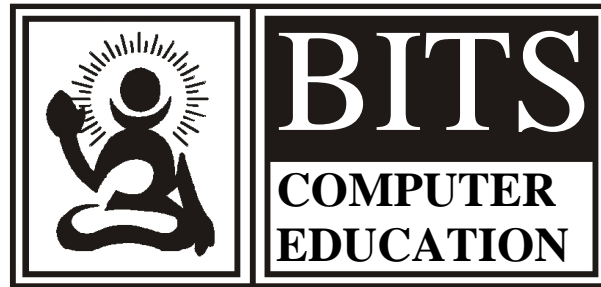




BITS Limited

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NINETEENTH ANNUAL REPORT

2010-2011

Registered Office:

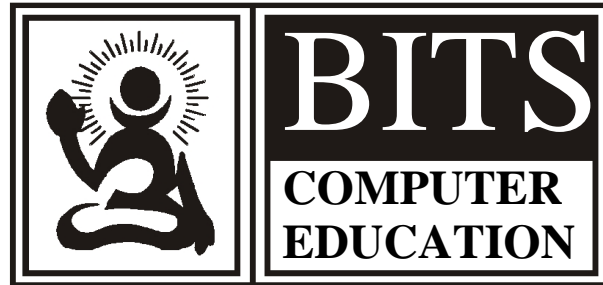
BITS Limited

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



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BITS Limited

**NINETEENTH ANNUAL REPORT
2010-2011
Friday, 30th September, 2011**

**At 4.00 P.M at 23, Great Western Building, 1st Floor 130/ 132,
Shahid Bhagat Singh Road, Fort, Mumbai- 400 023.**

Board of Directors: Mr. Ram Kumar Yadav - Whole time Director
Mr. Akhilesh Chandra Khare
Mr. Ankit Rathi
Mr. Kapil Kumar
Mr. Ashok Agarwal

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: Mr. Shravan Mangla



BITS Limited

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Bankers:

Standard Chartered Bank

Barakhamba Road, New Delhi-110001

Royal Bank of Scotland

Hansalaya 15, Barakhamba Road

New Delhi-110001

Development Credit Bank

Fort, Mumbai – 400 023



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. Profit & Loss Account
9. Schedules Annexed to Balance Sheet & Notes to Accounts
10. Proxy Form & Attendance Slip



NOTICE

NOTICE is hereby given to all members of **BITS LIMITED** that the Nineteenth Annual General Meeting of the Company will be held on Friday, the 30 day of September 2011, at the registered office of the Company at, 23, Great Western Building, 130/132, Ist Floor, SBS Road, Apollo Street, Fort, Mumbai-400023 at 4.00 P.M.

ORDINARY BUSINESSSES:

1. To receive, consider and adopt the Audited Balance Sheet for the year as at 31st March, 2011 and Profit and Loss Account of the company for the year ended 31st March, 2011 and the Report's of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Kapil Kumar, 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 the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESSSES:

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

“RESOLVED THAT Mr. Akhilesh Chandra Khare, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Ankit Rathi, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:



“RESOLVED THAT pursuant to the provisions of Section-372A and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the Board of directors of the Company for making investment in M/s ALPS Energy Private Limited, M/s Snowflakes Meditech Private Limited, M/s Prolab Marketing Private Limited, M/s Topclass Enterprises Private Limited, M/s Image Brickwork Private Limited subject to a maximum amount not exceeding Rs 5,00,00,000/- each company at any time in one or more trenches, excluding the amount of loans already given and investments already made by the company in other bodies corporate, either through subscription or through acquisition from secondary market.

RESOLVED FURTHER THAT Mr. Ashok Agarwal, Director of the Company, is authorized to do acts, deeds and things and to sign all such documents, papers and writing as may be necessary in this regard”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section-293(1) (e) and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to the Board of directors of the Company for making donation of Rs. 1 crore in one or more trenches, to Devraha Foundation Trust , a Charitable Trust, formed under the Indian Trust Act, 1882.”

