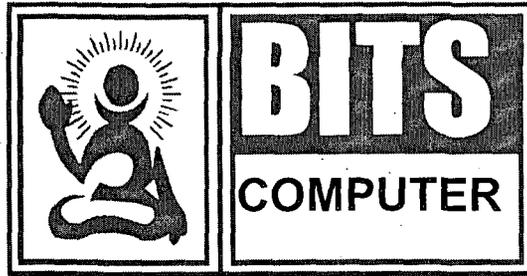




BITS Limited

Annual Report 2008-2009



SEVENTEENTH ANNUAL REPORT

2008-2009

Registered Office:

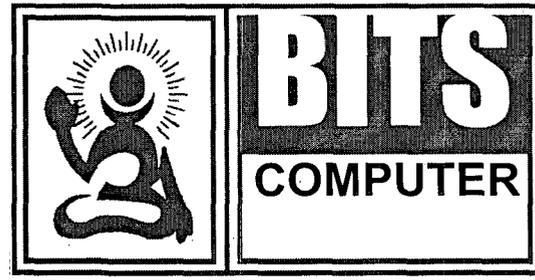
BITS Limited

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



BITS Limited

Annual Report 2008-2009



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



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:



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“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

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



		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

By Order of the Board
For Bits Limited

(Ashok Agarwal)
Chairman

Dated: 25.07.2009
Place: Mumbai



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**

**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)



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



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



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, 2009 have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Corporate Governance Report and Management Discussion & Analysis Report have 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.

SUBSIDIARY COMPANIES

Romano Investments Private Limited, a non listed company is the wholly owned subsidiary of the Company. As per Section 212 of the Companies Act, 1956, the statement of account of the above said subsidiary company is attached with the balance sheet of the Company.

INDUSTRIAL RELATIONS

Since the Company is not into any kind of manufacturing activity, there is no matter to discuss about industrial relations and the Company is maintaining cordial relations with its staff members. There were six employees as at 31.03.2009.

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**

**(Ashok Agarwal)
Chairman**

**Dated: 25.07.2009
Place: Mumbai**

Annexure – A

CORPORATE GOVERNANCE REPORT

To promote and raise the standard of Corporate Governance of listed companies, clause -49 has been inserted in the Listing Agreement.

Corporate Governance is the road map, which guides and directs the Board of Directors of the company to govern the affairs of the Company in a manner most beneficial to all the shareholders, the creditors, the Government and the society at large.

The status of implementation of the key recommendation of SEBI on corporate governance is given below.

BITS LIMITED philosophy on Corporate Governance

The cardinal principles of the corporate philosophy of BITS on corporate Governance can be summarized in the following words:-

**“Transparency,
professionalism
and
Accountability
With an
Ultimate aim of value creation”**

1. Board of Directors:

The Board of Directors of the Company comprises of a fair number of independent professionally competent and acclaimed executive, non-executive directors. Out of the Four Directors, the company has 1 Executive and 3 Non-Executive Directors. The members of the Board possess adequate experience, expertise and skills necessary to manage the affairs of the company in the most efficient manner.

Number of Board Meetings

It is important for the shareholders to know as to how many times the Board met during the year 2008-09 and the attendance record of their Directors. The Company, therefore, makes here below full disclosures of number of Board Meetings held during 2008-09 as well as attendance record of each Director at the Board Meeting.

**Details of Board Meetings:**

No. of Board Meetings held: 10

Date on Board Meetings held:

10/06/2008, 27/06/2008, 28/07/2008, 10/08/2008, 15/10/2008, 24/10/2008,
20/01/2009, 22/01/2009, 30/01/2009, 25/03/2009

Name of the Director	Designation	Category	No. of Meetings Held	No. of Meetings Attended	Number of Directorship in other Public Limited Companies	Whether attended Last AGM Held on 27/09/2008
*Mr. Kuldeep Bansal	Whole time Director	Executive	10	09	09	Yes
Mr. Ashok Agarwal	Chairman	Non-Executive Independent	10	09	09	No
Mr. R. P. Khare	Director	Non-Executive Independent	10	08	Nil	Yes
Mr. Rajesh Kumar Gupta	Director	Non-Executive Independent	10	07	2	Yes

* Further Mr. Kuldeep Bansal has submitted his resignation and will cease to be director w.e.f. 29.09.2009

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) Mr. Rajesh Kumar Chairman/Member Independent/Non-executive
- ii) Mr. Ashok Agarwal Member Non-Executive Director
- iii) Mr. R.P. Khare Member Non-executive Director

Mr. Ashok Agarwal, Chairman of the committee has substantial Accounting and Financial Knowledge. The Statutory auditor is invited to the Audit Committee Meetings.



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
10 th June, 2008	3
27 th June, 2008	3
28 th July, 2008	3
24 th October, 2008	3
30 th January, 2009	3

3. Subsidiary Companies

Romano Investments Private Limited, a non listed company is the wholly owned subsidiary of the Company.

- i) The Audit Committee has reviewed the financial statements, in particular, the investments made by all the subsidiary companies.
- ii) The minutes of the Board meetings of all these subsidiary companies has been placed at the Board meeting of the Company. The management has periodically brought to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by all the subsidiary companies.

4. Shareholders/Investors Grievance Committee

The company has merged the shareholders/investor grievance committee and share transfer committee into a single committee named Shareholders/ Investor Grievance Committee. The committee is functioning since then and it consists of three Directors:

- | | | |
|-----------------------|----------|------------------------|
| i) Mr. Ashok Agarwal | Chairman | Non-Executive Director |
| ii) Mr. R.P. Khare | Member | Non-Executive Director |
| iii) Mr. Rajesh Kumar | Member | Non-Executive Director |

The committee met two times during the financial year on 27.06.2008 and 30.01.2009.

The Committee redresses complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of Annual Report, dematerialization of shares, non-receipt of declared dividend etc. The share transfers are handled by the registrar and transfer agent i.e. Mas Services Private Limited.



5. Remuneration Committee

As no remuneration is being paid to any director, no remuneration committee has been constituted. As and when there is any requirement, the same will be constituted.

6. General Body Meeting

Information about last three Annual General Meetings

Year	Date	Time	Location
2006	29.09.2006	9.00 A.M.	Registered Office
2007	31.08.2007	9.00 A.M.	Registered Office
2008	27.09.2008	9.00 A.M.	Registered Office

No special resolutions were put through postal ballot last year and there is no such Proposal for this financial year.

7. Disclosures

The related party transactions are detailed in para 15 B. of the notes to accounts i.e. Schedule Q B. There is no potential conflict of interest in any transaction.

8. Means of Communication

The Unaudited Financial Results of the Company for each Quarter is placed before the Board of Directors in the fourth week of succeeding month. The Quarterly Financial Results of the Company are published in The Free Press Journal (English Daily) and Navshakti (Hindi Daily), Mumbai.

