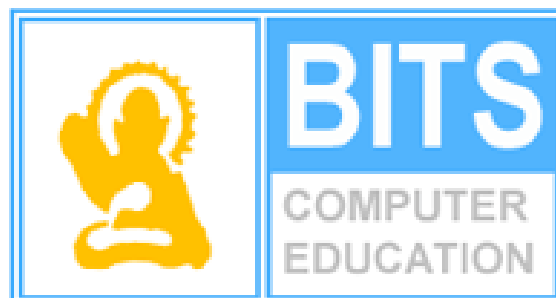


BITS LIMITED

25TH ANNUAL REPORT (2016-2017)



COMPANY INFORMATION

Board of Directors:

Mr. Ankit Rathi	Chairman and Director
Mr. Omprakash Ramashankar Pathak	Managing Director
Mr. Harish Kumar Chauhan	Non-Executive Independent Director
Ms. Preeti Sharma	Non-Executive Independent Director
Sachin Sharma	Chief Financial Officer

Registered Office:

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

Mumbai Office:

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

M/s. Soni Gulati & Co.

Chartered Accountants
G-79/212, 2nd Floor, Gupta Building,
Laxmi Nagar, Delhi-110092.

Listed With Stock Exchange:

BSE LIMITED

Phiroze Jeejeebhoy 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

Yes Bank

Netaji Shubhash Marg, Darya Ganj,
New Delhi-110002

Dena Bank

Netaji Shubhash Marg, Darya Ganj,
New Delhi- 110002

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NOTICE

NOTICE is hereby given that the 25TH Annual General Meeting of the members of **BITS LIMITED** will be held at **Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094** on **Thursday, 28th September 2017 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, 2017 along with the Report's of the Directors and Auditors' thereon
2. To appoint a Director in place of Mr. Ankit Rathi (DIN: 01379134) Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Sadana & Co., Chartered Accountants, as Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of this AGM (25th AGM) till the conclusion of 30th (Thirty) AGM, subject to an yearly ratification by the members of the Company in Annual General Meeting in place of retiring auditors M/s. Soni Gulati & Co., Chartered Accountants 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 of the Board of Directors, M/s. Sadana & Co., Chartered Accountants (Firm Registration No. 011616N), be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditor M/s. Soni Gulati & Co., Chartered Accountants (Firm Registration No. 08770), to hold the office for a period of 5 years i.e. from the conclusion of 25th Annual General Meeting till the conclusion of the 30th Annual General Meeting of the Company, subject to the ratification of the said appointment by members at every 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 31st March, 2018 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."

SPECIAL BUSINESSES:

4. **CHANGE IN DESIGNATION AND SUBSEQUENT APPOINTMENT OF MR. OMPRAKASH RAMASHANKAR PATHAK (DIN: 01428320) AS MANAGING DIRECTOR OF THE COMPANY**

To consider and if, thought fit to pass with or without modification(s), the following resolution as **Special Resolution**: -

"RESOLVED THAT in supersession of the Resolution passed in the Annual General Meeting held on 30th September, 2016 and in accordance with the provisions of Section 196, 197, 203 and the rules made thereunder and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) from time to time or any re-enactment thereof for the time being in force) read with Schedule V thereto and pursuant to the approval of board of directors and the recommendation of Nomination and Remuneration Committee of the board and subject to the approval of Central Government and such other authorities as may be necessary, approval of the Shareholders of the Company be and is hereby accorded for change in designation and subsequent appointment of Mr. Omprakash Ramashankar Pathak (DIN: - 01428320) as Managing Director of the Company for a period of 3 (Three) years with effect from 7th May, 2017 to 6th May, 2020, at remuneration of Rs. 44,000 per month and his term of office shall be liable to retire by rotation.

RESOLVED FURTHER THAT approval of shareholders of the company be and is hereby accorded to the principal terms and conditions including remuneration

payable as set out in the draft letter of appointment to be issued by the company to Mr. Omprakash Ramashankar Pathak, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter, amend, vary or modify the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be acceptable to Mr. Omprakash Ramashankar Pathak, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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

RESOLVED FURTHER THAT Board of the Directors of the Company, be and are hereby authorized to sign, seal and execute necessary papers, deeds and other documents to be filed with the Office of Registrar of Companies/ Ministry of Company Affairs or any other authority to give effect to this resolution and to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard."

By Order of the Board of Directors

For Bits Limited

Sd/-

Omprakash Ramashankar Pathak

(Managing Director)

DIN: - 01428320

Address: 503, 5TH
Floor, Trimurti Appt

Kores Road, J K Gram,
Thane,
Maharashtra- 400606

Date: 26.08.2017

Place: New Delhi

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 25th 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 2016-17 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 2016-2017 are being sent by the permitted mode.
6. The Landmark for reaching venue of Annual General Meeting is Krishna Bharti Public School.
7. Route Map for easy location of Venue of Annual General Meeting is attached herewith the Notice of Annual General Meeting.
8. No gifts, gifts coupons, or cash in lieu of gifts is distributed in the Meeting.
9. The relevant explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of the Special Businesses as set out above is annexed hereto and form part of this notice.
10. Additional Information, pursuant to regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, In respect of the directors seeking appointment/re-appointment at the AGM, is furnished as annexure to the Notice.
11. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.

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

12. Members/Proxies/authorized representative are requested to deposit the attendance slip duly filed in and signed for attending the Meeting. Members who hold shares in dematerialization form are requested to write their client ID and DP ID numbers for identification.
13. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. The Notice for the Annual General Meeting and the Annual Report will be available for inspection at the Registered Office of the Company on all working days in business hour up to the date of Annual General Meeting. The above said shall also be available on the Company's website at <http://www.bits.net.in/> and on the website of the 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 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.
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 of the company shall remain closed from 23.09.2017 to 28.09.2017 (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 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 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 25th 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.nsd.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 9:00 a.m. (Indian Standard Time) on Monday, September 25, 2017	Up to 5:00 p.m. (Indian Standard Time) on Wednesday, September 27, 2017

The cut-off date for the purpose of sending this Notice is Monday, 04.09.2017.

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 22nd September, 2017 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 25th Annual General Meeting and holds shares as of the Cut – off date of 22nd September, 2017 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 25th 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.nsd.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.
- 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 with a copy marked to evoting@nsdl.co.in.
- ll. In case of Members receiving Physical copy of Notice of 25th 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.nsd.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 22nd September, 2017.
- 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. 22nd September, 2017 may also obtain the login ID and Password by sending a request at www.evoting.nsd.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.nsd.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 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.

- 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

(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 26.08.2017.

Item No. 4

The Board at its meeting held on 07.05.2017 and subject to approval of the members of the Company, changed the designation and subsequently appointed Mr. Omprakash Ramashankar Pathak as a Managing Director of the company for a period of 3 (Three) years with effect from 07th May, 2017 till 06th May, 2020, at remuneration of Rs. 44,000 per month recommended by Nomination and Remuneration Committee of the Board.

In pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company approved the change in designation and subsequent appointment of Mr. Omprakash Ramashankar Pathak, as Managing Director of the Company subject to the approval of the shareholders at this Annual General Meeting.

It is proposed to seek approval of the member's for change in designation and subsequent appointment and remuneration payable to Mr. Omprakash Ramashankar Pathak, Managing Director in terms of the applicable provisions of the Act.

Broad particulars of terms of change in designation and subsequent appointment of and remuneration payable to Mr. Omprakash Ramashankar Pathak are as under:-

The terms and conditions of remuneration as recommended by Nomination and Remuneration Committee and considered by Board and applicable to the Managing Director is as under:-

Name & Designation	Period of Appointment	Salary per month(Rs.)
Mr. Omprakash Ramashankar Pathak (Managing Director)	Three years w.e.f. 07th May, 2017 to 06th May, 2020	44,000

- (a) The Managing Director shall have the right to manage the day-to-day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company.
- (b) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (c) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (d) The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 1 (One) months prior notice in writing.
- (e) Mr. Omprakash Ramashankar Pathak satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

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

General Information				
Nature of Industry	The main business of the company is to impart education in field of Art, Commerce, Science, Computer Software, Computer Hardware, Business Management, Hotel Management, Engineering & Technical Education and in all innovative fields that may be useful to segments of society by setting up centers, institutes, colleges, universities including Distance Learning Programmes etc. in India & abroad.			
Date or expected date of commencement of commercial production	Not applicable			
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable			
Financial performance based on given indicators				
	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Paid up Capital(Equity + Preference)	223,750,000	223,750,000	223,750,000	223,750,000
Reserve & Surplus	137,928,188.59	139,626,198	24,922,697	(34,884,090)
Profit & Loss Account	(32,043,650.42)	1,698,009.41	(114,703,501)	(59,806,787)
Revenue from operation	1,551,000	2,251,445	2,418,990	36,042,150
Other Income	4,179,453.94	8,113,769	8,599,242	10,838,162
Total Revenue	5,730,453.94	10,365,214	11,018,232	46,880,312
Profit Before Taxation	(31,936,110.42)	(1,337,852.59)	(114,299,873)	(59,130,734)
Foreign investments or collaborations, if any.				Not Applicable
Information about the Managing Director				
Background details	Mr. Omprakash Ramashankar Pathak, 42 years, Graduate, has a wide experience in field of Finance, Marketing & Administration.			
Past remuneration	Rs. 5,50,000/- per annum			
Recognition or awards	NIL			
Job profile and his suitability	The Job requires high level of planning, vision and strategy and leadership skills. Shri Omprakash Ramashankar Pathak is having vast experience of Finance and Marketing and has been successfully working as a Director of the Company. He is ideally suited for the job.			
Remuneration proposed	The details of remuneration are set out above in Explanatory Statement.			
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The salary proposed to be paid is in line with current industry standards based upon size and operations of company.			

Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Beside the remuneration proposed, Mr. Omprakash Ramashankar Pathak, does not have any pecuniary relationship with the Company.
Other information:	
Reasons of loss or inadequate profits	Factors such as general economic slowdown and consequent adverse market costs and high financial cost have severally affected the margins of the company.
Steps taken or proposed to be taken for improvement	The Company is making all possible efforts to improve the margins.
Expected increase in productivity and profits in measurable terms.	The Company is very conscious about improvement in productivity and undertakes constant measure to improve it. However, it is extremely difficult in the present scenario to predict profits in measurable terms.
Disclosures:	
The report on Corporate Governance in the Annual Report indicates the remuneration paid to managerial personnel.	

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

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

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

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

Copy of draft letter of appointment to be issued by company to Mr. Omprakash Ramashankar Pathak is available for inspection in physical at the registered office of the company during business hours till the date of meeting. The same may be treated as written memorandum setting out the terms and conditions of his appointment under Section 190 of the Companies Act, 2013.