By Order of the Board
For Bits Limited

Sd/-

Place: Mumbai
Date: 10.08.2011

Ram Kumar Yadav
(Whole Time director)



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 Businesses under item no.5 and 6 is annexed hereto and forms part of this notice.
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, 2011 and 30th September, 2011 (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. The Ministry of Corporate Affairs has introduced “Green Initiative” by allowing paperless compliances by the companies and has issued circulars stating the service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of Government in full measure, member who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with Depository through their concerned Depository Participant whereby the documents are permitted to be served on the members through electronic mode i.e. e-mail. This initiative is a step toward protection of environment and enabling faster communication with members. Members holding shares in physical form are requested to intimate their e-mail



address to M/s. Mas Services Limited either by info@masserv.com or by sending a communication at the M/s. Mas Services Limited, T-34, Okhla Industrail Area, Phase II, New Delhi-110020.

11. Information to Shareholders in pursuance of Clause 49(IV) (G) of Listing Agreement with reference to Appointment/ Re-appointment of Directors.

1. 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	1. Aaradhana Exports Ltd 2. K.K. Kargomail India Private Limited 3. Little Kingdom World Limited 4. Ujjwal Limited 5. Tactfull Investments Limited 6. Pan India Corporation Limited
Date of Appointment	29/09/2009
Shareholding in the Company	Nil



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM No. 4 to 7 OF ACCOMPANYING NOTICE ARE AS UNDER.

ITEM NO. 4

Mr. Akhilesh Chandra Khare, was appointed as an additional Director of the Company w.e.f. 01.08.2011 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. Notice under Section 257 of the said Act has been received from a member along with the deposit of Rs.500/- signifying his intention to propose the name of Mr. Akhilesh Chandra Khare, for appointment as a Director of the Company. Mr. Akhilesh Chandra Khare, has already filed his consent, to act as a Director, with the Company.

The Resolution as set out in item No. 4 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed resolution by the Members.

None of the Directors of the Company is interested except Mr. Akhilesh Chandra Khare, in the resolution.

ITEM NO. 5

Mr. Ankit Rathi, was appointed as an additional Director of the Company w.e.f. 01.08.2011 and holds the office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. Notice under Section 257 of the said Act has been received from a member along with the deposit of Rs.500/- signifying his intention to propose the name of Mr. Ankit Rathi, for appointment as a Director of the Company. Mr. Ankit Rathi, has already filed his consent, to act as a Director, with the Company.

The Resolution as set out in item No. 5 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed resolution by the Members.

ITEM NO. 6



According to the provisions of Section 372A of the Companies Act, 1956, prior approval of the Company by way of a Special Resolution is required, if the Company proposes to make investment, loans, guarantees exceeding 60% of paid up share capital and free reserves or 100% of free reserves, whichever is higher.

The management of the Company feels that providing for such loans, guarantee or making investments is a common corporate practice to support the functioning and working of the associate companies. Also in order to execute the projects in hand, these Companies have obtained and further are expecting more financial facilities from Bank/ Financial Institution in future.

Your company has been approached by M/s ALPS Energy Private Limited, M/s Snowflakes Meditech Private Limited, M/s Prolab Marketing Private Limited, M/s Topclass Enterprises Private Limited, M/s Image Brickwork Private Limited as mentioned in the resolution to acquire by way of subscription, purchase or otherwise the securities of this company through own /surplus funds / internal accruals and or any other sources .

As providing of the above mentioned investment attract the provisions of Section 372A, hence the approval of the shareholders is required for the same and therefore the requirement of passing the above resolution as a Special resolution is necessary. Also specified in the resolution are the details of loans and investments made/proposed to be made.

None of the Directors of Company is deemed to be concerned or interested in the proposed resolution.

Your Directors recommend the passing of the above resolution as a Special Resolution.

