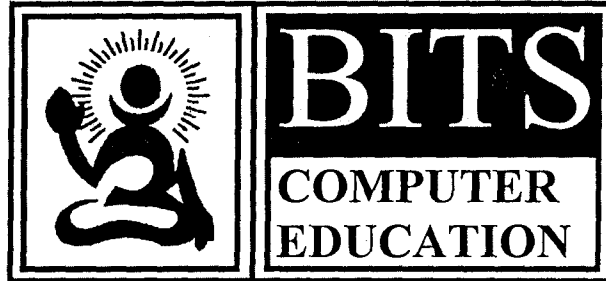




**BITS Limited**

**Annual Report 2011-2012**



**20<sup>TH</sup> ANNUAL REPORT**

***2011-2012***

**Registered Office:**

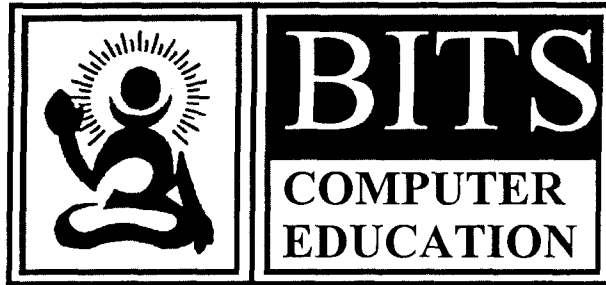
***BITS Limited***

**4/18, IInd FLOOR, ASAF ALI ROAD, NEW DELHI-110002.**



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**BITS Limited**

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**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:** 4/18, IInd Floor,  
Asaf Ali Road,  
New Delhi-110002.

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

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



**BITS Limited**

**Annual Report 2011-2012**

**Registrar & Transfer:  
Agents:**

**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](mailto:info@masserv.com)  
Contact Person: Mr. Shravan Mangla

**Bankers:**

**Standard Chartered Bank**  
Barakhamba Road, New Delhi-110001.

**Development Credit Bank**  
Fort, Mumbai – 400 023.



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**NOTICE**

**NOTICE** is HEREBY GIVEN THAT 20th Annual General Meeting of the **BITS LIMITED** will be held at registered office of the Company at 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002 on Saturday, September 29, 2012 at 10.00 A.M. to transact the following business:-

**ORDINARY BUSINESSES:**

1. To receive, consider and adopt the Audited Balance Sheet for the year as at 31<sup>st</sup> March, 2012 and Statement of Profit and Loss of the company for the year ended 31<sup>st</sup> March, 2012 and the Report's of the Directors and Auditors 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 the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESSES:**

4. To consider and, if thought fit, to pass with or without modification(s), 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 Ujjwal Green Energy Private Limited subject to a maximum amount not exceeding Rs. 50 Crore ( Rupees Fifty Crores Only) 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. Ankit Rathi, 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.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special 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. 25,00,000/- ( Rupees Twenty Five Lakhs Only) in one or more trenches, to Devraha Foundation Trust, a Charitable Trust, formed under the Indian Trust Act, 1882.

**RESOLVED FURTHER THAT** Mr. Ankit Rathi, Director of the Company be and is hereby authorised to do all such acts, deeds and to sign all such documents as may be deemed expedient and necessary to give effect to this resolution.”

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

Place: New Delhi  
Date: 03.09.2012

sd  
**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 mentioned at item no. 4 and 5 are 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 up to 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 28<sup>th</sup> September, 2012 and 29<sup>th</sup> September, 2012 (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](mailto:info@masserv.com) or by sending a communication at the M/s. Mas Services Limited, T-34, Okhla Industrial 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.	Name	Mr. Ashok Agarwal
2	Date of Birth	20/06/1958
3	Qualification	Commerce Graduate
4	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 board of respective companies.
5	Directorship in other Company	<ol style="list-style-type: none"> <li>1. Mitika Traders Private Ltd</li> <li>2. K.K. Kargomail India Private Limited</li> <li>3. Vizwise Commerce Private Limited</li> <li>4. Tactfull Investments Limited</li> <li>5. Pan India Corporation Limited</li> <li>6. Amarpali Land Developers Private Limited</li> <li>7. SPG Finvest Private Limited</li> <li>8. Prurient I.T. Solutions Private Limited</li> <li>9. Ujjwal Green Energy Private Limited</li> </ol>
6	Membership in Audit and Investor Grievances Committees in other Company(ies)	<ol style="list-style-type: none"> <li>1. Tactfull Investments Limited</li> <li>2. Pan India Corporation Limited</li> </ol>
7	Date of Appointment(Initial)	26/02/1999
8	Shareholding in the Company	Nil





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

**ITEM NO. 4**

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.

Your company has been approached by M/s Ujjwal Green Energy Private Limited as mentioned in the resolution to acquire by way of subscription, purchase or otherwise the securities of this company and /or to provide loans 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 except Mr. Ashok Agarwal being Director of M/s Ujjwal Green Energy Private Limited of Company is interested in the proposed resolution.

