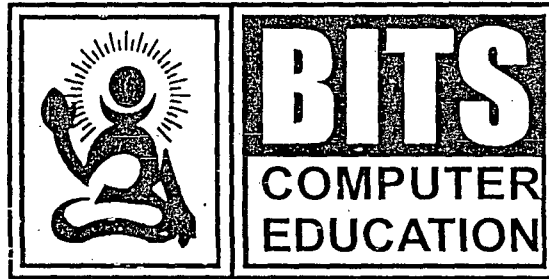




BITS Limited

Annual Report 2006-2007



BITS Limited
(Formerly: BITS (INDIA) Ltd.)

FIFTEENTH ANNUAL REPORT

2006-2007

Report Junction.com

Registered Office:

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

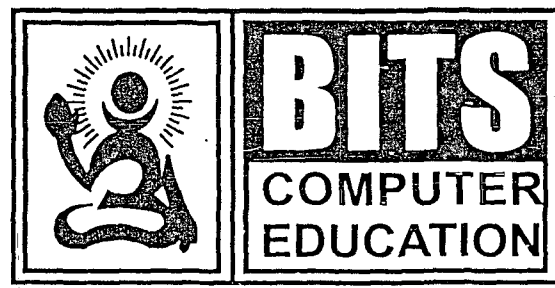
Certified True Copy
For BITS LIMITED

Rajesh
Director



BITS Limited

Annual Report 2006-2007



BITS Limited
(Formerly: BITS (INDIA) Ltd.)

FIFTEENTH ANNUAL REPORT
2006-2007

Thursday, 31st August, 2007

At 9.00 A.M at 23, 1st Floor, Great Western Building
130/ 132, Shahid Bhagat Singh RoadFort, Mumbai- 400 023.

Board of Directors:

Sh. Rajesh Gupta	-Chairman
Sh. Kuldeep Bansal	-Managing Director
Sh. Rajeesh Prakash Khare	-Director
Sh. Ashok Agarwal	-Director
Sh. Sanjeev Bansal	-Director

(Resigned on 05-02-2007)

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.

Bankers:

Development Credit Bank
Fort Mumbai – 400023.

Auditors:

M/s Praveen Shri Niwas & Associates
Chartered Accountants



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of **BITS LIMITED** will be held on Thursday, the 31st August 2007 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 2007 and the Balance Sheet as on 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 Ashok Agarwal, who retires by rotation and being eligible offers himself for reappointment.

3. Appointment of Auditors

To re-appoint M/s Praveen Shri Niwas & Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. Appointment of Whole Time Director

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

"RESOLVED THAT pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956, if any (including any statutory modifications or reenactment thereof) and subject to all such sanctions, approvals as may be necessary, the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Kuldeep Bansal as a Whole Time Director of the Company w.e.f. 14th August 2007 for a period of five years on such terms and conditions as set out in the Explanatory Statement annexed to the Notice which shall be deemed to form part hereof.

RESOLVED FURTHER THAT Board of Directors (herein referred to as "Board" which term shall be deemed to include any committee of the Board constituted to exercise its power including powers conferred by this resolution) be and is hereby authorized to vary, alter or revise the terms and conditions of the appointment of the said "Whole Time Director" within the permissible limits under the Companies Act,



BITS Limited

Annual Report 2006-2007

1956 from time to time or any statutory modification thereof and to settle any question or difficulties in connection therewith or incidental thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Dated: 27th July, 2007
Place: Mumbai

**By Order of the Board
For BITS Limited
Sd/-
(Rajesh Gupta)
Chairman**



**NOTES**

- i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF THE PROXY IS ENCLOSED AND IF USED SHOULD BE RETURNED TO THE COMPANY DULY COMPLETED NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 27th August 2007 to 31st August 2007 (both days inclusive).
- iii) Members / Proxies should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
- iv) 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.
- v) Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
- vi) 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.
- vii) Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.

Dated: 27th July, 2007
Place: Mumbai

By Order of the Board
For BITS Limited
Sd/-
(Rajesh Gupta)
Chairman



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Sh. Kuldeep Bansal was appointed as Managing Director on 5th August 2002 for a period of 5 years which has been expired on 4th August 2007. So pursuant to the provisions of section 269 of the Companies Act, 1956 and other applicable provisions, the Board of Directors had in its meeting held on 27th July 2007 reappointed Shri Kuldeep Bansal as a Whole Time Director of the Company for a period of five years w.e.f. 5th August 2007. He will be non- rotational director during his tenure and will be entitled to receive remuneration of Rs. 5000/- per month. His appointment, remuneration and other terms & conditions are required to be approved by the shareholders in terms of the section 309, 310 & 269 read with the provisions of Schedule XIII of the Companies Act, 1956. It would be in the best interests of the Company, if he is appointed as a Whole Time Director of the Company.

Shri Kuldeep Bansal shall manage the affairs of the Company and exercise such other powers as are delegated by the Board/Committee of Directors to him from time to time.

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

By Order of the Board
For BITS Limited
Sd/-
(Rajesh Gupta)
Chairman

Dated: 27th July, 2007
Place: Mumbai



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have immense pleasure in presenting the Fifteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS & REVIEW OF OPERATIONS

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

Particulars	Year Ended 31st March 2007	Year Ended 31st March 2006
Income from Operation	2517811	4820648
Other Income	3788505	2058612
Gross Income	6306316	6879260
Expenditure	4235790	7392128
Gross Profit/ (Loss) before Dep & Int	2070526	512868
Interest	1347	1524659
Depreciation	2786342	12869797
Prior Period Items:		
Excess income written back	-	195000
Profit/ (Loss) for the year after prior period items	(717163)	(2710795)
Add: Deferred tax liability reversed	388728	88908
Net Profit/(Loss) for the year	(328435)	(2621887)
Balance brought forward	(74118455)	(68055599)
Deferred Tax Liability of earlier years	-	(3440969)
Net Balance	(74118455)	(71496568)
APPROPRIATIONS:		
Dividend	NIL	NIL
Transfer to General Reserve	NIL	NIL
Transfer to Balance Sheet	(74446890)	(74118455)

DIVIDEND

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



DIRECTORS' REPORT

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DIRECTORS

Retires by Rotation

Mr. Ashok Agarwal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment.

Mr. Sanjeev Bansal, who was director of the company, has resigned from the Directorship on 5th Feb, 2007 due to some personal reasons.

AUDITORS & AUDITOR'S REPORT

The Statutory Auditors M/s. Praveen Shri Niwas & Associates, Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. The company has received a letter from M/s. Praveen Shri Niwas & Associates, Chartered Accountants, to the effect that their re-appointment as Auditors, if made, would be within the limits under section 224(1B) of the Companies Act, 1956.

The point-wise reply as to the reservations, qualifications and adverse remarks as contained in the Auditors Report is as follows:-

Non Compliance with AS-22

In the opinion of the Management, there is no deferred tax liability; hence no provision for the same has been made.

No. 3(b)

The Company has given loans out of its own funds on which Company is paying no interest; therefore Company has given certain loans on which no interest has been charged in view to maintain business relations.

No.4 & 7 – Non Compliance of Internal Audit System

In view of the Management, the Company has internal audit system but some weaknesses have been pointed out by the Auditors and the same will be taken care of in future.

No. 9(a)

The Company has not transferred unpaid dividend and public issue refund money amounting Rs. 123479/- to investor education and protection fund.



LISTING OF SECURITIES

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

- (i) The Bombay Stock Exchange Limited

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 31.03.2007, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;