9. SHAREHOLDERS' INFORMATION

9.1. Annual General Meeting

Day and Date: Tuesday, 29th September, 2009

Venue: Registered Office

9.2. Financial Calendar (Tentative) for the Financial Year 2009-2010

Financial Reporting for the quarter ending June 30, 2009 : Last week of



Financial Reporting for the quarter ending September 30, 2009 : Last week of July, 2009
October, 2009

Financial Reporting for the quarter ending December 31, 2009 : Last week of January, 2010

Financial reporting for the quarter ending March 31, 2010 : Last week of June, 2010

9.3. Book Closure

The Register of Members and Share Transfer Register will remain closed on 28th September, 2009 and 29th September, 2009 on account of Annual General Meeting.

9.4 Dividend Payment Date

No dividend has been declared for the year ended 31st March, 2009

9.5 Listing at Stock Exchanges

The Stock Exchange, Mumbai
P.J. Towers, Dalal Street,
Fort, Mumbai- 400 001.

9.6 Stock Market Price Data for the year 2008-09

The share prices of the company on the stock exchange, Mumbai

Stock Prices

Scrip Code: 526709 Company Name: BITS LIMITED For the period: April 2008 to March 2009

Month	High	Low
April -2008	1.77	1.51
May - 2008	1.65	1.31
June- 2008	1.44	1.03
July- 2008	1.21	0.87
Aug-2008	1.32	0.96
Sept-2008.	1.20	0.83
Oct-2008	0.98	0.58
Nov-2008	0.75	0.55
Dec-2008	0.73	0.47
Jan- 2009	0.80	0.50
Feb-2009	0.85	0.47
March-2009	0.75	0.52



9.7 Registrar and Transfer Agent

M/s MAS services Pvt. Ltd.
AB-4/1, Safdarjung Enclave,
New Delhi.

9.8 Share Transfer System

Transfer of Equity Shares are handled by Mas Services Private Limited. The transferee is required to furnish transfer deed duly completed in all respects together with share certificate to Mas Services Private Limited at the above address in order to enable the Registrar and transfer agent to process the transfer.

The share transfer committee normally attends to share transfer formalities once in a fortnight. Demat requests are normally confirmed within 21 days from the date of receipt of request.

9.9 Dematerialization of Shareholding

The shares of the Company are in compulsory dematerialized form.

9.10 Shareholding Pattern and Distribution of Shareholding

SHARE HOLDING PATTERN AS ON QUARTER ENDING 31st March, 2009

Category	No. of Shares held	Percentage Shareholding
Promoters and Promoter Group	57261789	51.184
Bodies Corporate	18376706	16.426
Individuals holding nominal share capital up to Rs. 1 Lac	31569952	28.219
Individuals holding nominal share capital in excess of Rs. 1 Lac	3004207	2.685
Mutual Funds/UTI	30500	0.027
Financial Institutions/Banks	53500	0.048
NRIs/OCBs	1176134	1.051
Clearing Members	402212	0.360
Total	111875000	100



The name, number of shares held and percentage shareholding of Entities/persons holding more than 1% of the shares of the Company.

Name of Members holding more than 1% shareholding	Holding in the Company (No. of Equity Shares)	Percentage of holding in the Company(%)
ROMANO INVESTMENT PVT. LTD.	14875913	13.297
Total	14875913	13.297

9.11 DISTRIBUTION SCHEDULE (As at 31.03.2009)

Shareholding of nominal value of Rs	Shareholders		Share Amount	
	Number	% to total	In Rs	% to total
Upto 5,000	14890	83.996	25892792	11.572
5,001- 10000	1594	8.992	13331042	5.958
10,001 - 20,000	695	3.921	11326780	5.062
20,001 – 30000	238	1.343	6036488	2.698
30,001 - 40000	100	0.564	3680470	1.645
40,001 – 50,000	66	0.372	3131848	1.4
50,001 - 1,00,000	84	0.474	6028870	2.694
1,00,001 and	60	0.338	154321710	68.971



above				
Total	17727	100.00	223750000	100.00

9.12 Address For correspondence

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

10. CEO Certification

A certificate from the Whole time Director on the financial statements of the Company was placed before the Board.

11. Plant Location : Not Applicable**CERTIFICATE OF COMPLAINE WITH THE CODE OF CONDUCT**

I, Ashok Agarwal, Chairman 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

**(Ashok Agarwal)
Chairman**

Dated: 25.07.2009

Place: New Delhi



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

I hereby certify that:

- a) I have reviewed financial statements and the cash flow statement for the year ending 31st March, 2009 and that to the best of my 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 my 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.
- c) I 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 I have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operation of such internal controls, if any of which I are aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I 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 I 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.

For and on behalf of the Board

For BITS Limited

(Ashok Agarwal)

Chairman

Dated: 25.07.2009

Place: Mumbai



CEO CERTIFICATION

I, Mr. Kuldeep Bansal, Whole time Director of Bits Ltd., to the best of my knowledge and belief hereby certify that:

a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:

i. these statements do not contain any materially untrue statement or omit any material fact or contain 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 my 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.

c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d) I have disclosed based on my most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's board of directors (and persons performing the equivalent functions)

i. all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;

ii. Significant change in internal controls during the year covered by this report;



BITS Limited

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iii. all significant changes in accounting policies during the year if any that the same have been disclosed in the notes to the financial Statements.

iv. Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system;

A handwritten signature in black ink, appearing to read 'Kuldeep Bansal'.

Place: New Delhi

(Kuldeep Bansal)

Date: 25th July, 2009

Whole time Director



Annexure - B to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

A. Industry's structure and Developments

The Company is mainly engaged in IT Education business. Due to the recession in the IT industry, the Company is also facing problems but it is striving hard to recover and make up the losses in the near future. It is expected that the Company will soon get back to its original shape and start earning profits in the near future.

B. Opportunities & Threats for BITS

The Information Technology industry is in a rising phase and in a near future Company is likely to touch the skies. Being in the same business of IT Education BITS is facing stiff competition from NIIT, Aptech and SSI but in those circumstances also it is carrying its business smoothly.

C. Risks and concerns

The Company is facing losses due to the recession in the world economies hence it is more keen to cost cutting. In the near future the company will suffer losses till the economy revives specially IT industry.

D. Outlook

The situation of the IT industry is reviving day by day. The Company hopes that it will again be in the profitable position soon.

E. Internal Control Systems

An extensive system of internal controls is practiced to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly.

However, the Company is working upon the weaknesses as depicted by the auditors.



F. Human Resource Development and Industrial Relations

The Company believes that the workers are the backbone of the Company. It is providing an opportunity to all the employees to utilise their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year. As on 31.03.2009 the total numbers of employees were six.

G. Risk Management

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure which is periodically reviewed by the Board.

H. Cautionary Statement

Statements in the "Management Discussion and Analysis" describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable laws or regulations. These Statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in Govt. regulations, tax regimes, economic developments and other factors such as litigation.