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

**ITEM NO.5**

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 special 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



**BITS Limited**

**Annual Report 2011-2012**

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.5 for your approval.

None of the Directors except Mr. Ashok Agarwal being Trustee of Devraha Foundation Trust is interested in the proposed resolution.

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

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

Place: New Delhi  
Date: 03.09.2012

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

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors have immense pleasure in presenting the 20<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2012.

**FINANCIAL HIGHLIGHTS**

	<b>Current Year 2011-12 (Rs. in Lac)</b>	<b>Previous Year 2010-11 (Rs. in Lac)</b>
Total Income	65.59	163.22
Total Expenditure	61.43	163.88
Depreciation	6.04	6.04
Profit / Loss after Depreciation, W/off & Deferred tax liability	(1.88)	(6.70)
Profit/ (Loss) for the year	(3.41)	(8.67)

**REVIEW OF OPERATIONS**

During the year, your Company has achieved the turnover of Rs.65.59 Lac against Rs.163.22 Lac attained in the last year. Your directors expect that the initiatives undertaken will result in improvement in financial results in the coming years.

**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, 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 31.03.2012, 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 31<sup>st</sup> March, 2012 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.

**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: New Delhi  
Date : 03.09.2012

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

sd  
**Ashok Agarwal**  
(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 2011-12 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 31.03.2012 the total numbers of employees were five.

**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: New Delhi  
Date : 03.09.2012

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 director.





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)	08	04	06	Yes
Mr. Ashok Agarwal	Chairman	Non-Executive Independent Director	08	08	09	Yes
Mr. Kapil Kumar	Director	Non-Executive Independent Director	08	05	06	No
Mr. Ankit Rathi	Director	Non-Executive Independent Director	08	05	10	Yes
Mr. Akhilesh Chandra Khare	Director	Non-Executive Independent Director	08	04	01	No

### Details of Board Meetings

Eight Board Meetings were held during the year on 30.05.2011, 1.08.2011, 3.08.2011, 10.8.2011, 14.11.2011, 21.12.2011, 3.02.2012, and 28.03.2012. 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**

The Board of Directors re-constituted the Audit Committee in their meeting held on 03.08.2011 in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges and other relevant statutory/regulatory provisions. The reconstituted Audit Committee consists of three Directors:



i)	Mr. Ashok Agarwal	Chairman	Independent/Non-executive
ii)	Mr. Kapil Kumar	Member	Independent/Non-executive
iii)	Mr. Ankit Rathi	Member	Independent/Non-executive
iv)	Mr. Rajesh Kumar*	Member	Independent/Non-executive
v)	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.

**Meetings:**

The Committee met 4 times during the year on 30.05.2011, 10.08.2011, 14.11.2011 and 03.02.2012. The attendance of Members at the Meetings was as follows:

S.No	Name	Status	No. of meetings during the year	No. of Meetings Attended
i)	Mr. Ashok Agarwal	Chairman	4	4
ii)	Mr. Ankit Rathi	Member	4	3
iii)	Mr. Kapil Kumar	Member	4	3
iv)	Mr. Rajesh Kumar	Member	4	1
v)	Mr. Rajeevprakash Ram Khare	Member	4	1

**4. Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee was re-constituted by the Board of Directors in their meeting held on 3.08.2011. The Committee has been reconstituted to exercise powers and discharge functions as stipulated in the Clause 49 of the Listing agreement.



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. Kapil Kumar	Member	Independent/Non-executive
iii)	Mr. Ankit Rathi	Member	Independent/Non-executive
iv)	Mr. Rajesh Kumar*	Member	Independent/Non-executive
v)	Mr. Rajeevprakash Ram Khare*	Member	Independent/Non-executive

The committee met Four times on 30.05.2011, 10.08.2011, 14.11.2011 and 03.02.2012 during the financial year 2011-2012. 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 *
2008-09	Registered Office	Tuesday, 29 <sup>th</sup> September, 2009, 9.00 A.M.	No Special Resolution passed
2009-2010	Registered Office	Thursday, 30 <sup>th</sup> September, 2010, 9.30 A.M.	Special Resolution was passed for Commencement of New Business.
2010-2011	Registered Office	Friday, 30 <sup>th</sup> September 2011, 4.00 P.M	Special Resolution was passed for inter corporate loan and political contribution.

### Postal Ballot

For the Year	Venue	Day, Date & Time	Special Resolution *
2011-12	4/18, IInd Floor, Asaf Ali Road, New Delhi-110002	Monday, 12 <sup>th</sup> March, 2012, 3.00 P.M.	Special Resolution passed for registered office change under section 17.

\*The Company received approval of the members, for passing an Special Resolution under Section 17 and other applicable provisions of the Companies Act, 1956 for change of registered office from State of Maharashtra to National Capital Territory of Delhi.