ITEM NO. 7

Pursuant to section 293(1) (e) and other applicable provisions if any of the Companies Act, 1956 , the Company is required to take the approval of the shareholders in the General Meeting by passing an ordinary resolution, when contribution to a charitable and other funds not directly relating to the business of the Company or welfare of its employees, any amounts the aggregate of which will, in any financial year, exceeds fifty thousand rupees, or five per cent, of its average net profits as determined in accordance



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with the provisions of section 349 and 350 during the three financial years immediately preceding, whichever is greater. As your company intends to make contribution as mentioned in the resolution, shareholders approval is required.

Thus, the Board recommends the item no.7 for your approval.

None of the Directors except Mr. Ashok Agarwal being trustee of Devraha Foundation Trust is interested in passing of this item.

By Order of the Board
For Bits Limited
Sd/-

Place: Mumbai
Date: 10.08.2011

Ram Kumar Yadav
(Whole Time director)



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have immense pleasure in presenting the Nineteenth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

	Current Year 2010-11 (Rs. in Lac)	Previous Year 2009-10 (Rs. in Lac)
Total Income	163.22	227.57
Total Expenditure	163.88	222.36
Depreciation	6.04	6.55
Profit / Loss after Depreciation, W/off & Deferred tax liability	(6.70)	(1.34)
Profit/ (Loss) for the year	(8.67)	(2.45)

REVIEW OF OPERATIONS

During the year, your Company has achieved the turnover of Rs.163.22 Lac against Rs. 227.57 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. Kapil Kumar retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re- appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:



- In the preparation of the annual accounts for the period ended 31.03.2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The directors had 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;
- The Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 1956 for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- The Annual Accounts for the year ended 31st March, 2011 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.

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 there under.

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.

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 there under.

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.

By Order Of Board
For Bits Limited

Place: Mumbai
Date : 10.08.2011

Sd/-	Sd/-
Ram Kumar Yadav	Ashok Agarwal
(Whole Time Director)	(Director)



Annexure – A to Director’s Report

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 2010-11 has not been satisfactory. However, the Company is endeavoring its best for:

Exploring new areas for growth

Cost reduction measures involving increased focus on operational efficiencies, energy savings and control over administration costs.

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 utilize their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year. As on 31.03.2011 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.

By Order Of Board
For Bits Limited

Place: Mumbai
Date : 10.08.2011

Sd/-
Ram Kumar Yadav
(Whole Time Director)

Sd/-
Ashok Agarwal
(Director)



Annexure - B to Directors' Report

REPORT ON CORPORATE GOVERNANCE

1. 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 behavior 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:

2. 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)	06	06	05	No
Mr. Ashok Agarwal	Chairman	Non-Executive Independent Director	06	05	07	Yes
Mr. Kapil Kumar	Director	Non-Executive Independent Director	06	06	06	No
Mr. Rajesh Kumar *	Director	Non-Executive Independent Director	06	06	03	Yes
Mr. Rajeevprakash Ram Khare**	Director	Non-Executive Independent Director	06	06	Nil	Yes
Mr. Ankit Rathi **	Director	Non-Executive Independent Director	-	-	09	-
Mr. Akhilesh Chandra Khare**	Director	Non-Executive Independent Director	-	-	01	-

* Cease to be director(s) w.e.f. 03/08/2011

** Appointed as Additional director(s) w.e.f. 01/08/2011

Details of Board Meetings

Six Board Meetings were held during the year on 31.05.2010, 26.07.2010, 30.08.2010, 10.11.2010, 05.02.2011 and 02.03.2011. The intervening period between two meetings was well within the maximum time gap of 4 months as prescribed under Corporate Governance norms.

3. 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	Independent/Non-executive
iii)	Mr. Rajeevprakash Ram Khare*	Member	Independent/Non-executive

* Cease to be director(s) w.e.f. 03/08/2011

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
31.05.2010	3
26.07.2010	3
09.11.2010	3
05.02.2011	3

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	Independent/Non-executive
iii)	Mr. Rajeevprakash Ram Khare*	Member	Independent/Non-executive

* Cease to be director(s) w.e.f. 03/08/2011



Date of Meetings and Members attendances at the meetings were as follows:

Date of Meeting	No. of Members Present
31.05.2010	3
26.07.2010	3
09.11.2010	3
05.02.2011	3

The committee met Four times during the financial year 2010-2011. 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 *
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
2009-2010	Registered Office	Thursday, 30 September, 2010	Special Resolution was passed for Commencement of New Business.

