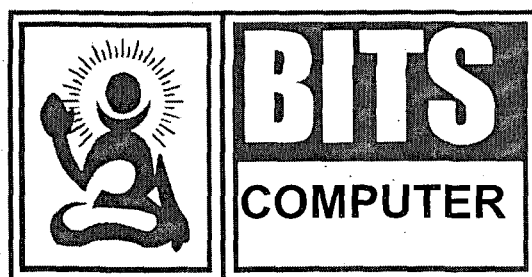




BITS Limited

Annual Report 2008-2009



SEVENTEENTH ANNUAL REPORT REPORT

2008-2009

Registered Office:

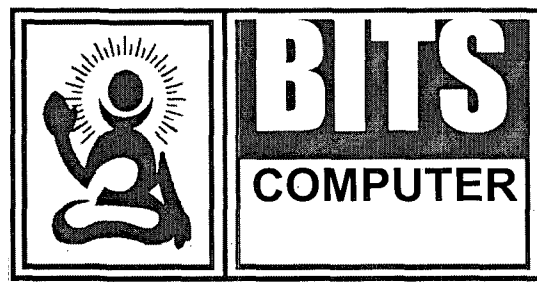
BITS Limited

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



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BITS Limited

SEVENTEENTH ANNUAL REPORT 2008-2009

Tuesday, 29th September, 2009

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: Mr. Ashok Agarwal-Chairman
Mr. Rajeev Prakash Khare -Director
Mr. Rajesh Gupta -Director
Mr. Kuldeep Bansal - Whole time Director

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

Auditors: M/s Praveen Shri Niwas & Associates
Chartered Accountants

Registrar & Transfer Mas Services Private Limited
Agent: AB-4/1, Safdarjung Enclave
New Delhi- 110 029.

Bankers: Development Credit Bank
Fort Mumbai – 400023.

ABN Amro Bank
Barakhamba Road, New Delhi-110001

Contents: Index & Company Information
Notice
Directors' Report
Corporate Governance Report
Management Discussion & Analysis
Auditor's Certificate
Auditor's Report
Balance Sheet
Schedule annexed to Balance Sheet & Note to Accounts
Proxy Form & Attendance Slip



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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of **BITS LIMITED** will be held on **Tuesday, the 29th September, 2009** at the Registered Office of the Company at 23, Great Western Building, I 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 Directors' Report and Accounts

To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 2009 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. Rajeev Prakash Khare, who retires by rotation and being eligible, offers himself for reappointment.

3. Appointment of Auditors

To appoint M/s Soni Gulati & Co., Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Kapil Kumar as Director of the Company

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

"RESOLVED THAT Mr. Kapil Kumar, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. Appointment of Mr. Ram Kumar Yadav as the Whole-Time Director of the Company

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

**BITS Limited****Annual Report 2008-2009**

“RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 if any, (including any statutory modification or re-enactment thereof) consent be and is hereby accorded to the appointment of Mr. Ram Kumar Yadav as the Whole time Director of the Company w.e.f. 29th September, 2009 for the period of five years without any remuneration.”

**By Order of the Board
For Bits Limited**

A handwritten signature in black ink, appearing to read 'Ashok Agarwal'.

**(Ashok Agarwal)
Chairman**

Dated: 25.07.2009

Place: Mumbai

Report  junction.com



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NOTES

1. **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.**
2. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Sunday and holidays, between 11:00 a.m. to 1:00 p.m., upto the date of the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 28th September, 2009 and 29th September, 2009.
4. Members / Proxies should bring the attendance slip sent herewith, duly filed in, for attending the meeting.
5. 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.
6. Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
7. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
8. Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.
9. The Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 in respect of the Special Business under item no.4 and 5 is annexed hereto.
10. **Information to Shareholders in pursuance of Clause 49(IV) (G) of Listing Agreement with reference to Appointment/ Reappointment of Directors.**

1.	Mr. Rajeev Prakash Khare	
	Date of Birth	18 th August, 1962
	Qualification	Commerce Graduate
	Expertise in Specific Functional area	Has expertise knowledge in computers.
	Directorship in other Company	1. Little Kingdom World Limited



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		2. Fit & Fine Biotech Limited
	Shareholding in the Company	Nil
	Date of Appointment	30.11.1999
3.	Mr. Kapil Kumar	
	Date of Birth	10 th February, 1968
	Qualification	Under Graduate
	Expertise in Specific Functional area	Has an experience of about ten years in general trading.
	Directorship in other Company	Nil
	Date of Appointment	29/09/2009
	Shareholding in the Company	Nil
3.	Mr. Ram Kumar Yadav	
	Date of Birth	18 th December, 1979
	Qualification	Under Graduate
	Expertise in Specific Functional area	Has an experience of about ten years in general trading.
	Directorship in other Company	Nil
	Date of Appointment	29/09/2009
	Shareholding in the Company	Nil

Report Junction

By Order of the Board
For Bits Limited

Dated: 25.07.2009
Place: Mumbai

(Ashok Agarwal)
Chairman



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ANNEXTURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.4**

The Company has received a notice in writing from a member proposing the candidature of Mr. Kapil Kumar for the office of the Director under the provisions of section 257(1) of the Companies Act, 1956 along with Rs. 500 as security deposit.

Mr. Kapil Kumar will be an independent director.

The Board of Directors recommends the resolution at item no. 4 for your approval.

None of the Directors of the Company is concerned or interested in the said resolution except Mr. Kapil Kumar.

Item No.5

Mr. Ram Kumar Yadav was appointed as the Whole-Time Director for the period of five years w.e.f 29th September, 2009 by the Board at its meeting held on 25th July, 2009 subject to the approval of shareholders at General Meeting.

In the terms of Section 269 of the Companies Act, 1956 any appointment or re-appointment in accordance with Schedule XIII requires the approval of shareholders at the General Meeting.

None of the directors except Mr. Ram Kumar Yadav is deemed to be interested or concerned in the said resolution.

Your Directors commend the resolution for approval.

**By Order of the Board
For Bits Limited**

**(Ashok Agarwal)
Chairman**

**Dated: 25.07.2009
Place: Mumbai**



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DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have immense pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

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

Particulars	(In Rs.)	
	Year Ended 31 st March, 2009	Year Ended 31 st March, 2008
Income from Operation	30870183	17652640
Other Income	4040403	3317864
Gross Income	34910586	20970504
Expenditure	33332506	20864694
Gross Profit/ (Loss) before Depreciation & Interest	1578080	105810
Interest	-	-
Depreciation	2809677	2786623
Exceptional Items:		
Less: Loss on forfeiture of warrants	1890000	-
Profit/ (Loss) for the year after exceptional items	(1231597)	(2680813)
Less: Provision for FBT	2086	-
Add: Deferred tax liability reversed	370378	242925
Net Profit/ (Loss) for the year	(861219)	(2437888)
Balance brought forward	(76884778)	(74446890)
Deferred Tax Liability of earlier years	-	-
Net Balance	(76884778)	(74446890)
Balance Carried over to the Balance Sheet	(79638083)	(76884778)
Appropriations:		
Dividend	-	-
Transfer to General Reserve	-	-
Transfer to Balance Sheet	(79638083)	(76884778)



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REVIEW OF OPERATIONS

During the year, your Company has achieved the turnover of Rs. 28729050 against Rs. 16708740 attained in the last year.

DIVIDEND

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

DIRECTORS

- **Retires by Rotation**

Mr. Rajeev Prakash Khare, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

- **Appointment of Whole-time Director**

Mr. Ram Kumar Yadav is being appointed as Whole -time Director of the Company in this Annual General Meeting.

- **Appointment and Resignation of Directors**

Mr. Kapil Kumar is being appointed as the director of the Company and Mr. Kuldeep Bansal has submitted his resignation due to his preoccupations, which will be effective from 29th September, 2009.

AUDITORS

The Statutory Auditors M/s Praveen Shri Niwas & Associates have expressed their unwillingness to continue the office as the Auditors of the Company.

M/s Soni Gulati & Co., Chartered Accountants are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors M/s Praveen Shri Niwas & Associates who will hold office from this Annual General Meeting till the conclusion of the next Annual General Meeting. They have furnished the requisite certificate to the effect that their appointment as Statutory Auditor, if made, would be within the limits under section 224(1B) of the Companies Act, 1956. The Board of directors recommends their appointment.

AUDITOR'S REPORT

The Company does not have an internal audit system though its paid up capital & reserve is exceeding Rs. 50 Lacs as at 31st March, 2008.

LISTING OF SECURITIES



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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.

DEPOSITS FROM PUBLIC

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: | N.A. |
| ii) | Additional Instruments and Proposals, if any,
Being implemented for reduction of conservation
Of energy: | N.A. |

TECHNOLOGY ABSORPTION

Not Applicable

FOREIGN EXCHANGE EARNINGS 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:

1. In the preparation of the annual accounts for the year ended 31.03.2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. 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;
3. The Directors had taken proper & sufficient care for the maintenance of