclusion of 31st (Thirty First) AGM of the company and to fix their remuneration and to pass the following resolution as an Ordinary Resolution thereof;

"RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with 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 and Board of Directors, M/s. R. C. Chadda & Co. LLP, LLPIN: AAB-4836, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold the office for a period of 5 years i.e. from the conclusion of 26th Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company and the Board of Directors be and are hereby authorized to fix remuneration payable to them for the financial year ended 31st March, 2019 as may be recommended by the audit committee in consultation with the auditors."

"RESOLVED FURTHER THAT to give effect to above resolution, the Board of Directors of the Company be and are hereby authorized to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

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

Sd/-

Omprakash Ramashankar Pathak

Place: New Delhi
Date: 27.08.2018

(Managing Director)
DIN: - 01428320
Address: 503, 5TH Floor,
Trimurti Appt Kores Road,
J K Gram, Thane,
Maharashtra - 400606

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 26th ANNUAL GENERAL MEETING ("THE 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 FIXED 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.

The Instrument appointing a proxy shall be in writing and be signed by the appointer or his/her attorney duly authorized in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

Proxies submitted on behalf of limited companies, societies, partnership firms etc. must be supported by appropriate resolution/authority, as applicable, issued by the member.

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 2017 -18 is being sent through electronic mode only to those members whose email address are registered with the Company/Depository Participant(s), unless any member who has requested for a physical copy of the report. For members who have not registered their email address, physical copies of the annual report 2017 -2018 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. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. All documents referred to in the accompanying notice are open for inspection by the members 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.
16. 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.
17. The Securities and Exchange Board of India (SEBI) vide its notification no SEBI/LAD-NRO/GN/2018/24 dated 08th June, 2018 mandated that, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. W.e.f. 05.12.2018 it shall be mandatory to demat the securities for getting the shares transferred. Members holding shares in physical form are, therefore, requested to convert their holding in Demat form before 05.12.2018.
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 of the company shall remain closed from 23.09.2018 to 28.09.2018 (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. Due to security reasons mobile phones, camera, bags and other accessories are not allowed to be carried inside the meeting premises.
22. 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 exer-

cise 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 instructions for e-voting are annexed to the Notice.

23. 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 every company which has listed its equity shares on a recognized stock exchange 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 Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 with Stock Exchanges, the Company is pleased to provide its members the 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 26th Annual General Meeting (AGM) by electronic means on all resolutions 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:
- iii) The e-voting facility is available at the link <http://www.evoting.nsdl.com>
- iv) 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 10:00 a.m. (Indian Standard Time) on Tuesday, September 25, 2018	Up to 5:00 p.m. (Indian Standard Time) on Thursday, September 27, 2018

The cut-off date for the purpose of sending this Notice is Monday, 03.09.2018.

During the e-voting period, all members of the Company holding shares in any form i.e. physical or dema-

terialized, as on cut-off date (record date) of 21st September, 2018 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 26th Annual General Meeting and holds shares as of the Cut – off date of 21st September, 2018 may obtain the login ID and Password for remote e-voting by sending a request at 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.

24. The procedure and instructions for e-voting as given in the Notice of the 26th 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-remote e-Voting". PDF 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 (a) 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 cspritikanagi@gmail.com with a copy marked to evoting@nsdl.co.in.
 - II. In case of Members receiving Physical copy of Notice of 26th 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 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).
 - D. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the Cut – off date of 21st September, 2018.
 - E. Any person, who acquires shares and becomes member of the company after dispatch of Notice and holds shares as of the Cut – off date i.e. 21st September, 2018 may also obtain the login ID and Password by sending a request at www.evoting.nsdl.com or RTA, MAS Services Limited.
- 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 or contact NSDL at the following toll-free no.: 1800-222-990.
- F. 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.
 - G. A person, whose name is recorded in the register of members or in the register of beneficial owners mai-

tained 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.

- H. Ms. Pritika Nagi, Practicing Company Secretary (Membership No. ACS 29544 & CP No.11279), Proprietor, M/s Pritika Nagi & Associates, Company Secretaries has been appointed as the Scrutinizer for providing the facility to the members of the company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- I. 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.
- J. 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/Managing Director, who shall countersign the same and declare the result of the voting forthwith.
- K. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.bits.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing 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 or by sending a communication at the M/s Mas Services Limited at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020.

ANNEXURE TO THE NOTICE

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. Omprakash Ramashankar Pathak, 43 years
Date of Birth	04/01/1975
DIN	01428320
Qualification	Under Graduate
Expertise in specific functional areas	He has a vide experience in Finance & Marketing.
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	N.A.
Last Drawn Remuneration	Rs. 5,73,100/- per annum.
Date of first appointment on the Board	13/08/2013
Directorship held in other Listed companies and Unlisted companies	1) PAN INDIA CORPORATION LIMITED 2) TACTFULL INVESTMENTS LIMITED 3) UJJWAL LIMITED 1) VIZWISE COMMERCE PRIVATE LIMITED 2) SPG FINVEST PRIVATE LIMITED 3) MILI INVESTMENT AND TRADES PRIVATE LIMITED 4) MITIKA TRADERS PRIVATE LIMITED
No. of Board Meetings attended during the year 2017-2018	7
Membership/Chairmanship of the Committees across the Companies (as on 31.03.2018)*	Member – 2; Chairman - 1
No. of equity shares held	Nil
Relationship with other Directors	He is not related /associated with any director of the Company
Brief Resume	Mr. Omprakash Ramashankar Pathak aged 43 years is associated with the Company from last 5 years. He has a vide 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

(Managing Director)

DIN: - 01428320

Date: 27.08.2018

Place: New Delhi

Address: 503, 5TH Floor, Trimurti Appt Kores Road, J K Gram, Thane, Maharashtra- 400606

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 26th Annual Report on the business and operations of the Company together with the Audited Financial Statement for the year ended 31st March, 2018.