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

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

(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, 42 years
DIN	01428320
Qualification	Graduate
Expertise in specific functional areas	He has a wide experience in Finance, & Marketing.

Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	Terms – 3 years w.e.f. 07 th May, 2017 to 06 th May, 2020 Conditions – As specified in draft letter of appointment. Remuneration as specified above.
Last Drawn Remuneration	Rs. 5,50,000/- per annum
Date of first appointment on the Board	13 th August, 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) MILI INVESTMENT AND TRADES PRIVATE-LIMITED 3) MITIKA TRADERS PRIVATE LIMITED 4) SPG FINVEST PRIVATE LIMITED
No. of Board Meeting attended during the year 2016-2017	8
Membership/Chairmanship of the Committees across the Companies (as on 31.03.2017)*	Member - 1 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 42 years is associated with the company from last 4 years. He has wide experience in Finance, & Marketing.

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

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. Ankit Rathi, 40 years
Date of Birth	03/04/1977
DIN	01379134
Qualification	Graduate from Agra University
Expertise in specific functional areas	Has an experience of about Fifteen years in Share Trading & Administration, Financial Management.
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid	N.A.
Last Drawn Remuneration	NIL
Date of first appointment on the Board	01/08/2011
Directorship held in other Listed companies and	1) PAN INDIA CORPORATION LIMITED 2) TACTFULL INVESTMENTS LIMITED 3) UJJWAL LIMITED 4) AMORPHOS INDUSTRIES LIMITED
Unlisted companies	1) VIZWISE COMMERCE PRIVATE LIMITED 2) SPG FINVEST PRIVATE LIMITED 3) UJJWAL INFRASTRUCTURE PRIVATE LIMITED
No. of Board Meetings attended during the year 2016-2017	8
Membership/Chairmanship of the Committees across the Companies (as on 31.03.2017)*	Member – 6; Chairman - 0
No. of equity shares held	Nil
Relationship with other Directors	He is not related /associated with any director of the Company
Brief Resume	Mr. Ankit Rathi aged 40 years is associated with the company from last 6 years. He has wide experience in Share Trading & Administration, Financial Management.

*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

**Address: 503, 5TH
Floor, Trimurti Appt**

**Date: 26.08.2017
Place: New Delhi**

Kores Road, J K Gram,
Thane,
Maharashtra- 400606

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 2016-17

Dear Members,

Your Directors are pleased to present the 25th Annual Report on the business and operations of the Company together with the Audited Financial Statement for the year ended 31st March, 2017.

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		
Particulars	(Amount in Rs.)	
	Current Year Year Ended 31 st March 2017	Previous Year Year Ended 31 st March 2016
Income from Operations	3,60,42,150	24,18,990
Other Income	1,08,38,162	85,99,242
Total Income	4,68,80,312	1,10,18,232
Total Expenditure	10,60,11,046	12,53,18,105
Profit/ (Loss) before tax	(5,91,30,734)	(11,42,99,873)
Less: Provision for Deferred Tax	Nil	Nil
Less: Prior period Adjustment of Tax	3,41,111	4,03,628
Net Profit/(Loss) after Tax	(5,98,06,787)	(1,14,703,501)

STATE OF COMPANY AFFAIRS

During the year, the sales of the company jumped to Rs. 3,60,42,150 as compared to Rs. 24,18,990 in the previous year registering a growth in the business of the company. The company has made changes in its business strategy and results thereof are visible as seen in business growth in the year.

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 2016-17

There is no material changes and commitment affecting the financial position of company after the close of financial year 2016-17 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 2016-17.

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 31.03.2017 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 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 AUDITOR'S REPORT

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Soni Gulati & Co., Chartered Accountants, the Auditors of the Company shall hold office till the conclusion of the ensuing Annual General Meeting and they shall not be eligible for re-appointment due to expiry of the maximum permissible tenure as the Auditors of the Company. Your Board places on record its deep appreciation for the valuable contributions of the Auditors

during their association and wishes them success in the future.

Based on the recommendation of the Audit Committee, the Board has appointed M/s. Sadana & Co., Chartered Accountants (Firm Registration No. 011616N) as the Auditors of the Company, in place of the retiring auditors, to hold office for a term of five consecutive years, from the conclusion of the ensuing 25th Annual General Meeting till the conclusion of 30th Annual General Meeting of the Company to be held in the Calendar year 2022, subject to an yearly ratification by the members of the Company at every Annual General Meeting, 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.

Pursuant to Section 139 and 141 of the Companies Act, 2013 and Rules framed there under, the Company has received a certificate from the auditors confirming their eligibility to be appointed as Auditors of the Company. 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.

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 and therefore, do not need any further comment.

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 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 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 except as stated below:-

Secretarial Auditor remarks for financial statement ending 31.03.2017:

Appointment of Company Secretary which is mandatory for the company is not done by the company during the year 2016-2017.

Our reply to Secretarial Auditor remarks:

Your Board has acknowledged that the Whole Time Company Secretary is not appointed in the company in the financial year 2016-2017. However, your company had recently appointed the Whole Time Company Secretary w.e.f. 11th July, 2017 to comply with the provisions of the Companies Act, 2013.

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 and Cessation of Directors & Key Managerial Personnel

During the year under review, shareholders have approved the re-appointment of Mr. O.P Pathak as Whole Time Director of the company for a period of 3 years.

The Board of Directors after recommendation of Nomination and Remuneration Committee of your Company recommends the 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. Deepa Kumari, Chief Financial Officer resigned from the company w.e.f. 1st July, 2016 and Mr. Sachin Sharma has been appointed as Chief Financial Officer of the Company w.e.f. 30th November, 2016 and Ms. Sonam Gupta has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. 11th July, 2017.

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. 2016 - 2017, 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.

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 B** 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 and notes on agenda of each Board Meeting was given in writing to each Director.

In the Financial Year 2016-17, the Board met Eight times. The meetings were held on 30/05/2016, 01/07/2016, 13/08/2016, 29/08/2016, 14/11/2016, 30/11/2016, 17/12/2016 and 13/02/2017. 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 2016-2017. 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 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.

The exclusive meeting of Independent Directors was held to evaluate the performance of the Board, non-Independent Directors & the Chairman.

The performance evaluation of committee's and board as a whole was done on the basis of questionnaire which was circulated among the board members and committee members and on receiving the inputs from them, their performance was assessed.

Lastly, performance evaluation of individual directors was done on the basis of self-evaluation forms which were circulated among the directors and on receiving the duly filled forms, their performance was assessed.

FAMILIARIZATION PROGRAMME AND TRAINING OF INDEPENDENT DIRECTORS

The details of programmes for familiarization of Independent Directors with the Company, their roles and responsibilities in the company, business model of the Company and other related matters are put on the website of the Company at the following link: i.e. 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/docs.html>.

CORPORATE GOVERNANCE

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

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

MANAGEMENTS' DISCUSSION AND ANALYSIS REPORT

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Companies Act 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no employee in the company, which draws the remuneration in excess of the limits set out in the said rules.

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

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

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

Conservation of Energy-

- i) Steps taken or impact on conservation of energy: Energy conservation efforts are ongoing activities. During the year under review further efforts were made to ensure optimum utilization of electricity.
- ii) Steps taken by the company for utilizing alternate sources of energy: Nil, as your company does not carry any manufacturing activities
- iii) The Capital investment on energy conservation equipments: Nil

Technology Absorption, Adaption & Innovation and Research & Development

No research & development or technical absorption or adaption & innovation taken place in the company during the Financial Year 2016-17, 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 there of: 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, 2017, 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, 2017 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 **BSE Limited**.

Your Company has been suspected as 'Shell Company' by SEBI, due to which equity shares of the company has been placed in Stage VI of the Graded Surveillance Measure ("GSM") on the stock exchange and has been permitted for restricted trading once a month and transfer of the scrip in restrictive trading category or settlement on trade to trade basis.

Your management has filed a representation before SEBI and BSE for removing the name of the company from the "Shell Company" database and place the company under normal trading scenarios as earlier.

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 Managing Director of the company does not receive any remuneration or commission from any of such companies.

- f) No significant or material orders were passed by the regulators or courts or tribunals, which impact the going concern status and Company's operations in future.
- g) Purchase of or subscription for shares in the company by the employees of the company.
- h) There is no subsidiary of company, so no policy on material subsidiary is required to be adopted.

Your Directors further state that:-

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

INDUSTRIAL AND HUMAN RELATIONS

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

ACKNOWLEDGEMENT

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

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

**Sd/-
Omprakash Ramashankar Pathak
(Managing Director)
DIN – 01428320**

**Sd/-
Ankit Rathi
(Director)
DIN - 01379134**

**Place: New Delhi
Date: 26.08.2017**

Annexure A to Director's Report
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED AS
ON MARCH, 31ST2017

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

We 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 our verification of the **Bits Limited'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, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March, 31st2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Bits Limited** ("**the Company**") for the Financial Year ended on 31st March, 2017 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;- (**Not Applicable**)
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - (**Not Applicable**)
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - (**Not Applicable**)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - (**Not Applicable**)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - (**Not Applicable**) and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - (**Not applicable**)
- i. The Securities and Exchange Board of India (Listing Obligation & Disclosure Requirement) Regulation, 2015.

We have also examined compliance with the applicable clauses of the following:

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors that took place during the period under review.

Appointment of Company Secretary which is mandatory for the company is not done by the company during the year 2016-17.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the Meeting duly recorded and duly signed by chairman of the meeting, the decisions of the Board were taken unanimously and no dissenting views have been recorded. It is also advisable to maintain all the records of the company in the electronic form also.

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

We further report that during the audit period there has not been any such activity which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

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

For Pritika Nagi & Associates

Sd/
Pritika Nagi
Practicing Company Secretary
M. No.: 29544, CP No.: 11279

Date: 26.08.2017
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as “Annexure I” and forms an integral part of this report.

