



BITS Limited

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CIN : L92200DL1992PLC241971

September 10th, 2014

Preeti Sharma

H.No 218, Near P A C,

Pandit Mohalla, Hasnapur Bhovapur,

Kaushambi, I.E Sahibabad S.O,

Ghaziabad, Uttar Pradesh-201010

Dear Mrs. Preeti Sharma

On behalf of all the Board members of the company, I would like to express my gratitude to you for your being an Independent Board member for M/s Bits Limited, Your contribution and the guidance at the Board Meetings has been effective.

The purpose of this letter is to inform you about the new provisions related to the Independent Directors introduced under the new Company law i.e. Companies Act, 2013. The Companies Act, 2013 has specifically defined the roles, duties, liabilities, responsibilities and the manner of appointment of Independent Directors in board and various Committees of a company. The newly enacted Companies Act, 2013 and the recent amendments by SEBI to the Listing Agreement require that a company should issue appointment letter to all its Independent Directors.

Fulfillment of the requirements of the revised law, we are pleased to issue this formal appointment letter to you. This letter sets out the terms of your appointment and your role, duties, responsibilities and liabilities as an Independent Director on the Board of the Bits Limited.

Kindly return the duplicate copy of this letter and the Terms of Appointment, duly signed by you, in confirmation.

We look forward to your continued support and guidance.

Yours sincerely

For **Bits Limited**


Ankit Rathi

Terms of your Appointment as Independent Director

On behalf of the Company, I write to confirm your appointment as an Independent Non-Executive Director of M/s Bits Limited, as per the provisions of the Companies Act, 2013 and amended Clause 49 of Equity Listing Agreement with effect from August 12th, 2014. The terms of your appointment are set out below:

1. TERM OF OFFICE

Your appointment is subject to confirmation by the Shareholders in the general meeting. You are hereby appointed as Independent Director of the Company for a period of five consecutive years with effect from September 30, 2014 to March 31st, 2019 subject to the approval of shareholders in the forthcoming Annual General Meeting to be held on September 30th, 2014. You shall not be liable to retire by rotation as per the relevant provisions of the Companies Act, 2013.

Your appointment is subject to the provisions of Companies Act, 2013 regarding fees, expenses, retirement, disqualification and removal of directors. You may cease to hold office as a Director:

- At any time that you resign by written notice. It is desirable that you give the Chairman reasonable forewarning of your intention to resign or to not seek re-appointment where that is possible so that Bits Limited can plan for succession of skills and experience on the Board; and
- You may be required to vacate office for any reason pursuant to any of the provisions of the Companies Act, 2013; or
- You may be removed as a director or otherwise required to vacate office under any applicable law.

At any time during your tenure, your performance as an Independent Director will be reviewed in accordance with processes agreed by the Board from time to time. You agree to participate in such reviews.

2. COMMITMENTS

A) Independent Director

You will be expected to devote such time as is necessary for the proper performance of your duties and as an Independent Director you will be involved in a number of board and committee meetings each year. You should strive to attend all the scheduled quarterly board meetings, Committees Meetings, General Meetings and other meetings.

As an Independent Director you should strive to hold and be present in at least one meeting in a year without the presence of non-independent directors and members of management with the sole objective of:

- (a) reviewing the performance of non-independent directors and the Board as a whole;
- (b) reviewing the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

By accepting this appointment, you have confirmed that you will be able to allocate sufficient time to meet the expectations of your role.

B) The Company

The Company shall provide you with adequate notice of the dates of proposed board meeting, general meetings, and meetings of board committees. As per the provisions of the Companies Act, 2013, the Company is expected to give you an advance notice of minimum 7 days of every board and committee meetings. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one Independent Director, shall be present at the meeting and in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director. The notice of the Board/ Committee meetings will be provided along with the agenda of the Board/ Committee meetings.

- The company shall familiarise the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes held.
- The Company, at its own cost, will provide special training courses which are conducted by the various professional bodies to ensure that the directors are refreshed and equipped to perform their role in the highest standards.
- Company shall inform the directors about any upcoming events in the Company.
- Company shall ensure that director is update about latest happenings in the industry and in the field of laws applicable to the Company by arranging to circulate relevant material information and also arranging for participation in programs held on the concerned subject.
- Company has established effective whistle blower mechanism so that the directors can raise their concerns.

- It shall be the responsibility of the Company to provide the Independent Director with all the information and documents they validly require to fulfill their functions- and also assist in obtaining external advice, as is considered relevant.
- The Company shall ensure that the Independent Directors are aware of their statutory obligations.

3. CODE OF CONDUCT, FUNCTIONS AND DUTIES

You will be expected to perform your duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently to a standard commensurate with both the functions of your role and your knowledge, skills and experience. You will have all the usual duties of an Independent Director under Company law and applicable Listing Agreement entered with the BSE, including attendance at board meetings, the annual general meeting, meetings of Independent Directors, meetings with investors and shareholders and other Board events such as site visits, together with such additional duties as may be agreed with the Board, and which may relate to the business of the Company. You may be requested to serve on such committees as the Board may suggest and, you will not unreasonably deny to accept such request. In addition, you will be expected to devote appropriate preparation and travel time ahead of each meeting.

As a Director of Bits Limited, you will have legal duties and obligations under Companies Act 2013. It is expected that you will familiarize yourself with the relevant Directors' Duties, roles and responsibilities as set out in Annexure I.

4. LIABILITY

As an Independent Director you will be liable only in respect of such acts of omission or commission by a Company which has occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.

5. TECHNOLOGY

Being a Director, you may make use of video, telephone, electronic mail, any other technology or combination of available technologies which permits a Director to communicate with every Company or other directors for the purpose of communicating, calling and holding Directors' meetings.

