

# **BITS LIMITED**

*(Formerly : BITS (India) Ltd.)*

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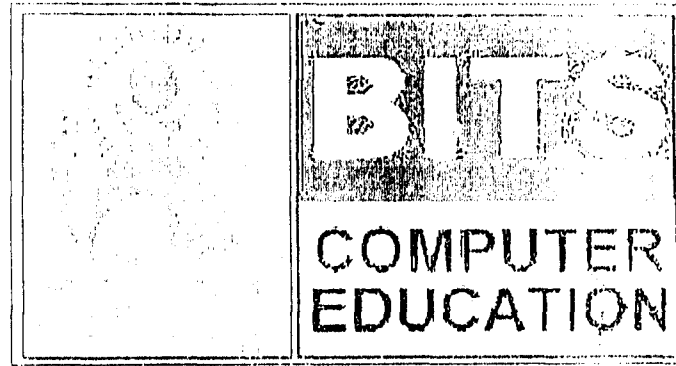
Eleventh Annual Report

2002 -2003

*Registered Office:*

**BITS Limited**

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



**BITS Limited**  
[Formerly : BITS (India) Ltd]  
**Eleventh Annual Report 2002 -2003**

**Board of Directors**

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

**Auditors:**

M/s Rajesh Kukreja & Associates  
(Chartered Accountants)

**Registered Office:**

23, 1<sup>st</sup> 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.

**Annual Report 2002 - 2003****BITS Limited****NOTICE**

**NOTICE** is hereby given that the Eleventh Annual General Meeting of the members of **BITS LIMITED** will be held on Tuesday, the 30<sup>th</sup> September 2003 at the registered office of the Company at 23, Great Western Building, 1st Floor, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai-400 023 at 9.00 A.M to transact the following business:

**ORDINARY BUSINESS:****1. Adoption of Director's Report and Accounts**

To receive and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March 2003 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. Dilip Bansal, who retires by rotation and being eligible offer himself for reappointment.

**3. 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**

**DELISTING OF SECURITIES OF THE COMPANY FROM THE STOCK EXCHANGES EXCEPT THE STOCK EXCHANGE, MUMBAI.**

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

**"RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956, the Listing Agreement with Stock Exchange and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 or any amendment or modification thereto, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may, at its absolute discretion be agreed to by the Board of Directors of the Company ("the Board") or any committee/person(s) authorised by the Board, consent be and is hereby accorded to delist the equity shares of the Company from the stock exchanges at Madras, Ahmedabad and Jaipur.

**RESOLVED FURTHER THAT** authority be and is hereby accorded to the Board or any Committee/person(s) authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution without being required to seek any further approval of the members of the Company."

By Order of the Board  
For BITS Limited  
Sd/-

Dated: 1<sup>st</sup> September 2003  
Place: Mumbai

(Ashok Agarwal)  
Chairman

## BITS Limited

## Annual Report 2002 - 2003

**NOTES**

- i) 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 deposited, at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

The Explanatory Statement setting out the material facts in respect of the special business under Item No. 4 is annexed hereto.

- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 28<sup>th</sup> September 2003 to 30<sup>th</sup> September 2003 (both days inclusive).
- iii) Members / Proxies should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
- iv) M/s MAS Services Pvt. Ltd. has been appointed as Registrar and Share Transfer Agent for Physical share Transfer work as well in addition to RTA for electronic connectivity work.
- v) Members desirous of seeking clarifications on Accounts are requested to send their queries to the Company at its Registered office at the earliest to enable the Company to compile and furnish the required information.
- vi) Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
- vii) Members who hold shares in dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- viii) Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.

By Order of the Board  
For BITS Limited  
Sd/-

Dated: 1<sup>st</sup> September 2003

Place: Mumbai

(Ashok Agarwal)  
Chairman

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**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying notice of the 11<sup>th</sup> Annual General Meeting of the Company to be held on 30<sup>th</sup> day of September, 2003.

**ITEM NO. 4**

The equity shares of the Company are presently listed on the following Stock Exchange:

1. Mumbai Stock Exchange
2. Jaipur Stock Exchange
3. Madras Stock Exchange
4. Ahmedabad Stock Exchange

**Annual Report 2002 - 2003****BITS Limited**

The Board of Directors proposes to delist its securities from the Madras Stock Exchange, The Stock Exchange Ahmedabad and Jaipur Stock Exchange in accordance with the latest guidelines issued by the Securities and Exchange Board of India known as the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003. This is proposed keeping in mind the data on trading volumes which indicates that the Company's equity shares are not traded in material volumes at Stock Exchanges other than Mumbai Stock Exchange. Most of the trading on the equity shares of the Company is being done through Mumbai Stock Exchange. In addition to the above, BSE has extensive networking of trading terminals, which facilitates trading by members/Investors across the Country. The trading volume in the Company's equity shares on the other Stock Exchanges are either nil or insignificant. Continued listing on such Stock Exchanges neither serves the interest of the Members/Investors nor that of the Company.