Annexure I

To,
The Members
BITS LIMITED
711, 7th Floor, New Delhi House,
27, Barakhamba Road,
New Delhi-110001

Our report of even date is to be read with the following clarification and explanation:

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

For Pritika Nagi & Associates

Sd/-
Pritika Nagi
Practicing Company Secretary
M. No.: 29544, CP No.: 11279

Date: 26.08.2017
Place: New Delhi

Annexure B to Director's Report
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L72200DL1992PLC241971
2	Registration Date	27/11/1992
3	Name of the Company	Bits Limited
4	Category/Sub-category of the Company	Public Company limited by shares, Indian Non-Government Company
5	Address of the Registered office & contact details	711, 7th Floor, New Delhi House 27, Barakhamba Road, New Delhi-110001
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mas Services Limited T-34, II nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Phone No. 011-26387281

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Sale of Books	1349100	43.27
2	Sale of Course Material	24189100	56.73

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
	NIL				

IV. SHARE HOLDING PATTERN									
(Equity share capital breakup as percentage of total equity)									
(i) Category-wise Share Holding									
Category of Shareholders Demat	No. of Shares held at the beginning of the year [As on 01-April-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters									
(1) Indian									
g) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
j) Bodies Corp.	72,799,186		72799186	65.07%	72,799,186		72,799,186	65.07%	0.00%
k) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
l) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	72,799,186	-	72,799,186	65.07%	72,799,186	-	72,799,186	65.07%	0.00%

(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + (A)(2)	72,799,186	-	72,799,186	65.07%	72,799,186	-	72,799,186	65.07%	0.00%

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	30,500	30,500	0.03%	-	30,500	30,500	0.03%	0.00%
b) Banks / FI	-	47,000	47,000	0.04%	-	47,000	47,000	0.04%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	77,500	77,500	0.07%	-	77,500	77,500	0.07%	0.00%

2. Non-Institutions									
a) Bodies Corp.	881517	215600	1097117	0.98%	852346	215600	1067946	0.95%	0.03%
i) Indian									
ii) Overseas	-	-	-		-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	22,604,638	8,354,250	30,958,888	27.67%	24809044	8414250	33,223,294	29.70%	2.03%
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	4,623,677	65,500	4,689,177	4.19%	3240794		3,240,794	2.90%	1.29%
c) Others (specify)									
Non Resident Indians Repat	-	-	-	-	186924	877500	1,064,424	0.95%	0.95%
Non Resident Indians Non Repat	-	-	-	-	58800	-	58,800	0.05%	0.05%
Non Residents Indian/OCB	260,224	877,500	1,137,724	1.02%	-	-	-	-	1.02%
Clearing Members	1,115,408		1,115,408	1.00%	338056	-	338,056	0.30%	0.70%
NBFC Registered with RBI					5000		5,000	0.00%	
Trusts	-	-	-	-	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	29,485,464	9,512,850	38,998,314	34.85%	29,490,964	9,507,350	38,998,314	34.85%	0.00%
Total Public Shareholding (B) = (B)(1) + (B)(2)	29,485,464	9,590,350	39,075,814	34.93%	29,490,964	9,584,850	39,075,814	34.93%	0.00%
C. Shares held by Custodian for GDRs & ADRs			-	0.00%					0.00%
Grand Total (A+B+C)	102,284,650	9,590,350	111,875,000	100.00%	102,290,150	9,584,850	111,875,000	100.00%	0.00%

(ii) Shareholding of Promoters								
SN	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2016]			Shareholding at the end of the year [As on 31-March-2017]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Vizwise Commerce Private Limited	72,799,186	65.07%	0	72,799,186	65.07%	0	0.00%
							0	
	Total	72,799,186	65.07%	0	72,799,186	65.07%		0.00%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)							
SN	Particulars	Date wise Increase/Decrease in Promoters Share holding during the year	Reasons for increase/decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			NIL		NIL	NIL
	Changes during the year			NIL		NIL	NIL
	At the end of the year			NIL		NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders							
(Other than Directors, Promoters and Holders of GDRs and ADRs):							
SN	For each of the Top 10 shareholders	Date wise Increase/Decrease in Promoters Share holding during the year	Reasons for increase/decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Name : SHYAM BEHARI						
	At the beginning of the year	1-Apr-2016		130,000	0.12%	130,000	0.12%
	Changes during the year	NIL			0.00%		0.00%
	At the end of the year	31-Mar-2017		130,000	0.12%	130,000	0.12%
2	Name: ANITA ANIL BANSAL						
	At the beginning of the year	1-Apr-2016		173,107	0.15%	173,107	0.15%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		173,107	0.15%	173,107	0.15%
3	Name: JITENDER KUMAR JAIN						
	At the beginning of the year	1-Apr-2016		47,206	0.04%	47,206	0.04%
	Changes during the year	22-Apr-2016	Transfer	59890	0.05%	107096	0.10%
		29-Apr-2016	Transfer	1084	0.00%	108180	0.10%
		20-May-2016	Transfer	2469	0.00%	110649	0.10%
		27-May-2016	Transfer	1000	0.00%	111649	0.10%
		10-Jun-2016	Transfer	1000	0.00%	112649	0.10%
		15-Jul-2016	Transfer	3000	0.03%	115649	0.10%

		9-Sep-2016	Transfer	19266	0.02%	134915	0.12%
		23-Sep-2016	Transfer	13734	0.01%	148649	0.13%
		21-Oct-2016	Transfer	5000	0.00%	153649	0.14%
	At the end of the year	31-Mar-2017		153,649	0.14%	153,649	0.14%

4	Name :JAINAM SHARE CONSULTANTS PVT. LTD.						
	At the beginning of the year	1-Apr-2016		34,450	0.03%	34,450	0.03%
	Changes during the year	20-May-2016	Transfer	5000	0.00%	39450	0.04%
		7-Oct-2016	Transfer	1000	0.00%	40450	0.04%
		14-Oct-2016	Transfer	5000	0.00%	35450	0.03%
		28-Oct-2016	Transfer	34575	0.03%	70025	0.06%
		4-Nov-2016	Transfer	80000	0.07%	150025	0.13%
	At the end of the year	31-Mar-2017		150,025	0.13%	150,025	0.13%

5	Name: Mahavir G Chopra						
	At the beginning of the year	1-Apr-2016		844,200	0.75%	844,200	0.75%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		844,200	0.75%	844,200	0.75%

6	Name: VIMAL VADILAL SHAH						
	At the beginning of the year	1-Apr-2016		128,500	0.11%	128,500	0.11%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		128,500	0.11%	128,500	0.11%

7	Name: URMILA DEVI SEKSARIA						
	At the beginning of the year	1-Apr-2016		197,379	0.18%	197,379	0.18%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		197,379	0.18%	197,379	0.18%

8	Name: LAXMIPAT DUDHERIA						
	At the beginning of the year	1-Apr-2016		330,383	0.30%	330,383	0.30%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		330,383	0.30%	330,383	0.30%

9	Name: SAMEER VASANT GODBOLE						
	At the beginning of the year	1-Apr-2016		239,395	0.21%	239,395	0.21%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		239,395	0.21%	239,395	0.21%

10	Name : SANDEEP MUSADDY						
	At the beginning of the year	1-Apr-2016		130,000	0.12%	130,000	0.12%
	Changes during the year				0.00%		0.00%
	At the end of the year	31-Mar-2017		130,000	0.12%	130,000	0.12%

(v) Shareholding of Directors and Key Managerial Personnel:								
SN	Shareholding of each Directors and each Key Managerial Personnel	Date wise Increase/ Decrease in Promoters Share holding during the year	Reasons for increase/ decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
				No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Name							
	At the beginning of the year							0.00%
	Changes during the year							0.00%
	At the end of the year							0.00%
2	Name							
	At the beginning of the year							0.00%
	Changes during the year							0.00%
	At the end of the year							0.00%

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
				(Amt. Rs./Lacs)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				-
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition				-
* Reduction				-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount				-
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL				
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:				
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount	
		Mr. Omprakash Ramashankar Pathak		(Rs/Lac)

	Designation	Managing Director		
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	528,000.00		528,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22,000.00		22,000.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify		-	-
	Total (A)	5,50,000	-	5,50,000
	Ceiling as per the Act	84 lakhs as per Section II of Part II of Schedule V of the Companies Act, 2013		

B. Remuneration to other Directors					
SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
3	Independent Directors		Mr. Harish Kumar Chauhan	Ms.Preeti Sharma	
	Fee for attending board committee meetings		287,500.00	284,500.00	572,000.00
	Commission				
	Others, please specify				
	Total (1)	-	287,500.00	284,500.00	572,000.00
4	Other Non-Executive Directors				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)	-	-	-	
	Total (B)=(1+2)	-	-	-	572,000.00
	Total Directors Remuneration				1,122,000.00
	Overall Ceiling as per the Act	84 lakhs as per Section II of Part II of Schedule V of the Companies Act, 2013			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD						
SN.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount
		Name	Deepa Kumari*	Sachin Sharma#		(Rs/Lac)
		Designation	CEO	CFO	CFO	CS
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		34,500.00	60,000.00		94,500.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					-
2	Stock Option					-
3	Sweat Equity					-

4	Commission							
	- as % of profit							-
	- others, specify							-
5	Others, please specify							-
	Total			-	34,500.00	60,000.00	-	94,500.00

* Ms. Deepa Kumari has Resigned from the post of CFO w.e.f. 28th June, 2016.

#Mr. Sachin Sharma has been appointed as Chief Financial Officer of the Company w.e.f. 30th November, 2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Sd/-
Omprakash Ramashankar Pathak
(Managing Director)
DIN – 01428320

Sd/-
Ankit Rathi
(Director)
DIN - 01379134

Date: 26.08.2017
Place: New Delhi

Annexure C

Remuneration Policy for Directors, Key Managerial Personals and Senior Management

BITS LIMITED

**Registered office -711, 7th Floor,
New Delhi House, 27, Barakhamba Road
New Delhi-110001
CIN: L72200DL1992PLC241971**

INTRODUCTION

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

SCOPE

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

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

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

APPLICABLE

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

Fundamental principles of the policy

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

- Industry Practice and Bench marks;
- Long-term value creation.
- Reward achievement of results on the basis of prudent practice, responsibility and risk taking abilities.
- Attract and retain the best professionals.
- Reward the experience and professional track record.
- Ensure equity within the Group and competitiveness outside it.
- Optimum mix of fixed and variable salary;
- Reward in the form of stock options
- Ensure transparency in its remuneration policy

TERMS OF THE POLICY

A. Terms for Executive Directors, KMP and senior management of company

i. Fixed Salary

Managerial Person, KMP and Senior Management are eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder

for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

ii. Minimum Remuneration

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

iii. Provisions for excess remuneration

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

B. Terms for Non Executive/ Independent Directors of company

i. Remuneration / Commission

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

ii. Sitting Fees

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

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

iii. Limit of Remuneration/Commission

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

iv. Stock Option

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

Disclosures

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

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

POLICY REVIEW

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

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

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

ANNEXURE D TO DIRECTORS REPORT

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTOR'S INDEPENDENCE FOR BITS LIMITED

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

Scope

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

POSITIVE ATTRIBUTES

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

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

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

Qualification & Criteria

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

The proposed appointee shall also fulfill the following requirements:

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

Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

Criteria of Independence

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

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

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
- (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.

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

Appointment

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

INDEPENDENCE STANDARDS

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

Independence Review Procedures

1. Annual Review

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

2. Notice of change of Independent Status

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

Amendment

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

Disclosure

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

Annexure E to Directors' Report

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
BITS LIMITED

We have examined all relevant records of **BITS LIMITED** for the purpose of certifying compliance of conditions of Corporate Governance as per para C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 read with Regulation 34(3) of the said Listing Regulations (hereinafter, collectively referred to as the Listing Regulations) of the Company with stock exchanges in India for the Financial year ended on 31st March, 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For and on behalf of M/s Soni Gulati & Co.
Chartered Accountants

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

Date: 26.08.2017
Place: New Delhi

Annexure F to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

Industrial Structure & Developments

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

Opportunities and threat, Outlook & Area of Concern

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

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

Risk Management & Concerns

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

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

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company believes that the employees are the backbone of the Company. Congenial and safe work atmosphere, appropriate recognition and rewards, constant communication, focus on meeting customer needs and change management through training are the hallmarks for development of human resources of the company. There are 4 employees in the Company as on 31st March, 2017 and every employee is aware of the challenges posed by the current economic environment. Employee morale has remained high even during difficult times. The employees have co-opted fully with the management in implementing changes as required by the market. And it is providing an opportunity to all the employees to utilize their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

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

FINANCIAL REVIEW AND ANALYSIS

The financial performance of the Company for the financial year ended March 31, 2017 is given as under:-

PERFORMANCE	Year ended 31-03-2017 (Amt in Rs.)
Revenue	46880312
Expenditure	106011046
Profit/ (Loss) before tax	(59130734)
Prior Period Adjustment of tax	341111
Profit/(Loss) for the year	(59806787)

CAUTIONARY STATEMENT:

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

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

**Sd/-
Omprakash Ramashankar Pathak
(Managing Director)
DIN - 01428320**

**Sd/-
Ankit Rathi
(Director)
DIN - 01379134**

**Place: New Delhi
Date: 26.08.2017**

Annexure G to Director's Report

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

S.No	Name and Age of the Employee	Designation of the Employee	Remuneration Received (Amount in Rs.)	Nature of employment whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee within the meaning of clause (iii) of sub-rule (2) of rule 2 of Companies (Appointment and Remuneration) Rules, 2014	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	Mr. Omprakash Ramashankar Pathak; 42 years	Whole time Director	Rs. 5,50,000	Contractual	Graduate; He has a wide experience in Finance, & Marketing	13th August, 2013	Ujjwal Green Energy Private Limited -Director	Nil	No
2	Ms. Deepa Kumari; 34 years	Chief Financial Officer*	Rs. 34,500	Contractual	Graduate; Nil	12 th August, 2014	N.A.	Nil	No
3.	Mr. Sachin Sharma; 29 years	Chief Financial Officer~	Rs. 60,000	Contractual	Graduate; Nil	30 th November, 2016	N.A.	Nil	No

* Ms. Deepa Kumari has resigned from the Post of Chief Financial Officer w.e.f. 28th June, 2016

~ Mr. Sachin Sharma has been appointed as Chief Financial Officer w.e.f. 30th November, 2016

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

Name of Director/KMP and designation	Remuneration of Director/KMP for financial year 2016-17	Ratio of remuneration of each Director/ KMP to median remuneration of employees	% increase in Remuneration Of each director CFO,CEO, C.S or Manager
Omprakash Ramashankar Pathak (Whole Time Director)	Rs. 5,50,000	9.1667:1	NIL
Deepa Kumari (Chief Financial Officer)	Rs. 34,500	0.575:1	NIL
Sachin Sharma (Chief Financial Officer)	Rs. 60,000	1:1	NIL

- There is no Percentage increase in the median remuneration of employees of Bits Limited ;
- There were 2 permanent employees on the rolls of Company as on March 31, 2017 ;
- There was no average increase made in the salaries of employees in this financial year. The Remuneration payable to Managerial Personnel is directly linked to individual performance as well as that of the business. The remuneration payable to managerial personal was based on the recommendation of the nomination and remuneration committee to revise the remuneration as per industry benchmarks.
- It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy of the company.

By Order of the Board of Directors
For Bits Limited

Sd/-
Omprakash Ramashankar Pathak
(Managing Director)
DIN – 01428320

Sd/-
Ankit Rathi
(Director)
DIN - 01379134

Place: New Delhi
Date: 26.08.2017

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2017.

1. COMPANY'S PHILOSOPHY

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

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

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

GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company is as follows:

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

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

2. BOARD OF DIRECTORS:

Size & Composition of the Board

As on 31st March, 2017, the Board of the Company consists of 4 directors out of which 2 are Non-Executive Independent Directors, 1 is Executive Director and the Chairman of the Board is Non-Executive Director.

The details of each member of the Board along with the number of Directorship/Chairmanship/Committee Membership as on 31st March, 2017, are as follows:

Name	Category	Designation	No. of Board Meetings Held during the year 2016 – 2017	No. of Board Meetings Attended during the year 2016 - 2017	Number of Directorship in other Companies	Attendance of each Director At last AGM	No. of other Board Committee(s) of which he is a member (%, @)	No. of other Board Committee (s) of which he is a Chairman (%, @)
Mr. Ankit Rathi	Chairman Promoter/ Non-Executive Director	Director	8	8	7	Yes	6	0
Mr. Omprakash Ramashankar Pathak	P r o m o t e r / Executive Director	Whole Time Director	8	8	7	Yes	1	1
Mr. Harish Kumar Chauhan	Independent/ Non-Executive Director	Director	8	8	4	Yes	5	4
Mrs. Preeti Sharma	Independent/ Non-Executive Director	Director	8	8	3	Yes	2	0

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

@ Committee position only of the Audit Committee and Stakeholder's Relationship Committee in Public Companies (whether listed or not) have been considered. This does not include Membership/ Chairmanship in Committee of Directors of Bits Limited.

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

None of independent directors serving more than 7 listed companies. There is no relationship between directors of the company. Further, non - executive directors does not have any shareholding in the company.

Independent Directors

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

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

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

Details of Board Meetings

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

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

During the Financial Year 2016-2017 (8) Eight Board Meetings were held i.e. 30/05/2016, 01/07/2016, 13/08/2016, 29/08/2016, 14/11/2016, 30/11/2016, 17/12/2016 and 13/02/2017. The intervening period between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015.

COMMITTEES OF THE BOARD

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

The Board has currently the following Committees:

(3) AUDIT COMMITTEE

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

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

Meetings:

The Audit Committee met 4 times during the year on 30/05/2016, 13/08/2016, 14/11/2016 and 13/02/2017. The attendance of Members at the Meetings was as follows:

S. No.	Name of Member	Status	No. of meetings during the year	No. of Meetings Attended
1	Mr. Harish Kumar Chauhan	Chairman	4	4
2	Mrs. Preeti Sharma	Member	4	4
3	Mr. Omprakash Ramashankar Pathak	Member	4	4

Terms of Reference:

POWER OF AUDIT COMMITTEE

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

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

ROLE OF AUDIT COMMITTEE

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and

effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

RELATED PARTY TRANSACTION

There is no transaction of materially significant nature with related party that may have potential conflict with the interest of the Company at large. 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). The same has been referred in Directors Report also.

(4) NOMINATION & REMUNERATION COMMITTEE

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

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

MEETINGS OF NOMINATION AND REMUNERATION COMMITTEE:

During the Financial Year 2016- 2017 the Committee met 3 times i.e. on 17/08/2016, 30/11/2016 and 13/02/2017. The attendance of Members at the Meeting was as follows:

S. No.	Name of the Member	Status	No. of meetings during the year	No. of Meetings Attended
1	Mr. Harish Kumar Chauhan	Chairman	3	3
2	Mrs. Preeti Sharma	Member	3	3
3	Mr. Ankit Rathi	Member	3	3

TERMS OF REFERENCE

The role of Nomination and Remuneration Committee includes the following

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

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

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

(5) REMUNERATION POLICY

The Remuneration Policy of the Company for Directors, Key Managerial Personnel and Senior Management is annexed as **Annexure C** to the Director's Report. The Company's remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice.

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

Remuneration paid to the Directors during the financial year 2016-2017:

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

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

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

The tenure of the office of the Whole Time Director was for 3 years i.e. 1st March, 2017 to 28th February, 2020. However w.e.f. 07th May, 2017, Mr. Omprakash Ramashankar Pathak has been designated as Managing Director of the company for a period of 3 years i.e. 7th May, 2017 to 6th May, 2020 and tenure of Independent Director is for 5 years from the date of conclusion of 22nd Annual General Meeting i.e. 30th September, 2014 and can be terminated by either party by giving one month advance notice in writing. There is no separate provision for payment of severance fees.

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

(6) STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

MEETINGS OF STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee met 4 times during the year on 28/05/2016, 11/08/2016, 14/11/2016 and 13/02/2017. The attendance of Members at the Meeting was as follows:

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

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

Investor Grievance Redressal

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

	Received	Resolved	Balance
Complaints during the year	2	2	Nil

As on March 31st, 2017 no complaints were outstanding.

Compliance officer

The Board has designated Ms. Sonam Gupta, Company Secretary as Compliance Officer of the Company w.e.f. 11/07/2017. The Compliance Officer of the Company is responsible for complying with requirements of Securities Laws and Listing Agreements/ SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges.

• INDEPENDENT DIRECTOR'S MEETING

During the year under review, the Independent Directors met on 17th August, 2016 inter alia, to discuss:

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

(7) RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board comprises of two members. Mr. Omprakash Ramashankar Pathak, Executive Director, is the Chairman of the committee. The other member of Risk Management Committee includes Mr. Ankit Rathi, Non-Executive Non Independent Director.

