



BITS Limited

CIN: L72200DL1992PLC241971

Regd.Off.: 711, 7th Floor, New Delhi House 27, Barakhamba Road,
Connaught Place, New Delhi-110001 • Tel.:011-4365 6567
• E-mail: bitsltd@gmail.com • Website: www.bits.net.in

To,
The Manager (Listing)
BSE Limited
Phiroze Jee Jeebhoy Towers
Dalal Street, Mumbai- 400001

Date: - 25th May, 2019

SUBJECT: - OUTCOME OF BOARD MEETING HELD ON 25TH MAY, 2019.

Dear Sir/ Ma'am,

The Board of Directors at its meeting held today i.e. 25th May, 2019, have considered and approved the following agenda items:

- A) The **Audited Standalone Financial Results** for the quarter and financial year ended 31st March, 2019.
- B) Revised Code of Practice and Procedure of Fair Disclosure of Unpublished Price Sensitive Information as per SEBI (Prohibition of Insider Trading) Amendment Regulation 2018, w.e.f. April, 1 2019. A copy of the same is enclosed.
- C) Any other items as mentioned in the agenda.

In pursuance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the following:

1. A copy of duly signed Audited Financial Results of the company for the Quarter and Financial Year Ended 31st March, 2019, is attached as **Annexure A**.
2. A Copy of Statement of Assets and Liabilities is attached as **Annexure B** along with the Auditor's Report.
3. A declaration in respect of audit reports with unmodified opinion is attached as **Annexure C**.

The Meeting of Board of The Directors commenced at 03:00 P.M. and concluded at 05:00 P.M.

Kindly take the above information on your records and oblige.

Thanking You,

Yours Faithfully,
For Bits Limited

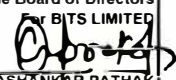
Omprakash Ramashankar Pathak
(Managing Director)
DIN: - 01428320



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AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Rs. in Lakh)						
Sr. No	Particulars	Quarter Ended			Yr. Ended	Yr. Ended
		(31.03.2019)	(31.12.2018)	(31.03.2018)	(31.03.2019)	(31.3.2018)
		Audited	Unaudited	Unaudited	Audited	Audited
Part-I PART-1 (STATEMENT OF AUDITED RESULTS FOR THE QUARTER ENDED 31st MARCH, 2019.						
i	Revenue from Operation	18.40	18.38	15.79	72.40	61.59
ii	Other Income	-	-	0.02	-	4.73
iii	Total Revenue (i+ii)	18.40	18.38	15.81	72.40	66.32
iv	Expenses					
	Purchase of Stock in Trade	-	-	-	-	-
	Employee benefit expenses	4.87	5.56	5.60	19.25	16.44
	Finance Cost	0.02	-	0.09	0.02	0.09
	Depreciation and Amortisation Expenses	2.07	1.19	4.09	5.64	4.76
	Other Expenditure	10.12	7.08	154.56	41.99	194.67
	Total Expenses	17.08	13.83	164.34	66.90	215.96
v	Profit/(loss) before exceptional item & Tax (iii-iv)	1.32	4.55	(148.53)	5.50	(149.64)
vi	Exceptional Items	-	-	-	-	-
vii	Profit before tax (v-vi)	1.32	4.55	(148.53)	5.50	(149.64)
viii	Tax expense	-	-	-	-	-
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	-	-	-	-	-
	(c) Prior Period Adjustment Tax	0.94	0.77	1.81	0.94	1.81
ix	Profit/(loss) for the period (vii-viii)	0.38	3.78	(150.34)	4.56	(151.45)
x	Other Comprehensive Income					
	1 (a) Items that will not be reclassified to profit or (loss)	-	-	-	-	-
	(b) Income tax relating to items that will not be reclassified to profit or (loss)	-	-	-	-	-
	2 (a) Items that will be reclassified to profit or (loss)	-	-	-	-	-
	(b) Income tax relating to items that will be reclassified to profit or (loss)	-	-	-	-	-
	(b) Prior Period	-	-	-	-	-
	Total	-	-	-	-	-
xi	Total Comprehensive income for the period (ix+x)	0.38	3.78	(150.34)	4.56	(151.45)
xii	Paid up Equity share value Capital (Face Value Rs 2/-)	2,237.50	2,237.50	2,237.50	2,237.50	2,237.50
xiii	Earning per Equity Share of Rs. 2/- Each :					
	Basic EPS	0.0003	0.0034	(0.1344)	0.0041	(0.1354)
	Diluted EPS	0.0003	0.0034	(0.1344)	0.0041	(0.1354)
PART - II (Select Information for the Quarter Ended 31st MARCH, 2019)						
A PARTICULARS OF SHAREHOLDING						
1 Public Shareholding						
	Number of Shares	39075814	39075814	39075814	39075814	39075814
	Percentage of shareholding	34.93%	34.93%	34.93%	34.93%	34.93%
2 Promoter and promoter group shareholding						
a) Pledged/Encumbered						
b) Non-encumbered						
	Number of Shares	72799186	72799186	72799186	72799186	72799186
	Percentage of Shares (as total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
	Percentage of shares (as a % of the total share capital of the company)	65.07%	65.07%	65.07%	65.07%	65.07%
B INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter					Nil
	Receiving during the quarter					1
	Disposed of during the quarter					1
	Remaining unresolved at the end of the quarter					Nil
Note:						
1	The Above audited financial statements & results for the Quarter ended and year ended as on 31st March 2019, have been reviewed by audit committee and approved by the Board of Directors in meeting held on 25th May 2019.					
2	The previous year figures have been regrouped, re-classified and recasted wherever necessary.					
3	The Company operates in only one segment					
4	The figures for the quarter ended 31st March 2019 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto 31st Mar 2019.					
Place New Delhi		By the order of the Board of Directors				
Date: 25.05.2019		 OMPRAKASH RAMASHANKAR PATHAK (MANAGING DIRECTOR) DIN-01428320				



