

BITS LIMITED

(Formerly : BITS (India) Ltd.)

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Tenth Annual Report

2001-2002

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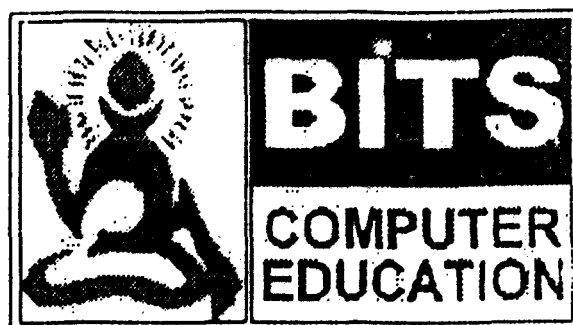
For BITS LIMITED

Debasish
Director

Registered Office:

BITS Limited

25, 1st Floor, Great Western Building,
130/132 Shahid Bhagat Singh Road,
Fort, Mumbai - 400 023.



BITS LIMITED

[Formerly : BITS (India) Ltd.]
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Board of Directors:

Mr. Ashok Agarwal - Chairman
Mr. Kuldeep Bansal - Managing Director
Mr. Sanjiv Bansal - Director
Mr. Dilip Bansal - Director
Mr. S. T. Vankarwala - Director
Mr. Rajeev Prakash Khare - Director

Auditors:

M/s Rajesh Kukreja & Associates
(Chartered Accountants)

Registered Office:

23, 1st Floor, Great Western Building
130/132, Shahid Bhagat Singh Road
Fort, Mumbai - 400 023

Registrar & Transfer Agent:

Mas Services Private Limited
AB-4/1, Safdarjung Enclave
New Delhi - 110 029

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of BITS LIMITED will be held on Monday, 30th September, 2002, at 59, Vikas Chambers, Mith Chowky, Link Road, Malad (W), Mumbai-400 064 at 9:00 A.M to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Directors' Report and Accounts**
To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. **Re-appointment of Director retiring by Rotation**
To appoint a Director in place of Mr. Sanjeev Bansal, who retires by rotation and being eligible, offers himself for reappointment.
3. **Re-appointment of Director retiring by Rotation**
To appoint a Director in place of Mr. S.T.Vankawala, who retires by rotation and being eligible, offers himself for reappointment.
4. **Appointment of Auditors**
To appoint M/s. Rajesh Kukreja & Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

REGULARISATION OF DIRECTOR

5. **To consider and if thought fit to pass with or without modification/s the following resolution as an Ordinary Resolution.**

RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Sh. Kuldeep Bansal who was appointed as an Additional Director of the Company and who holds office up to the date of ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of section 257(1) of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company."

CONFIRMATION OF APPOINTMENT OF MANAGING DIRECTOR

6. **To consider and if thought fit to pass with or without modification (s) the following resolution as an Ordinary Resolution:-**

"Resolved that pursuant to the provisions of Sections 198, 269 and 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Kuldeep Bansal, as Managing Director of the Company for a period not exceeding five years with effect from 05th August, 2002, on the terms and conditions set out in the draft agreement placed before this meeting, which is hereby approved and sanctioned."

"Resolved further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board
For BITS LIMITED
Sd/-
(Ashok Agarwal)
Chairman

Dated: 30.08.2002
Place: Mumbai

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be

None of the Directors of the Company is concerned or interested in the said resolution, except Mr. Ashok Agarwal, Dilip Bansal, and Sanjeev Bansal as brothers of Sh. Kuldeep Bansal.

The Director recommends the resolution for your approval.

By Order of the Board
For BITS LIMITED
Sd/-
(Ashok Agarwal)
Chairman

Dated: 30.08.2002

Place: Mumbai

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2002

FINANCIAL HIGHLIGHTS

The overall results of the Company have been satisfactory and are summarised below:

Particulars	Year Ended 31 st March, 2002 (Rs.)	4Year Ended 31 st March, 2001 (Rs.)
Income from Operation	2,90,82,451	6,77,18,567
Other Income	35,120	1,14,064
Gross Income	2,91,17,571	6,78,32,631
Expenditure	3,01,61,292	6,19,57,686
Gross Profit/(Loss) before Depreciation & Interest	10,43,721	58,74,945
Interest	21,154	2,99,679
Depreciation	1,29,43,261	1,19,33,575
Provision for Tax	NIL	NIL
Net Profit/(Loss)	(1,40,08,135)	(63,58,309)
Profit of Previous Year	(1,15,85,849)	(52,27,540)
APPROPRIATIONS:		
Dividend	NIL	NIL
Transfer to General Reserve	NIL	NIL
Transfer To Balance Sheet	(2,55,93,984)	(1,15,85,849)

REVIEW OF OPERATIONS

Your Company's turnover during the year has come down drastically in view of the recession in IT industry and particularly IT education scenario.

Your Directors are optimistic that once the recovery in IT industry happens, your Company is going to get the major share of IT education business particularly in the western India and also in other parts of India.

DIVIDEND

For the year under review, your company does not recommend any dividend in the absence of profits.

DIRECTORS

RESIGNATION FROM THE POST OF MANAGING DIRECTOR

Mr. Sanjeev Bansal has submitted his resignation from the post of Managing Director and he will continue act as Director of the Company liable to retire by rotation.

The Directors confirm that:

- ❖ The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- ❖ The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the Profit for the financial year;
- ❖ Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- ❖ The Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the stock Exchange Listing Agreement, a report on Corporate Governance and Management Discussion Analysis is given as Annexure-A & B forming part of the Report.

Auditor's Certificate regarding compliance of conditions of Corporate Governance is given in the Annexure-C.

INDUSTRIAL RELATIONS

The relationship between the management and the employees was cordial throughout the year.

ACKNOWLEDGEMENT

The Directors wish to place on records their appreciation to the shareholders, bankers and other business associates for their forbearance, understanding and support to the Company, and also to the employees at all levels for their untiring efforts.

For and on behalf of the Board

Dated: 30th August 2002
Place: Mumbai

sd/-

(Ashok Agarwal)
Chairman

Annexure - A to the Directors' Report for the year ended 31st March, 2002

CORPORATE GOVERNANCE REPORT

The foundation on which the super structure of Corporate Governance rests is in the "THEORY OF TRUSTEESHIP". The Shareholder, while placing their capital in the hands of Board of Directors, put them in the fiduciary capacity. The Trustees, in turn, are required to run the business with TRANSPARENCY, FULL DISCLOSURE, FAIRNESS to all and INDEPENDENT MONITORING & SUPERVISION which enable the Company to perform efficiently and maximize long term value for Shareholders. This is the essence of GOOD CORPORATE GOVERNANCE. It also puts in place and enhances the trust of Creditors, Employees, Customers and Public at large.

At Our Company, it is also considered as a business necessity. It has ensured:

- A strong team of executive, non-executive and independent directors
- Capable and result oriented management team
- Due importance to compliance of laws, rules and regulations
- Appropriate internal control systems & procedures to effectively monitor the role of management and the affairs of the Company.

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

1. Board of Directors :

The Board of Directors of the Company comprise of a fair number of independent professionally competent and acclaimed executive, non-executive directors. Out of the Six Directors, the Company have 2 executive and 4 non-executive directors.