

BITS Limited

(Formerly: BITS (INDIA) Ltd.)

TWELVETH ANNUAL REPORT

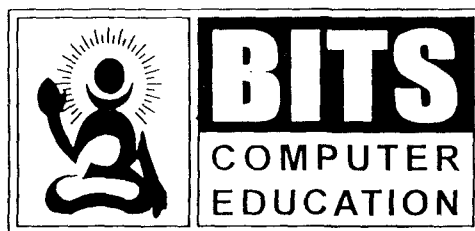
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2003-2004

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.)

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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. Rajeev Prakash Khare | -Director |

Auditors:

M/s B. Maheshwari & Co.
(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.

**BITS Limited****Annual Report 2003-2004****NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of BITS LIMITED will be held on Thursday, the 30th September 2004 at the registered office of the Company at 23, 1st Floor, Great Western Building, 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 31st March 2004 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. B. Maheshwari & Co.**, 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

To consider and, if thought fit, to pass, with or without modification, the following as a Special Resolution :-

"RESOLVED that subject to the provisions of section 149(2A) of the Companies Act, 1956, approval be given to the commencement by the Company of new business as provided in Clause 95 and 96 of the Other Objects Clause of the Memorandum of Association of the Company as reproduced herein below:

4. To purchase, take on lease acquire in exchange or otherwise own, hold occupy, manage, control, construct, erect, alter, develop, pull down improve, repair, renovate, work, build, plan, lay out, sell, transfer, mortgage, charge, assign, let-out, hire, sub-let, sub-lease all types of lands plots, buildings hereditaments, bungalow, quarters, offices, flats, chawls, warehouses, godowns, shops, stalls, markets, house, structures, understanding, construction tenements, roads, bridges, forests, estates, assets and properties, movable or immovable freehold or lease-hold of whatever nature and description and where situate.
5. To manage land building and other property whether belonging to the company or not and to collect rents, profits and issues and to provide and supply to tenants or other occupiers refreshment, light waiting rooms meeting rooms, swimming pools club playgrounds water, air conditioning facilities and equipment, lifts and exalators and all other conveniences and appliances relating to or connected with offices and residence requirements in general.

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

**Dated: 2nd September, 2004
Place: Mumbai**

**BITS Limited****Annual Report 2003-2004****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.
- ii) 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 28th September 2004 to 30th September 2004 (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.

Dated: 2nd September, 2004
Place: Mumbai

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

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 12th Annual General Meeting of the Company to be held on 30th day of September, 2004.

ITEM No. 4 & 5

The Company is exploring the possibility of venturing into new business activities in addition to its existing activities as the Company has some office premises available, which are not being used for the purpose of the business of the Company. It is proposed to purchase, take on lease acquire in exchange or otherwise own, hold occupy,


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manage, control, construct, erect, alter, develop, pull down improve, repair, renovate, work, build, etc. all types of lands plots, buildings hereditaments, bungalow, quarters, offices, flats and other properties, movable or immovable freehold or lease-hold of whatever nature and description and where situate. Further it is also proposed to manage land building and other property whether belonging to the company or not and to collect rents, profits and issues and to provide and supply to tenants or other occupiers refreshment, light waiting rooms meeting rooms, swimming pools club playgrounds water, air conditioning facilities and equipment, lifts and escalators and all other conveniences and appliances relating to or connected with offices and residence requirements in general.

The above business is covered by Clause 95 and 96 of the Other Objects Clause of the Memorandum of Association of the Company.

To enable the Company to commence the business under Clause 95 and 96 of the Other Objects Clause of its Memorandum of Association, it is necessary to obtain the shareholders' approval as envisaged under section 149(2A) of the Companies Act, 1956.

Your Directors commend the passing of the motion as set out in Item No. 4 & 5 of the Notice as a Special Resolution.

None of the Directors of the Company is in any way concerned or interested in this item of business.

Dated: 2nd September, 2004
Place: Mumbai

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

**BITS Limited****Annual Report 2003-2004****DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have immense pleasure in presenting the Twelveth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2004

FINANCIAL HIGHLIGHTS & REVIEW OF OPERATIONS

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

| Particulars | Year Ended 31 st March 2004 | Year Ended 31 st March 2003 |
|---|---|---|
| Income from Operation | 5005565 | 57,91,205 |
| Other Income | 1500930 | 13,49,335 |
| Gross Income | 6506495 | 71,40,540 |
| Expenditure | 5159613 | 75,37,764 |
| Gross Profit/ (Loss) before Depreciation & Interest | (1346882) | (3,97,224) |
| Interest | 3073644 | 8,410 |
| Depreciation | 12996530 | 1,29,96,530 |
| Provision for Tax | NIL | NIL |
| Net Profit/ (Loss) | (14723292) | (1,34,02,164) |
| Profit/(Loss) of Previous Year | (37524234) | (2,41,220,70) |
| APPROPRIATIONS: | | |
| Dividend | NIL | NIL |
| Transfer to General Reserve | NIL | NIL |
| Transfer to Balance Sheet | (52307526) | (3,75,24,234) |

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. B. Maheshwari & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The company has received a letter from B.Maheshwari & Co., 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.

**BITS Limited****Annual Report 2003-2004****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 31.03.2004, 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;



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- ❖ 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;
- ❖ The Annual Accounts for the year ended 31st March 2004 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.

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.

Dated: 2nd September, 2004
Place: Mumbai

For and on behalf of the Board
For BITS Limited
Sd/-
(Ashok Agarwal)
Chairman



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Annexure – A to the Directors' Report for the year ended 31st March 2004**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. There are two independent directors out of total number of six 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. R.P. Khare | Non-Executive Independent | 1 | NIL | NIL |
| Mr. Sanjeev Bansal | Non-Executive | 1 | 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 2003-04 and the attendance record of their Directors. The Company, therefore, makes here below full disclosures of number of Board Meetings held during 2003-04 as well as attendance record of each Director at the Board Meeting.

Details of Board Meetings:

No. of Board Meetings held: Nine

Date on Board Meetings held:

- 09th April 2003
- 30th April 2003
- 24th May 2003
- 17th June 2003



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- 31st July 2003
- 24th September 2003
- 29th October 2003
- 11th November 2003
- 31st January 2004

Attendance Record of Directors:

| Name of the Director | Number of Meetings held | Number of Meetings Attended | Whether attended last AGM held on 30 th Sep. 2004 |
|----------------------|-------------------------|-----------------------------|--|
| Mr. Ashok Agarwal | 6 | 6 | Yes |
| Mr. Dilip Bansal | 6 | 6 | Yes |
| Mr. R.P. Khare | 6 | 6 | Yes |
| Mr. Sanjeev Bansal | 6 | 6 | Yes |
| Mr. Kuldeep Bansal | 6 | 4 | 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 Kuldeep Bansal | 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 |
|---------------------------------|------------------------|
| 09 th April 2003 | 2 |
| 30 th April 2003 | 3 |
| 24 th May 2003 | 2 |
| 17 th June 2003 | 2 |
| 31 st July 2003 | 3 |
| 24 th September 2003 | 3 |
| 29 th October 2003 | 3 |
| 11 th November 2003 | 2 |
| 31 st January 2004 | 3 |