Neither any extra ordinary general meeting was held during the last three financial years nor any Postal Ballot conducted during the period under review.



7. Disclosures

1. There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. having potential conflict with the interest of the company at large.
2. There has been no non compliance by the Company nor were any penalties or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets during the last three years.
3. Presently, the Company does not have a Whistle Blower Policy. No personnel of the Company has been denied access to the Audit Committee.
4. The Company has complied with all the mandatory requirements of Clause 49. As regard the non-mandatory requirements, Company tries to implement them to the extent possible.

8. MEANS OF COMMUNICATION:

Timely Disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is the core of good corporate governance.

Quarterly /half yearly/Annual results:

Timely Disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is the core of good corporate governance.

Quarter (2010- 2011)	Date of Board Meeting	Date of publication	Name of Newspaper
30 th June, 2010	26th July, 2010	27 th July, 2010	The Financial Express & Mumbai Lakshdeep
30 th September,2010	10 th November,2010	11 th November, 2010	The Financial Express & Mumbai Lakshdeep
31 st December, 2010	5th February, 2011	6 th February, 2011	The Financial Express & Mumbai Lakshdeep
31st March, 2011	30th May, 2011	31st May, 2011	The Financial Express & Mumbai Lakshdeep



9. GENERAL SHAREHOLDERS INFORMATION:

9.1 Date and Time - Friday, the 30 day of September 2011 T 4.00 P.M

Venue 23, Great Western Building, , 130/132, Ist Floor,
SBS Road, Apollo Street, Fort, Mumbai-400023

9.2 Dates of Book Closure

The Register of Members and Share Transfer Register will remain closed on 29th September, 2011 and 30th September, 2011 (both days inclusive) on account of Annual General Meeting.

9.3 Financial Calendar (Tentative) for the Financial Year 2011-2012

Tentative calendar of events for the financial year 2011-12(April to March) is as under:
Adoption of Quarterly Financial Results for:

First Quarter – by mid of August, 2011	Third Quarter-by mid of February, 2012
Second Quarter-by mid of November, 2011	Fourth Quarter- by mid of June, 2012

9.4 Dividend Payment Date

No dividend has been recommended for the year ended 31st March, 2011.

9.5 Listing at Stock Exchanges

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

Listing Fee for the year 2010-11 has been paid to Bombay Stock Exchange (BSE).

9.6 Stock Market Price Data for the year 2010-11

Scrip Code: 526709

Company Name: BITS LIMITED

For the period: April 2010 to March 2011 (Source: BSE Portal as at 22.07.2011)



Month	High	Low
April -2010	1.00	0.80
May – 2010	0.93	0.70
June- 2010	0.79	0.67
July- 2010	0.94	0.67
Aug-2010	0.83	0.70
Sept-2010	1.16	0.70
Oct-2010	1.01	0.74
Nov-2010	0.91	0.67
Dec-2010	0.79	0.63
Jan- 2011	0.77	0.55
Feb-2011	0.71	0.51
March-2011	0.67	0.52

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

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has enlisted its shares with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Limited. Company has been allotted ISIN No. INE – 839A01021. As at 31.03.2011, 91,59,280 Equity Shares were held in demat form in CDSL and 42,342,070 shares were held in demat form in NSDL.