You may attend the board or committee meetings through video conferencing or other audio visual means subject to the applicable provisions of the Companies Act, 2013.

6. CONFLICT OF INTEREST

By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. On becoming aware of any conflict or potential conflict during your appointment, you are expected to notify the Whole-Time Director.

As an Independent Director you shall not engage in any activity/ies that is not expected from you as an Independent Director. The company shall mention the list of actions that a director should not do while functioning as such in the company.

7. DISCLOSURES

You shall be required to submit information in the prescribed forms at defined periodicity. Whole-Time Director shall be the coordinating officer for this,

You are required to disclose to the Company your interests and any matters (excluding those matters which may be subject to legal professional privilege) which affect your independence.

During your tenure as an Independent Director you are required to give a declaration that you meet the criteria of independence every financial year as provided under Section 149 of the Companies Act, 2013. Format of disclosure is enclosed in Annexure I.

8. DIRECTORS' FEES

You may be paid a sitting fee as decided by Board of Directors of the company not exceeding Rs.2000 per meeting subject to the approval of Board of Directors which may be changed by the Board of Directors from time to time and the Company shall reimburse you all travelling, hotel, and other incidental expenses properly and reasonably incurred by you in performance of duties as per provisions of the Companies Act, 2013 in conjunction with the Company rules and policies.

As an Independent Director you shall not be entitled to any stock option and shall not be covered by any pension scheme and no other remuneration.

9. REVIEW

The performance of individual directors, the whole Board and its committees will be evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss with the Chairman, Whole-Time Director or the senior Independent Director as soon as you can.

10. CODE FOR INDEPENDENT DIRECTORS, CODE OF CONDUCT FOR DIRECTORS AND CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING FOR EMPLOYEES, INCLUDING DIRECTORS

You are required to abide by the Code for Independent Directors, Code of Conduct for Board Members and Senior Management and Code of Conduct for Prevention of Insider Trading as issued by the Company.

11. INDUCTION & TRAINING

Where possible, directors will be encouraged to attend special training courses by various professional bodies to ensure that the directors are refreshed and equipped to perform their role in the highest standards and performance possible.

12. CONFIDENTIALITY AND ACCESS TO COMPANY RECORDS

Under Company law, Directors have a right of access Company's documents and records, including financial records.

Any confidential information which may come to your knowledge in the performance of your duties as a director of the Company must not be divulged, except so far as:

- a. may be necessary in connection with the proper performance of your duties to the Company;
- b. the Company may from time to time authorise and that you will take all reasonable precautions as may be necessary to maintain the secrecy and confidentiality of all confidential information of the Company; or
- c. You may be required by law to disclose.

13. APPLICABLE LAW

This letter of appointment shall be governed by the laws of India.

14. MECHANISM FOR EVALUATING BOARD MEMBERS

The performance evaluation of the independent directors shall be done by the entire board of directors, excluding the director being evaluated and on the basis of the evaluation, board of determine whether to

15. LIST OF ACTIONS THAT A DIRECTOR SHOULD NOT DO WHILE FUNCTIONING AS SUCH IN THE COMPANY

The Director shall not-

- a) Misuse the information in his/her possession
- b) Engage in any way (both directly and indirectly) in any activity having conflict of interest with that of the company
- c) Break any law of the land or indulge or provoke the co-directors or employees to do the same
- d) Enter into any contract or arrangement wherein he is directly or indirectly interested as per the provision of the act
- e) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners or associates and if such director is found guilty of making any undue gain, he shall liable to pay an amount equal to that gain to the company.

The above list is only indicative and not exhaustive

Kindly confirm your agreement to the terms set out above by signing the endorsement on the enclosed copy of this. Please return the copy to me at the above address. In returning this letter duly signed, you agree that the Company may make this letter publicly available.

Yours sincerely

For **Bits Limited**



Ankit Rathi

(Chairman of the board)

I have read and agree to the above terms regarding my appointment as an independent non-executive Director of the Company.

Date: 10.09.2014

Place: New Delhi



Preeti Sharma
(06942133)

Annexure I

Power, duties and responsibility of Independent Director

A. PROFESSIONAL CONDUCT

As an Independent director of the Company, you shall:

- a) uphold ethical standards of integrity and probity;
- b) act objectively and constructively while exercising your duties;
- c) exercise your responsibilities in a bona fide manner in the interest of the Company;
- d) devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- e) not allow any extraneous considerations that will vitiate his exercise of objective Independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- f) not abuse your position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) refrain from any action that would lead to loss of your independence;
- h) where circumstances arise which make you as an Independent Director lose your independence, you must immediately inform the Board accordingly;
- i) assist the Company in implementing the best corporate governance practices

B. ROLE AND FUNCTIONS

As an Independent director of the Company, you shall:

- a) help in bringing an Independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct; bring an objective view in the evaluation of the performance of board and management;
- c) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- d) satisfy yourself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) safeguard the interests of all stakeholders, particularly the minority shareholders;

- f) balance the conflicting interest of the stakeholders;
- g) determine appropriate levels of remuneration of executive Directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive Directors, key managerial personnel and senior management;
- h) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

C. DUTIES

As an Independent director of the Company, you shall:

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which you are a member;
- d) participate constructively and actively in the committees of the Board in which you are a chairperson or a member;
- e) strive to attend the general meetings of the Company; ensure that your concerns about the run ung of the Company or a proposed action are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) keep yourself well informed about the Company and the external environment in which it operates;
- h) not to unfairly obstnict the functioning of an otherwise proper Board or committee of the Board; pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
- j) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;

l) Acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;

m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.