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STATEMENT OF ASSETS AND LIABILITIES			
(Amount Rs. In Lacs)			
SR.NO	PARTICULARS	As on 31st March 2019	As on 31st March 2018
A	ASSETS		
1	Non - Current Assets		
	(a) Property, plant and equipment	199.19	203.33
	(b) Capital Work In Progress	-	-
	(c) Investment Property	-	-
	(d) Intangible assets	-	-
	(e) Intangible assets under development	-	-
	(f) Financial assets		
	(I) Investments	200.83	196.17
	(II) Loans	1,081.18	1,084.64
	(III) Trade Receivable	327.51	331.04
	(g) Income tax assets (net)	-	-
	(h) Other non-current assets	-	-
	Total - Non-Current Assets	1,808.71	1,815.18
2	Current Asstes		
	(a) Inventories	-	-
	(b) Financial assets		
	(i) Investments	-	-
	(ii) Trade Receivable	-	-
	(iii) Cash and cash equivalents	5.09	7.47
	(iv) Bank balances other than (iii) above	-	-
	(v) Loans	-	-
	(vi) Other	-	-
	(C) Current Tax Assets (Net)	10.98	5.51
	(C) Other current assets	6.92	6.94
	Total - Current Assets	22.99	19.92
	Total Assets	1,831.70	1,835.10
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	2,237.50	2,237.50
	(b) Other equity	(495.74)	(500.30)
	Total Equity	1,741.76	1,737.20
2	LIABILITIES		
	Non - Current Liabilities		
	(a) Provisions	-	-
	(b) Deferred Tax Liability (Net)	-	-
	Total Non - Current Liabilities	-	-
3	Current Liabilities		
	(a) Financial liabilites		
	(i) Trade Payables	-	-
	(II) Other financial liabilities	-	-
	(b) Other current liabilities	89.94	97.90
	(c) Provisions	-	-
	Subtotal -- Current Liabilities	89.94	97.90
	Total Equity & Liabilities	1,831.70	1,835.10

FOR BITS LIMITED


OMPRAKASH RAMASHANKAR PATHAK
 MANAGING DIRECTOR
 DIN: 01428320



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INDEPENDENT AUDITOR'S REPORT

To the Members of Bits Limited.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Bits Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We





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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and





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using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Also Refer "Annexure A" to this audit report.

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 Companies Act, 2013, we give in the "AnnexureB", 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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.





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- (d) In our opinion, the aforesaid standalone 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 C".
- (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 have 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.





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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For R C CHADDA & CO. LLP.
CHARTERED ACCOUNTANTS
(Firm's Registration No. 003151N)

(NEHA SAPRA)
(PARTNER)
M. No. 533207
Place : New Delhi
Date :25.05.2019





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"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Report on the Auditor's responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's





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report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For R C CHADDA & CO. LLP.
CHARTERED ACCOUNTANTS
(Firm's Registration No. 003151N)

(NEHA SAPRA)
(PARTNER)
M. No. 533207
Place : New Delhi
Date :25.05.2019





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"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure B referred to in the Independent Auditor's Report to the members of BITS LTD. (the Company) on the standalone financial statements for the year ended 31 March 2019, we report the following:

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 reasonable, having regard to the size of the company and nature of its assets. As per information and explanations given to us, no material discrepancies were noticed on such verification.
c) Title deed of the immovable property are held in name the company.
2. The company does not have any inventory. Thus clause (ii) of paragraph 3 of the order is not applicable to the company.
3. The company has not granted any loan secured or unsecured loan to company/ Firms covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore provisions of clause (III) of paragraph 3 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees, securities or made any investments in respect of with provisions of section 185 and 186 of the Companies Act 2013 needs to be complied with.
5. The Company has not accepted deposit from the public covered under Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules made there under.
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 generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service





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tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the extent applicable to it, with appropriate authorities except in the case of Provident Fund & Employee State Insurance, where the same is delayed. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at 31st March, 2019 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 dues of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax Income which have not been deposited on account of any dispute.

