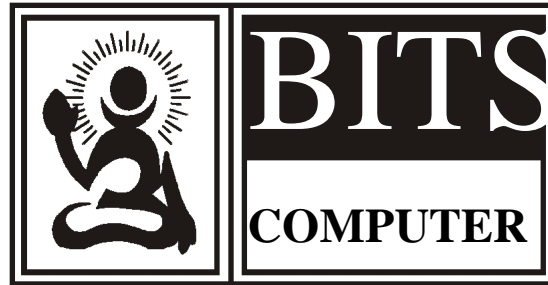




BITS Limited

Annual Report 2009-2010



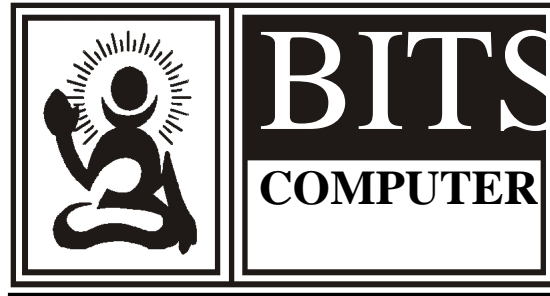
EIGHTEENTH ANNUAL REPORT

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.



CORPORATE GOVERNANCE

Your Company has implemented all the stipulations of the Corporate Governance Practices set out by the Securities and Exchange Board of India and as provided in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

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.

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation for the shareholders, bankers and other business associates for their forbearance, understanding and support to the Company. They also wish to place on record their great appreciation of the commitment, sense of involvement and dedication exhibited by each staff member in the overall development, growth and prosperity of the company.

**For and on behalf of the Board
For BITS Limited**

**Dated: 30.08.2010
Place: Mumbai**

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

**(Kapil Kumar)
Director**

Annexure – A

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The financial statements are prepared in compliance with the requirements of the Companies Act, 1956. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of **BITS LIMITED** accepts responsibility for the integrity and objectivity of these financial statements.

The Company has suffered losses during the year. To reduce the operational costs and losses, the Company has adopted certain cost cutting measures as outsourcing of jobs and assignments to consultants which in turn will entail saving of employee cost and other administrative expenses.

A. REVIEW OF OPERATIONS:

The overall performance during the year 2009-10 has not been satisfactory. However, the Company is endeavoring its best for:

- A. Exploring new areas for growth
- B. Cost reduction measures involving increased focus on operational efficiencies, energy savings and control over administration costs.
- C. Better working capital management.

B. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company believes that the employees 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 31.03.2010 the total numbers of employees were six.

C. INTERNAL CONTROL SYSTEMS:

The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services.



D. RISK MANAGEMENT

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures.

E. 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.

Dated: 30.08.2010
Place: Mumbai

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

(Ram Kumar Yadav)
Whole Time Director

Annexure - B to Directors' Report

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The basis of Corporate Governance envisages optimal utilization of resources for enhancing the values of the enterprise by effectively monitoring executive performance and supporting the entrepreneurship spirit and to ensure ethical behaviour of the enterprise in honoring and protecting the rights of all stakeholders, including discharge of social responsibility, through highest level of transparency and accountability in all facets of its operations. The core values of the Company are:

- Caring for people
- Integrity including intellectual honesty, openness, fairness & trust.
- Commitment to excellence and customer satisfaction.

The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment in interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre. The Company strives to set and achieve high standards of Corporate Governance. The very essential characteristics of the Company are transparent functioning, social responsiveness and accountability towards shareholders.

This year's annual report has made substantial disclosures on the Board of Directors, financial performance, which are as follows:

1. Board of Directors:

The Board of Directors of the Company comprises of a fair number of independent executive and non-executive directors. Out of the five directors, the Company has 1 executive and 4 non-executive directors.

Name of the Director	Designation	Category	No. of Meetings held	No. of Meetings Attended	Number of Directorship in other Companies *	Attendance of each Director at last AGM
Mr. Ram Kumar Yadav	Whole time Director	Executive Director (Independent Director)	07	04	11	Yes
Mr. Ashok Agarwal	Chairman	Non-Executive Independent Director	07	07	26	Yes
Mr. Kapil Kumar	Director	Non-Executive Independent Director	07	04	20	Yes
Mr. Rajesh Kumar	Director	Non-Executive Independent Director	07	05	3	Yes
Mr. Rajeev Prakesh Ram Khare	Director	Non-Executive Independent Director	07	06	Nil	Yes

* Other directorships include directorships of private limited companies. However, none of the director holds more than 15 directorships in public limited companies.