9.10 Shareholding Pattern and Distribution of Shareholding



SHARE HOLDING PATTERN AS ON 31st March, 2011

Category	No. of Shares held	Percentage Shareholding
A. PROMOTERS		
Promoters and Promoter Group	7,24,61,460	64.770
B. PUBLIC		
Bodies Corporate	21,35,153	1.909
Individuals holding nominal share capital up to Rs. 1 Lac	31,404,241	28.071
Individuals holding nominal share capital in excess of Rs. 1 Lac	4,267,759	3.814
Mutual Funds/UTI	30,500	0.027
Financial Institutions/Banks	53,500	0.048
NRIs/OCBs	12,16,933	1.088
Clearing Members	3,05,454	0.273
Total		

DISTRIBUTION SCHEDULE (As at 31.03.2011)

Share Holding of Nominal Value of Rs.	No.of Share Holdres	No.of Share	Amount in Rs.	% to Total	% To Total
1 To 5000	14504	12483915	24967830	11.159	83.703
5001 To 10000	1556	6480564	12961128	5.793	8.980
10001 To 20000	729	5944238	11888476	5.313	4.207
20001 To 30000	247	3117813	6235626	2.787	1.425
30001 To 40000	94	1742681	3485362	1.558	0.542
40001 To 50000	59	1395553	2791106	1.247	0.340
50001 To 100000	85	3044651	6089302	2.721	0.491
100000 AND ABOVE	54	77665585	155331170	69.422	0.312
TOTAL	17328	111875000	223750000	100.00	100.00

**9.11 Break up of shares in Physical & Demat form as on 31st March, 2011**

	No. of Shares	% of Shares
Physical Segment	60,373,650	53.96%
Demat Segment		
NSDL	42,342,070	37.85%
CDSL	9,159,280	8.19%
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.

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 Board
For Bits Limited

Sd/-
Ram Kumar Yadav
(Whole Time Director)

Place: Mumbai
Date: 10.08.2011

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** during the year ended 31.03.11 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

**For Soni Gulati & co.
Chartered Accountants**

Sd/-
Sanjeev Kumar (Partner)

Membership No. 091901

**Place: Mumbai
Date: 10.08.2011**

AUDITORS' REPORT

THE MEMBERS

BITS LIMITED

We have audited the attached Balance Sheet of **BITS Limited** as at 31st March 2011 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) Investment 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, 2011 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 2011.
- 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

Place: Mumbai
Date: 30-5-2011

Sd/-
Sanjeev Kumar
(Partner)
M. No. : 091901

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 31.03.2011)

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 1,78,00,000/-.
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 four companies covered in the register maintained under section 301 of the companies Act, 1956. The amount of loan taken during the year was Rs.75,30,000/-
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 is 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 31/03/2011 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 incurred cash loss during the financial year but there were no cash losses in the immediately preceding financial year.
11. According to the information & explanation given to us, the company has not 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.

For Soni Gulati & Company
Firm No. : 8770
Chartered Accountants
Sd/-

Place: Mumbai
Date: 31-05-2011

Sanjeev Kumar
(Partner)
M.No. : 091901

BITS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	Rupees	As At 31.03.2011 Rupees	Rupees	As At 31.03.2010 Rupees
A. SOURCES OF FUNDS					
1. SHAREHOLDERS' FUNDS					
a) Share Capital	A	223,750,000		223,750,000	
b) Reserves and Surplus	B	249,750,000	473,500,000	249,750,000	473,500,000
2. LOAN FUNDS					
a) Unsecured Loans	C	2,000,000	2,000,000	2,000,000	200,000
3. DEFERRED TAX LIABILITY (NET)					
			2,657,902		2,461,301
TOTAL			478,157,902		477,961,301
B. APPLICATION OF FUNDS					
1. FIXED ASSETS					
a) Gross Block	D	124,039,699		124,007,049	
b) Less: Depreciation		104,714,234		104,110,467	
c) Net Block			19,325,465		19,896,582
2. INVESTMENTS					
	E		21,411,800		6,109,625
3. CURRENT ASSETS, LOANS AND ADVANCES					
a) Inventories	F	43,427,833		57,242,100	
b) Sundry Debtors	G	287,198,384		273,307,249	
c) Cash and Bank Balances	H	3,949,098		1,047,546	
d) Loans and Advances	I	26,229,586		42,732,175	
		360,804,901		374,329,070	
Less: CURRENT LIABILITIES & PROVISIONS	J	4,132,338		2,255,105	
			356,672,563		372,073,965
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
a) Profit & Loss Account (As annexed)			80,748,074		79,881,129
TOTAL			478,157,901		477,961,301
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