8. According to the information and explanations given to us, the company does not have any borrowings from any financial institution, bank, government or dues to debenture holders.
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.





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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. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For R C CHADDA & CO. LLP.
CHARTERED ACCOUNTANTS
(Firm's Registration No. 003151N)

(NEHA SAPRA)
(PARTNER)

M. No. 533207

Place : New Delhi

Date :25.05.2019





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"ANNEXURE C" TO THE INDEPENDENT AUDITORS' REPORT

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 March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

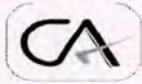
Management`s Responsibility for Internal Financial Controls

The Company`s management is responsible for establishing and maintaining internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India .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 the 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.





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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 authorities 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 the 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





R C CHADDA & CO LLP
CHARTERED ACCOUNTANTS
LLP Identification No. : AAB-4836
(Registered with Limited Liability)

A-27, Vivek Vihar,
Phase-II, Delhi-110095
Mob. : 9810124112, 9971991791
Email: rccandco@gmail.com

subject to the risk that the internal financial control over financial reporting may become inadequate because of the 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 31 March 2019, 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 R C CHADDA & CO. LLP.
CHARTERED ACCOUNTANTS
(Firm's Registration No. 003151N)

(NEHA SAPRA)
(PARTNER)
M. No. 533207
Place : New Delhi
Date :25.05.2019





BITS Limited

CIN: L72200DL1992PLC241971

Regd.Off.: 711, 7th Floor, New Delhi House 27, Barakhamba Road,
Connaught Place, New Delhi-110001 • Tel.:011-4365 6567
• E-mail: bitsltd@gmail.com • Website: www.bits.net.in

Date: 25th May, 2019

DECLARATION

SUBJECT: PURSUANT TO REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 - DECLARATION IN RESPECT OF AUDIT REPORTS WITH UNMODIFIED OPINION FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Dear Sir/ Ma'am,

Pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27th May, 2016, I Omprakash Ramashankar Pathak, Managing Director of the *Bits Limited*, hereby declare that the Statutory Auditors of the Company, M/s. R.C. Chadda & Co. LLP, Chartered Accountants have issued an Audit Report with Unmodified Opinion on Audited Financial Results of the Company (Standalone) for the Quarter and Year Ended March 31st, 2019.

Kindly take this declaration on your records.

Thanking You,
For **Bits Limited**

Omprakash Ramashankar Pathak
(Managing Director)
DIN: - 01428320
Place: - New Delhi

BITS LIMITED

**POLICY ON DETERMINATION OF
LEGITIMATE PURPOSE**

Effective from 01st April, 2019

For BITS LIMITED


Auth. Sign./Director

Objective:

Bits Limited (the "Company") is a public company whose equity shares are listed on BSE Limited (BSE) and subject to the rules and regulations issued by the Securities and Exchange Board of India (SEBI).

The Company shares data or information with various stakeholders like organizations, agencies, institutions, intermediaries, establishments, persons, etc., during the course of its business operations. Such unpublished data or information, if made publicly available may materially impact the market price of the listed securities of the Company. If such persons trade on the basis of unpublished price sensitive information ([IPSI), it could result in an undue advantage to such persons. The trading in the securities of the Company by an insider is governed by and subject to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('Regulations') as amended from time to time and the Company's "CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING IN SECURITIES BY INSIDERS"

This 'Policy for Determination of Legitimate Purpose' ('Policy') is framed by the Board of Directors of the Company pursuant to the amendment in the Regulations, in 2018 and is part of Company's "CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING IN SECURITIES BY INSIDERS. This policy is effective from April 1, 2019 and is applicable to all Insiders.

In terms of Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2018, it is necessary for the Board of Directors of a Listed Company to make a policy for determination of "Legitimate Purpose". The objective of the policy is to regulate and monitor communication of Unpublished Price Sensitive Information (UPSI) for legitimate business purpose in the best interest of the company and to ensure that such information is shared on "need to Know" basis and not misused by the recipient thereof and it should be treated as part of Code of Fair Disclosures and Conduct formulated under the Regulations.