This will help to reduce the extra cost burden on the Company without hindering marketability of the securities as the securities will continue to be listed on the Stock Exchange Mumbai which have the nationwide trading terminals facility.

Accordingly, the Board of Directors of your Company have recommended for the approval of the members, the proposal by way of special resolution to voluntarily delist the Company's equity shares from the Stock Exchanges at Ahmedabad, Madras and Ahmedabad. The Company's shares will however continue to be listed on the Mumbai Stock Exchange (BSE).

None of the Directors is concerned or interested in the Resolution.

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By Order of the Board  
For BITS Limited  
Sd/-

Dated: 1<sup>st</sup> September 2003  
Place: Mumbai

(Ashok Agarwal)  
Chairman

## BTS Limited

## Annual Report 2002 - 2003

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have immense pleasure in presenting the Eleventh Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2003

**FINANCIAL HIGHLIGHTS & REVIEW OF OPERATIONS**

The financial results of the Company is summarised as under: -

Particulars	Year Ended 31 <sup>st</sup> March 2003	Year Ended 31 <sup>st</sup> March 2002
Income from Operation	<b>57,91,205</b>	3,03,55,616
Other Income	<b>13,49,335</b>	35,120
Gross Income	<b>71,40,540</b>	3,03,90,736
Expenditure	<b>75,37,764</b>	2,99,62,543
Gross Profit/ (Loss) before Depreciation & Interest	<b>(3,97,224)</b>	4,28,193
Interest	<b>8,410</b>	21,153
Depreciation	<b>1,29,96,530</b>	1,29,43,261
Provision for Tax	<b>NIL</b>	NIL
Net Profit/ (Loss)	<b>(1,34,02,164)</b>	(1,25,36,221)
Profit of Previous Year	<b>(2,41,220,70)</b>	(1,15,85,849)
APPROPRIATIONS:		
Dividend	<b>NIL</b>	NIL
Transfer to General Reserve	<b>NIL</b>	NIL
Transfer to Balance Sheet	<b>(3,75,24,234)</b>	(2,41,220,70)

**DIVIDEND**

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

**DIRECTORS****Retires by Rotation**

Mr. Dilip Bansal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and offers themselves for reappointment.

**AUDITORS & AUDITOR'S REPORT**

The Statutory Auditors M/s. Rajesh Kukreja & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The company has received a letter from Rajesh Kukreja & Associates, Chartered Accountants, to the effect that their appointment as Auditors, if made, would be within the limits under section 224(1B) of the Companies Act, 1956. The Notes to the Accounts referred to in the Auditors Report are self-explanatory and therefore, do not call for any further comments.

**LISTING OF SECURITIES**

The Company's Equity Shares are listed on the following Stock Exchanges:

- (i) The Stock Exchange, Mumbai
- (ii) The Stock Exchange, Ahmedabad
- (iii) Madras Stock Exchange
- (iv) Jaipur Stock Exchange

**PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956**

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, no employee of the Company is in receipt of remuneration in excess of the limits prescribed thereunder. However as per the provisions of section 219(1)(b)(iv) of the act, the Annual Report and Accounts are being sent to all the shareholders of the Company. Any shareholder interested in obtaining any such particulars may write to the company.

**FIXED DEPOSITS**

During the year under review, the Company has not accepted any public deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended up to date.

**CONSERVATION OF ENERGY**

- i) Energy Consideration measures taken: Nil
- ii) Additional Instruments and Proposals, if any,  
Being implemented for reduction of conservation  
Of energy: Nil

**TECHNOLOGY ABSORPTION**

Efforts made in technology absorption: Nil

**FOREIGN EXCHANGE EARNING AND OUTGOINGS** Nil

**DIRECTORS' RESPONSIBILITY STATEMENT**

The requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement has been adhered to in the annual Report. It is hereby confirmed that:

- ❖ In the preparation of the annual accounts for the year ended 31.03.2003, the applicable Accounting Standards has been followed alongwith proper explanation relating to material departures;
- ❖ The directors have selected such accounting policies and applied them consistently and made judgements & estimates that were reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the Profit/Loss of the company for the financial year under review;
- ❖ The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;

**HTS Limited**

**Annual Report 2002 - 2003**

The Annual Accounts for the year ended 31<sup>st</sup> March 2003 have been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE**

The Corporate Governance Report and Management Discussion & Analysis Report has been incorporated in the Annual Report as Annexure-A & B as per the requirement of the Listing Agreement entered into with the Stock Exchanges.