Sd/-

Sanjeev Kumar

Partner

M.No. : 091901

Place: Mumbai

Date : 30-05-2011

For and on behalf of Board of Directors

Sd/-

Ram Kumar Yadav
(Whole Time Director)

Sd/-

Ashok Agarwal
(Director)

BITS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	Rupees	For the Year Ended 31.03.2011 Rupees	Rupees	For the Year Ended 31.03.2010 Rupees
<u>A. INCOME</u>					
Income From Operations	K	14,045,800		19,817,427	
Other Income	L	2,276,222		2,940,367	
			16,322,022		22,757,794
<u>B. EXPENDITURE</u>					
Information Technology Expenses	M	13,814,267		20,650,163	
Employment Expenses	N	533,435		660,000	
Administrative and Other Expenses	O	2,040,841		539,313	
Interest & Financial Charges	P	56		220	
Loss On Sale Of Assets		-		387,433	
Depreciation	D	603,767	16,992,366	654,526	22,891,655
Profit/ (Loss) for the year			(670,344)		(133,861)
Exceptional Items:			-		-
Profit/ (Loss) for the year after exceptional items			(670,344)		(133,861)
Provision for Tax					-
Deferred Tax			196,601		111,271
Net Profit/ (Loss) for the year			(866,945)		(245,132)
Profit & Loss brought forward			(79,881,129)		(79,635,997)
Profit & Loss Carried over to Balance Sheet			(80,748,074)		(79,881,129)
EARNINGS PER SHARE					
Basic & Diluted earnings per share (Before exceptional items)			(0.008)		(0.002)
Basic & Diluted earnings per share (after exceptional items)			(0.008)		(0.002)
Nominal Value per Share			2/-		2/-
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

Place: Mumbai

Date : 30-05-2011

For and on behalf of Board of Directors

Sd/-

Ram Kumar Yadav
(Whole Time Director)

Sd/-

Ashok Agarwal
(Director)

BITS LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	As At 31.03.2011 Rupees	As At 31.03.2010 Rupees
<u>SCHEDULE - A</u>			
SHARE CAPITAL			
Authorised			
20,12,50,000 Equity Shares of Rs. 2/- each		402,500,000	402,500,000
PY : 20,12,50,000 Shares of Rs. 2/- each			
Issued, Subscribed & Paid-up			
111875000 Equity Shares of Rs. 2/- each fully paid up		223,750,000	223,750,000
(Previous Year 111875000 Equity Shares of Rs.2/- each)			
		223,750,000	223,750,000
<u>SCHEDULE - B</u>			
RESERVES AND SURPLUS			
General Reserve		1,000,000	1,000,000
Share Premium		248,750,000	248,750,000
		249,750,000	249,750,000
<u>SCHEDULE - C</u>			
UNSECURED LOANS			
From Body Corporates	2,000,000		2,000,000
		2,000,000	2,000,000
SCHEDULE - E			
INVESTMENTS			
(Non Trade, Long term, Valued at Cost)			
		Face Val Numbers	
<u>a) Equity Shares, unquoted, fully Paid</u>			
i) Ravico India Ltd. (P.Y. 315000 Shares)	10	-	315,000
ii) SRG Human Resources & Development Ltd (P.Y. 5000 Shares)	10	-	5,000
iii) Vizwise Commerce Pvt. Ltd. (P.Y. 200 Shares)	10	-	2,000
iv) AJD Leasing & Finance Ltd. (P.Y 70000 Shares)	10	-	1,784,450
v) EDU Media Solutions Ltd. (16180 Shares PY : 16180 Shares)	10	16180	161,800
vi) Turbo Bell Moulds Pvt. Ltd. (7000 Shares PY : 7000 Shares)	100	7000	1,050,000
<u>b) Equity Shares, quoted, fully Paid</u>			
i) Software Technology Group International Limited	1000000	7,000,000	-
<u>c) Preference Shares, unquoted, partly Paid</u>			
i) Ujjwal Limited	100	150000	13,200,000