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

MEETINGS OF RISK MANAGEMENT COMMITTEE:

During the Financial Year 2016- 2017 the Committee met 2 times i.e. on 14/11/2016 and 13/02/2017. The attendance of Members at the Meeting was as follows:

S. No.	Name of the Member	Status	No. of meetings during the year	No. of Meetings Attended
1	Mr. Omprakash Ramashankar Pathak	Chairman	2	2
2	Mr. Ankit Rathi	Member	2	2

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

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

(8) General Body Meetings

Details about Annual General Meetings held in last three years are as follows:

For the Year	Venue	Day, Date & Time	Special Resolution *
2013-14	Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094	Tuesday, 30 th September, 2014 at 10:00 A.M.	Appointment of Shri Omprakash Ramashankar Pathak (DIN: 01428320) as Whole Time Director of the Company, for a period of 3 (three) years. (***)
2014-15	Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094	Wednesday, 30 th September, 2015 at 11:00 A.M.	Adoption of newly substituted Article of Association of Company as per Companies Act, 2013. (***)
2015-16	Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094	Friday, 30 th September, 2016 at 11:00 A.M.	1. Re-appointment of Shri Omprakash Ramashankar Pathak (DIN: 01428320) as Whole Time Director of the Company, for a period of 3 (three) years. (***) 2. To approve the material Related Party Transaction. (***)

*** Special Resolution was passed through E-Voting & physical voting i.e. by ballot form at Annual General Meeting.

- No resolution was passed through Postal Ballot during the period 2016-17.

POSTAL BALLOT

During the financial year 2015-2016, Company approached the shareholders through postal ballot in August, 2015. A snapshot of the voting results of the postal ballot is as follows:-

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

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

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

Procedure for Postal Ballot

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

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

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

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

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

Special Resolutions proposed to be conducted through postal ballot are:-

- To amend Memorandum of Association of the Company to align it with the Companies Act, 2013; and
- To Alter the Object Clause of Memorandum of Association of the Company

(9) DISCLOSURES

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

During the period under review, the company had not entered into any material transactions which were in conflict with the company's interest. All the related party transactions are on arm's length basis and are intended to further the company's interest.

- Details of non-compliance by the company, penalties and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

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

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

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

- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

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

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

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

6. Disclosure of commodity price risks and commodity hedging activities

Not Applicable

7. Company has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

8. Company try to adopt the discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

General

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

1. Profile and other information regarding the Directors being appointed/re-appointed as required under Regulations 36(3) of SEBI (Listing Obligations Disclosure Requirement) Regulations, 2015 have been given in the Notice of the Annual General Meeting annexed to this Annual Report.

2. The Company follows a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Board of compliance status of laws applicable to the company and steps taken to rectify non-compliance, if any.

3. The Company's senior management has confirmed to the Board of Directors that they do not have any personal interest related to its material, financial and commercial transactions that may have a potential conflict with the interests of the Company at large.

4. Declarations by the Managing Director regarding compliance by board members and senior management personnel with the company's code of conduct

Mr. Omprakash Ramashankar Pathak, Managing Director has furnished the requisite declaration affirming compliance with the Code of Conduct by the board members and senior management personnel, for the financial year ended March 31st, 2017, which is attached with the report.

5. The company has complied with all the Accounting Standards applicable to the company.

6. The company has not come out with any Public Issue / Preferential Issue in the Financial Year 2016-17.

7. Certificate from the Auditor regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is attached as **Annexure E** of the Director's Report.

(10) MEANS OF COMMUNICATION

Quarterly Results

Millenium Post (English Daily) and Samachar Jagat (Hindi Daily) For Quarter ended 30.06.2016

Millenium Post (English Daily) and Naya India (Hindi Daily) For Quarter ended 30.09.2016

Millenium Post (English Daily) and Naya India (Hindi Daily) For Quarter ended 31.12.2016

Financial Express (English Daily) and Jansatta (Hindi Daily) For Quarter ended 31.03.2017

Financial Results also displayed on the website of the company i.e. www.bits.net.in.

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

(11) SHAREHOLDERS' GENERAL INFORMATION

(1) Annual General Meeting

Day, Date and Time: Thursday, 28th September, 2017 at 11:00 a.m.

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

(2) Financial Calendar (Tentative) for the Financial Year 2017 – 2018

Tentative calendar of events for the financial year 2017 – 2018 (April to March) is as under:

Adoption of Quarterly Financial Results for:

First Quarter – on or before 14th September, 2017

Third Quarter- on or before 14th February 2018

Second Quarter-on or before 14th December, 2017

Fourth Quarter- on or before 30th May, 2018

(3) Book Closure

The Register of Members and Share Transfer Register will remain closed from 23.09.2017 to 28.09.2017 (Both days inclusive) on account of Annual General Meeting.

(4) Dividend Payment Date

No dividend has been recommended for the year ended 31st March, 2017.

(5) Listing at Stock Exchanges

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

Listing Fee for the year 2017-18 has been paid to Bombay Stock Exchange.

(6) Stock Code -- ISIN – INE839A01021

Market Price Data: High Low for the period April 2016 to March 2017

Month	High (Rs.)	Low (Rs.)
April 2016	0.52	0.50
May 2016	0.49	0.39
June 2016	0.39	0.30
July 2016	0.29	0.26
August 2016	0.28	0.27
September 2016	0.28	0.25
October 2016	0.33	0.25
November 2016	0.42	0.34
December 2016	0.42	0.42
January 2017	0.46	0.40
February 2017	0.47	0.36
March 2017	0.36	0.32

Source: BSE Portal

(7) Securities are suspended from trading –Your Company has been suspected as 'Shell Company' by the SEBI, due to which equity shares of the company has been permitted for restricted trading once a month only.

Reason for restriction on trading has also been specified in the Directors' Report.

(8) Registrar & Share Transfer Agents:

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

M/s Mas Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020
Phone No.: 011-26387281/82/83,
Fax No.: 011-26387384
Email ID: info@masserv.com

Contact Person: Sharwan Mangla

(9) Share transfer system:

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

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

(10) Shareholding Pattern as on 31st March, 2017.

Category	No. of Shares held	% of Shareholding
A. PROMOTERS		
Promoter and Promoter Group	72799186	65.07
B. PUBLIC		
Individuals holding nominal share capital up to 2 lac	33223294	29.70
Individuals holding nominal share capital in excess of 2 lac	3240794	2.90
Financial Institutions/Banks	47000	0.04
Mutual Funds/UTI	30500	0.03
NBFCs registered with RBI	5000	0.00
OTHERS	2529226	2.26
Total	111875000	100

(11) Distribution of Shareholding as on 31st March, 2017

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-5000	14084	83.699	12017711	10.742
5001-10000	1504	8.938	6267510	5.602
10001-20000	717	4.261	5854251	5.233
20001-30000	237	1.408	2992463	2.675
30001-40000	87	0.517	1618717	1.447
40001-50000	56	0.333	1322068	1.182
50001-100000	88	0.523	3138251	2.805
100001 & above	54	0.321	78664029	70.314
Total	16827	100	111875000	100

(12) Dematerialization of shares:

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has already enlisted its shares with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited. Company (NSDL). Company has been allotted ISIN No. INE839A01021. As at 31.03.2017, 10723973 Equity Shares were held in demat form in CDSL and 91566177 shares were held in demat form in NSDL.

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

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

(14) Commodity price risk or foreign exchange risk and hedging activities

Not Applicable

(15) Plant Location

The Company does not carry any manufacturing activity.

(16) Address for correspondence:

Bits Limited (Regd. Office)

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

Corporate Office

23, Great Western Building, 1st Floor,
130/132, Apollo Street, SBS Road,
Fort, Mumbai - 400023.
To
The Members of Bits Limited

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

In Compliance with Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Omprakash Ramashankar Pathak, Managing Director of the Company, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct formulated by the Company for the financial year ended March 31st, 2017 and there is no non compliance thereof during the period under review.

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

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

**Date: 26.08.2017
Place: New Delhi**

CHIEF FINANCIAL OFFICER AND MANAGING DIRECTOR CERTIFICATION

To,
The Board of Directors,
Bits Limited

We, Omprakash Ramashankar Pathak, Managing Director and Sachin Sharma, Chief Financial Officer of Bits Limited, to the best of our knowledge and belief hereby certify that:

- a) We have reviewed financial statements and the cash flow statement of the company for the year ended 31st March, 2017 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken

or propose to take to rectify these deficiencies.

- d) We have indicated to the Auditors and the Audit Committee;
 - i) Significant changes in internal control over financial reporting during the year; if any
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; if any and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

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

**Sd/-
Omprakash Ramashankar Pathak
(Managing Director)
DIN - 01428320**

**Sd/-
Sachin Sharma
(CFO)**

**Place: New Delhi
Date: 26.08.2017**

INDEPENDENT AUDITOR'S REPORT**To the Members of Bits Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Bits Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, read with noted to accounts note 16 of the state of affairs of the Company as at 31st March, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "Annexure-I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-II"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company does not have any pending litigation which has impact on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 16. 13 to the financial statements.

**For Soni Gulati & Co.
Chartered Accountants
FRN 8770**

**Sanjeev Kumar
Partner
M.No. 091901**

**Place: New Delhi
Date: 29.05.2017**

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

The Annexure referred to in our report to the members of Bits Limited ('the Company') for the year ended 31st March, 2017.

We report that:

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets are physically verified by the management on annual basis which in our opinion is at reasonable intervals. As per information and explanations given to us, no material discrepancies were noticed on such verification as compared to book records.
- c) The company does not have any immovable property as fixed assets in its name hence clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
2. a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
3. The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investment made.
5. The Company has not accepted deposit from the public
6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company.
7. a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no disputed statutory dues payable in respect of income tax, sales tax, duty of customs, duty of excise and value added tax which are outstanding as at 31st March, 2017.
8. According to the information and explanations given to us, the company has not taken any loan from any financial institution, bank, government or debenture holder, during the year hence clause (viii) of paragraph 3 of the Order regarding default is not applicable to the Company.
9. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year hence clause (ix) of paragraph 3 of the Order regarding default is not applicable to the Company.
10. Based upon the audit procedures performed and information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year under audit.
11. According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for

managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, hence clause (xii) of paragraph 3 of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanation given to us and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Soni Gulati & Co.
Chartered Accountants
FRN 8770

Sanjeev Kumar
Partner
M.No. 091901

Place: New Delhi
Date: 29.05.2017

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

The Annexure referred to in our report to the members of Bits Limited ('the Company') for the year ended 31st March, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bits Limited ('the Company') as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Soni Gulati & Co.
Chartered Accountants
FRN 8770