For and on behalf of the Board

For BITS Limited

(Ashok Agarwal)

Chairman

Dated: 25.07.2009

Place: Mumbai



Annexure-C to Directors' Report

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**To
The Members,
BITS Limited**

We have examined the compliance of conditions of Corporate Governance by BITS Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

**For Praveen Shri Niwas & Associates
Chartered Accountants**

**Sd/-
(Aashish Agrawal)
Partner**

**Place: Mumbai
Date: 25th July, 2009**



BITS Limited

Annual Report 2008-2009

BITS LIMITED

**Regd. Office: - 23, Great Western Building, 1st Floor,
130/132, SBS Road, Fort, Mumbai-400023**

PROXY FORM

Folio No. _____
DPID No. _____
CLIENT ID No. _____

I/We _____ of _____ in the district of _____ being a member/members of BITS LIMITED hereby appoint _____ vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on 29th September, 2009 at 23, Great Western Building, 1st Floor, 130/132, SBS Road, Fort, Mumbai-400023 at 9.00 A.M. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2009.

Signed by the said _____

Affix
Rs.1
Revenue
Stamp

Note: This Proxy form must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.

BITS LIMITED

**Regd. Office: - 23, Great Western Building, 1st Floor,
130/132, SBS Road, Fort, Mumbai-400023**

Attendance Slip

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I hereby record my presence at the 17th Annual General Meeting to be held on 29th September, 2009 at registered office at September, 2009 at 23, Great Western Building, 1st Floor, 130/132, SBS Road, Fort, Mumbai-400023 at 9.00 A.M.

Members /Proxy Name :
(In Capital Letters)
Folio no. :
DPID No. :
Client ID No. :

Signed by the said _____



BITS Limited

Annual Report 2008-2009

BOOK – POST

If undelivered please return to:

BITS Limited

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



BITS Limited

Annual Report 2008-2009

AUDITORS' REPORT

THE MEMBERS

BITS LIMITED

INTRODUCTION

We have audited the attached Balance Sheet of **BITS Limited** as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements on our audit.

SCOPE

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

REPORT ON CARO MATTERS

As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (amendment) Order, 2004 (together 'the order') the issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

REPORTING

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section 3(C) of section 211 of the Companies act, 1956.
- v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes to accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009.
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Place: Mumbai
Date: 27th June, 2009

For Praveen Shri Niwas & Associates
Chartered Accountants



Ashish Agrawal
Partner

ANNEXURE TO THE AUDITOR'S REPORT

(As referred to in paragraph (3) of our report of even date on the accounts of BITS Ltd. for the year ended on 31.03.2009)

1. (a) The Company has maintained proper records of Fixed Assets showing full particulars including quantitative details & situations of Fixed Assets.
(b) Further we are informed that the management during the current year has conducted physical verification of fixed assets at regular intervals and no material discrepancies were noticed by the management on physical verification of these fixed assets.
(c) During the year the Company has not disposed off any of its fixed assets.
2. (a) As informed to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable.
(b) The procedure of physical verification of inventories followed by the management was reasonable and adequate in relation to the size of the company and nature of its business.
(c) In our opinion and based on our examination, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of stocks as compared to book records.
3. (a) The company had taken loans from three parties listed in the register required to be maintained under section 301 and from the companies under the same management as defined under section 370(IB) of the companies Act, 1956. The maximum balance outstanding is 403.96 Lacs and the year end balance is Rs. 161.71 Lacs. Further, the Company had granted loans, secured or unsecured, to three parties listed in the register required to be maintained under section 301 of the Companies Act, 1956, and /or to companies under the same management as defined under section 370(1B) of the Companies Act and the maximum balance outstanding is 281.02 Lacs and the year end balance is Rs. 195.42 Lacs.
(b) The loans taken by the company are not prejudicial to the interest of the company so far as these are interest free loans.
(c) The company had given interest free loans/ advances in the nature of loans. There is no stipulation regarding the repayment of the same.
4. In our opinion and according to the information and explanation given to us, the company has adequate internal control procedure for the purchase of software, hardware, including components and other assets and for the sale of goods. However, Internal control procedure needs to be further strengthened in relation with the size of the company and nature of the business.
5. As per examination and according to the information and explanation given to us, there are no transactions of purchase of goods, material & services made in pursuance of contracts or arrangements entered in the register required to be maintained under section 301 of the Companies Act, 1956. The transactions of sale of books and course material made in pursuance of contracts or arrangements were entered in the register as required. In our opinion these transactions were made at the prices which are reasonable having regard to the transactions with other parties.
6. In our opinion and according to the information & explanation given to us the company has not accepted deposits within the meaning of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and also the rules framed there under, wherever applicable during the year under review.
7. The Company does not have an internal audit system though paid up capital & reserve is exceeding Rs. 50 Lacs as at 31st March, 2008.
8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209(i)(d) of the Companies Act, 1956, for the Company.
9. (a) According to the information & explanation given to us, PF and ESI Acts are not applicable to the company. According to records, the company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, sales-tax,

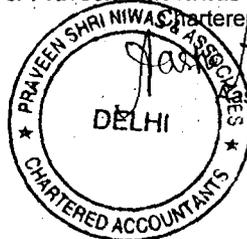


wealth tax, service tax, custom duty, cess as applicable to it. Company has not transferred un paid dividend and public issue refund money amounting to Rs.1,23,479/- to investor education & protection fund.

- (b) According to the information & explanation given to us, there were no undisputed amounts payable in respect of Income tax, Wealth tax, Custom duty, Excise duty, outstanding as at the last day of the financial year for the period of more than six months from the date they became payable. However the company has not deposited ROC fee of Rs. 16,50,000/- and also has not recognized the liability of interest and penalty thereon [Also refer clause B (13) of notes to accounts]
10. Accumulated losses of the company is less than 50% of it's net-worth. The Company has incurred cash losses amounting to Rs. 3,11,920/- during the previous year. However there were no cash losses in the immediately preceding previous year.
 11. According to the information & explanation given to us, the company has not defaulted in repayment of its dues to bank during the year. The company was not approached by claimants for matured Non-convertible Debentures amounting to Rs.22,000/- and the same is still lying outstanding with the company & company has not deposited the same in separate bank account or with the Central Government.
 12. According to the information & explanation given to us, the company has not granted Loans & Advances on the basis of security way of pledge of shares, debentures and other securities during the year, so the requirements of this clause are not applicable to the company.
 13. The company has not carried out activity relevant to chit fund/ nidhi / mutual benefit fund/ societies.
 14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name except in case of investment in BITS Middle East FZC, Dubai and Romano Investments Pvt. Ltd. Delhi, both wholly owned subsidiaries of the company, where one share is held in the name of Mr. Akhilesh Chandra Khare and Mr. Ashok Agarwal respectively as the nominee of the Company.
 15. According to the information & explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
 16. As per examination, the company has not taken any term loan during the year.
 17. The company has not raised any Short term fund during the year, so the requirements of this clause are not applicable to the company.
 18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
 19. The company has not issued debentures during the year.
 20. The company has not raised money by public issues during the year.
 21. Based on our audit procedures and on the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

