

TIVOLI CONSTRUCTION LIMITED

Regd. Off: 201, Shyam Apartments, 172, Garodia Nagar, Ghatkopar (E), Mumbai-400 077

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the Audited statement of accounts for the year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

	<u>Amount in Rupees</u>	
	<u>2006-2007</u>	<u>2005-2006</u>
Profit before Tax	1,85,886	1,75,274
Less : Provision for Taxation	<u>62,571</u>	<u>58,996</u>
Profit after Tax	1,23,315	1,16,278
ADD : Balance in Profit & Loss account Brought forward from the previous year	41,49,030	41,41,016
Profit available for appropriation	<u>42,72,345</u>	<u>42,57,294</u>
APPROPRIATIONS		
Short Provision for tax for earlier year	-----	8,264
General Reserve	1,00,000	1,00,000
Balance Carried Forward to Balance sheet	<u>41,72,345</u>	<u>41,49,030</u>
	<u>42,72,345</u>	<u>42,57,294</u>

DEPOSITS : The Company has not accepted any deposits from the public.

DIVIDEND : In order to conserve the resources of the Company for a better outlook in the future, the Directors do not recommend any dividend.

DIRECTORATE : In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Satish Sheth, Director of the Company retires by rotation and being eligible offers himself for reappointment.

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DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- That the Directors have selected appropriate accounting policies and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007 and of the Profit of the Company for the year ended on that date;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the annual accounts have been prepared on a going concern basis.

PARTICULARS OF : EMPLOYEES

The information required to be published under the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended have not been annexed to this report as no employees employed throughout the year were in receipt of remuneration aggregating to Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month when employed for part of the year.

PARTICULARS REQUIRED TO BE FURNISHED BY THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :

1. Parts A & B pertaining to conservation of energy and technology absorption are not applicable to the company.
2. Foreign Exchange earnings and outgoings – The Company has neither used nor earned any foreign exchange during the period under review.

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COMPLIANCE CERTIFICATE

As required by proviso to Section 383A(1) of the Companies Act, 1956, read with the Companies (Compliance Certificate) Rules 2001, compliance certificate obtained from Mr. J T Bathija, a Secretary in whole-time practice is annexed herewith.

APPOINTMENT OF COMPANY SECRETARY

Shareholders are requested to appoint a Company Secretary in practice for issuing the Compliance Certificate as required under the Companies Act, 1956.

SUBSIDIARY COMPANY :

Statement relating to Subsidiary Company is attached separately along with statement of accounts.

AUDITORS :

Shareholders are requested to appoint Auditors and fix their remuneration. M/s. Kapadia Associates, Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

ON BEHALF OF THE BOARD


PRATUL DALAL KIRIT THACKER
DIRECTORS

PLACE : Mumbai

DATED : 6 SEP 2007

KAPADIA ASSOCIATES

CHARTERED ACCOUNTANTS

1001, RAHEJA CHAMBERS, 213 NARIMAN POINT, MUMBAI 400 021 INDIA

PHONES : (91-22) 2284 3475, 2284 3490, 2202 6477, 2283 6194 FAX : (91-22) 2283 6193

AUDITOR'S REPORT TO THE MEMBERS OF TIVOLI CONSTRUCTION LIMITED

1. We have audited the attached Balance Sheet of **TIVOLI CONSTRUCTION LIMITED** as at 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - (iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;

KAPADIA ASSOCIATES

- (iv) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- (v) On the basis of the written representations received from the directors, as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Act, 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, 2007; and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai
Dated: 6 SEP 2007



For KAPADIA ASSOCIATES
Chartered Accountants

R.G. Kapadia
(R.G. KAPADIA)
Proprietor
(Membership No. 34092)

Re: TIVOLI CONSTRUCTION LIMITED

Referred to in paragraph 3 of our report of even date,

- (i) The Company does not have any fixed asset and hence clause (i) of paragraph 4 the Order is not applicable.
- (ii) The Company does not have any inventory and hence clause (ii) of paragraph 4 the Order is not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Act; and hence clause (iii) of paragraph 4 the Order is not applicable.
- (iv) In our opinion and according to the information and explanation given to us, the Company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that needed to be entered into the register maintained under section 301 of the Act. Accordingly sub clause (v)(b) of clause 4 of the Order regarding reasonableness of prices of such transactions is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, hence there is no question of compiling with the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company does not have formal internal audit system.
- (viii) As informed to us provisions of clause (d) of sub-section (1) of section 209 of the Act regarding maintenance of cost records are not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales

KAPADIA ASSOCIATES

Tax, Service Tax, Customs Duty, Cess and other material statutory dues, to the extent applicable to the Company. There were no arrears of outstanding statutory dues for a period of more than six months from the date they became payable;

- (b) According to the information and explanations given to us there are no dues of sales tax / income tax / custom tax / wealth tax / excise duty / cess, which have not been deposited on account of dispute.
- (x) The Company has neither accumulated losses nor incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. In view of the same, the sub clause (x) of clause 4 of the Order regarding comparison of net worth with accumulated losses is not applicable.
- (xi) The Company has neither taken any loans from a financial institution or bank and neither issued any debentures during the financial year covered by our audit. In view of the same, the sub clause (xi) of clause 4 of the Order regarding comparison of net worth with accumulated losses is not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us the Company is not a chit fund or a *nidhi* / mutual benefit fund / society. Therefore, the sub clauses (a), (b), (c) and (d) of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not availed term loans during the year and hence the provision of clause (xvi) of paragraph 4 of the Order is not applicable to the Company.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- (xviii) 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 and hence question of reporting under this clause does not arise.
- (xix) The Company has not issued any debentures and hence question of reporting under this clause does not arise.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, this clause is not applicable to the Company.