Sanjeev Kumar
Partner
M. No. 091901

Place: New Delhi
Date: 29.05.2017

BITS LIMITED
CIN - L72200DL1992PLC241971
BALANCE SHEET AS AT 31ST. MARCH, 2017

Particulars	Note	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDER'S FUND			
(a) SHARE CAPITAL	1	223,750,000.00	223,750,000.00
(b) RESERVES AND SURPLUS	2	(34,884,090.00)	24,922,697.00
(2) NON CURRENT LIABILITIES			
(a) DEFERRED TAX LIABILITY(NET)		-	-
(3) CURRENT LIABILITIES			
(a) OTHER CURRENT LIABILITIES	3	87,942,958.00	94,700,960.00
TOTAL		276,808,868.00	343,373,657.00
II. ASSETS			
(1) NON CURRENT ASSETS			
(a) FIXED ASSETS			
(i) TANGIBLE FIXED ASSETS	4	904,335.00	1,021,498.00
(b) NON CURRENT INVESTMENTS	5	130,291,971.00	129,859,958.00
(2) CURRENT ASSETS			
(a) INVENTORIES	6	-	35,056,141.00
(b) TRADE RECEIVABLES	7	30,417,409.00	65,861,911.00
(c) CASH AND CASH EQUIVALENTS	8	2,666,478.00	918,342.00
(d) SHORT TERM LOANS AND ADVANCES	9	112,528,675.00	110,655,807.00
TOTAL		276,808,868.00	343,373,657.00
SIGNIFICANT ACCOUNTING POLICIES & ADDITIONAL INFORMATION	16		
THE NOTE NOS 1 TO 16 ARE INTEGRATED PART OF FINANCIAL STATEMENTS		-	-

IN TERMS OF OUR AUDIT REPORT
OF EVEN DATE ATTACHED

FOR SONI GULATI & CO.
Chartered Accountants
FRN 08770

FOR & ON BEHALF OF BOARD

(SANJEEV KUMAR)
Partner
M. NO. 091901

(OMPRAKASH PATHAK)
(MANAGING DIRECTOR)
DIN - 01428320

(ANKIT RATHI)
(Director)
DIN - 01379134

SACHIN SHARMA
CFO

PLACE: NEW DELHI
DATE: 29.05.2017

BITS LIMITED
CIN - L72200DL1992PLC241971
STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2017

S.No	Particulars	Note	FOR THE YEAR ENDED 31ST MARCH, 2017	FOR THE YEAR ENDED 31ST MARCH, 2016
I.	REVENUE FROM OPERATIONS	10	36,042,150.00	2,418,990.00
II.	OTHER INCOME	11	10,838,162.00	8,599,242.00
III.	TOTAL REVENUE		46,880,312.00	11,018,232.00
IV.	EXPENSES:			
	PURCHASE		-	-
	CHANGE IN INVENTORIES	12	35,056,141.00	2,196,450.00
	EMPLOYEE BENEFIT EXPENSES	13	1,047,969.00	968,503.00
	FINANCE COSTS	14	28,883.00	340.00
	DEPRECIATION		85,512.00	85,512.00
	OTHER EXPENSES	15	69,792,541.00	122,067,300.00
	TOTAL EXPENSES		106,011,046.00	125,318,105.00
V.	PROFIT BEFORE TAX(III-IV)		(59,130,734.00)	(114,299,873.00)
VI.	TAX EXPENSE:			
	(1) CURRENT TAX		334,942.00	
	(2) DEFERRED TAX			
	(3) PRIOR PERIOD ADJUSTMENT OF TAX		341,111.00	403,628.00
VII.	PROFIT(LOSS) FOR THE PERIOD(V-VI)		(59,806,787.00)	(114,703,501.00)
VIII.	EARNINGS PER EQUITY SHARE			
	(1) BASIC		(0.53)	(1.03)
	(2) DILUTED		(0.53)	(1.03)

SIGNIFICANT ACCOUNTING POLICIES & ADDITIONAL INFORMATION

16

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

IN TERMS OF OUR AUDIT REPORT
OF EVEN DATE ATTACHED

FOR SONI GULATI & CO.
Chartered Accountants
FRN 08770

FOR & ON BEHALF OF BOARD

(SANJEEV KUMAR)
Partner
M. NO. 091901

(OMPRAKASH PATHAK)
(MANAGING DIRECTOR)
DIN - 01428320

(ANKIT RATHI)
(Director)
DIN - 01379134

SACHIN SHARMA
CFO

PLACE: NEW DELHI
DATE: 29.05.2017

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
NOTE - 1		
SHARE CAPITAL		
AUTHORIZED SHARE CAPITAL		
201250000 EQUITY SHARES OF RS. 2/-EACH (PR. YEAR 201250000 EQUITY SHARES OF RS. 2/-EACH)	402,500,000.00	402,500,000.00
ISSUED, SUBSCRIBED & PAID UP		
111875000 EQUITY SHARES OF RS. 2/-EACH (PR. YEAR 111875000 EQUITY SHARES OF RS. 2/-EACH)	223,750,000.00	223,750,000.00
	223,750,000.00	223,750,000.00

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

SHAREHOLDER	31.03.2017	31.03.2016	AS AT 31.03.2017	AS AT 31.03.2016
	NO. OF SHARES	NO. OF SHARES	PERCENTAGE	PERCENTAGE
VIZWISE COMMERCE PRIVATE LIMITED	72799186	72799186	65.07%	65.07%

SHARE RECONCILIATION STATEMENT	AS AT 31.03.2017	AS AT 31.03.2016
PARTICULARS	EQUITY	EQUITY
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	111,875,000	111,875,000
SHARES ISSUED DURING THE YEAR	-	-
SHARES BOUGHT BACK DURING THE YEAR	-	-
SHARES OUTSTANDING AT THE END OF THE YEAR	111,875,000	111,875,000

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
NOTE - 2		
RESERVES AND SURPLUS		
SHARE PREMIUM	248,750,000.00	248,750,000.00
GENERAL RESERVE	1,000,000.00	1,000,000.00
PROFIT & LOSS ACCOUNT		
OPENING BALANCE	(224,827,303.00)	(110,123,802.00)
ADD: PROFIT/(LOSS) OF CURRENT YEAR	(59,806,787.00)	(114,703,501.00)
CLOSING BALANCE	(284,634,090.00)	(224,827,303.00)
	(34,884,090.00)	24,922,697.00

NOTE - 3		
OTHER CURRENT LIABILITIES		
OTHER LIABILITIES	87,917,658.00	94,675,770.00
AUDIT FEES PAYABLE	25,300.00	25,190.00
	87,942,958.00	94,700,960.00

NOTE - 4

TANGIBLE FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As On 01.04.2016	Addition	Deduction	As On 31.03.2017	Up To 31.03.2016	For the Year	Depreciation Adjustment	Up To 31.03.2017	As On 31.03.2017	As On 31.03.2016
AIRCONDITIONER	23,40,132	-	-	23,40,132	22,23,126	-	-	22,23,126	1,17,006	1,17,006
ELECTRICAL INSTALLATION	1,77,643	22,490	-	2,00,133	1,24,240	46,948	-	1,71,188	28,945	53,403
FURNITURE & FIXTURE	18,30,537	-	-	18,30,537	17,39,010	-	-	17,39,010	91,527	91,527
BIKES	3,40,25,698	-	-	3,40,25,698	3,34,29,723	-	-	3,34,29,723	5,95,975	5,95,975
REFRIGRATOR	1,56,733	-	98,835	57,898	57,094	14,888	44,694	27,288	30,610	99,639
MOTOR VEHICLE	12,250	-	-	12,250	2,300	2,300	-	4,600	7,650	9,950
TOTAL	2,25,000	-	-	2,25,000	1,71,002	21,376	-	1,92,378	32,622	53,998
PREVIOUS YEAR	3,87,67,993	22,490	98,835	3,86,91,648	3,77,46,495	85,512	44,694	3,77,87,313	9,04,335	10,21,498
	3,87,55,743	12,250	-	3,87,67,993	3,76,60,983	85,512	-	3,77,46,495	10,21,498	10,94,760

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
<u>NOTE-5</u>		
NON CURRENT INVESTMENTS		
OTHER INVESTMENTS:		
INVESTMENT IN EQUITY INSTRUMENTS		
QUOTED :		
EQUITY SHARES OF STG LIFECARELTD (FORMERLY SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD) 1000000 Equity shares of Rs 10/- each (Pr. Year 1000000 Equity shares of Rs 10/- each)	7,000,000.00	7,000,000.00
EQUITY SHARES OF INDIAN SUCROSE LTD (Pr. Year 105500 Equity shares of Rs 10/- each)	-	1,138,345.00
EQUITY SHARES OF LANCO INFRATECH LTD 99000 Equity shares of Rs 1/- each (Pr. Year 99000 Equity shares of Rs 1/- each)	371,250.00	371,250.00
EQUITY SHARES OF NRB BEARING INDUSTRIES LTD 12420 Equity shares of Rs 10/- each (Pr. Year 12420 Equity shares of Rs 10/- each)	1,510,640.00	1,510,640.00
EQUITY SHARES OF SEASONS TEXTILES LTD 64604 Equity shares of Rs 10/- each (Pr. Year 77303 Equity shares of Rs 10/- each)	287,488.00	343,998.00
EQUITY SHARES OF STANPACKS (INDIA) LTD 43140 Equity shares of Rs 10/- each (Pr. Year 43140 Equity shares of Rs 10/- each)	258,840.00	258,840.00
EQUITY SHARES OF VBC FERRO ALLOY LTD 9985 Equity shares of Rs 10/- each (Pr. Year 9985 Equity shares of Rs 10/- each)	539,190.00	539,190.00
EQUITY SHARES OF WELCURE DRUGS PHARMACEUTICALS LTD 495475 Equity shares of Rs 10/- each (Pr. Year 195475 Equity shares of Rs 10/- each)	1,623,235.00	508,235.00
EQUITY SHARES OF SHRI LAKSHMI COTSYN LTD 319735 Equity shares of Rs 10/- each (Pr. Year 36935 Equity shares of Rs 10/- each)	604,206.00	92,338.00

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
UNQUOTED :		
EQUITY SHARES OF MILI INVESTMENT & TRADERS PVT. LTD. 500 Equity shares of Rs 10/- each (Pr. Year 500 Equity shares of Rs 10/- each)	5,000.00	5,000.00
EQUITY SHARES OF SFS GLOBAL LTD. 3000 Equity shares of Rs 10/- each (Pr. Year 3000 Equity shares of Rs 10/- each)	1,500,000.00	1,500,000.00
EQUITY SHARES OF ALPS ENERGY PVT. LTD. 566700 Equity shares of Rs 10/- each (Pr. Yr 566700 Equity shares of Rs 10/- each)	85,255,020.00	85,255,020.00
PREFERENCE SHARES OF UJJWAL LTD 150000 Preference Shares of Rs 100/- each (PY: 150000 Preference Shares Partly Paid Up) (ASSOCIATE COMPANY) (Aggregate value of Quoted Shares Rs. 12194849/- PY: Rs.11762836/-) (Market value of Quoted Investments Rs. 5429996 /- PY: Rs. 6805029/-). (Aggregate amount of Unquoted Investments Rs. 101760020 /- PY:Rs./101760020-)	15,000,000.00	15,000,000.00
	113,954,869.00	113,522,856.00
INVESTMENTS IN PRUIENT SOLUTIONS LLP Details of Partners : Bits Ltd. : 50% Vizwise Commerece Pvt Ltd : 50%	50,125.00	50,125.00
<u>INVESTMENT IN PROPERTY</u>		
PREMISES	16,286,977.00	16,286,977.00
	130,291,971.00	129,859,958.00
<u>NOTE-6</u>		
<u>INVENTORIES</u>		
(AS TAKEN VALUED & CERTIFIED BY THE MANAGEMENT)		
STOCK-IN-TRADE	-	35,056,141.00
	-	35,056,141.00