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. in India & abroad.

FINANCIAL PERFORMANCE

SUMMARISED FINANCIAL HIGHLIGHTS	(Amount in Rs.)	
	Current Year	Previous Year
Particulars	Year Ended 31 st March 2018	Year Ended 31 st March 2017
Income from Operations	61,59,485	3,60,42,150
Other Income	4,72,718	1,08,38,162
Total Income	66,32,203	4,68,80,312
Total Expenditure	2,15,96,248	10,60,11,046
Profit/ (Loss) before tax	(1,49,64,045)	(5,91,30,734)
Less: Provision for Deferred Tax	Nil	Nil
Less: Prior period Adjustment of Tax	1,81,683	3,41,111
Net Profit/(Loss) after Tax	(1,51,45,728)	(5,98,06,787)

STATE OF COMPANY AFFAIRS

During the year under review, the Company has generated the total revenue of 66,32,203/- . The Post Tax Loss of your Company is 1,51,45,728/- as compared to the last year's Post Tax Loss 5,98,06,787/-.

Your directors expect that there will be further improvement in overall performance in the coming years.

MATERIAL CHANGES AND COMMITMENTS AFTER THE DATE OF CLOSE OF FINANCIAL YEAR 2017-18

There are no material changes and commitment affecting the financial position of company after the close of financial year 2017-18 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, associate and joint venture of the company during the year.

DIVIDEND AND RESERVES

During the year under review, your Company does not recommend any dividend in the absence of profits. And also, your company has not made any transfer to Reserves during the financial year 2017-18.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments, if any, which are covered under the provisions of Section 186 of Companies Act, 2013 are given in the notes to the Financial Statements as on 31.03.2018 and forms a 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 by the company with related party for the year under review were in the ordinary course of business and on Arm's Length basis. Detail of related party transactions have been disclosed in notes to the financial statements.

Further, your company has not entered into any material contracts or arrangements with related parties at arm's length basis. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 read with rules made there under, in Form AOC-2 is not applicable.

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).

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 board has formulated a Risk Management policy, which defines the risk assessment and minimization procedures. As per view of board, there is no other risk in operation of company, which may impact the existence of company.

AUDITOR AND AUDITOR'S REPORT

STATUTORY AUDITORS

M/s. R. C. Chadda & Co. LLP, LLPIN: AAB-4836, Chartered Accountants, were appointed as Statutory Auditors of the Company by the members in their Extra- Ordinary General Meeting held on 10.05.2018 to fill the casual vacancy in the office of Auditors until the conclusion of the ensuing 26th Annual General Meeting. The said appointment of Statutory Auditors in casual

vacancy arose due to resignation of M/s. Sadana & Co., Chartered Accountants (Firm Registration No. 011616N).

The appointment of Statutory Auditors for fresh term of 5 years was recommended by the Audit Committee and the Board of Directors respectively in their meeting held on August 27, 2018 subject to the approval of the Members in the ensuing 26th Annual General Meeting to be held on 28.09.2018 until the conclusion of 31st Annual General Meeting. The appointment is made on such remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the Board of Directors and the Auditors and recommended the same to the shareholders of the Company for their approval.

The Company has received an eligibility certificate from the auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and They have also confirmed that they have hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under the provisions of Regulation 33 of the Listing Regulation.

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 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is attached herewith as part of the Annual Report as Annexure A which forms an integral part of this report.

The Secretarial Audit report does not contain any qualification, adverse remarks or reservation for the year under review.

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. Omprakash Ramashankar Pathak, Managing 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 under review, shareholders have approved the re-appointment of Mr. Ankit Rath, who was liable to retire

by rotation at the last Annual General Meeting and change in designation and subsequent appointment of Mr. Omprakash Ramashankar Pathak as Managing Director of the company for a Period of 3 years w.e.f. 07th May, 2017 till 06th May, 2020, at remuneration of Rs. 44,000/- per month.

Further Ms. Sonam Gupta has resigned from the post of Company Secretary and Compliance Officer of the Company w.e.f. 15th May, 2018 and Mr. Surendra Singh Tangar has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. 13th August, 2018.

Further, there is no change in the composition of the Board of Directors of the Company and no directors and Key Managerial Personnel have been appointed/re-appointed or resign from the company during the year under review i.e. 2017 - 2018, except as specified above.

All Independent Directors have 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.

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 B and forms an integral part of this report and same will also be available on Company's Website <http://www.bits.net.in>

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 2017-18, the Board met Seven (7) times. The meetings were held on 07/05/2017, 29/05/2017, 11/07/2017, 26/08/2017, 09/12/2017, 12/02/2018 and 26/03/2018. 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. For further details, please refer report on Corporate Governance, which is an integral part of this Annual Report.

AUDIT COMMITTEE

The present Audit Committee of the board comprises of three members 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 Director and Mr. Omprakash Ramashankar Pathak, Executive Director 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.

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 Whistle blower Policy adopted by the Company during fiscal year 2017-2018. 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.

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 Directors, Key Managerial Personnel and Senior Management of the Company. The details of this policy are attached herewith as Annexure C 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 D 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