Mr. R.S Bhatia, Practising Company Secretary was appointed as the Scrutinizer to conduct the postal ballot process. The details of the voting pattern are as under

Particulars	No. of votes cast	% of total vote cast
In favour of the resolution	3,28,896	2.94
Against the resolution	34,900	0.31
<b>Total</b>	<b>3,63,796</b>	<b>3.25</b>

Number of Invalid Ballots was 5.



### **Procedure for Postal Ballot**

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self addressed postage envelopes are sent to the shareholders to enable them to consider and vote for and against the proposal within a period of 30 days from date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies with 7 days of the passing of the Resolution by the Board of Directors. After the last day for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot.

### **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 (2011- 2012)	Date of Board Meeting	Date of publication	Name of Newspaper
30 <sup>th</sup> June, 2011	10 <sup>th</sup> August, 2011	11 <sup>th</sup> August, 2011	The Financial Express & Mumbai Lakshadweep
30 <sup>th</sup> September,2011	14 <sup>th</sup> November,2011	15 <sup>th</sup> November, 2011	The Financial Express & Mumbai Lakshadweep
31 <sup>st</sup> December, 2011	3 <sup>rd</sup> February, 2012	4 <sup>th</sup> February, 2012	The Financial Express & Mumbai Lakshadweep
31st March, 2012	17 <sup>th</sup> May, 2012	18 <sup>th</sup> May, 2012	The Financial Express & Mumbai Lakshadweep

**9. GENERAL SHAREHOLDERS INFORMATION:**

**9.1 Date and Time** - Saturday, the 29<sup>th</sup> day of September 2012 at 10.00 A.M.

**Venue** 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002.

**9.2 Dates of Book Closure**

The Register of Members and Share Transfer Register will remain closed on 28<sup>th</sup> September, 2012 and 29<sup>th</sup> September, 2012 (both days inclusive) on account of Annual General Meeting.



### 9.3 Financial Calendar (Tentative) for the Financial Year 2012-2013

Tentative calendar of events for the financial year 2012-13(April to March) is as under:  
Adoption of Quarterly Financial Results for:

First Quarter – by mid of August, 2012                      Third Quarter-by mid of February, 2013  
Second Quarter-by mid of November, 2012              Fourth Quarter- by mid of May/ end of  
May, 2013

### 9.4 Dividend Payment Date

No dividend has been recommended for the year ended 31st March, 2012.

### 9.5 Listing at Stock Exchanges

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

Listing Fee for the year 2011-12 has been paid to Bombay Stock Exchange (BSE).

### 9.6 Stock Market Price Data for the year 2011-12

Scrip Code: 526709

**Company Name: BITS LIMITED**

**For the period: April 2011 to March 2012 (Source: BSE Portal as at 25.08.2012)**

Month	High Price	Low Price
Apr-11	0.78	0.52
May-11	0.63	0.45
Jun-11	0.70	0.51
Jul-11	0.70	0.52
Aug-11	0.65	0.44
Sep-11	0.66	0.48
Oct-11	0.60	0.47
Nov-11	0.62	0.45
Dec-11	0.60	0.41
Jan-12	0.57	0.46
Feb-12	0.55	0.48
Mar-12	0.52	0.48

**Registrar and Transfer Agents**

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](mailto: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 31.03.2012, 9,420,191 Equity Shares were held in demat form in CDSL and 92,540,909 shares were held in demat form in NSDL.

**9.10 Shareholding Pattern and Distribution of Shareholding****SHARE HOLDING PATTERN AS ON 31<sup>st</sup> March, 2012**

Category	No. of Shares held	Percentage Shareholding
<b>A. PROMOTERS</b>		
Promoter and Promoter Group	7,24,61,460	64.770
<b>B. PUBLIC</b>		
Body Corporate	18,56,159	1.659
Individuals holding nominal share capital up to Rs. 1 Lac	3,12,85,935	27.965
Individuals holding nominal share capital in excess of Rs. 1 Lac	47,64,730	4.259
Mutual Funds/UTI	30,500	0.027
Financial Institutions/Banks	53,500	0.048
NRIs/OCBs	11,82,834	1.057
Clearing Members	2,39,882	0.214
<b>Total</b>	<b>111875000</b>	<b>100</b>



**DISTRIBUTION SCHEDULE (As at 31.03.2012)**

No of Share Holders	% To Total	Share Holding of Nominal Value of Rs	No of Share	Amount In Rs	% To Total
8537	49.956	1 TO 1000	3864712	7729424	3.454
2979	17.432	1001 TO 2000	2916351	5832702	2.607
1893	11.077	2001 TO 4000	3282687	6565374	2.934
1279	7.484	4001 TO 6000	3360883	6721766	3.004
339	1.984	6001 TO 8000	1261516	2523032	1.128
805	4.711	8001 TO 10000	3956730	7913460	3.537
724	4.237	10001 TO 20000	5880501	11761002	5.256
533	3.119	20001 and above	87351620	174703240	78.08
<b>17089</b>	<b>100</b>	<b>TOTAL</b>	<b>111875000</b>	<b>223750000</b>	<b>100</b>