Details of Board Meetings

Seven Board Meetings were held during the year on 27/06/2009, 25/07/2009, 31/07/2009, 31/10/2009, 08/12/2009, 29/01/2010, and 31/03/2010. The Company has held at least one Board Meeting in every three months and maximum gap between any such two meetings was not more than three months.

2. Audit Committee

Audit Committee was constituted by the Board of Directors in accordance with the requirement of Section 292A of the Companies Act, 1956 and 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. Ashok Agarwal	Chairman	Independent/Non-executive
ii)	Mr. Rajesh Kumar	Member	Non-Executive Director
iii)	Mr. Rajeev Prakash Ram Khare	Member	Non-executive Director

All the members of audit committee are financially literate.

Member's attendances at the meeting were as follows:

Date of Meeting	No. of Members Present
27.06.2009	3
31.07.2009	3
31.10.2009	3
29.01.2010	3

3. Subsidiary Companies

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

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 Shareholders/Investors Grievance Committee consists of three Directors, during the year, which are as follows:

i)	Mr. Ashok Agarwal	Chairman	Independent/Non-executive
ii)	Mr. Rajesh Kumar	Member	Non-Executive Director
iii)	Mr. Rajeev Prakash Ram Khare	Member	Non-executive Director

Date of Meetings and Member's attendances at the meeting were as follows:

Date of Meeting	No. of Members Present
27.06.2009	3
31.07.2009	3
31.10.2009	3
29.01.2010	3

The committee met Four times during the financial year 2009-10. 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 Limited.

5. Remuneration Committee

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

6. General Body Meeting.

Information about General Meetings held in last 3 years:

For the Year	Venue	Day, Date & Time	Special Resolution *
2006-07	Registered Office	Friday, 31 st August, 2007, 9.00 A.M.	No Special Resolution passed
2007-08	Registered Office	Saturday, 27 th September, 2008, 9.00 A.M.	No Special Resolution passed
2008-09	Registered Office	Tuesday, 29 th September, 2009, 9.00 A.M.	No Special Resolution passed

No extra ordinary general meeting was held during the last three financial years.

*No resolution was passed through Postal Ballot during the period under review.

7. Disclosures

The related party transactions are detailed in para 9 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

Financial Express (English Daily) and
Mumbai Lakshdeep (Marathi Daily)
31.03.2010

For Quarter ended 30.06.2009,
30.09.2009, 31.12.2009 &
31.03.2010

9. SHAREHOLDERS' INFORMATION

9.1 Annual General Meeting

Day, Date and Time: Thursday, 30th September 2010, At 09.30 A.M.

Venue: 23, Great Western Building, 1st Floor, 130/132, Apollo Street, Shahid Bhagat Singh Road, Fort, Mumbai—400023.

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

Financial Reporting for the quarter ending June 30, 2010: Second week of August, 2010

Financial Reporting for the quarter ending Sep 30, 2010: Second week of Nov, 2010



Financial Reporting for the quarter ending Dec 31, 2010: Second week of Feb, 2011

Financial Reporting for the quarter ending March, 2011: Last week of May, 2011

9.3. Book Closure

The Register of Members and Share Transfer Register will remain closed on 29th September, 2010 and 30th September, 2010 (both days inclusive) on account of Annual General Meeting.

9.4 Dividend Payment Date

No dividend has been recommended for the year ended 31st March, 2010.

9.5 Listing at Stock Exchanges

The Stock Exchange, Mumbai 25th
Floor, P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001.

9.6 Stock Market Price Data for the year 2009-10

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

Scrip Code: 526709

Company Name: BITS LIMITED

For the period: April 2009 to March 2010

Month	High	Low
April -2009	0.80	0.57
May – 2009	1.08	0.61
June- 2009	1.35	0.83
July- 2009	0.88	0.68
Aug-2009	0.89	0.65
Sept-2009	1.51	0.82
Oct-2009	1.62	0.94
Nov-2009	1.32	0.96
Dec-2009	1.10	0.91
Jan- 2010	1.46	0.90
Feb-2010	1.13	0.87
March-2010	1.01	0.68

Source: BSE Portal as at 25.08.2010

9.7 Registrar and Transfer Agent

M/s Mas Services Ltd.