Place: Mumbai
Date: 27th June, 2009

For Praveen Shri Niwas & Associates
Chartered Accountants



Kashish Agrawal
Partner

BITS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedules	Rupees	As At 31.03.2009 Rupees	Rupees	As At 31.03.2008 Rupees
A. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
a) Share Capital	A	223750000		223750000	
b) Reserves and Surplus	B	249750000	473500000	249750000	473500000
2. DEFERRED TAX LIABILITY (NET)					
			2350030		2720407
3. LOAN FUNDS					
a) Unsecured Loans	C	18435795	18435795	42661055	42661055
TOTAL			494285825		518881462
B. APPLICATION OF FUNDS					
1. FIXED ASSETS					
a) Gross Block	D	125130103		124884523	
b) Less: Depreciation		104268729		101459052	
c) Net Block			20861374		23425471
2. INVESTMENTS					
	E		21359625		17029000
3. CURRENT ASSETS, LOANS AND ADVANCES					
a) Inventories	F	76798950		106919200	
b) Sundry Debtors	G	253046256		246937038	
c) Cash and Bank Balances	H	956778		1599629	
d) Loans and Advances	I	51063582		50660468	
		381865566		406116335	
Less: CURRENT LIABILITIES & PROVISIONS	J	9436739	372428827	4574122	401542213
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
a) Profit & Loss Account (As annexed)			79635998		76884778
TOTAL			494285825		518881462
Significant Accounting Policies & Notes to Accounts	Q				

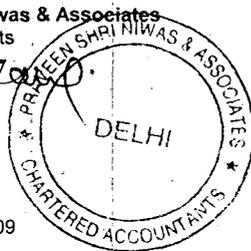
The schedules referred to above forms part of this Balance Sheet.

Auditors' Report

As per our report of even date attached

For Praveen Shri Niwas & Associates
Chartered Accountants

Aashish Agrawal
Aashish Agrawal
Partner



Place: Mumbai
Date: 27th June, 2009

For and on behalf of Board of Directors of
Bits Limited

Ashok Aggarwal
Ashok Aggarwal
Chairman

Rajesh Kumar
Rajesh Kumar
Director

BITS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedules	For the Year Ended 31.03.2009		For the Year Ended 31.03.2008	
		Rupees	Rupees	Rupees	Rupees
A. INCOME					
Income From Operations	K	30870183		17652640	
Other Income	L	4040403		3317864	
			34910586		20970504
B. EXPENDITURE					
Information Technology Expenses	M	32199020		19697295	
Employment Expenses	N	600000		476750	
Administrative and Other Expenses	O	529823		682484	
Interest & Financial Charges	P	3663		8165	
Depreciation	D	2809677	36142183	2786623	23651317
Profit/ (Loss) for the year			(1,231,597)		(2,680,813)
<i>Exceptional Items:</i>					
Loss on forfeiture of warrants			1,890,000		-
Profit/ (Loss) for the year after exceptional items			(3,121,597)		(2,680,813)
Less: Provision for Tax- FBT			-		-
Add: Deferred Tax Liability Reversed			370,378		242,925
Net Profit/ (Loss) for the year			(2,751,220)		(2,437,888)
Balance brought forward			(76,884,778)		(74,446,890)
Balance Carried over to Balance Sheet			(79,635,998)		(76,884,778)
EARNINGS PER SHARE					
Basic & Diluted earnings per share (Before exceptional items)			(0.008)		(0.022)
Basic & Diluted earnings per share (after exceptional items)			(0.025)		(0.022)
Significant Accounting Policies & Notes to Accounts	Q				

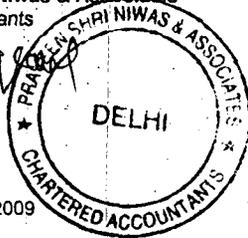
The schedules referred to above forms part of this Profit & Loss Account

Auditors' Report

As per our report of even date attached

For Praveen Shri Niwas & Associates
Chartered Accountants

Ashish Agrawal
Ashish Agrawal
Partner



Place: Mumbai
Date: 27th June, 2009

For and on behalf of Board of Directors of
Bits Limited

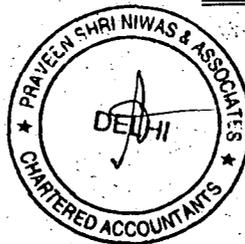
Ashok Agarwal
Ashok Agarwal
Chairman

Rajesh Kumar
Rajesh Kumar
Director

BITS LIMITED

SCHEDULES TO THE BALANCE SHEET

		As At 31.03.2009 Rupees		As At 31.03.2008 Rupees
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - A				
SHARE CAPITAL				
<i>Authorised</i>				
20,12,50,000 Equity Shares of Rs. 2/- each		<u>402500000</u>		<u>402500000</u>
<i>Issued, Subscribed & Paid-up</i>				
111875000 Equity Shares of Rs. 2/- each fully paid up (Previous Year 111875000 Equity Shares of Rs.2/- each)		<u>223750000</u>		<u>223750000</u>
		<u>223750000</u>		<u>223750000</u>
SCHEDULE - B				
RESERVES AND SURPLUS				
General Reserve		1000000		1000000
Share Premium		248750000		248750000
		<u>249750000</u>		<u>249750000</u>
SCHEDULE - C				
UNSECURED LOANS				
From Companies	18170543		42395803	
Non - Convertible Debenture	22000		22000	
Interest Accrued & due	<u>243252</u>	18435795	<u>243252</u>	42661055
		<u>18435795</u>		<u>42661055</u>



BITS LIMITED

SCHEDULE - D

FIXED ASSETS

	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As On 01.04.2008	Addition	Deduction	As On 31.03.2009	Up To 31.03.08	For the Year	Depreciation Adjustment	Up To 31.03.2009	As On 31.03.09	As On 31.03.08
AIRCONDITIONER	2,309,132	-	-	2,309,132	1,416,623	109,684	-	1,526,307	782,825	892,509
COMPUTER & ACCESSORIES	55,351,376	20,580	-	55,371,956	55,344,562	3,387	-	55,347,949	24,007	6,814
COMPUTER SOFTWARES	7,000,000	-	-	7,000,000	7,000,000	-	-	7,000,000	-	-
ELECTRICAL INSTALLATION	1,830,537	-	-	1,830,537	1,068,754	86,951	-	1,155,705	674,832	761,783
FURNITURE & FIXTURE	34,021,698	-	-	34,021,698	31,276,150	2,153,573	-	33,429,723	591,975	2,745,548
OFFICE EQUIPMENT	408,810	-	-	408,810	239,310	19,418	-	258,728	150,082	169,500
PLANT & MACHINERY	791,410	-	-	791,410	466,486	37,592	-	504,078	287,332	324,924
PREMISES	23,171,560	-	-	23,171,560	4,647,167	377,696	-	5,024,863	18,146,697	18,524,393
MOTOR VEHICLE	-	225,000	-	225,000	-	21,375	-	21,375	203,625	-
TOTAL	124,884,523	245,580	-	125,130,103	101,459,052	2,809,677	-	104,268,729	20,861,374	23,425,471
PREVIOUS YEAR	124,860,823	23,700	-	124,884,523	98,672,429	2,786,623	-	101,459,052	23,425,471	26,188,394



BITS LIMITED

SCHEDULES TO THE BALANCE SHEET (Contd.)