**9.11 Break up of shares in Physical & Demat form as on 31<sup>st</sup> March, 2012**

	No. of Shares	% of Shares
<b>Physical Segment</b>	<b>99,13,900</b>	<b>8.86%</b>
<b>Demat Segment</b>		
NSDL	9,25,40,909	82.72%
CDSL	94,20,191	8.42%
<b>Total</b>	<b>111,875,000</b>	<b>100</b>

**9.12 Address for correspondence**

**Registered Office:** 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002.

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

**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.



**BITS Limited**

**Annual Report 2011-2012**

**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**

Place: New Delhi  
Date: 03.09.2012

**sd  
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** during the year ended 31.03.2012 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: New Delhi  
Date: 03.09.2012**

AUDITORS' REPORT

THE MEMBERS  
**BITS LIMITED**

We have audited the attached Balance Sheet of BITS Limited as at 31st March 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, Trade Recievables are subject to confirmation.
- 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, 2012 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 31<sup>st</sup> March 2012.
  - b) In the case of the Statement of Profit and Loss, 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: New Delhi  
Date: 17.05.2012

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 31.03.2012)

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 one company covered in the Register maintained under section 301 of Companies Act, 1956. The amount of loan given during the year was Rs 227.24 Lacs.  
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 not taken any loan from companies covered in the register maintained under section 301 of the companies Act, 1956.
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 commensurate with the size of business.

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.  
  
(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 31/03/2012 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 but there were 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. Therefore the provisions of clause 4(xii) of the CARO 2003 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: New Delhi  
Date: 17.05.2012

Sanjeev Kumar  
(Partner)  
M.No. : 091901



**BITS LIMITED**

BALANCE SHEET AS AT 31ST. MARCH, 2012

Particulars	Note	AS AT 31st, MARCH 2012	AS AT 31st, MARCH 2011
<b>I.EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDER'S FUND</b>			
(a) SHARE CAPITAL	1	223,750,000.00	223,750,000.00
(b) RESERVES AND SURPLUS	2	168,660,888.61	169,001,926.00
<b>(2) NON CURRENT LIABILITIES</b>			
<b>(a) LONG TERM BORROWINGS</b>			
(i) LOANS & ADVANCES FROM OTHERS	3	2,000,000.00	2,000,000.00
(b) DEFERRED TAX LIABILITY(NET)		2,811,325.00	2,657,902.00
<b>(3) CURRENT LIABILITIES</b>			
(a) OTHER CURRENT LIABILITIES	4	3,620,989.00	4,132,338.00
<b>TOTAL</b>		<u>400,843,202.61</u>	<u>401,542,166.00</u>
<b>II.ASSETS</b>			
<b>(1) NON CURRENT ASSETS</b>			
<b>(a) FIXED ASSETS</b>			
(i) TANGIBLE FIXED ASSETS	5	18,721,638.00	19,325,465.00
(b) NON CURRENT INVESTMENTS	6	26,241,925.00	21,411,800.00
<b>(2) CURRENT ASSETS</b>			
(a) INVENTORIES	7	41,103,223.00	43,427,833.00
(b) TRADE RECEIVABLES	8	257,699,021.00	287,198,384.00
(c) CASH AND CASH EQUIVALENTS	9	239,667.61	3,949,098.00
(d) SHORT TERM LOANS AND ADVANCES	10	56,837,728.00	26,229,586.00
<b>TOTAL</b>		<u>400,843,202.61</u>	<u>401,542,166.00</u>

NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES 17  
 THE NOTE NOS 1 TO 17 ARE INTEGRATED PART OF FINANCIAL STATEMENTS

IN TERMS OF OUR AUDIT REPORT  
 OF EVEN DATE ATTACHED

FOR **SONI GULATI & CO.**  
 CHARTERED ACCOUNTANTS  
 FRN 08770

FOR & ON BEHALF OF BOARD

sd  
 (SANJEEV KUMAR)  
 PARTNER  
 M. NO. 091901

sd  
 (RAM KUMAR YADAV)  
 WHOLE TIME DIRECTOR

sd  
 (ANKIT RATHI)  
 DIRECTOR

PLACE : NEW DELHI  
 DATE : 17.05.2012

**BITS LIMITED**

NOTES TO THE ACCOUNTS

	AS AT 31ST MARCH,2012	AS AT 31ST MARCH,2011
<b>NOTE - 1</b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTHORIZED SHARE CAPITAL</u></b>		
201250000 EQUITY SHARES OF RS. 2/-EACH (PR. YEAR 201250000 EQUITY SHARES OF RS. 2/-EACH)	402,500,000.00	402,500,000.00
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP</u></b>		
111875000 EQUITY SHARES OF RS. 2/-EACH (PR. YEAR 111875000 EQUITY SHARES OF RS. 2/-EACH)	223,750,000.00	223,750,000.00
	<u>223,750,000.00</u>	<u>223,750,000.00</u>

DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF PAID UP EQUITY SHARE CAPITAL

SHAREHOLDER	31.03.2012	31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
	NO. OF SHARES	NO. OF SHARES	PERCENTAGE	PERCENTAGE
PAN INDIA CORPORATION LTD.	48918539	48918539	43.73%	43.73%
VIZWISE COMMERCE PRIVATE LIMITED	23542921	23542921	21.04%	21.04%

SHARE RECONCILIATION STATEMENT

	AS AT 31.03.2012	AS AT 31.03.2011
<b>PARTICULARS</b>	<b>EQUITY</b>	<b>EQUITY</b>
SHARES OUTSTANDING AT THE BEGINNING OF THE YEAR	111,875,000	111,875,000
SHARES ISSUED DURING THE YEAR	-	-
SHARES BOUGHT BACK DURING THE YEAR	-	-
SHARES OUTSTANDING AT THE END OF THE YEAR	<u>111,875,000</u>	<u>111,875,000</u>

**NOTE - 2**

**RESERVES AND SURPLUS**

SHARE PREMIUM	248,750,000.00	248,750,000.00
GENERAL RESERVE	1,000,000.00	1,000,000.00
<b><u>PROFIT &amp; LOSS ACCOUNT</u></b>		
OPENING BALANCE	(80,748,074.00)	(79,881,129.00)
ADD: PROFIT/(LOSS) OF CURRENT YEAR	(341,037.39)	(866,945.00)
CLOSING BALANCE	<u>(81,089,111.39)</u>	<u>(80,748,074.00)</u>
	<u>168,660,888.61</u>	<u>169,001,926.00</u>

**NOTE - 3**

**LOANS & ADVANCES FROM OTHERS**

**UNSECURED:**

LOAN FROM BODY CORPORATE	2,000,000.00	2,000,000.00
	<u>2,000,000.00</u>	<u>2,000,000.00</u>

**NOTE - 4**

**OTHER CURRENT LIABILITIES**

OTHER LIABILITIES	3,554,989.00	3,835,000.00
AUDIT FEES PAYABLE	18,000.00	15,000.00
SALARY PAYABLE	48,000.00	48,000.00
DUTIES & TAXES PAYABLE	-	234,338.00
	<u>3,620,989.00</u>	<u>4,132,338.00</u>

BITS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

S.No	PARTICULARS	Note	FOR THE YEAR ENDED 31ST MARCH,2012	FOR THE YEAR ENDED 31ST MARCH,2011
I.	REVENUE FROM OPERATIONS	11	2,394,900.00	14,045,800.00
II.	OTHER INCOME	12	4,164,487.30	2,276,222.00
III.	TOTAL REVENUE		6,559,387.30	16,322,022.00
IV.	EXPENSES:			
	CHANGE IN INVENTORIES	13	2,324,610.00	13,814,267.00
	EMPLOYEE BENEFIT EXPENSES	14	598,995.00	533,435.00
	FINANCE COSTS	15	86,567.88	56.00
	DEPRECIATION		603,827.00	603,767.00
	OTHER EXPENSES	16	3,133,801.81	2,040,841.00
	TOTAL EXPENSES		6,747,801.69	16,992,366.00
V.	PROFIT BEFORE TAX(III-IV)		(187,614.39)	(670,344.00)
VI.	TAX EXPENSE:			
	(1)CURRENT TAX			
	(2)DEFERRED TAX		153,423.00	196,601.00
VII.	PROFIT/(LOSS) FOR THE PERIOD(V-VI)		(941,037.39)	(866,945.00)
VIII.	EARNINGS PER EQUITY SHARE			
	(1)EQUITY		(0.008)	(0.008)
	(2)DILUTED		(0.008)	(0.008)

NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIE 17  
THE NOTE NOS 1 TO 17 ARE INTEGRATED PART OF FINANCIAL STATEMENTS

