

**DIRECTORS' REPORT**

Dear Members,

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

**CORPORATE OVERVIEW:**

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

**FINANCIAL PERFORMANCE**

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

**STATE OF COMPANY AFFAIRS**

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

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

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

There are no material changes and commitment affecting the financial position of company after the close of financial year 2017-18 till the date of report.

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

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

**DIVIDEND AND RESERVES**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY**

Details of Loans, Guarantees and Investments, if any, which are covered under the provisions of Section 186 of Companies Act, 2013 are given in the notes to the Financial Statements as on 31.03.2018 and forms a part of annual report.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with

new/revised standard operating procedures.

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

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

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

### **RELATED PARTY TRANSACTIONS**

All the contracts/arrangements/transactions entered by the company with related party for the year under review were in the ordinary course of business and on Arm's Length basis. Detail of related party transactions have been disclosed in notes to the financial statements.

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

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

### **RISK MANAGEMENT**

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

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

### **AUDITOR AND AUDITOR'S REPORT**

#### **STATUTORY AUDITORS**

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

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

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

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

#### **SECRETARIAL AUDIT**

Pursuant to provisions of Section 204 of Companies Act, 2013 and rules made there under, the board has appointed M/s Pritika Nagi & Associates, Company Secretary in Practice to conduct the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2018 is attached herewith as part of the Annual Report as Annexure A which forms an integral part of this report.

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

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

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

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

##### **Retirement by Rotation**

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

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

During the year under review, shareholders have approved the re-appointment of Mr. Ankit Rathi, who was liable to retire

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

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

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

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

## ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT- 9, as required under Section 92 of Companies Act, 2013, is included in this report as Annexure B and forms an integral part of this report and same will also be available on Company's Website <http://www.bits.net.in>

## NUMBER OF MEETINGS OF THE BOARD

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

In the Financial Year 2017-18, the Board met Seven (7) times. The meetings were held on 07/05/2017, 29/05/2017, 11/07/2017, 26/08/2017, 09/12/2017, 12/02/2018 and 26/03/2018 The interval between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. For further details, please refer report on Corporate Governance, which is an integral part of this Annual Report.

## AUDIT COMMITTEE

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

Committee.

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

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

## POLICIES AND DISCLOSURES

### VIGIL MECHANISM

The Vigil Mechanism/Whistle Blower Policy of the company provides that protected disclosures can be made by a whistle blower through an email to the Chairman of Audit Committee. There has been no change to the Whistle blower Policy adopted by the Company during fiscal year 2017-2018. The Whistle Blower Policy can be accessed on the Company's website i.e. [http://www.bits.net.in/Bits%20Limited\\_whistle%20blower%20policy.pdf](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](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 ten 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 2017-18, the details as per rule 8(3) of the companies (Ac-

counts) 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 31<sup>st</sup>, 2018, 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 31<sup>st</sup>, 2018 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) Vizwise Commerce Private Limited is the Holding Company and Managing Director of the Company does not receive any remuneration or Commission from such holding Company. Further there is no subsidiary Company of your Company.
- 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 (Preven-

tion, Prohibition and Redressal) Act, 2013.

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

### **INDUSTRIAL AND HUMAN RELATIONS**

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

### **ACKNOWLEDGEMENT**

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

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

Date: 27.08.2018  
Place: New Delhi

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

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