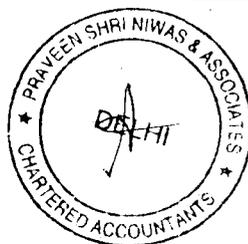
	As At 31.03.2009 Rupees	As At 31.03.2008 Rupees
SCHEDULE - E		
INVESTMENTS (Non Trade, Long term, Valued at Cost)		
a) Equity Shares, quoted, fully Paid		
i) Software Technology Group International Ltd. (1000000 Shares of Rs. 10/- each at a premium of) Rs. 3.50 per share) (MV Rs. 5.05 per share as on 31.03.2009)	13500000	0
b) Equity Shares, unquoted, fully Paid		
i) Ravico India Ltd. (315000 Shares of Rs. 1/- each)	315000	315000
ii) SRG Human Resources & Development Ltd. (5000 Shares of Rs. 1/- each)	5000	5000
iii) Vizwise Commerce Pvt. Ltd. (200 Shares of Rs. 10/- each)	2000	2000
iv) AJD Leasing & Finance Ltd. (70000 Shares of Rs. 10/- each)	1784450	0
v) EDU Media Solutions Ltd. (16180 Shares of Rs. 10/- each)	161800	0
vi) Neat Developers Ltd. (200 Shares of Rs. 10/- each)	0	2000
c) Warrants, partly paid		
i) Season Furnishing Ltd. (for details refer note- B10a of Schedule- Q)	1400000	1400000
ii) Season Textiles Ltd. (for details refer note- B10b of Schedule- Q)	1400000	1400000
iii) Software Technology Group International Ltd. (for details refer note- B10c of Schedule- Q)	0	12690000
d) Preference Shares, unquoted, partly Paid		
i) Ujwal Limited (1500000 Equity Shares of Rs. 10 each Paid Rs. 1/- per Share)	1500000	0
e) Equity Shares, quoted, partly Paid		
ii) 500 Equity Shares of Rs. 10 each at the premium of Rs. 60 (Paid Rs. 20/- per Share)	0	10000
iii) Lloyds Finance Ltd. (500 OCD of Rs. 120 each, Rs. 30/- paid up) (Market Value-Unascertainable)	0	15000
f) Unquoted Fully paid up Investment in Whollyowned Subsidiary (Long term, Valued at Cost)		
i) BITS Middle East FZC, Dubai (100 Equity Shares of AED 1000 each at face value)	1190000	1190000
ii) Romano Investment Pvt. Ltd. (10000 Shares of Rs. 10/- each)	101375	0
	<u>21359625</u>	<u>17029000</u>
SCHEDULE - F		
INVENTORIES (As taken, valued and certified by the management) (Also refer notes to accounts) Stock of Educational Course- Material, Books & computer literature. Stock of Software & Hardware		
	76798950	106919200
	<u>76798950</u>	<u>106919200</u>



BITS LIMITED

SCHEDULES TO THE BALANCE SHEET(Contd.)

	As At 31.03.2009 Rupees	As At 31.03.2008 Rupees
SCHEDULE - G		
SUNDRY DEBTORS (Unsecured) (Also refer notes to accounts)		
Outstanding for a period exceeding six months	253046256	246937038
	<u>253046256</u>	<u>246937038</u>
SCHEDULE - H		
CASH AND BANK BALANCES		
Cash in Hand	678434	1014377
Balance with Schedule Banks		
- in Current Accounts	154865	459315
- in Dividend Account	57939	57939
- in Public Issue Refund Account	65540	65540
Balance with Non Scheduled Banks		
- in Current Accounts	0	2458
	<u>956778</u>	<u>1599629</u>
SCHEDULE - I		
LOANS AND ADVANCES (Unsecured) (Also refer notes to accounts)		
Tax Deducted at Source	317915	430146
Advance against Capital Expenditure	0	6514675
Loans to Companies	36751560	32902805
Other Advances	9664570	9610045
Loans to Ex-Directors	284712	284712
Deposits	474980	474980
Advance Recoverable in Cash or in Kind or for value to be received	3569845	443105
	<u>51063582</u>	<u>50660468</u>
SCHEDULE - J		
CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	3933260	36950
Other Liabilities	5380000	4413693
Dividend Warrant Posted but not encashed	57939	57939
Public Issue warrants issued but not encashed	65540	65540
	<u>9436739</u>	<u>4574122</u>
PROVISIONS		
Provision for FBT	0	0
	<u>0</u>	<u>0</u>



BITS LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

		For Year Ended 31.03.2009	For Year Ended 31.03.2008
	Rupees	Rupees	Rupees
SCHEDULE - K			
INCOME FROM OPERATIONS			
Sale of Educational Course Books, with Softwares & Hardware		28729050	16708740
Service Charges Received		2141133	943900
		<u>30870183</u>	<u>17652640</u>
SCHEDULE - L			
OTHER INCOME			
Centres Licence Fee		4003993	3313764
Miscellaneous Income		36409	4100
		<u>4040403</u>	<u>3317864</u>
SCHEDULE - M			
INFORMATION TECHNOLOGY EXPENSES			
Cost of Sales of Educational Course Materials and Books, alongwith Softwares with source code		30120250	19697295
Service Charges Paid		2078770	0
		<u>32199020</u>	<u>19697295</u>
SCHEDULE - N			
EMPLOYMENT EXPENSES			
Salary and Allowances		600000	476750
		<u>600000</u>	<u>476750</u>



BITS LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT (Contd.)