Auditor's Certificate regarding compliance of conditions of Corporate Governance is annexed to the Annual Report as 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.

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For and on behalf of the Board

Dated: 1<sup>st</sup> September 2003  
Place: Mumbai

Sd/-  
(Ashok Agarwal)  
Chairman



**Annexure - A to the Directors' Report for the year ended 31<sup>st</sup> March 2003****CORPORATE GOVERNANCE REPORT**

Your Company is conscious of the fact that success of any Company is a reflection of the professionalism, ethical conduct of its management and employees of the Company. Being the second year of implementation of Corporate Governance Standards the Company is aiming at achieving higher standards of professionalism along with the transparency of the operations so that the shareholders can themselves be the better judge of their hard earned money invested in the Company. Various disclosures made by the Company to achieve its objective of transparency in business operations are as follows: -

**1. Board of Directors :**

The Board of Directors of the Company comprises of a fair number of independent professionally competent directors.

**Directorship held by Directors of BITS Limited: -**

Name of the Director	Category	Number of Directorships in other Companies	Number of committee membership	Number of committee chairmanship
Mr. Kuldeep Bansal	Executive	5	4	NIL
Mr. Ashok Agarwal	Non-Executive Independent	6	6	1
Mr. Dilip Bansal	Non-Executive Independent	6	5	2
Mr. S.T. Venkawala	Non-Executive Independent	NIL	NIL	NIL
Mr. R.P. Khare	Non-Executive Independent	NIL	NIL	NIL
Mr. Sanjeev Bansal	Non-Executive Independent	NIL	NIL	NIL

**Number of Board Meetings and Attendance Record of Directors:**

It is important for the shareholders to know as to how many times the Board met during the year 2002-03 and the attendance record of their Directors. The Company, therefore, makes here below full disclosures of number of Board Meetings held during 2002-03 as well as attendance record of each Director at the Board Meeting.

**Details of Board Meetings:**

No. of Board Meetings held: Seven

Date of Board Meetings held:

- > 30<sup>th</sup> April 2002
- > 31<sup>st</sup> July 2002
- > 26<sup>th</sup> August 2002
- > 30<sup>th</sup> August 2002
- > 31<sup>st</sup> October 2002
- > 14<sup>th</sup> January 2003

31<sup>st</sup> January 2003**Attendance Record of Directors:**

Name of the Director	Number of Meetings held	Number of Meetings Attended	Whether attended last AGM held on 30 <sup>th</sup> Sep. 2003
Mr. Ashok Agarwal	7	7	Yes
Mr. Dilip Bansal	7	6	Yes
Mr. S.T. Venkawala	7	7	Yes
Mr. R.P. Khare	7	5	Yes
Mr. Sanjeev Bansal	7	7	Yes
Mr. Kuldeep Bansal	7	5	Yes

**2. AUDIT COMMITTEE**

Audit Committee was already constituted as per the requirement of Section 292A and again was re-constituted to comply with the requirement of Clause 49 of the Listing Agreement. The Committee has since then served as a link between the Auditors of the Company and the Management of the Company. The composition of Audit Committee is as follows: -

- |      |                     |          |                        |
|------|---------------------|----------|------------------------|
| i)   | Shri R.P. Khare     | Chairman | Non-executive Director |
| ii)  | Shri S.T. Venkawala | Member   | Non-executive Director |
| iii) | Shri Dilip Bansal   | Member   | Non-executive Director |

Audit Committee met five times in a year to discharge its function as required under Section 292A and Clause 49 of the Listing Agreement. Date on which the Audit Committee Meetings are conducted along with the number of members present at the meeting are as follows:-

Date of Meeting	No. of Members Present
29 <sup>th</sup> April 2002	3
30 <sup>th</sup> July 2002	3
27 <sup>th</sup> August 2002	3
30 <sup>th</sup> October 2002	3
30 <sup>th</sup> January 2003	3

**3. Shareholders/Investors Grievance Committee**

A Shareholders/Investors Grievance Committee had been constituted by the Board last year to take care of the redressal of the shareholders/investors grievances. The committee is functioning since then and it consists of three Directors:

- |      |                     |          |
|------|---------------------|----------|
| i)   | Shri S.T. Venkawala | Chairman |
| ii)  | Shri R.P. Khare     | Member   |
| iii) | Shri Ashok Agarwal  | Member   |

The Committee reviews the status of complaints received from shareholders/investors and monitors the speedy redressal of the same.

**4. Share Transfer Committee**

A Share Transfer Committee had also been constituted by the Board in the last accounting year to approve transfer/transmission of shares, issue of duplicate share certificates. The committee since then is functioning effectively. It consists of three Directors: