

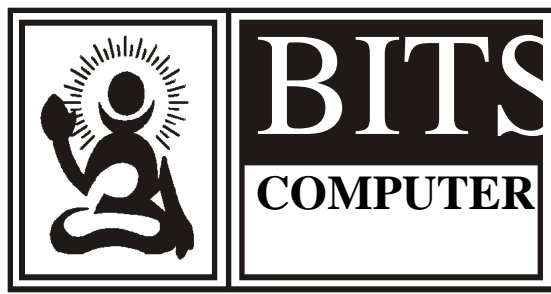
EIGHTEENTH ANNUAL REPORT

2009-2010

Registered Office:

BITS Limited

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



BITS Limited

**EIGHTEENTH ANNUAL REPORT
2009-2010**

Thursday, 30th September, 2010

**At 9.30 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	-Director
	Mr. Rajeev Prakash Ram Khare	-Director
	Mr. Rajesh Kumar	-Director
	Mr. Ram Kumar Yadav	-Whole time Director
	Mr. Kapil Kumar	-Director

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

Auditors: M/s Soni Gulati & Co.
Chartered Accountants
G-79/212, Laxmi Nagar
Main Market, Delhi-110092

Registrar & Transfer Agent: Mas Services Limited
T-34, Okhla Industrial Area
Phase-II, New Delhi-110020
Phone No.: 011-26387281/82/83
Fax No.: 011-26387384
Email ID: info@masserv.com
Contact Person: Shravan Mangla

Bankers: Development Credit Bank
Fort, Mumbai – 400023.

ABN Amro Bank
Barakhamba Road, New Delhi-110001

Standard Chartered Bank
Barakhamba Road, New Delhi-110001



Contents:

1. Notice
2. Directors' Report
3. Management Discussion & Analysis
4. Report on Corporate Governance
5. Auditor's Certificate
6. Auditor's Report
7. Balance Sheet
8. Schedule annexed to Balance Sheet & Note to Accounts
9. Proxy Form & Attendance Slip

NOTICE

Notice is hereby given to all the Members of **BITS LIMITED** that the Eighteenth Annual General Meeting of the Company will be held on **Thursday, the 30th day of September, 2010** at the Registered Office of the Company i.e. 23, Great Western Building, I Floor, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai-400023 at 09:30 A.M to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Ashok Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Soni Gulati & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Next Annual General Meeting and to Fix their remuneration.

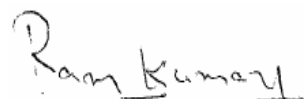
SPECIAL BUSINESS:

4. Commencement of New Business

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

"RESOLVED THAT pursuant to Section 149(2A) and other provisions, if applicable, of the Companies Act, 1956, the consent of the Shareholders of the Company be and is hereby accorded for the commencement of all or any new business (es) by the Company as mentioned in sub clause 69, 78, 79, 80, 89, 92, 94, 100, 110 & 117 in Clause III C i.e. "Other Objects Clause" of the Memorandum of Association of the Company."

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



**(Ram Kumar Yadav)
Whole Time Director**

Dated: 30.08.2010

Place: Mumbai

NOTES

1. **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. A BLANK PROXY FORM IS ATTACHED.**
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act 1956 in respect of the Special Business under item no. 4 is annexed hereto.
3. 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 between 11:00 a.m. to 1:00 p.m., upto the date of this Annual General Meeting.
4. Members / Proxies should bring the attendance slip sent herewith, duly filled in, for attending the meeting.
5. The Register of Members and Share Transfer Books shall remain closed on 29th September, 2010 and 30th September, 2010 (Both days inclusive).
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at the earliest to keep the information ready.
7. Shareholders are requested to bring their copy of Annual Report to the Annual General Meeting.
8. 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.
9. Members may kindly note that no gift/gift coupons will be distributed at Annual General Meeting.

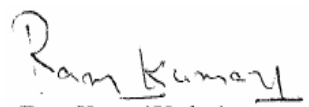
10. Information to Shareholders in pursuance of Clause 49(IV) (G) of Listing Agreement with reference to Appointment/ Reappointment of Directors.