	<i>For Year Ended</i>		<i>For Year Ended</i>	
	Rupees	31.03.2009 Rupees	Rupees	31.03.2008 Rupees
SCHEDULE - O				
ADMINISTRATIVE AND OTHER EXPENSES				
Electricity Expenses		57118		65700
Rent, Rates & Taxes		156789		331893
Postage & Courier		85105		0
Listing Fee		35745		32895
Auditors Remuneration		18000		21000
Legal and Professional Charges		63800		144000
Mis. Expenses		28377		37044
Printing and Stationery		45,206		13,211
Share Transfer and Custody Charges		39,683		36,741
		<u>529823</u>		<u>682484</u>
SCHEDULE - P				
INTEREST AND BANK CHARGES				
Bank Commission and Charges		3663		8165
		<u>3663</u>		<u>8165</u>



BITS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	For Year Ended 31.03.2009 Rupees	For Year Ended 31.03.2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Tax and Extraordinary Items	(3,121,597)	(2,680,813)
Adjustments:		
Depreciation	2,809,677	2,786,623
Loss on Sale of Fixed Assets		
Interest & Financial Charges	3,663	8,165
Operating Profit before Working Capital Changes	<u>(308,257)</u>	<u>113,975</u>
Working Capital Changes:		
Decrease/ (increase) in Current Assets	24,011,032	15,995,555
Decrease/ (increase) in Loans & Advances	(628,114)	(5,330,589)
Increase/ (decrease) in Current Liabilities	<u>4,862,617</u>	<u>1,071,966</u>
Cash Generated from Operations	27,937,277	11,850,907
Taxes Paid	<u>-</u>	<u>-</u>
Net cash flow from/ (used in) operating activities	27,937,277	11,850,907
B. CASH FLOW FROM INVESTING ACTIVITIES		
Shares Purchased	(4,355,625)	0
Debentures transferred	25,000	0
Warrants Purchased	0	(15,814,000)
Purchase of Fixed Assets	<u>(20,580)</u>	<u>(23,700)</u>
Net cash flow from/ (used in) investing activities	(4,351,205)	(15,837,700)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest & Financial Charges	(3,663)	(8,165)
Increase/ (decrease) in Unsecured Loans	<u>(24,225,260)</u>	<u>3,104,260</u>
Net cash flow from/ (used in) financing activities	(24,228,923)	3,096,095
i) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(642,851)	(890,698)
ii) Cash and cash equivalents as at 1st April (Opening Balance)	1,599,629	2,490,327
iii) Cash and cash equivalents as at 31st March (Closing Balance)	956,778	1,599,629

NOTE: Figures in brackets represent negative balance.

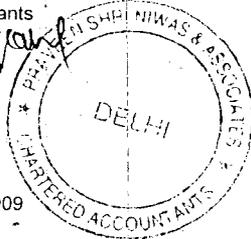
Auditors' Report

As per our report of even date attached

For **Praveen Shri Niwas & Associates**
Chartered Accountants

Ashish Agrawal
Partner

Place: Mumbai
Date: 27th June, 2009



For and on behalf of Board of Directors of
Bits Limited

Ashok Agarwal
Chairman

Rajesh Kumar
Director

BITS LIMITED

Additional information pursuant to the provisions of Part IV of the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	<u>Registration Details</u>				
	Registration No.	69762	State Code	11	
	Balance Sheet Date	31-03-2008			
II.	<u>Capital raised during the year (Amt. in Rs. '000s)</u>				
	Public Issue	NIL	Right	NIL	
	Bonus	NIL	Private Placement	NIL	
III.	<u>Position of mobilisation & deployment of funds (Amt. in Rs. '000s)</u>				
	Total Liabilities	494,286	Total Assets	494,286	
	<u>Source of Funds</u>				
	Paid up Capital	223,750	Reserves & Surplus	249,750	
	Secured Loans	-	Unsecured Loans	18,436	
	Deffered Tax Liabilities	2,350			
	<u>Application of Funds</u>				
	Net Fixed Assets	20,861	Investments	21,360	
	Net Current Assets	372,429	Misc. Expenditure	-	
	Accumulated Losses	79,636			
IV.	<u>Performance of the Company (Amt. in Rs. '000s)</u>				
	Turnover	34,911	Total Expenditure	36,142	
	Profit/(Loss) Before Tax	(1,231)	Profit/(Loss) After Tax	(2,751)	
	Earnings Per Share	(0.025)	Dividend Rate %	NIL	

V. Generic Names of Principal Products/Services of Company

Product Description :

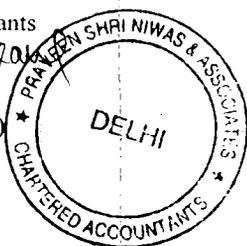
As per our Report of Even Date

For Praveen Shri Niwas & Associates

Chartered Accountants

Aashish Agrawal

(Aashish Agrawal)
(Partner)



For and on behalf of the Board of Director

Ashok Agarwal

(Ashok Agarwal)
(Chairman)

Rajesh Kumar

(Rajesh Kumar)
(Director)

Place: Mumbai

Date : 27th June, 2009

SCHEDULE – Q

Significant Accounting Policies & Notes forming part of the accounts for the year ended on 31st March, 2009.

A. SIGNIFICANT ACCOUNTING POLICIES**1. Basis of preparation of Financial Statements**

The financial statement has been prepared on historical cost convention and in accordance with normally accepted accounting principles and applicable accounting standards except as stated otherwise elsewhere.

2. Revenue Recognition and other policies

- a) The company follows mercantile system of accounting except otherwise stated.
- b) Revenue / Income and cost /expenses are generally accounted for on accrual basis as they are earned or incurred, except as stated otherwise elsewhere.
- c) Income from Information Technology and Computer Education is accounted and credited to income in the period of invoices raised to the students.
- d) Technical know-how fees from new franchisee centers are accounted for in the year in which agreement is entered into.
- e) Franchisee centers operational expenses are accounted in proportion to the bills raised.
- f) Sales of educational Course Materials are recognised on the basis of requisitions.

3. Fixed Assets

Fixed assets are stated at cost less depreciation. The cost of assets comprises of purchase price and any direct cost attributable to its acquisition or bringing the assets to working condition or intended use.

4. Depreciation

Depreciation is provided on straight-line method at the rate specified in Schedule - XIV of the Companies Act, 1956. In respect of additions to fixed assets, depreciation is being calculated on a pro-rata basis from the date of such addition.

Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates upto the date on which such assets are sold, discarded or demolished.

5. Inventories

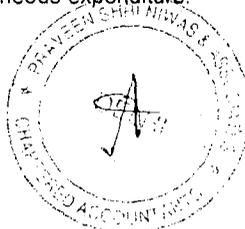
Closing stock of Educational Course material & Books is valued at cost of acquisition. The company is in information technology business and is holding stock of courseware material and computer hardware & softwares and it is considered to realise at least the value at which they are stated in the books.

6. Investments

Investments are Long Term in nature and are stated at cost & any decline other than temporary in the value of such investments is charged to the profit & loss account.

7. Miscellaneous Expenditure

The Company does not have any miscellaneous expenditure.



8. Employee Benefits

Contributions to Provident Fund are accounted on actual liabilities basis. At present there is no employee in the company who has completed 5 years or more, so the requirements of Accounting Standard-15 are not applicable. According to the management, the compensation & benefits payable to employees who have left the service were settled at the time they have left.

9. Taxation

Provision for tax is made for both current and deferred taxes. Current tax is provided on the basis of taxable income computed in accordance with the provisions of Income Tax Act, 1961. Deferred tax Assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods, are recognised using the tax rates and tax laws that have been enacted or substantively enacted.