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

9.8 Share Transfer System

Transfers of Equity Shares are handled by Mas Services Limited. The transferee is required to furnish transfer deed duly completed in all respects together with share certificate to M/s Mas Services 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 31st March, 2010

Category	No. of Shares held	Percentage Shareholding
A. <u>PROMOTERS</u>		
Promoters and Promoter Group	57,261,789	51.184
B. <u>PUBLIC</u>		
Bodies Corporate	3,066,892	2.741
Individuals holding nominal share capital up to Rs. 1 Lac	31,119,331	27.816
Individuals holding nominal share capital in excess of Rs. 1 Lac	3,966,611	3.546
Mutual Funds/UTI	30,500	0.027
Financial Institutions/Banks	53,500	0.048
NRIs/OCBs	1,159,584	1.036
Clearing Members	340,880	0.305
Subsidiary Company	14,875,913	13.297
Total	111,875,000	100

DISTRIBUTION SCHEDULE (As at 31.03.2010)

Shareholding of nominal value of Rs	Shareholders		Share Amount	
	Number	% to total	In Rs	% to total
Upto 5,000	14546	83.854	25166870	11.248
5,001- 10000	1545	8.906	12925874	5.777
10,001 - 20,000	730	4.208	11902496	5.320
20,001 – 30000	237	1.366	6016752	2.689
30,001 - 40000	90	0.519	3315608	1.482
40,001 – 50,000	62	0.357	2946734	1.317
50,001 - 1,00,000	77	0.444	5590440	2.499
1,00,001 and above	60	0.346	155885226	69.669
Total	17347	100.00	223750000	100.00

9.11 Break up of shares in Physical & Demat form as on 31st March, 2010

	No. of Shares	% of Shares
Physical Segment	60,463,150	54.05
Demat Segment		
NSDL	29,287,899	26.18
CDSL	22,123,951	19.77
Total	111,875,000	100



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: The Company does not have any manufacturing activity.

CERTIFICATE OF COMPLAINE WITH THE CODE OF CONDUCT

I, Ram Kumar Yadav, Whole Time Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and senior management and the Board members and senior management have affirmed compliance with the Code of Conduct of the Company.

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

A handwritten signature in cursive script that reads 'Ram Kumar Yadav'.

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

**Dated: 30.08.2010
Place: Mumbai**



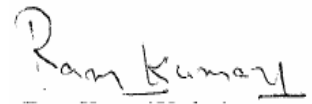
CEO CERTIFICATION

I, Ram Kumar Yadav, 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 ending 31st March, 2010 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 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 and 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 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.

Dated: 30.08.2010
Place: Mumbai

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


(Ram Kumar Yadav)
Whole Time Director



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, 2010 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 Soni Gulati & Co.
Chartered Accountants**

**Sd/-
(Sanjeev Kumar)
Partner**

**Place: Mumbai
Date: 31st May, 2010**

AUDITORS' REPORT

THE MEMBERS
BITS LIMITED

We have audited the attached Balance Sheet of **BITS Limited** as at 31st March 2010 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 based on our audit.

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.


As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) Order, 2004, 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.

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.
 - i) AS-13 on valuation of Investment of Quoted on regional stock exchanges / unquoted shares does not have readily market value.
 - ii) Loans & Advances are subject to confirmation.
 - iii) Balance of sundry debtors / creditors are yet to be confirmed.
- 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, 2010 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 2010.
 - 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.

For **Soni Gulati & Company**
Firm No. : 8770
Chartered Accountants


Sanjeev Kumar
(Partner)
M. No. : 091901

Place: Mumbai
Date: 31-5-2010

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 31.03.2010)

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) In our opinion, the Company has not disposed of substantial part of the fixed assets during the year and going concern status of the company is not affected.
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 has granted unsecured interest free loan to five companies covered in the Register maintained under section 301 of Companies Act, 1956. The amount of loan given During the year was Rs 1,55,25,000/-
b. In our opinion except the rate of interest (which is interest free), other conditions of loans given by the company are prima facie not prejudicial to the interest of the Company.
c. There is no stipulation regarding Repayment of Principal.
d. The Company had taken unsecured interest free loan from one companies covered in the register maintained under section 301 of the companies Act, 1956. The amount of loan taken during the year was Rs.2,00,000/-
e. In our opinion the rate of interest and other conditions of loans given by the company are prima facie not prejudicial to the interest of the Company.
f. Payment of the principal & interest is also regular.
4. In our opinion and according to the information and explanations given to us, there are Adequate internal control procedures commensurate with the size of the company and the Nature of its business with regard to purchase of inventory, fixed assets and with regard to the Sale of goods and services. During the course of our audit we have not observed any Continuing failure to correct major weaknesses in internal controls.
5. a. According to the information and explanations given to us we are of the opinion that the Transaction that need to be entered into the register maintained u/s 301 of the Companies Act, 1956 are being entered.
b. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements have been made at price which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information & explanation given to us the company has not accepted deposits from the public, therefore the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 are not applicable to the company.