Definition:

1. **"Legitimate Business Purpose"** means any purpose furthering or in the best interest of the company and shall include the following in connection with:
 - (i) The preparation of financial statements and MIS in discharge of duties/responsibilities of the respective office of the organization.
 - (ii) Fulfillment of any statutory obligation or compliance with applicable laws and regulations.
 - (iii) Any filing with or investigation, inquiry or request for information by a Governmental Authority,
 - (iv) Availing/ renewal of any financial facility and/or compliance with requirements set forth in any credit facility or other agreement evidencing Indebtedness or otherwise required financing sources thereof,
 - (v) Due Diligence relating to acquisition/ takeover/merger/demerger or any other similar arrangement/restructuring of the company or its division/brand/ products, etc.

For BITS LIMITED

Auth. Sign./Director

(vi) Sharing of information in the ordinary course of the business with consultants / advisors/ lawyers/auditors/ insolvency professionals/ lenders/ suppliers/ merchant bankers etc provided that such sharing shall not be carried out to evade or circumvent the prohibition of insider Regulations.

(vii) Fulfillment of a pre-existing obligation.

2. Unpublished price sensitive information or UPSI" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: -

(i) Financial results;

(ii) Dividends;

(iii) Change in capital structure;

(iv) Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other' transactions;

(v) Changes in key managerial personnel;

(vi) (such other information as determined by the Board of Director/Chief Executive Officer/Chief Operating Officer/Chief Financial Officer from time to time. (Regulation 2(1Xn))

This Policy is to be read with Company's "CODE OF INTERNAL PROCEDURES AND CONDUCT FORREGULATING, MONITORING AND REPORTING OF TRADING IN SECURITIES BY INSIDERS".

Policy:

1. Any Unpublished Price Sensitive information {UPSI) shall be shared by a '-designated Person" only on "need to Know" basis and only for "Legitimate Business Purpose" (LBP). Any such communication or sharing of UPSI shall be in furtherance of and in the best interest of the company.
2. All persons in receipt of such UPSI shall be considered as "insider" and shall not trade in securities of the company when in possession of such UPSI. Such "insiders" are obliged to comply with the requirements of PIT Regulations.
3. The Company shall maintain a structured digital data base of all such persons containing the name, address, PAN number or any other identifier if PAN not available, nature of UPSI, LBP for which the information or communication was shared and date and time when such UPSI was shared.
4. The company shall before sharing of such information serve a notice on or sign confidentiality/ non-disclosure agreement with, the person with whom UPSI is shared informing him/her that he/she has to ensure the compliance of PIT Regulations while in possession of UPSI.

For BITS LIMITED

Auth. Sign./Director

5. If information/ communication is shared with several persons representing a firm/entity which has been appointed or has the duty to carry out a legitimate business purpose, the notice to or Confidentiality /Non-Disclosure Agreement has to be entered into which each such person.
6. Where information/communication is shared with any regulatory and statutory or governmental authority, the said authority may be put to notice with respect to dealing will such UPSI and compliance of PIT regulations.

Policy Review:

The Policy shall be reviewed periodically in accordance with review of internal control and check as well as changes or any regulatory requirements from time to time. In the events of inconsistency of this Policy with any legal provisions, the provisions of the law shall override this Policy.

Authority:

The "Policy for Determination of Legitimate Business purpose has been approved by the board of directors of the company"

Legitimate Purpose referred to in the SEBI (Prohibition of Insider Trading) Regulations, 2015

Regulation 3:

(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

(2A) The board of directors of a listed company shall make a policy for determination of "legitimate purposes" as a part of "Codes of Fair Disclosure and Conduct" formulated under regulation 8.

Explanation -"legitimate purpose" shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

(2B) Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.

For BITS LIMITED

Auth. Sign./Director

**POLICY AND PROCEDURE' F'OR INQUIRY TN CASE OF LFAK OF UNPUBLISHED
PRICE SENSITIVE INFORMATION ("UPSI") OR SUSPECTED LEAK OF UPSI**

Effective from 01.04.2019

Objective: -

In terms of **Regulation 9A** of SEBI (Prohibition of Insider Trading) Regulations, 2018, it is necessary for the Board of Directors of a Listed Company to make a Policy and Procedure for inquiry In Case of Leak of Unpublished Price Sensitive Information ("UPSI,') Or Suspected Leak of UPSI. The objective of the policy is to initiate appropriate inquiries on becoming aware of leak of UPSI and inform the Board of Directors promptly of such leaks. inquiries and results of such inquiries and it should be treated as part of the company's Code of Conduct for Prevention of insider Trading and Code of Practices and fair disclosure of unpublished price sensitive information formulated under the insider Regulations.