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
<u>NOTE-7</u>		
<u>TRADE RECEIVABLES</u>		
TRADE RECEIVABLES OUTSTANDING FOR A PERIOD LESS THAN SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT - UNSECURED CONSIDERED GOOD	-	-
TRADE RECEIVABLES OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY ARE DUE FOR PAYMENT - UNSECURED CONSIDERED GOOD	30,417,409.00	65,861,911.00
	<u>30,417,409.00</u>	<u>65,861,911.00</u>
TRADE RECEIVABLES STATED ABOVE INCLUDES AMOUNTS DUE BY: -PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR		
<u>NOTE-8</u>		
<u>CASH & CASH EQUIVALENTS</u>		
CASH IN HAND	142,942.00	294,160.00
BALANCE WITH BANKS: IN CURRENT ACCOUNT	2,523,536.00	624,182.00
	<u>2,666,478.00</u>	<u>918,342.00</u>
<u>NOTE-9</u>		
<u>SHORT TERM LOANS & ADVANCES</u>		
<u>LOANS & ADVANCES TO RELATED PARTIES</u>		
- UNSECURED CONSIDERED GOOD	78,599,821.00	78,696,795.00
<u>OTHER SHORT TERM LOANS & ADVANCES</u>		
- UNSECURED CONSIDERED GOOD	32,890,101.00	29,896,366.00
TAX DEDUCTED AT SOURCE	317,463.00	1,577,796.00
DEPOSITS	721,290.00	478,850.00
ADVANCE TO STAFF	-	6,000.00
	<u>112,528,675.00</u>	<u>110,655,807.00</u>
LOANS & ADVANCES STATED ABOVE INCLUDES AMOUNTS DUE BY: -PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	78,599,821.00	78,696,795.00
<u>NOTE-10</u>		
<u>REVENUE FROM OPERATIONS</u>		
SALE OF BOOKS	15,596,630.00	1,069,890.00
SALE OF COURSE MATERIAL	20,445,520.00	1,349,100.00
	<u>36,042,150.00</u>	<u>2,418,990.00</u>

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
<u>NOTE-11</u>		
<u>OTHER INCOME</u>		
RENT	7,243,475.00	8,519,004.00
INTEREST ON INCOME TAX REFUND	71,325.00	45,888.00
SHORT TERM CAPITAL GAIN	435,529.00	-
LONG TERM CAPITAL GAIN	3,045,649.00	-
DIVIDEND RECEIVED	42,184.00	-
INTEREST ON FDR	-	34,350.00
	10,838,162.00	8,599,242.00
<u>NOTE-12</u>		
<u>CHANGE IN INVENTORIES</u>		
OPENING STOCK	35,056,141.00	37,252,591.00
LESS : CLOSING STOCK	-	35,056,141.00
	35,056,141.00	2,196,450.00
<u>NOTE-13</u>		
<u>EMPLOYEE BENEFIT EXPENSES</u>		
SALARY & ALLOWANCES	437,846.00	367,600.00
DIRECTOR SALARY	528,000.00	528,000.00
STAFF WELFARE	31,348.00	21,628.00
BONUS	50,775.00	51,275.00
	1,047,969.00	968,503.00
<u>NOTE-14</u>		
<u>FINANCIAL COSTS</u>		
BANK CHARGES	4,182.00	327.00
INTEREST ON SERVICE TAX	21,676.00	13.00
INTEREST ON TDS	3,025.00	-
	28,883.00	340.00

BITS LIMITED
CIN - L72200DL1992PLC241971
NOTES TO THE ACCOUNTS

Particulars	AS AT 31st, MARCH 2017	AS AT 31st, MARCH 2016
NOTE-15		
OTHER EXPENSES		
CONVEYANCE	55,247.00	55,294.00
ELECTRICITY EXPENSES	76,206.00	133,591.00
POSTAGE & COURIER	42,459.00	52,083.00
AGM EXPENSES	-	2,987.00
BROKERAGE	50,000.00	30,000.00
BUSINESS PROMOTION	231,390.00	-
CDSL	85,875.00	85,875.00
DISCOUNT ACCOUNT	14,750.00	-
PROFESSIONAL FEE	923,411.00	1,013,808.00
RENT PAID	689,500.00	732,000.00
RTA EXPENSES	976.00	-
SERVICE TAX	153,940.00	134,933.00
TOUR & TRAVELLING EXP.	113,179.00	78,835.00
WATER EXPENSES	-	9,755.00
STT PAID	5,095.00	-
LISTING FEES	229,000.00	224,720.00
OFFICE EXPENSES	-	15,509.00
AUDITORS REMUNERATION	25,300.00	25,190.00
LEGAL & PROFESSIONAL CHARGES	192,192.00	112,725.00
MISCELLANEOUS EXPENSES	9,300.00	1,850.00
PRINTING & STATIONERY	124,022.00	83,167.00
PUBLISHING FEES	25,565.00	38,400.00
REPAIR & MAINTAINENCE	314,204.00	503,318.00
PROPERTY TAX	795,157.00	2,587,896.00
INSURANCE CHARGES	2,416.00	1,922.00
FILING FEES	17,489.00	6,158.00
TELEPHONE EXP.	26,114.00	27,846.00
EDP EXP.	3,100.00	9,598.00
SITING FEES	552,000.00	525,000.00
CONSULTANCY CHARGES	150,000.00	31,500.00
DIWALI EXPENSES	180,756.00	30,680.00
DP CHARGES	5,668.00	21,420.00
E VOTING CHARGES	11,787.00	19,210.00
PRIOR PERIOD EXPENSES	-	8,989.00
PROFESSION TAX	-	500.00
SEWERAGE & WATER TAX	6,359.00	378,170.00
SHORT & EXCESS	393.00	-
SUNDARY BALANCE W/OFF	64,630,550.00	115,084,371.00
LOSS ON SALE OF VEHICLE	49,141.00	-
	69,792,541.00	122,067,300.00

BITS LIMITED**CIN – L72200DL1992PLC241971****NOTE-16****Significant Accounting Policies & Additional Information forming part of the accounts for the year ended on 31st March, 2017.****A. SIGNIFICANT ACCOUNTING POLICIES**

1. **Basis of preparation of Financial Statements**
The financial statement has been prepared on historical cost convention and in accordance with normally accepted accounting principles and applicable accounting standards.
2. **Revenue Recognition and other policies**
 - a) The company follows mercantile system of accounting.
 - b) Revenue / Income and cost /expenses are generally accounted for on accrual basis as they are earned or incurred.
 - c) Income from Information Technology and Computer Education is accounted and credited to income in the period of invoices raised to the students.
 - d) Technical know-how fees from new franchisee centers are accounted for in the year in which agreement is entered into.
 - e) Franchisee centers operational expenses are accounted in proportion to the bills raised.
 - f) Sales of educational Course Materials are recognised on the basis of requisitions.
3. **Fixed Assets**
Fixed assets are stated at cost less depreciation. The cost of assets comprises of purchase price and any direct cost attributable to its acquisition or bringing the assets to working condition or intended use.
4. **Depreciation**
Depreciation is charged on a pro-rata basis on the Straight Line Method as per the rates and in the manner prescribed under the Schedule II to the Companies Act, 2013.
Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates upto the date on which such assets are sold, discarded or demolished.
5. **Inventories**
Closing stock of Educational Course material & Books is valued at cost of acquisition. The company is in information technology business and is holding stock of courseware material and computer hardware & software's and it is considered to realize at least the value at which they are stated in the books.
6. **Investments**
Investments are Non Current in nature and are stated at cost & any decline other than temporary in the value of such investments is charged to the profit & loss account.
7. **Miscellaneous Expenditure**
The Company does not have any miscellaneous expenditure.
8. **Employee Benefits**
Contributions to Provident Fund are accounted on actual liabilities basis. At present there is no employee in the company who has completed 5 years or more, so the requirements of Accounting Standard-15 are not applicable. According to the management, the compensation & benefits payable to employees who have left the service were settled at the time they have left.
9. **Taxation**
Provision for tax is made for both current and deferred taxes. Current tax is provided on the basis of taxable income computed in accordance with the provisions of Income Tax Act, 1961. Deferred tax Assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognised using the tax rates and tax laws that have been enacted or substantively enacted.

B. ADDITIONAL INFORMATION

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

2. (a) Auditor's Remuneration

	Year ended 31.03.2017 (Rs.)	Year ended 31.03.2016 (Rs.)
Statutory Audit Fees	25300	25190
Certification	2863	2250
	<u>30330</u>	<u>24250</u>

2. (b) Director's Remuneration 550000/- 500000/-

3. Segment Reporting

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

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

A. Related Party Relationship

A) Associates:

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

C) Key Management Personnel:

Omprakash Pathak
Ankit Rathi

B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance
Vizwise Commerce Pvt Ltd (Dr)	78696795/-	3823008/-	*3919982/-	78599821/-	79381279/-
Pan india corporation limited	Nil	**404982/-	404982/-	Nil	404982/-

*Include purchase of shares & Govt. dues

**Share Purchased & payment made.

Director Remunerations
Mr. Om Prakash pathak Rs. 550000/-

5. Earnings per share

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

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

	Current Year	Previous Year
Before considering exceptional items:		
a) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs (59806787)	Rs. (114703501)
b) Weighted average number of equity Shares outstanding during the year	111875000	111875000
c) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (0.53)	Rs. 1.03
d) Nominal value of each share	Rs. 2/-	Rs. 2/-
After considering exceptional items:		
d) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs (59806787)	Rs. (114703501).
e) Weighted average number of equity Shares outstanding during the year	111875000	111875000
f) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (0.53)	Rs. 1.03
d) Nominal value of each share	Rs. 2/-	Rs. 2/-

6. Accounting for Taxes on Income
 In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India the Company has accounted for deferred tax during the year.
 During the year Deferred tax assets has emerged on depreciation which has not been recognized as stated below.
 Net Deferred tax asset on account of brought forward losses and disallowed expenditures has not been recognized as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