7. The Company does not have an internal audit system though paid up capital & reserve is exceeding Rs. 50 Lacs as at 1st April, 2009.
8. We are informed that the Central Government has not prescribed for the maintenance of cost records under section 209(i) (d) of the Companies Act, 1956, for the Company.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including PF, Investors education protection fund, ESI, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and the other material statutory dues to the extent applicable. No undisputed amounts were outstanding for a period of more than six months from the date of becoming payable, except ROC Fees of Rs 16,50,000 and also has not recognized the liability of interest and penalty thereon [Also refer clause B(5) of notes to accounts, Schedule - Q]
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess as on 31/03/2010 which has not been deposited on account of any dispute.
10. Accumulated losses of the company is less than 50% of it's net-worth. The Company has not incurred cash loss during the financial year and in the immediately preceding financial year.
11. According to the information & explanation given to us, the company has taken any loans from the financial institutions or bank or debenture holders during the year, so there is no question of the default in payment.
12. According to the information & explanation given to us, the company has not granted Loans & Advances on the basis of security by 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. In our opinion and according to the information and explanations given to us, the company is not a chit fund or Nidhi Mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of the CARO 2003 are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause (xiv) of Para 4 of the order are not applicable to 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. Therefore the provisions of clause (xv) of Para 4 of the order are not applicable to the company.
16. As per examination, the company has not taken any term loan during the year. Therefore the provisions of clause (xvi) of Para 4 of the order are not applicable to the company.
17. The company has not raised any short term fund which has been used for the long term investment during the year, therefore the provisions of clause (xvii) of Para 4 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. Therefore the provisions of clause (xviii) of Para 4 of the order are not applicable to the company.

19. The company has not issued debentures during the year. Therefore the provisions of clause (xix) of Para 4 of the order are not applicable to the company.
20. The company has not raised money by public issues during the year. Therefore the provisions of clause (xx) of Para 4 of the order are not applicable to the company
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: 31-05-2010

For Soni Gulati & Company
Firm No. : 877Q
Chartered Accountants

Sanjeev Kumar
(Partner)
M.No. : 091901

BITS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	Rupees	As At 31.03.2010 Rupees	Rupees	As At 31.03.2009 Rupees
A. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
a) Share Capital	A	223750000		223750000	
b) Reserves and Surplus	B	249750000	473500000	249750000	473500000
2. LOAN FUNDS					
a) Unsecured Loans	C	2000000	2000000	18435795	18435795
3. DEFERRED TAX LIABILITY (NET)					
			2461301		2350030
TOTAL			477961301		494285825
B. APPLICATION OF FUNDS					
1. FIXED ASSETS					
a) Gross Block	D	124007049		125130103	
b) Less: Depreciation		104110467		104268729	
c) Net Block			19896582		20861374
2. INVESTMENTS					
	E		6109625		21359625
3. CURRENT ASSETS, LOANS AND ADVANCES					
a) Inventories	F	57242100		76798950	
b) Sundry Debtors	G	273307249		253046256	
c) Cash and Bank Balances	H	1047546		956778	
d) Loans and Advances	I	42732175		51063582	
		374329070		381865566	
Less: CURRENT LIABILITIES & PROVISIONS	J	2255105		9436739	
			372073965		372428827
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
a) Profit & Loss Account (As annexed)			79881129		79635997
TOTAL			477961301		494285825
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: Soni Gulati & Company

Firm No. : 8770

Chartered Accountants

Sanjeev Kumar

Partner

M.No. : 091901

For and on behalf of Board of Directors

Ram Kumar Yadav

(Whole Time Director)

Ashok Agarwal

(Director)