Definition: -

- (i) "Leak of UPSI' shall mean communication of information by any Insider, Employee, Designated Persons, fiduciaries or any other known or unknown person to any person other than a person(s) authorized by the Board after following the due process prescribed in this behalf in the company's Code of Conduct for Prevention of Insider Trading and Code of Practices and fair disclosure of unpublished price sensitive information and /or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Prohibition of Insider Trading) Regulations. 2015 and any amendment, re-amendment or re-enactment thereto, which is / shall be UPSI.
- (ii) "Suspect" means the person or persons against or in relation to whom an inquiry is initiated in case of leak or suspected leak of UPSI.

Policy: -

1. Disclosure of actual or suspected leak of UPSI to stock exchanges:

On becoming aware of actual or suspected leak of UPSI of the Company, the designated person of the company shall ensure that the same shall be promptly intimated to the Stock Exchanges on which the securities of the Company are listed.

2. Report of Actual or Suspected Leak of UPSI to SEBI

On becoming aware of actual or suspected leak of IIPSI of the Company, the designated person of the company shall ensure that a report on such actual or suspected leak of UPSI, preliminary enquiry thereon and results thereof shall be promptly made to the SEBI.

3. Constitution of Enquiry Committee

As and when required, the stakeholder relationship committee of the board of the company shall also act as "Enquiry Committee".

For BITS LIMITED

Auth. Sign./Director

4. Duties of Enquiry Committee:

The Enquiry Committee shall be responsible:-

- a. To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- b. To authorize any person to collect necessary support material; and
- c. To decide disciplinary action thereon.
- d. To intimate the result of enquiry to the board of the company

5. Procedure for enquiry in case of leak of UPSI

On becoming aware or suo-moto or otherwise, of actual or suspected leak of UPSI of the Company by any promoter, director, key managerial person, Insider, employee, designated personnel. Support staff, fiduciaries or any other known or unknown person, the authorized person after informing the same to the Managing Director or Chief Financial Officer or Enquiry Committee of the Company, shall follow the below mentioned procedure in order to enquire and/or investigate the matter to ensure:-

(a) Preliminary Enquiry:

Preliminary enquiry is a fact-finding exercise. The object of preliminary enquiry is to ascertain the truth or otherwise of the allegations contained in the information or complaint, if any and to collect necessary available material in support of the allegations and thereafter to decide whether there is justification to embark on any disciplinary action.

The Enquiry Committee shall appoint and/or authorize any person(s), as it may deem fit, to initiate/conduct an enquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.

(b) Report of Preliminary Enquiry to the Enquiry Committee:

The Person(s) appointed/authorized to enquire the matter of actual or suspected leak of UPSI shall submit his report to the Enquiry Committee within 30 days from the date of his appointment on this behalf. However, the period of 30 days can be extended by the Committee, if deemed necessary.

(c) Disciplinary Action:

The Disciplinary action(s) shall include salary i wage freeze, suspension, recovery, termination of employment, contract/agreement etc., as may be decided by the Members of the Committee.

Powers of the Inquiry Committee:

For purpose of conducting inquiry, the inquiry Committee may:

a) Call Upon

- Such employees/individuals to seek clarification or information pertaining to the leak.
- Persons / members of committees involved in generation of the original data for purpose of determination of key figures pertaining to financial figures.

For BITS LIMITED

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- Persons involved in the consolidation of the figures for the financial results.
 - Persons involved in the preparation of board notes and presentations.
 - Persons involved in dissemination of information relating to financial results in the public domain.
 - any other persons who had access to the information
 - Any market intermediaries, fiduciaries and other person/ entities who have access to UPSI for inquiry conducted for leak of such UPSI.
- b) At its discretion, invite external investigators/experts.
- c) take necessary actions including sending the Suspect on leave, restrict physical access to the office premise, freeze access to systems, electronic devices, emails, etc., during the pendency of the investigations for fair conduct of the proceedings'
- d) Keep the identity of the Suspect confidential till the completion of inquiry unless it is essentially required for the purpose of investigation.
- e) Notify the Suspect of the allegations at the outset of internal investigation and provide him opportunity to represent his case and submit evidence.
- f) Do all such acts, deeds, matters and things as are necessary for the purpose of conduct of internal investigation.

Authority: -

The Policy and Procedure for Inquiry in case of Leak of Unpublished Price Sensitive Information ("UPSI") or Suspected Leak of UPSI has been approved by the Board of Directors of the Company"

For BITS LIMITED

Auth. Sign./Director