IN TERMS OF OUR AUDIT REPORT  
OF EVEN DATE ATTACHED

FOR SONI GULATI & CO.  
CHARTERED ACCOUNTANTS  
FRN 08770

FOR & ON BEHALF OF BOARD

sd  
(SANJEEV KUMAR )  
PARTNER  
M. NO. 091901

sd  
(RAM KUMAR YADAV)  
WHOLE TIME DIRECTOR

sd  
(ANKIT RATHI)  
DIRECTOR

PLACE : NEW DELHI  
DATE : 17.05.2012

NOTE-5  
TANGIBLE FIXED ASSETS

	GROSS BLOCK		DEPRECIATION			NET BLOCK		
	As On 31.03.2011	Addition Deduction As On 31.03.2012	Up To 31.03.2011	For the Year	Depreciation Adjustment	Up To 31.03.2012	As On 31.03.2012	As On 31.03.2011
AIRCONDITIONER	2,340,132	- - 2,340,132	1,747,087	111,156	-	1,858,243	481,889	593,045
COMPUTER & ACCESSORIES	55,380,772	- - 55,380,772	55,354,729	-	-	55,354,729	26,043	26,043
ELECTRICAL INSTALLATION	1,830,537	- - 1,830,537	1,329,606	86,950	-	1,416,556	413,981	500,931
FURNITURE & FIXTURE	34,021,698	- - 34,021,698	33,429,723	-	-	33,429,723	591,975	591,975
BIKES	70,000	- - 70,000	8,709	6,650	-	15,359	54,641	61,291
PREMISES	23,171,560	- - 23,171,560	5,780,255	377,696	-	6,157,951	17,013,609	17,391,305
MOTOR VEHICLE	225,000	- - 225,000	64,125	21,375	-	85,500	139,500	160,875
TOTAL	117,039,699	- - 117,039,699	97,714,234	603,827	-	98,318,061	18,721,638	19,325,465
PREVIOUS YEAR	124,007,049	32,650 - 124,039,699	104,110,467	603,767	-	104,714,234	19,325,465	19,896,583

Gross Block & Depreciation block of Computers & Software stood at Rs.7000000/- as on 31.03.2011, This Item has been removed from Gross Block as well as Depreciation block. Hence, there is difference of Rs.7000000/- in closing balance of PY as compared to opening balance of Current Year.

**NOTE-6**

**NON CURRENT INVESTMENTS**

**OTHER INVESTMENTS:**

**INVESTMENT IN EQUITY INSTRUMENTS**

**QUOTED :**

EQUITY SHARES OF SOFTWARE TECHNOLOGY GROUP INTERNATIONAL LTD 1000000 Equity shares of Rs 10/- each (Pr. Year 1000000 Equity shares of Rs 10/- each)	7,000,000.00	7,000,000.00
---	--------------	--------------

**UNQUOTED :**

EQUITY SHARES OF MEDICLOUD SOFTWARES LTD. (FORMERLY EDUMEDIA SOLUTIONS LTD.) 16180 Equity shares of Rs 10/- each (Pr. Year 16180 Equity shares of Rs 10/- each)	161,800.00	161,800.00
--	------------	------------

EQUITY SHARES OF TURBO BELL MOULDS PVT. LTD. 7000 Equity shares of Rs 100/- each (Pr. Year 7000 Equity shares of Rs 100/- each)	1,050,000.00	1,050,000.00
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EQUITY SHARES OF MILI INVESTMENT & TRADERS PVT. LTD. 500 Equity shares of Rs 10/- each	5,000.00	-
---	----------	---

EQUITY SHARES OF PRURIENT IT SOLUTIONS PVT. LTD. 5000 Equity shares of Rs 10/- each (ASSOCIATE COMPANY)	50,125.00	-
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EQUITY SHARES OF SFS GLOBAL LTD. 3000 Equity shares of Rs 10/- each	1,500,000.00	-
--	--------------	---

EQUITY SHARES OF SOUTH COAST REALTY PVT. LTD. 200 Equity shares of Rs 10/- each	500,000.00	-
--	------------	---

EQUITY SHARES OF TOP CLASS ENTERPRISES PVT. LTD. 390 Equity shares of Rs 10/- each	975,000.00	-
---	------------	---

PREFERENCE SHARES OF UJJWAL LTD 150000 Preference Shares of Rs 100/- each (PY: 150000 Preference Shares Partly Paid Up) (ASSOCIATE COMPANY)	15,000,000.00	13,200,000.00
--	---------------	---------------

(Aggregate value of Quoted Shares Rs. 7000000/- PY: Rs.7000000/-) (Market value of Quoted Investments Rs.3430000/- PY: Rs.5460000/-).	26,241,925.00	21,411,800.00
--	---------------	---------------

(Aggregate amount of Unquoted Investments Rs. 19241925/- PY:Rs.14411800/-)

**NOTE-7**

**INVENTORIES**

(AS TAKEN VALUED & CERTIFIED BY THE MANAGEMENT)

STOCK-IN-TRADE	41,103,223.00	43,427,833.00
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**NOTE-8**

**TRADE RECIEVABLES**

TRADE RECIEVABLES OUTSTANDING FOR A PERIOD LESS THAN SIX MONTHS  
FROM THE DATE THEY ARE DUE FOR PAYMENT

- UNSECURED CONSIDERED GOOD	66,053,392.00	7,173,425.00
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TRADE RECIEVABLES OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS  
FROM THE DATE THEY ARE DUE FOR PAYMENT