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

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

PARTICULARS	PURCHASES	SALES
COURSE MATERIAL	Nil	20445520
BOOKS	Nil	15596630
TOTAL	Nil	36042150

	<u>Current Year</u>	<u>Previous Year</u>
Expenses in foreign currency	Nil	Nil
Earning of foreign currency (in Rs.)	Nil	Nil
C.I.F. Value of Imports	Nil	Nil

10. During the year management has decided to write off Rs 64630550/- as debtors which has been considered irrecoverable.
 11. Loans & Advances and sundry debtors and current liabilities are subject to confirmation.
 12. Contingent liabilities
 i) Claims made against the company not acknowledged as debt Nil (PY : Nil)
 ii) Capital Commitments Nil (PY : Nil)
 12. The previous year figures have been regrouped/ reclassified wherever necessary to render them comparable.
 13. Note on denomination on notes :

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8.11.2016	1000000	7388	1007388
(+) Permitted receipts	0	84000	84000
(-) Permitted payments	0	16725	16725
(-) Amount deposited in banks	1000000	0	1000000
Closing cash in hand as on 30.12.2016	0	74663	74663

Auditors' Report

As per our separate report of even date
 Attached herewith

FOR SONI GULATI & CO.
Chartered Accountants
FRN 08770

(SANJEEV KUMAR)
 Partner
 M. NO. 091901

FOR & ON BEHALF OF BOARD

(OMPRAKASH PATHAK)
 (MANAGING DIRECTOR)
 DIN - 01428320

(ANKIT RATHI)
 (Director)
 DIN - 01379134

SACHIN SHARMA
 CFO

PLACE: NEW DELHI
DATE: 29.05.2017

BITS LIMITED
CIN - L72200DL1992PLC241971
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017

Particulars	For Year Ended 31.03.2017 Rupees	For Year Ended 31.03.2016 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Tax and Extraordinary Items	(59,130,734.00)	(114,299,873.00)
Adjustments:		
Depreciation	85,512.00	85,512.00
Loss on sale of Vehicle	49,141.00	-
Profit on Sale of Investment	(3,481,178.00)	-
Operating Profit before Working Capital Changes	(62,477,259.00)	(114,214,361.00)
Working Capital Changes:		
Decrease/ (increase) in Loans & Advances	(1,872,868.00)	189,316,119.00
Increase/ (decrease) in Current Liabilities	(6,758,002.00)	(69,614,191.00)
Increase/ (decrease) in Inventories	35,056,141.00	-
Increase/ (decrease) in Trade Receivable	35,444,502.00	-
Cash Generated from Operations	(607,486.00)	5,487,567.00
Tax Paid	676,053.00	403,628.00
	-	-
Net cash flow from/ (used in) operating activities	(1,283,539.00)	5,083,939.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	5,081,015.00	-
Purchase of Investments	(2,031,850.00)	(4,762,836.00)
Sales of Fixed Assets	5,000.00	-
Purchase of Fixed Assets	(22,490.00)	(12,250.00)
Net cash flow from/ (used in) investing activities	3,031,675.00	(4,775,086.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/ (decrease) in Unsecured Loans	-	-
Increase/ (decrease) in Secured Loans	-	-
Net cash flow from/ (used in) financing activities	-	-
i) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,748,136.00	308,853.00
ii) Cash and cash equivalents as at 1st April		
(Opening Balance) Cash in Hand	294,160.00	24,977.00
Balance with Banks	624,182.00	584,512.00
	918,342.00	609,489.00
iii) Cash and cash equivalents as at 31st March		
(Closing Balance) Cash in Hand	142,942.00	294,160.00
Balance with Banks	2,523,536.00	624,182.00
	2,666,478.00	918,342.00
Net Increase/Decrease in Cash & Cash Equivalents	1,748,136.00	308,853.00
Auditors' Report	-	-

As per our report of even date attached

FOR SONI GULATI & CO.
 Chartered Accountants
 FRN 08770

FOR & ON BEHALF OF BOARD

(SANJEEV KUMAR)
 Partner
 M. NO. 091901

(OMPRAKASH PATHAK)
 (MANAGING DIRECTOR)
 DIN - 01428320

(ANKIT RATHI)
 (Director)
 DIN - 01379134

SACHIN SHARMA
 CFO

PLACE: NEW DELHI
 DATE: 29.05.2017

**FORM No. MGT-11
PROXY FORM**

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

CIN: L72200DL1992PLC241971
Name of the Company: BITS LIMITED
Registered Address: 711, 7th Floor, New Delhi House,
 27, Barakhamba Road,
 New Delhi - 110001

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

I/We, being the member(s) holding shares of Bits Limited, hereby appoint

1. Name:
 Address:
 E-mail id:

 Signature:....., or failing him

2. Name:
 Address:
 E-mail id:

 Signature:....., or failing him

3. Name:
 Address:
 E-mail id:

 Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th **Annual General Meeting** of the Company to be held on Thursday, 28th September, 2017 at 11:00 a.m. at Plot No. 122, Mahalaxmi Vihar, Karawal Nagar, Delhi-110094 and at any adjournment thereof in respect of such resolutions as are indicated below;

Resolution No.	Resolution	Optional*	
		For	Against
Ordinary Business:			
1.	To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended on 31 st March, 2017 along with Report of Director's and Auditors' thereon		
2.	To appoint a Director in place of Mr. Ankit Rathi (DIN: - 01379134), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Appointment of M/s Sadana & Co., Chartered Accountant as Statutory Auditor of the Company in place of M/s Soni Gulati & Co., Chartered Accountant to hold office for a period of 5 years		
Special Business:			
4.	Change in Designation and Subsequent Appointment of Mr. Omprakash Ramashankar Pathak as Managing Director of the Company.		

Signed this..... day of.....2017.

Affix Revenue Stamp

Signature of shareholder..... Signature of Proxy holder(s).....

Note:

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

ATTENDANCE SLIP
PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE MEETING VENUE

CIN: L72200DL1992PLC241971

Name of the Company: BITS LIMITED

Registered Address: 711, 7th Floor, New Delhi House,
27, Barakhamba Road,
New Delhi - 110001

Regd. Folio No. / DP ID/ Client ID: -

Name & Address of First/Sole Shareholder: -

No. of Shares held: -

I certify that I am a member/proxy for the member of the Company.

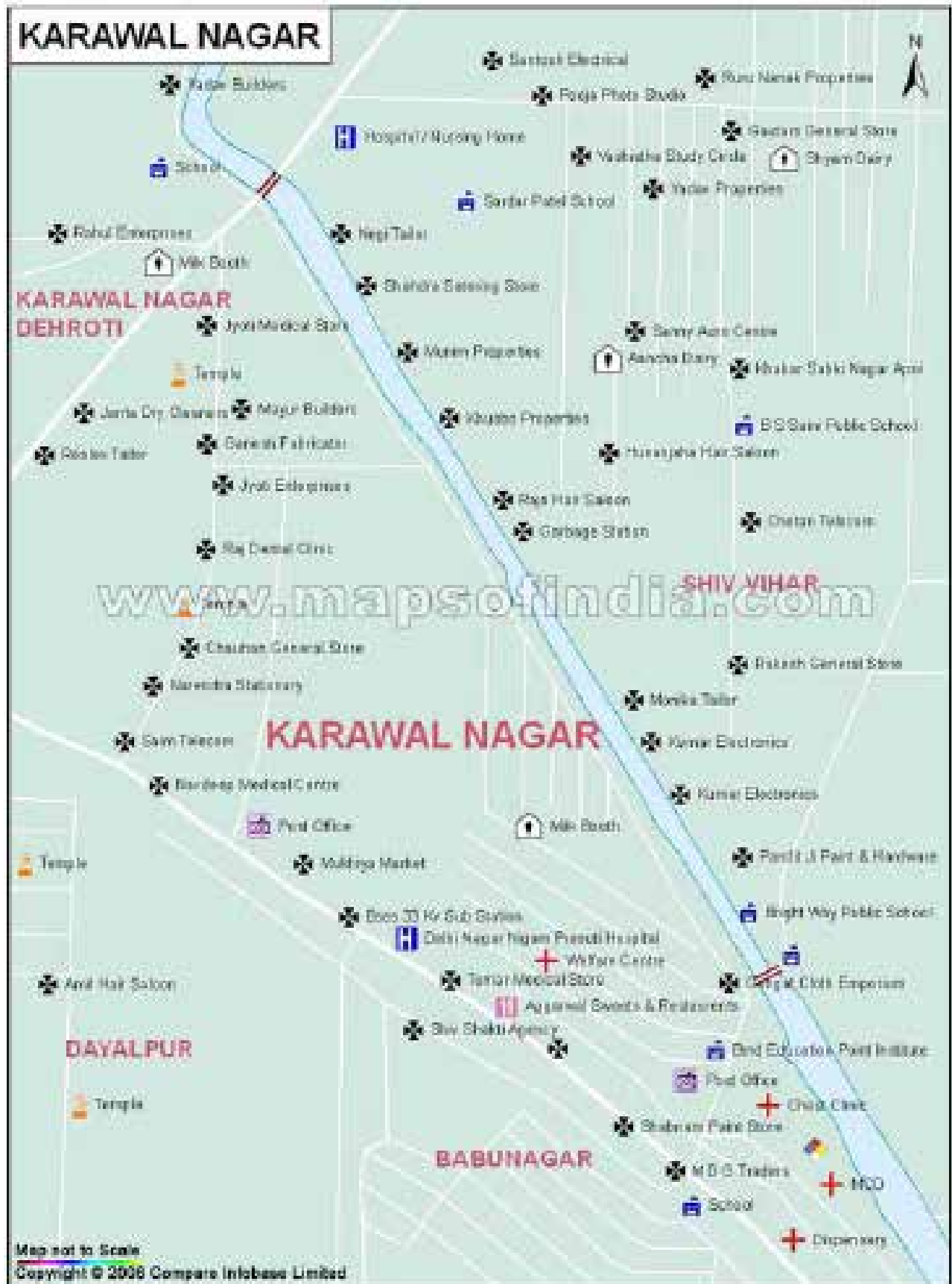
I hereby record my presence at the 25th Annual General Meeting of the Company to be held on Thursday, 28th September, 2017 at 11:00 a.m. at Plot No. 122, MahalaxmiVihar, Karawal Nagar, Delhi-110094.

Signature of Member/Proxy

Notes:

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

ROUTE MAP



If undelivered please return to:

BITS LIMITED

Regd. Office: - 711, 7th Floor, New Delhi House,
27 Barakhamba Road, New Delhi – 110001