Place: Mumbai

Date : 31-05-2010

BITS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	For the Year Ended 31.03.2010		For the Year Ended 31.03.2009	
		Rupees	Rupees	Rupees	Rupees
A. INCOME					
Income From Operations	K	19817427		30870183	
Other Income	L	2940367		4040403	
			22757794		34910586
B. EXPENDITURE					
Information Technology Expenses	M	20650163		32199020	
Employment Expenses	N	660000		600000	
Administrative and Other Expenses	O	539313		529823	
Interest & Financial Charges	P	220		3663	
Loss On Sale Of Assets		387433		-	
Depreciation	D	654526	22891655	2809677	36142183
Profit/ (Loss) for the year			(133,861)		(1,231,597)
Exceptional Items:					
Loss on forfeiture of warrants			-		1,890,000
Profit/ (Loss) for the year after exceptional items			(133,861)		(3,121,597)
Provision for Tax			-		-
Deferred Tax			111,271		370,378
Net Profit/ (Loss) for the year			(245,132)		(2,751,219)
Profit & Loss brought forward			(79,635,997)		(76,884,778)
Profit & Loss Carried over to Balance Sheet			(79,881,129)		(79,635,997)
EARNINGS PER SHARE					
Basic & Diluted earnings per share (Before exceptional items)			(0.002)		(0.008)
Basic & Diluted earnings per share (after exceptional items)			(0.002)		(0.025)
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: Soni Gulati & Company

Firm No. : 8770

Chartered Accountants

Sanjeev Kumar

Partner

M.No. : 091901

For and on behalf of Board of Directors of

Ram Kumar Yadav

Ram Kumar Yadav
(Whole Time Director)

Ashok Agarwal
(Director)

Place: Mumbai

Date : 31-05-2010

BITS LIMITED

SCHEDULES TO THE BALANCE SHEET

	Rupees	As At 31.03.2010 Rupees	Rupees	As At 31.03.2009 Rupees
SCHEDULE - A				
SHARE CAPITAL				
<i>Authorised</i>				
20,12,50,000 Equity Shares of Rs. 2/- each		40250000		40250000
<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)		223750000		223750000
		223750000		223750000
SCHEDULE - B				
RESERVES AND SURPLUS				
General Reserve		1000000		1000000
Share Premium		248750000		248750000
		249750000		249750000
SCHEDULE - C				
UNSECURED LOANS				
From Companies	2000000		18170543	
Non - Convertible Debenture	-		22000	
Interest Accrued & due	-	2000000	243252	18435795
		2000000		18435795

BITS LIMITED

SCHEDULE - D

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As On 01.04.2009	Addition	Deduction	As On 31.03.2010	Up To 31.03.09	For the Year	Depreciation Adjustment	Up To 31.03.2010	As On 31.03.10	As On 31.03.09
AIRCONDITIONER	2,309,132	-	-	2,309,132	1,526,307	109,684	-	1,635,991	673,141	782,825
COMPUTER & ACCESSORIES	55,371,956	7,166	-	55,379,122	55,347,949	6,780	-	55,354,729	24,393	24,007
COMPUTER SOFTWARES	7,000,000	-	-	7,000,000	7,000,000	-	-	7,000,000	-	-
ELECTRICAL INSTALLATION	1,830,537	-	-	1,830,537	1,155,705	86,951	-	1,242,656	587,881	674,832
FURNITURE & FIXTURE	34,021,698	-	-	34,021,698	33,429,723	-	-	33,429,723	591,975	591,975
OFFICE EQUIPMENT	408,810	-	408,810	-	258,728	17,024	275,752	-	-	150,082
PLANT & MACHINERY	791,410	-	791,410	-	504,078	32,957	537,035	-	-	287,332
BIKES	-	70,000	-	70,000	-	2,059	-	2,059	67,941	-
PREMISES	23,171,560	-	-	23,171,560	5,024,863	377,696	-	5,402,559	17,769,001	18,146,697
MOTOR VEHICLE	225,000	-	-	225,000	21,375	21,375	-	42,750	182,250	203,625
TOTAL	125,130,103	77,166	1,200,220	124,007,049	104,268,728	654,526	812,787	104,110,467	19,896,582	20,861,375
PREVIOUS YEAR	124,884,523	245,580	-	125,130,103	101,459,052	2,809,677	-	104,268,729	20,861,374	23,425,471

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)

- 13500000

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 1784450

v) EDU Media Solutions Ltd.

(16180 Shares of Rs. 10/- each) 161800 161800

vi) Turbo Bell Moulds Pvt Ltd.