- UNSECURED CONSIDERED GOOD	191,645,629.00	280,024,959.00
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TRADE RECIEVABLES STATED ABOVE INCLUDES AMOUNTS DUE BY: -PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	257,699,021.00	287,198,384.00
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	5,471,786.00	20,101,786.00
--	--------------	---------------

	AS AT 31ST MARCH,2012	AS AT 31ST MARCH,2011
<u>NOTE-9</u>		
<u>CASH &amp; CASH EQUIVALENTS</u>		
CASH IN HAND	172,493.55	131,691.00
<u>BALANCE WITH BANKS:</u>		
IN CURRENT ACCOUNT	67,174.06	3,817,407.00
	239,667.61	3,949,098.00

NOTE-10

SHORT TERM LOANS & ADVANCES

LOANS & ADVANCES TO RELATED PARTIES

- UNSECURED CONSIDERED GOOD

22,724,000.00

OTHER SHORT TERM LOANS & ADVANCES

- UNSECURED CONSIDERED GOOD

33,495,000.00

TAX DEDUCTED AT SOURCE

391,728.00

DEPOSITS

227,000.00

25,168,096.00

586,510.00

474,980.00

56,837,728.00

26,229,586.00

LOANS & ADVANCES STATED ABOVE INCLUDES AMOUNTS DUE BY:

-PRIVATE COMPANIES IN WHICH DIRECTOR IS A DIRECTOR

22,724,000.00

	YEAR ENDED 31ST MARCH,2012	YEAR ENDED 31ST MARCH,2011
<b><u>NOTE-11</u></b>		
<b><u>REVENUE FROM OPERATIONS</u></b>		
SALE OF BOOKS	756,800.00	9,614,800.00
SALE OF COURSE MATERIAL	1,638,100.00	4,431,000.00
	<u>2,394,900.00</u>	<u>14,045,800.00</u>
<b><u>NOTE-12</u></b>		
<b><u>OTHER INCOME</u></b>		
RENT	4,153,615.00	2,275,122.00
MISCELLANEOUS INCOME	10,872.30	1,100.00
	<u>4,164,487.30</u>	<u>2,276,222.00</u>
<b><u>NOTE-13</u></b>		
<b><u>CHANGE IN INVENTORIES</u></b>		
OPENING STOCK	43,427,833.00	57,242,100.00
LESS : CLOSING STOCK	41,103,223.00	43,427,833.00
	<u>2,324,610.00</u>	<u>13,814,267.00</u>
<b><u>NOTE-14</u></b>		
<b><u>EMPLOYEE BENEFIT COSTS</u></b>		
SALARY & ALLOWANCES	576,000.00	522,950.00
STAFF WELFARE	22,395.00	10,485.00
	<u>598,395.00</u>	<u>533,435.00</u>
<b><u>NOTE-15</u></b>		
<b><u>FINANCIAL COSTS</u></b>		
BANK CHARGES	3,170.88	56.00
INTEREST ON SERVICE TAX	83,197.00	-
	<u>86,367.88</u>	<u>56.00</u>
<b><u>NOTE-16</u></b>		
<b><u>OTHER COSTS</u></b>		
ELECTRICITY EXPENSES	92,250.00	21,840.00
POSTAGE & COURIER	157,056.00	15,470.00
AGM EXPENSES	3,400.00	-
LISTING FEES	66,180.00	35,895.00
AUDITORS REMUNERATION	18,000.00	15,000.00
LEGAL & PROFESSIONAL CHARGES	27,255.00	7,250.00
MISCELLANEOUS EXPENSES	4,610.00	4,720.00
PRINTING & STATIONERY	7,200.00	7,000.00
PUBLISHING FEES	18,919.00	16,063.00
SHARE TRANSFER & CUSTODIAL CHARGES	55,150.00	101,080.00
REPAIR & MAINTAINENCE	231,684.00	121,880.00
PRIOR PERIOD ITEMS	1,719,853.00	-
PROPERTY TAX	262,440.00	-
INSURANCE CHARGES	1,256.00	1,414.00
FILING FEES	3,680.00	2,240.00
SHORT & EXCESS	399,868.81	78,635.00
INVESTMENT WRITTEN OFF	-	1,606,500.00
PENALTY	65,000.00	5,854.00
	<u>3,133,801.81</u>	<u>2,040,841.00</u>

## NOTE-17

Significant Accounting Policies & Notes forming part of the accounts for the year ended on 31<sup>st</sup> March, 2012.

### 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.

2. Revenue Recognition and other policies

- a) The company follows mercantile system of accounting.
- b) Revenue / Income and cost /expenses are generally accounted for on accrual basis as they are earned or incurred.
- 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 Non Current 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

- The balances of Trade Receivables, 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.
- 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.