1.	Mr. Ashok Agarwal	
	Date of Birth	20 th June, 1958
	Qualification	Commerce Graduate
	Expertise in Specific Functional area	Has an experience of about twenty years in managing the company affairs of various

		listed as well as unlisted companies being on the board of respective companies.
	Directorship in other Company	1.Exabroad Finance Private Limited 2.Shalani Dhoop Private Limited 3.Aggarwal Fincap Private Limited 4.Shri Deoraha Finlease Pvt. Ltd. 5.Shri Deoraha Finvest Pvt. Ltd.. 6. Vizwise Commerce Pvt. Ltd. 7. Shri Ram Sevak Fincap Pvt. Ltd. 8. Shri Ram Sevak Finvest Pvt. Ltd. 9.Ravico (India) Ltd. 10. First India Capital Services Ltd. 11. Duggal Contractors & Traders Pvt. Ltd. 12.Pruday Investments Pvt. Ltd. 13. AJD Leasing & Finance Ltd. 14. P.S.P. Capital Services Pvt. Ltd. 15. Neat Developers Ltd. 16. K. K. Kargomail India Pvt. Ltd. 17. Mitika Investments & Finance Pvt. Ltd. 18. Mili Investments & Trades Pvt. Ltd. 19.VSoft Services Pvt. Ltd. 20.Shri Dev Das Capital Pvt. Ltd. 21. Pan India Corporation Ltd. 22. Ujjwal Limited 23. Little Kingdom World Ltd. 24. Tactfull Investments Limited 25. Fit & Fine Biotech Limited 26. Amarpali Exports Private Limited
	Date of Appointment	26/02/1999
	Shareholding in the Company	Nil

Dated: 30.08.2010
Place: Mumbai

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


(Ram Kumar Yadav)
Whole Time Director

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

The Company proposes to diversify into areas of business as mentioned under sub clause 69, 78, 79, 80, 89, 92, 94, 100, 110 & 117 in Clause III C of the Other Object Clause of the Memorandum of Association of the Company as in the opinion of the Board of Directors of the Company, the said business, under the existing circumstances, may conveniently or advantageously be combined with the existing business of the Company.

Section 149(2A) of the Companies Act, 1956 requires prior approval of the Shareholders of the Company, by way of a Special Resolution, for commencing any business stated under 'other objects' of the Memorandum of Association of the Company, hence the Directors of the Company propose this Special Resolution for approval by the Shareholders of the Company.

The Board of Directors of the Company discussed the proposal for commencement of new business at their meeting held on Tuesday, the 30th August 2010, and the Directors hereby recommend this Special Resolution for approval by the Shareholders of the Company.

None of the Directors of the Company are in any manner concerned or interested in the proposed Special Resolution except to extent of their Shareholding.

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



**(Ram Kumar Yadav)
Whole Time Director**

**Dated: 30.08.2010
Place: Mumbai**

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have immense pleasure in presenting the Eighteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

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

(Rs. In Lac)		
Particulars	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Income from Operation	198.17	308.70
Other Income	29.40	40.40
Gross Income	227.57	349.10
Expenditure	222.37	333.32
Gross Profit/ (Loss) before Depreciation	5.20	15.78
Depreciation	6.54	28.10
Exceptional Items:		
Less: Loss on forfeiture of warrants	-	18.90
Profit/ (Loss) for the year after exceptional items	(1.34)	(31.22)
Add: Deferred tax liability	(1.11)	3.70
Net Profit/ (Loss) for the year	(2.45)	(27.52)
Balance brought forward	(796.36)	(768.84)
Deferred Tax Liability of earlier years	-	-
Net Balance	(798.81)	(796.36)
Balance Carried over to the Balance Sheet	(798.81)	(796.36)
Transfer to Balance Sheet	(798.81)	(796.36)

REVIEW OF OPERATIONS

During the year, your Company has achieved the turnover of Rs. 227.58 Lac against Rs. 349.10 Lac attained in the last year.

DIVIDEND

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

DIRECTORS

Mr. Ashok Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

M/s. SONI GULATI & CO., Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re - appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956, and they are not disqualified for such an appointment, within the meaning of Sub- section (3) and (4) of Section 226 of the Companies Act, 1956. Accordingly, M/s. SONI GULATI & CO., Chartered Accountants, are required to be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Audit Committee and your Board recommend their reappointment as statutory auditors of the Company.

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 1st April, 2009.

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.

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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy Conservation:-

The particulars in respect of Energy Conservation are not applicable to your Company in terms of Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Technology Absorption and Research & Development

As required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Technology Absorption and Research and Development are not applicable to your Company

Foreign Exchange Earnings and Outgo

As your Company does not deal in Foreign Exchange, therefore the particulars relating to Foreign Exchange Earnings and Outgo are not applicable to your Company.

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 31.03.2010, 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 judgments & 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 Loss of the company for the financial year under review;
3. 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;
4. The Annual Accounts for the year ended 31st March, 2010 have been prepared on a going concern basis.