B. NOTES ON ACCOUNTS

1. The balances of Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation. The company is in the process of obtaining confirmation of balances in respect of these. Necessary adjustments, if any, shall be made on receipts/ payments and reconciliation of such balances.
2. Public issue warrants issued but not encashed amounts to Rs.65,540/- is subject to reconciliation. Company has not deposited the same to Investor's Education & Protection Fund.
3. Dividend warrants posted but not encashed amounting to Rs 57,939/- is subject to reconciliation. Company has not deposited the same to Investors Education & Protection Fund.
4. The company was not approached by claimants for matured Non-convertible Debentures amounting to Rs. 22,000/- and the same is still lying outstanding with the company & has not been deposited by the company in to a separate bank account or with the Central Government.
5. Director's Remuneration
During the year the company has paid remuneration of Rs. 60,000/- to Managing Director. No computation of profit u/s 350 of the Companies Act has been given since no commission is paid to Directors.
6. Investments
 - a) The company has acquired 10,00,000 convertible warrants of Seasons Furnishings Limited having face value of Rs. 10/- each at a premium of Rs. 4/- per warrant of which Rs. 1.40 per warrant has been paid. These warrants are convertible in to equal number of equity shares having face value of Rs. 10 each at a premium of Rs. 4/- per share after 18 months from the date of acquisition.
 - b) The company has acquired 10,00,000 convertible warrants of Seasons Textiles Limited having face value of Rs. 10/- each at a premium of Rs. 4/- per warrant of which Rs. 1.40 per warrant has been paid. These warrants are convertible in to equal number of equity shares having face value of Rs. 10 each at a premium of Rs. 4/- per share after 18 months from the date of acquisition.
 - c) The company had acquired 24,00,000 convertible warrants of Software Technology Group International Limited having face value of Rs. 10/- each at a premium of Rs. 3.50/- per warrant during the previous year against which 10% amount was paid and the balance amount was payable within 18 months from the date of allotment. However the company has paid the balance amount against the 10,00,000 warrants only and consequently amount paid against 14,00,000 warrants has been forfeited resulting into a loss of Rs. 18,90,000/-.
7. The company has investment in BITS Middle East FZC, Dubai and Romano Investments Pvt. Ltd., Delhi, as wholly owned subsidiaries of the company. In the said companies one share is held in the name of Mr. Akhilesh Chandra Khare and Mr. Ashok Agarwal respectively as the nominee of the Company.
8. Loans and advances include:





- i) Due from Directors (Ex) Rs. 2,84,712/- (Previous year Rs. 2,84,712/-) Maximum balance outstanding during the year Rs. 2,84,712/- (Previous year Rs. 2,84,712/-)
- ii) Loans and Advances to Companies in which Directors are interested Rs. 2,37,01,652/- (Previous year Rs. 1,95,41,652/-). Maximum balance outstanding during the year Rs. 2,81,01,652/- (Previous year Rs. 2,42,14,152/-)
9. Current Liabilities include amount due to Director Rs. Nil/- (PY Rs. 12,243/-)
10. Company has not yet deposited ROC fee payable amounting to Rs. 16,50,000/- (Shown as current liabilities in Schedule-J5). Further no provision for interest/penalty for default in payment has been made.
11. Balances with Non Scheduled Banks:

(Rounded off to nearest rupee)

S.	Name of the Bank No.	As on 31.03.2009 (Rs.)	As on 31.03.2008 (Rs.)	Maximum balance during the Current Year (Rs.)	Maximum balance during the previous year (Rs.)
1	Kolhapur Urban Co-op. Bk.	Nil	1529	1529	1529
2	The Ashtha Co-op. Bank - Jay.	Nil	929	929	929
	Total	Nil	2458		

12. The company has a paid up capital of Rs 22.375 crores, which requires the appointment of a whole time Secretary under the provisions of Section 383A of the Companies Act. However the company did not have any whole time company secretary during the previous year.
13. Auditor's Remuneration

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
Statutory Audit Fees	10000	12000
Tax Audit Fees	3000	3000
Certification	5000	6000
	18000	21000

14. Segment Reporting

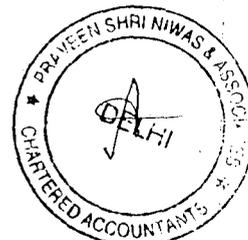
In accordance with Accounting Standard 17 on Segment Reporting, issued by The Institute of Chartered Accountants of India, the Company has only one reportable business segment. Hence segment reporting is not applicable to the company.

15. Disclosure regarding related parties as required under AS-18 on Related Party Disclosure

A. Related Party Relationship

A) Associates:

AJD Leasing & Finance Ltd.
First India Capital Service Ltd.
Pan India Corporation Ltd.
Exabroad Finance Pvt. Ltd.
Shri Deoraha Finlease Pvt. Ltd.
Shri Deoraha Finvest Pvt. Ltd.
Shri Ram Sevak Finvest Pvt. Ltd.
V-Soft Services Pvt. Ltd.
Ravico (India) Ltd.
Shalani Dhoop Pvt Ltd.
K.K.Kargomail (India) Pvt Ltd.
Pruday Investments Pvt Ltd.





Ujjwal Ltd.
 Little Kingdom World Ltd.
 Tactfull Investments Ltd.
 Shree Khemi Shakti Leasing & Properties Pvt Ltd.
 P.S.P.Capital Services Pvt Ltd.
 Aggarwal Fincap Pvt Ltd.
 Mitika Investments & Finance Pvt Ltd.
 Mili Investments & Trades Pvt Ltd.
 Duggal Contractors & Traders Pvt Ltd.
 Fit & Fine Biotech Ltd.
 Edu Media Solution Ltd.

B) Subsidiary Company:
 Romano Investments Pvt Ltd

C) Key Management Personnel:
 Rajesh Kumar
 Kuldeep Bansal
 Ashok Agarwal

B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance
AJD Leasing & Fin.Ltd	325260/-C	Nil	325260/-	Nil	325260/-
Pan India Corporation Ltd.	10427500/-D	7033000/-	533000/-	3927500/-D	10427500/-
* Pan India Corporation Ltd.	Nil	1700/-	1700/-	Nil	1700/-
First India Capital Service Ltd	13627000/-C	Nil	10377000/-	3250000/-C	13627000/-
*First India Capital Service Ltd	Nil	250000/-	162000/-	88000/-C	162000/-
V-Soft Services Pvt. Ltd.	4579938/-D	5200000/-	3005000/-	2384938/-D	6519938/-
*Ravico (India) Ltd	Nil	1530000/-	Nil	1530000/-C	1530000/-
Shalani Dhoop Pvt Ltd	6400000/-D	2450000/-	2280000/-	6230000/-D	6400000/-
**Ujjwal Ltd	Nil	Nil	1500000/-	1500000/-D	1500000/-
Fit and Fine Biotech Ltd	Nil	880000/-	3730000/-	2850000/-D	2850000/-
K.K.Kargomail(India) PvtLtd	Nil	14000/-	14000/-	Nil	14000/-
Tactfull Investments Ltd.	Nil	200000/-	200000/-	Nil	200000/-
Shree Khemi Shakti Leasing & Properties Pvt Ltd	1000000/-C	1350000/-	4400000/-	3050000/-D	3400000/-
P.S.P.Capital Services Pvt Ltd.	Nil	Nil	3108000/-	3108000/-D	3108000/-
Aggarwal Fincap Pvt Ltd	Nil	1118000/-	5738000/-	4620000/-D	4620000/-
***Edu Media Solution Ltd.	161800/-D	Nil	Nil	161800/-D	161800/-
Edu Media Solution Ltd. → Nil	400000/-	400000/-****	Nil	400000/-	400000/-
Romano Investment Pvt Ltd.	4211786/-D	Nil	540000/-	3671786/-D	4211786/-