(7000 Shares of Rs. 100/- each) 1050000 -

c) Warrants, partly paid

i) Season Furnishing Ltd. - 1400000

ii) Season Textiles Ltd. - 1400000

d) Preference Shares, unquoted, partly Paid

- i) Ujjwal Limited
(1500000 Equity Shares of Rs. 10 each
Paid Rs. 1/- per Share) 1500000 1500000

e) 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 101375

610962521359625**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 57242100 76798950

5724210076798950**SCHEDULE - G****SUNDRY DEBTORS**

(Unsecured)

(Also refer notes to accounts)

Outstanding for a period less than six months 9083440

Outstanding for a period exceeding six months 264223809 253046256

273307249253046256

SCHEDULE - H**CASH AND BANK BALANCES**

Cash in Hand	346822	678434
Balance with Schedule Banks		
- in Current Accounts	700724	154865
- in Dividend Account	-	57939
- in Public Issue Refund Account	-	65540
	<u>1047546</u>	<u>956778</u>

SCHEDULE - I**LOANS AND ADVANCES**

(Unsecured)

(Also refer notes to accounts)

Tax Deducted at Source	369042	317915
Loans to Companies	34258871	36751560
Other Advances	7344570	9664570
Loans to Director \Ex-Directors	284712	284712
Deposits	474980	474980
Advance Recoverable in Cash or in Kind or for value to be received	-	3569845
	<u>42732175</u>	<u>51063582</u>

SCHEDULE - J**CURRENT LIABILITIES AND PROVISIONS**

Sundry Creditors	604995	3933260
Other Liabilities	1650110	5380000
Dividend Warrant Posted but not encashed	-	57939
Public Issue warrants issued but not encashed	-	65540
	<u>2255105</u>	<u>9436739</u>

PROVISIONS

	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

SCHEDULE - K**INCOME FROM OPERATIONS**

Sale of Educational Course Books, with Softwares & Hardware	18685527	28729050
Service Charges Received	1131900	2141133
	<u>19817427</u>	<u>30870183</u>

SCHEDULE - L**OTHER INCOME**

Rent	2,889,900	4003993
Miscellaneous Income	50467	36409
	<u>2940367</u>	<u>4040403</u>

SCHEDULE - M**INFORMATION TECHNOLOGY EXPENSES**

Cost of Sales of Educational Course		
Materials and Books, alongwith Softwares with source code	19556850	30120250
Service Charges Paid	1093313	2078770
	<u>20650163</u>	<u>32199020</u>

SCHEDULE - N
EMPLOYMENT EXPENSES
Salary and Allowances

660000

600000

660000

600000

SCHEDULE - O
ADMINISTRATIVE AND OTHER EXPENSES

Electricity Expenses
Rent, Rates & Taxes
Postage & Courier
Listing Fee
Auditor's Remuneration
Legal and Professional Charges
Mis. Expenses
Printing and Stationery
Publishing Fees
Share Transfer and Custody Charges
Repair & Maintenance
Insurance charges

13038

57118

115567

156789

89492

85105

35572

35745

15000

18000

54530

63800

5458

28377

42000

22,310

20860

22,896

60150

39,683

84301

-

3345

0

539313

529823

SCHEDULE - P
INTEREST AND BANK CHARGES
Bank Commission and Charges

220

3663

220

3663

SCHEDULE – Q**Significant Accounting Policies & Notes forming part of the accounts for the year ended on 31st March, 2010.****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 & software's and it is considered to realize 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. Director's Remuneration

During the year the company has not paid any remuneration to Managing Director. No computation of profit u/s 350 of the Companies Act has been given since no commission is paid to Directors.

3. 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.

4. 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. 1,73,81,724/- (Previous year Rs. 2,37,01,652/-). Maximum balance outstanding during the year Rs. 2,36,24,724/- (Previous year Rs. 2,81,01,652/-)

5. Company has not yet deposited ROC fee payable amounting to Rs. 16,50,000/- (Shown as current liabilities in Schedule-J). Further no provision for interest/penalty for default in payment has been made.

6. The company has a paid up capital of Rs 22.375 crores, which requires the appointment of a whole time Company 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.

7. Auditor's Remuneration

	<u>Year ended</u> <u>31.03.2010</u> (Rs.)	<u>Year ended</u> <u>31.03.2009</u> (Rs.)
Statutory Audit Fees	10000	10000
Tax Audit Fees	5000	3000
Certification	1500	5000
	16500	18000



8. 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.