(P.Y 150000 Preference Shares)

d) Unquoted Fully paid up

Investment in Wholly owned Subsidiary

(Long term, Valued at Cost)

i) BITS Middle East FZC, Dubai (PY :100 Equity Shares of AED 1000 each at face value)	-	1,190,000
ii) Romano Investment Pvt. Ltd. (P.Y. 10000 Shares)	-	101,375
10		

<u>21,411,800</u>	<u>6,109,625</u>
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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	43,427,833	57,242,100

<u>43,427,833</u>	<u>57,242,100</u>
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SCHEDULE - G

SUNDRY DEBTORS

(Unsecured)

(Also refer notes to accounts)

Outstanding for a period less than six months	7,173,425	9,083,440
Outstanding for a period exceeding six months	280,024,959	264,223,809

<u>287,198,384</u>	<u>273,307,249</u>
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SCHEDULE - H**CASH AND BANK BALANCES**

Cash in Hand	131,691	346,822
Balance with Schedule Banks		
- in Current Accounts	<u>3,817,407</u>	<u>700,724</u>
	<u>3,949,098</u>	<u>1,047,546</u>

SCHEDULE - I**LOANS AND ADVANCES**

(Unsecured & Considered Good)

(Also refer notes to accounts)

Tax Deducted at Source	586,510	369,042
Loans to Companies	6,866,812	34,258,871
Other Advances	18,301,284	7,344,570
Loans to Director \ Ex-Directors	-	284,712
Deposits	474,980	474,980
	<u>26,229,586</u>	<u>42,732,175</u>

SCHEDULE - J**CURRENT LIABILITIES AND PROVISIONS**

Sundry Creditors	-	604,995
Other Liabilities	4,132,338	1,650,110
	<u>4,132,338</u>	<u>2,255,105</u>

PROVISIONS

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

SCHEDULE - K**INCOME FROM OPERATIONS**

Sale of Educational Course Books,

with Softwares & Hardware

Service Charges Received

14,045,800	18,685,527
-	1,131,900
<u>14,045,800</u>	<u>19,817,427</u>

SCHEDULE - L**OTHER INCOME**

Rent	2,275,122	2,889,900
Miscellaneous Income	1,100	50,467
	<u>2,276,222</u>	<u>2,940,367</u>

SCHEDULE - M**INFORMATION TECHNOLOGY EXPENSES**

Cost of Sales of Educational Course

Materials and Books, alongwith Softwares

with source code

Service Charges Paid

13,814,267	19,556,850
-	1,093,313
<u>13,814,267</u>	<u>20,650,163</u>

SCHEDULE - N**EMPLOYMENT EXPENSES**

Salary and Allowances	522,950	600,000
Staff Welfare	10,485	-
	<u>533,435</u>	<u>600,000</u>

SCHEDULE - O**ADMINISTRATIVE AND OTHER EXPENSES**

Electricity Expenses	21,840	13,038
Rent, Rates & Taxes	-	38,567
Postage & Courier	15,470	89,492
Listing Fee	35,895	35,572
Auditors Remuneration	15,000	15,000
Legal and Professional Charges	7,250	54,530
Mis. Expenses	4,720	3,178
Printing and Stationery	7,000	42,000
Publishing Fees	16,063	20,860
Share Transfer and Custodial Charges	101,080	60,150
Repair & Maintenance	121,880	161,301
Insurance charges	1,414	3,345
Filing Fees	2,240	2,280
Short & Excess	78,635	-
Investment Write off	1,606,500	-
Penalty	5,854	-
	<u>2,040,841</u>	<u>539,313</u>

SCHEDULE - P**INTEREST AND BANK CHARGES**

Bank Commission and Charges	56	220
	<u>56</u>	<u>220</u>

SCHEDULE – Q

Significant Accounting Policies & Notes forming part of the accounts for the year ended on 31st March, 2011.

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's investment in BITS Middle East FZC, Dubai has been written off during the year.