All the aforesaid Related Party transactions are in the nature of Finance except:

* Transactions relating Sale of Shares.

** Paid for 150000 Redeemable Preference Shares of Rs.10 each. Only 10% paid Rs.13500000 as calls in arrears.

*** Allotment of 16180 Equity Shares.

**** Includes sale of course material of Rs.389000.

16. Earnings per share

The basic and diluted earnings per share of the company are same because the company does not have any outstanding options, warrants, convertible debentures or any other instrument which may result in issue of equity shares at a price less than their fair market value.

The earnings per share given in Profit & Loss Account has been calculated as under:-

	Current Year	Previous Year
<i>Before considering exceptional items:</i>		





a) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs. (863305)	Rs. (2437888)
b) Weighted average number of equity Shares outstanding during the year	111875000	111875000
c) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (0.008)	Rs. (0.022)
d) Nominal value of each share	Rs. 2/-	Rs. 2/-

After considering exceptional items:

d) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs. (2753305)	Rs. (2437888)
e) Weighted average number of equity Shares outstanding during the year	111875000	111875000
f) Basic and diluted earnings per share {Item (a) divided by Item (b)}	Rs. (0.025)	Rs. (0.022)
d) Nominal value of each share	Rs. 2/-	Rs. 2/-

17. Accounting for Taxes on Income

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India the Company has accounted for deferred tax during the year.

Deferred tax liability amounting to Rs. 3,70,378/-, reversed during the year, has been credited in the Profit & Loss Account and net deferred tax liability of Rs. 23,50,030/- on account of depreciation difference has been shown in the balance sheet.

Net Deferred tax asset on account of brought forward losses and disallowed expenditures has not been recognised as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

18. Additional information pursuant to the provision of paragraph 3 & 4D of part II of Schedule VI to the Companies Act 1956:

Turnover, purchase and stock of Educational Course Material & books:

Sr. No.	Particulars	Opening Stock	Purchases/	Sales Transfer	Closing Stock
1.	Education Books				
	Quantity (Nos)	2,51,575	Nil	65,465	1,86,110
		(N.A.)	(Nil)	(N.A.)	(N.A.)
	Amount	4,27,67,600	Nil	1,13,90,910	3,13,76,690
		(N.A.)	(Nil)	(N.A.)	(N.A.)
2.	Course Material				
	Quantity (Nos)	2,91,600	Nil	80,000	2,11,600
		(N.A.)	(Nil)	(N.A.)	(N.A.)
	Amount	6,41,51,600	Nil	1,87,29,340	4,54,22,260
		(N.A.)	(Nil)	(N.A.)	(N.A.)
	Total	5,43,175	Nil	1,45,465	3,97,710
		(N.A.)	(Nil)	(N.A.)	(N.A.)
	Amount	10,69,19,200	Nil	3,01,20,250	7,67,98,950
		(N.A.)	(Nil)	(N.A.)	(N.A.)





19. Other Disclosures:

	<u>Current Year</u>	<u>Previous Year</u>
Expenses in foreign currency	Nil	Nil
Earning of foreign currency (in Rs.)	Nil	Nil
C.I.F. Value of Imports	Nil	Nil

20. Contingent liabilities (not provided for in accounts)

- i) On estimated amount of contracts remaining to be executed on Capital Accounts (Net of Advances) Rs. Nil. (Previous year Rs. 41.5 Lac)
- ii) The unpaid amount on partly paid up Shares and Optionally Convertible Debentures Rs.65,000/- (Previous year Rs.65,000/-)
- iii) On claims made against the company not acknowledged as debt (amount unascertainable).
- iv) On any delay/non-compliance of certain fiscal statute (amount unascertainable).
- v) On inter-corporate deposits any amount of interest which becomes payable on negotiation with the lenders.
- vi) On ROC Fees Payable any amount of interest/ penalty or other demand, which becomes payable at the time of making payment of fees.

21. The previous year figures have been regrouped/ reclassified wherever necessary to render them comparable.

Auditors' Report

As per our separate report of even date
Attached herewith :

For **Praveen Shri Niwas & Associates**
Chartered Accountants

Aashish Agrawal
Aashish Agrawal
Partner

Date: 27th June, 2009
Place: Mumbai



For and on behalf of the board of
BITS Limited

Ashok Agarwal
Ashok Agarwal
Chairman

Rajesh Kumar
Rajesh Kumar
Director

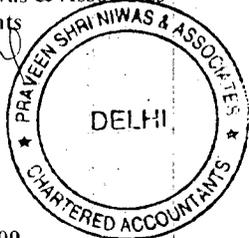
BITS LTD.

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company for the Financial Year 2008-2009

1. Name of the Subsidiary Company	Romano Investments Pvt Ltd.
2. Date from which it become Subsidiary Company	22nd January, 2009
3. No. of Shares held by Bits Ltd in the Capital of the subsidiary	10000 Equity Shares of Rs.10/- each fully paid
4. Extend of interest of Bits Ltd in the capital of the Subsidiary	100% of Equity Capital of the Subsidiary
5. Net Aggregate amount of Profit/Losses of the Subsidiary so far as it concerns the Members of Bits Ltd. and is not dealt with in the Accounts of Bits Ltd.	
(a) for the Financial Year ended 31.03.2009	Rs.(482120)
(b) for the previous Financial Year ended 31.03.2008, since it became Subsidiary of Bits Ltd.	NIL
6. Net Aggregate amount of Profit/Losses of the Subsidiary so far as dealt with in the Accounts of Bits Ltd	
(a) for the Financial Year ended 31.03.2009	NIL
(b) for the previous Financial Year ended 31.03.2008, since it became Subsidiary of Bits Ltd.	NIL

For Praveen Shri Niwas & Associates
Chartered Accountants

Aashish Agrawal
(Aashish Agrawal)
Partner



Place : Mumbai
Date : 27th June, 2009

Ashok Agarwal
Ashok Agarwal
Director

Rajesh Kumar
Rajesh Kumar
Director