9. 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
- Bits Middle East FZC

C) Key Management Personnel:

- Rajesh Kumar
- Ram Kumar Yadav
- Ashok Agarwal

B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance
AJD Leasing & Fin. Ltd	Nil	200000/-	200000/-	Nil	200000/-
Pan India Corporation Ltd.	3927500/-D	3927500/-	Nil	Nil	3927500/-
First India Capital Service Ltd	3338000/-C	150000/-	3488000/-	Nil	3338000/-
V-Soft Services Pvt. Ltd.	2384938/-D	625000/-	400000/-	2159938/-D	2809938/-
Ravico (India) Ltd	1530000/- C	Nil	1530000/-	Nil	1530000/-
Shalani Dhoop Pvt Ltd	6230000/-D	11680000/-	13200000/-	7750000/-D	9730000/-
*Shalani Dhoop Pvt Ltd	Nil	4050000/-	4050000/-	Nil	4050000/-
**Ujjwal Ltd	1500000/-D	Nil	Nil	1500000/-D	1500000/-
Fit and Fine Biotech Ltd	2850000/-D	1450000/-	Nil	1400000/-D	2850000/-
Shree Khemi Shakti Leasing & Properties Pvt Ltd	3050000/-D	1025000/-	1275000/-	3300000/-D	3575000/-
P.S.P.Capital Services Pvt Ltd.	3108000/-D	10651/-	Nil	3097349/-D	3108000/-
Aggarwal Fincap Pvt Ltd	4620000/- D	2920000/-	Nil	1700000/-D	4620000/-
Romano Investment Pvt Ltd.	3671786/-D	Nil	500000/-	4171786/-D	4171786/-

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 in the previous year 2008-2009.

10. 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
Before considering exceptional items:		
a) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs. (133861)	Rs. (863305)
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. (0.002)	Rs. (0.008)
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. (133861)	Rs. (2751220)
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. (0.002)	Rs. (0.025)
d) Nominal value of each share	Rs. 2/-	Rs. 2/-

11. 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. 111271/-, created during the year, has been debited to the Profit & Loss Account and net deferred tax liability of Rs. 2461301/- 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.



12. 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)	186110 (N.A.)	Nil (Nil)	17328 (N.A.)	168782 (N.A.)
	Amount	31376690 (N.A.)	Nil (Nil)	2985360 (N.A.)	28455324 (N.A.)
2.	Course Material				
	Quantity (Nos)	211600 (N.A.)	Nil (Nil)	73202 (N.A.)	138398 (N.A.)
	Amount	45422260 (N.A.)	Nil (Nil)	15700167 (N.A.)	28786776 (N.A.)
	Total	397710 (N.A.)	Nil (Nil)	90530 (N.A.)	307180 (N.A.)
	Amount	76798950 (N.A.)	Nil (Nil)	18685527 (N.A.)	57242100 (N.A.)

13. Other Disclosures:

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

14. Contingent liabilities (not provided for in accounts)

- On claims made against the company not acknowledged as debt (amount unascertainable).
- On any delay/non-compliance of certain fiscal statute (amount unascertainable).
- On inter-corporate deposits any amount of interest which becomes payable on negotiation with the lenders.
- On ROC Fees Payable any amount of interest/ penalty or other demand, which becomes payable at the time of making payment of fees.

15. 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 **Soni Gaulti & Company**
F.No - 8770
Chartered Accountants

Sanjeev Kumar
Partner
M.No 091904

For and on behalf of the board of

BITS Limited

Ram Kumar Yadav
Ram Kumar Yadav
(Whole Time Director)

Ashok Agarwal
(Director)

Date: 31-06-2010
Place: Mumbai

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	: 31-03-2010		
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	: 477,961	Total Assets	: 477,961
<u>Source of Funds</u>			
Paid up Capital	: 223,750	Reserves & Surplus	: 249,750
Secured Loans	: -	Unsecured Loans	: 2,000
Deffered Tax Liabilities	: 2,461		
<u>Application of Funds</u>			
Net Fixed Assets	: 19,897	Investments	: 6,110
Net Current Assets	: 372,073	Misc. Expenditure	: -
Accumulated Losses	: 79,881		
IV. <u>Performance of the Company (Amt. in Rs. '000s)</u>			
Turnover	: 22,758	Total Expenditure	: 22,892
Profit/(Loss) Before Tax	: (134)	Profit/(Loss) After Tax	: (245)
Earnings Per Share	: (0.025)	Dividend Rate %	: NIL

V. Generic Names of Principal Products/Services of Company

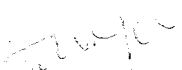
Product Description :