4. Loans and advances include:

i) Due from Directors (Ex) Rs. Nil/- (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. 20101786/- (Previous year Rs. 1,73,81,724/-). Maximum balance outstanding during the year Rs. 2,0101786/- (Previous year Rs. 2,36,24,724/-)

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>31.03.2011</u> (Rs.)	<u>Year ended</u> <u>31.03.2010</u> (Rs.)
Statutory Audit Fees	10000	10000
Tax Audit Fees	5000	3000
Certification	<u>2250</u>	<u>5000</u>
	17250	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.
 Shalani Dhoop Pvt Ltd.
 K.K.Kargomail (India) Pvt Ltd.
 Pruday Investments Pvt Ltd.
 Ujjwal Ltd
 Shree Khemi Shakti Leasing & Properties Pvt Ltd.
 P.S.P.Capital Services Pvt Ltd.
 Aggarwal Fincap Pvt Ltd.
 CUSP Infra Projects Ltd.
 Edu Media Solution Ltd.
 Vizwise Commerce Pvt. Ltd

B) Subsidiary Company:

Romano Investments Pvt Ltd
 Bits Middle East FZC

Note: However these subsidiaries cease to exist as on 31.03.2011

C) Key Management Personnel:

Rajesh Kumar
 Ram Kumar Yadav
 Ashok Agarwal

B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance
Pan India Corporation Ltd.	Nil	760000/-	760000/-	Nil	4150000/-
First India Capital Service Ltd	Nil	300000/-	300000/-	Nil	300000/-
V-Soft Services Pvt. Ltd.	2159938/- D	2209930/-	50000/-	Nil	2159938/-
Shalani Dhoop Pvt Ltd	7750000/- D	16150000/-	8400000/-	Nil	9250000/-
Ujjwal Ltd*	1500000/- D	Nil	11700000/-	13200000/-	1320000/-
CUSP Infra Projects Ltd	1400000/-	1880000/-	480000/-	Nil	1400000/-
Shree Khemi Shakti Leasing & Properties Pvt Ltd	3300000/-D	3400000/-	100000/-	Nil	3400000/-
P.S.P.Capital Services Pvt Ltd.	3097349/-D	4597349/-	1500000/-	Nil	3097349/-
Aggarwal Fincap Pvt Ltd	1700000/-D	1700000/-	Nil	Nil	1700000/-
Romano Investment Pvt Ltd	4171786/- D	5671786/-	1500000/-	Nil	4171786/-
Vizwise Commerce Pvt Ltd**	Nil	2100000/-	22201786/-	20101786/-	20101786/-

*Paid for 150000 Redeemable Preference Shares of Rs.100/- each. Calls in Arrears Rs.1800000/- (PY : 13500000/-)

** Includes Rs.10001786/- transfer on merger.

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
<i>Before considering exceptional items:</i>		
a) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs. (670344)	Rs. (133861)
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. (0.002)
d) Nominal value of each share	Rs. 2/-	Rs. 2/-
<i>After considering exceptional items:</i>		
d) Net Profit/ (Loss) for the year attributable to Equity Shareholders	Rs. (670344)	Rs. (133861)
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. (0.008)	Rs. (0.002)
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. 196601/-, created during the year, has been debited to the Profit & Loss Account and net deferred tax liability of Rs. 2657902/- 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)	168782	Nil	55900	112882
	PY	(186110)	(Nil)	(17328)	(168782)
	Amount	28455324	Nil	9614800	19031021
	PY	(31376690)	(Nil)	(2985360)	(28455324)



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 19th Annual General Meeting of the Company to be held on 30th September, 2011 at 23, Great Western Building, 1st Floor, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai-400023 at 4.00 P.M. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2011.

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 19th Annual General Meeting to be held on 30th September, 2011 at registered office at 23, Great Western Building, 1st Floor, 130/132, Shahid Bhagat Singh Road, Fort, Mumbai-400023 at 4.00 P.M.

Members /Proxy Name :
(In Capital Letters)

Folio no. :

DPID No. :



BITS Limited

Annual Report 2010-2011

Client ID No. _____ :
Signed by the said _____



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