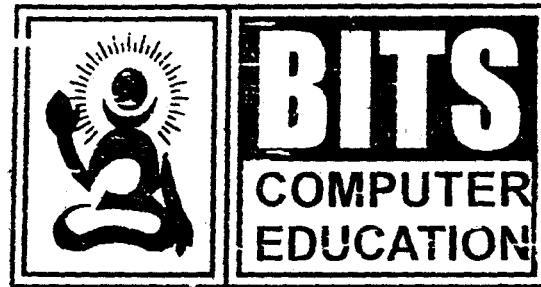




BITS Limited

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BITS Limited

SIXTEENTH ANNUAL REPORT



Registered Office:

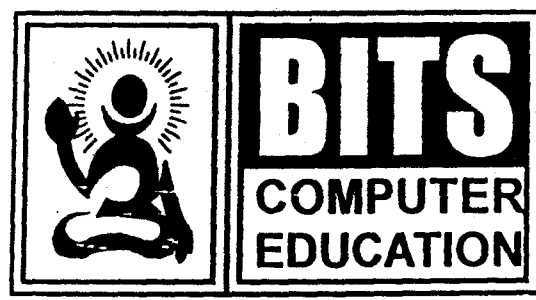
BITS Limited

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



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2007-2008

Saturday, 27th September 2008

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

Board of Directors:

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

Registered Office:

**23, Great Western Building, 1st Floor,
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.**

**ABN Amro Bank
Barakhamba Road, New Delhi-110001**

Auditors:

**M/s Praveen Shri Niwas & Associates
Chartered Accountants**

**BITS Limited****Annual Report 2007-2008****NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of **BITS LIMITED** will be held on Saturday, the 27th September 2008 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 31st March 2008 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 Mr. Rajesh Kumar 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.

Dated: 01.09.2008**Place: Mumbai****By Order of the Board****For BITS Limited****Sd/-****(Ashok Agarwal)****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 24th September 2008 to 27th September 2008 (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: 01.09.2008
Place: Mumbai

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



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have immense pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS & REVIEW OF OPERATIONS

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

Particulars	Year Ended 31st March 2008	(In Rs.) Year Ended 31st March 2007
Income from Operation	17652640	2517811
Other Income	3317864	3788505
Gross Income	20970504	6306316
Expenditure	20864694	4237137
Gross Profit/ (Loss) before Dep & Int	105810	2069179
Interest	-	-
Depreciation	2786623	2786342
Prior Period Items:		
Excess income written back	-	-
Profit/ (Loss) for the year after prior period items	(2610813)	(717163)
Add: Deferred tax liability reversed	242925	388728
Net Profit/ (Loss) for the year	(2437888)	(328435)
Balance brought forward	(74446890)	(74118455)
Deferred Tax Liability of earlier years	-	(3440969)
Net Balance	(74446890)	(74118455)
Balance Carried over to the Balance Sheet	(76884778)	(74446890)
APPROPRIATIONS:		
Dividend	NIL	NIL
Transfer to General Reserve	NIL	NIL
Transfer to Balance Sheet	(76884778)	(74446890)

DIVIDEND

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



DIRECTORS

Retires by Rotation

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

Appointment of Managing Director

The designation of Mr. Kuldeep Bansal, the whole time Director was changed to Managing Director of the Company w.e.f. 12/05/2008 during the year.

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:-

Compliance with AS-22

In the opinion of the Management, there is deferred tax liability; hence provision for the same has been made of Rs. 2720407.

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 the 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 to Rs. 123479/- to investor education and protection fund.

The Company is facing insufficiency of funds due to huge losses. However the Company is working upon the revival operations so as to avoid the statutory defaults of this kind.

**No.(vi) (a)**

The valuation of inventory is not in accordance with AS-2 on Valuation of Inventory since the Company has stock of education course material, books, software (with source code) and hardware, which are obsolete, and the current value cannot be ascertained accurately.

No. 1(a) of Annexure to the Auditors' Report

Since there was inadequacy of staff in the Company to handle the maintenance of various records, proper records of fixed assets could not be maintained but now efforts are being made to comply with the requirement of proper maintenance of records.

LISTING OF SECURITIES

The Company's Equity Shares are listed on the Bombay 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
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FOREIGN EXCHANGE EARNING AND OUTGOINGS	Nil
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DIRECTORS' RESPONSIBILITY STATEMENT



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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 31.03.2008, the applicable Accounting Standards have been followed along with 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;
- ☐ The Annual Accounts for the year ended 31st March 2008 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.

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

Dated: 01.09.2008
Place: Mumbai



CERTIFICATE OF COMPLAINE WITH THE CODE OF CONDUCT

I, Kuldeep Bansal, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and senior management and the Board members and senior management have affirmed compliance with the Code of Conduct of the Company.

For and on behalf of the Board

Dated: 01.09.2008

Place: New Delhi

Sd/-

(Kuldeep Bansal)
Managing Director

CERTIFICATION IN TERMS OF CLAUSE 49(V) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

We hereby certify that:

- a) we have reviewed financial statements and the cash flow statement for the year ending 31st March 2008 and that to the best of our belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.



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- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee;
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ;and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

Dated: 01.09.2008

Place: New Delhi

Sd/-

(Kuldeep Bansal)

Managing Director