### 3. Auditor's Remuneration

	<u>Year ended</u> <u>31.03.2012</u> (Rs.)	<u>Year ended</u> <u>31.03.2011</u> (Rs.)
Statutory Audit Fees	12000	10000
Tax Audit Fees	6000	5000
Certification	<u>2250</u>	<u>2250</u>
	<u>20250</u>	<u>17250</u>

### 4. 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.

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

#### A. Related Party Relationship

##### A) Associates:

Pan India Corporation Ltd.  
K.K.Kargomail (India) Pvt Ltd.  
Vizwise Commerce Pvt. Ltd  
Ujjwal Ltd  
Prurient IT Solutions Pvt Ltd.

##### C) Key Management Personnel:

Ram Kumar Yadav  
Ashok Agarwal  
Kapil Kumar  
Ankit Rathi

### B. Related Party Transactions

	Opening Balance	Received	Paid	Closing Balance	Maximum Balance
Vizwise Commerce Pvt Ltd(Trade Recvbl)	20101786/-Dr	15330000/-	700000/-	5471786/- Dr	20101786/-Dr
Vizwise Commerce Pvt Ltd(Loan)	Nil	Nil	22724000/-	22724000/-Dr	22724000/-Dr

### 6. 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 .(341037.39)	Rs. (866945)
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. (0.003)	Rs. (0.008)
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 .(341037.39)	Rs. (866945)
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. (0.003)	Rs. (0.008)
d) Nominal value of each share	Rs. 2/-	Rs. 2/-

7. 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. 153423/-, created during the year, has been debited to the Profit & Loss Account and net deferred tax liability of Rs. 2811325/- 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.

8. Additional information pursuant to the provision of part II of Schedule VI to the Companies Act 1956:

Details of Sale & Purchase of Educational Course Material & books:

PARTICULARS	PURCHASES	SALES
COURSE MATERIAL	Nil	1638100.00
	(Nil)	(4431000.00)
BOOKS	Nil	756800.00
	(Nil)	(9614800.00)
TOTAL	Nil	2394900.00
	(Nil)	(14045800.00)

	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



**BITS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**

	Amount(in Rs.)	
	For Year Ended 31.03.2012 Rupees	For Year Ended 31.03.2011 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/ (Loss) before Tax and Extraordinary Items	(187,614.39)	(670,344.00)
Adjustments:		
Depreciation	603,827.00	603,767.00
Investment written off	-	1,606,500.00
Operating Profit before Working Capital Changes	<u>416,212.61</u>	<u>1,539,923.00</u>
Working Capital Changes:		
Decrease/ (increase) in Current Assets	1,215,831.00	16,009,221.00
Increase/ (decrease) in Current Liabilities	<u>(511,349.00)</u>	<u>1,877,233.00</u>
Cash Generated from Operations	<u>1,120,694.61</u>	<u>19,426,377.00</u>
Net cash flow from/ (used in) operating activities	1,120,694.61	19,426,377.00
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Shares	-	2,207,825.00
Purchase of Shares	(4,830,125.00)	(18,700,000.00)
Purchase of Fixed Assets	-	<u>(32,650.00)</u>
Net cash flow from/ (used in) investing activities	(4,830,125.00)	(16,524,825.00)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in Unsecured Loans	-	-
Increase/ (decrease) in Secured Loans	-	-
Net cash flow from/ (used in) financing activities	-	-
i) Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(3,709,430.39)	2,901,552.00
ii) Cash and cash equivalents as at 1st April (Opening Balance)		
Cash in Hand	131,691.00	346,822.00
Balance with Banks	<u>3,817,407.00</u>	<u>700,724.00</u>
Total	<u>3,949,098.00</u>	<u>1,047,546.00</u>
iii) Cash and cash equivalents as at 31st March (Closing Balance)		
Cash in Hand	172,493.55	131,691.00
Balance with Banks	<u>67,174.06</u>	<u>3,817,407.00</u>
Total	<u>239,667.61</u>	<u>3,949,098.00</u>
Net Increase/Decrease in Cash & Cash Equivalents	(3,709,430.39)	2,901,552.00

**Auditors' Report**  
per our report of even date attached

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

**For and on behalf of Board**

sd  
Sanjeev Kumar  
Partner  
M.No. : 091901

sd  
Ram Kumar Yadav  
(Whole Time Director)

sd  
Ankit Rathi  
(Director)

Office: New Delhi  
Date: 17-05-2012



**BITS LIMITED**

**Regd. Office – 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002.**

**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 20<sup>th</sup> Annual General Meeting of the Company to be held on 29<sup>th</sup> September, 2012 at 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002 at 10.00 A.M. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_

Affix Rs.1 Revenue Stamp
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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.

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**BITS LIMITED**

**Regd. Office-4/18, IInd Floor, Asaf Ali Road, New Delhi-110002.**

**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 20<sup>th</sup> Annual General Meeting of the Company at registered office at 4/18, IInd Floor, Asaf Ali Road, New Delhi-110002. on Saturday, September 29, 2012 at 10.00 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**

4/18, IInd Floor, Asaf Ali Road, New Delhi-110002.