As per our Report of Even Date

For: Soni Gulati & Company

Firm No. : 8770

Chartered Accountants


Sanjeev Kumar

Partner

M.No. : 091901

For and on behalf of Board of Directors of


Ram Kumar Yadav

(Whole Time Director)


Ashok Agarwal

(Director)

Place: Mumbai

Date : 31-05-2010

BITS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	For Year Ended 31.03.2010 Rupees	For Year Ended 31.03.2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before Tax and Extraordinary Items	(133,861)	(3,121,597)
Adjustments:		
Depreciation	654,526	2,809,677
Loss on Sale of Fixed Assets	387,433	-
Interest & Financial Charges	220	3,663
Operating Profit before Working Capital Changes	908,318	(308,257)
Working Capital Changes:		
Decrease/ (increase) in Current Assets	(704,142)	24,011,032
Decrease/ (increase) in Loans & Advances	8,331,407	(628,114)
Increase/ (decrease) in Current Liabilities	(7,181,634)	4,862,617
Cash Generated from Operations	1,353,949	27,937,278
Taxes Paid	-	-
Net cash flow from/ (used in) operating activities	1,353,949	27,937,278
B. CASH FLOW FROM INVESTING ACTIVITIES		
Shares (Purchased) \ Sale	15,250,000	(4,355,625)
Debentures transferred	0	25,000
Warrants Purchased	0	0
Purchase of Fixed Assets	(77,166)	(20,580)
Net cash flow from/ (used in) investing activities	15,172,834	(4,351,205)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest & Financial Charges	(220)	(3,663)
Increase/ (decrease) in Unsecured Loans	(16,435,795)	24,225,260
Net cash flow from/ (used in) financing activities	(16,436,015)	24,221,597
i) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	90,768	(642,851)
ii) Cash and cash equivalents as at 1st April (Opening Balance)	956,778	1,599,629
iii) Cash and cash equivalents as at 31st March (Closing Balance)	1,047,546	956,778

Auditors' Report

As per our report of even date attached

For: Soni Gulati & Company

Firm No. : 8770

Chartered Accountants

Sanjeev Kumar

Partner

M.No. : 091901

For and on behalf of Board of Directors of

Bits Limited

Ram Kumar Yadav

Ram Kumar Yadav
(Whole Time Director)

Ashok Agarwal

Ashok Agarwal
(Director)

Place: Mumbai

Date : 31-05-2010

BITS LTD.

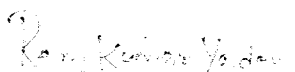
Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company for the Financial Year 2009-2010

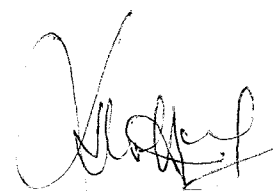
1. Name of the Subsidiary Company	Romano Investments Pvt Ltd.
2. Date from which it become Subsidiary Company	22nd January, 2009
3. No. of Shares held by Bits Ltd In the Capital of the subsidiary	10000 Equity Shares of Rs.10/- each fully paid
4. Extend of interest of Bits Ltd in the capital of the Subsidiary	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 31.03.2010 (b) for the previous Financial Years ended 31.03.2009, since it became Subsidiary of Bits Ltd.	Rs.(3582) Rs.(482120)
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 31.03.2010 (b) for the previous Financial Years ended 31.03.2009, since it became Subsidiary of Bits Ltd.	NIL NIL

**For Soni Gulati & Associates
Chartered Accountants**

(Sanjeev Kumar)
Partner

**Place : Mumbai
Date : 31st May, 2010**


Ram Kumar Yadav
(Whole Time Director)


Ashok Agarwal
(Director)



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 18th Annual General Meeting of the Company to be held on
30th September, 2010 at 23, Great Western Building, 1st Floor, 130/132, Shahid
Bhagat Singh Road, Fort, Mumbai-400023 at 9.30 A.M. and at any adjournment
thereof.

As witness my/our hand(s) this _____ day of _____ 2010.

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 18th Annual General Meeting to be held on 30th
September, 2010 at registered office at 23, Great Western Building, 1st Floor,
130/132, Shahid Bhagat Singh Road, Fort, Mumbai-400023 at 9.30 A.M.

Members /Proxy Name :
(In Capital Letters)
Folio no. :
DPID No. :
Client ID No. :
Signed by the said _____



BOOK – POST

If undelivered please return to:

BITS Limited

**23, Great Western Building, 1st Floor, 130/132, Shahid Bhagat
Singh Road, Fort, Mumbai-400023**