

**AUDITORS' REPORT**

**TO,
THE MEMBERS OF
AJWA FUN WORLD & RESORT LIMITED**

We have audited the attached Balance Sheet of AJWA FUN WORLD & RESORT LIMITED as at 31st March 2004, the Profit & Loss Account for the year ended on that date and the Cash Flow Statement for the year ended on that date both 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..

1. 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.
2. 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.
3. 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 of the company.
4. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
5.
 - i) **Provision for diminution in the value of investments to recognise the decline other than temporary, in accordance with Accounting Standard – 13, is not made in the accounts.**
 - ii) **Provision for Gratuity & Leave Encashment, in accordance with Accounting Standard – 15, is not made in the accounts.**
 - iii) **Some of the Investments made by the Company in shares are not held in the name of the company though required under the provisions of section 49 of the Companies Act, 1956.**
 - iv) **The Company has not provided for diminution in the value of Investments amounting to Rs. 1,74,29,440. Consequently the losses for the year are understated by Rs. 82,22,600 and the Profit & Loss Account in the Balance Sheet is understated by Rs. 1,74,29,440 correspondingly Investments are overstated to the same extent of Rs. 1,74,29,440.**
 - v) **The Company has not adhered to the provisions of section 295 & 372A of the Companies Act, 1956 in respect of certain loans given and Investments made by it.**

We further report that, without considering item (ii) above, the effect of which could not be determined, had the observations made by us in paragraph (iv) above been considered, the losses for the year would have been Rs. 3,13,00,460 (as against the reported figure of Rs. 2,30,77,860), total investments would have been Rs. 85,000 (as



against the reported figure of Rs. 1,75,14,440) and accumulated losses would have been Rs. 13,71,91,864 (as against the reported figure of Rs.11,97,62,424).

- vi) Subject to the foregoing, in our opinion, the Balance Sheet and Profit & Loss Account comply with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
6. On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (l) of section 274 of the Companies Act, 1956.
7. Subject to the matters referred to in paragraphs 5(i) to 5(v) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the informations required under the Companies Act, 1956 in the manner so required under the Companies Act, 1956 in the manner so required and give a true and fair view:
- (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2004; and
- (b) In the case of the Profit & Loss Account of the Loss for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4A of section 227 of The Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that :

- (i) (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year. We have been informed that no serious discrepancies were noticed on such verification.
- (c) In our opinion, the company has not disposed of substantial part of the fixed assets during the year.
- (ii) (a) In our opinion, the stocks of the stores, eatables & beverages, spare parts etc. have been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification, which were not material, have been properly dealt within the books of account.
- (iii) (a) The Company has taken interest-free unsecured loans from six parties covered in the register maintained u/s.301 of the Companies Act, 1956 and the year end balance was Rs. 10,38,781.61 . The Company has granted interest free unsecured loan to one party covered in register maintained u/s. 301 of the Companies Act, 1956 and the year end balance was Rs. 31,020.



- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken /granted from the parties listed in the register maintained u/s.301 of the Companies Act are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of interest - free loans taken/granted by the company, principal amount is repayable on demand.
- (d) There are no overdue amounts of loans taken/granted by the company as these loans are repayable on demand.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further on the basis of our examination and according to the information and explanations given to us, we have not come across any instance of major weaknesses in internal controls.
- (v) (a) In our opinion and according to the information and explanation given to us, the transactions that need to entered into the register maintained u/s.301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information given to us, there are no transactions in pursuance of the contract or arrangements entered in the register maintained u/s.301 of the Companies Act, 1956 aggregating during the year to Rs. 5,00,000 or more.
- (vi) As per the information and explanations given to us, the company has accepted deposits from public and has not complied with any of the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the act and the rules framed there under in respect of such deposits.
- (vii) The Company does not have any internal audit system.
- (viii) This clause is not applicable as the Company is not a manufacturing Company.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion undisputed statutory dues have not been regularly deposited with the appropriate authorities. According to the information and explanations given to us, undisputed amounts payable in respect of Statutory dues were in arrears as at 31st March 2004 for a period of more than 6 months from the date they became payable.

PARTICULARS	AMOUNT (RS.)	PERIOD TO WHICH THE AMOUNT RELATES	DUE DATE	DATE OF PAYMENT
PROVIDENT FUND	10,593.00	30.09.2003	20.10.2003	18.05.2004
PROFESSIONAL TAX	2,400.00	01.04.2002 TO 31.03.2003	Various	03.08.2004
	1,200.00	01.04.2003 TO 30.09.2003	Dates	03.08.2004
INCOME TAX	108,968.00	01.04.1996 TO 31.03.1997	25.07.2000	---
TDS PAYABLE	57,560.00	01.04.2003 TO 30.09.2003	Various	18.05.2004
			Dates	24.05.2004



- (b) According to the records of the Company and the information and explanations given to us, detail of dues of Sales tax, Income tax, Custom tax, Wealth tax, Excise duty and Cess which have not been deposited as on 31st March, 2004 on account of any dispute are given below:

NAME OF THE STATUTE	NATURE OF DUES	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT (RS.)	FROM WHERE DISPUTE PENDING
GUJARAT ELECTRICITY BOARD	INSTALLATION CHARGES & INTEREST	01.04.1997 TO 31.03.1998	195,070	GUJARAT ELECTRICITY BOARD
THE COMMISSIONER OF ENTERTAINMENT TAX	ENTERTAINMENT TAX	01.04.2002 TO 31.03.2003	1,131,461	COLLECTORS OFFICE VADODARA

- (x) The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and had also incurred the same during the immediately preceding financial year also.
- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to financial institutions, banks as given below:

NAME OF THE BANK/ FINANCIAL INSTITUTION	AMOUNT (RS.)	PERIOD
BANK OF BARODA	1,20,62,420.00	26.10.1997
GUJARAT STATE FINANCIAL CORPORATION	25,588.00	01.08.2003
	2,31,61,143.00	01.02.2003

- (xii) In our opinion and according to the information and explanations given to us, 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, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions which are prejudicial to the interest of the Company.
- (xvi) This clause is not applicable as the Company has not obtained any loans in the nature of term loan, during the financial year.
- (xvii) According to the 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 assets and no long term loans have been used to finance short term assets.

- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) This clause is not applicable as the Company has not issued any debentures.
- (xx) During the period covered by our report, the Company has not raised any money by way of a public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/S. PORWAL & PORWAL**
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATED : 30.06.2004

NIKHIL PORWAL
PARTNER

AJWA FUN WORLD & RESORT LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2004**

PARTICULARS	SCHEDULE	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
SOURCE OF FUNDS :			
SHARE HOLDERS' FUNDS :			
a. Share Capital	1	63,900,000.00	63,900,000.00
b. Reserves & Surplus	2	11,120,000.00	11,120,000.00
		<u>75,020,000.00</u>	<u>75,020,000.00</u>
LOAN FUNDS :			
a. Secured Loans	3	85,793,564.00	71,321,627.50
b. Unsecured Loans	4	5,088,781.61	4,916,813.61
		<u>90,882,345.61</u>	<u>76,238,441.11</u>
TOTAL :		<u>165,902,345.61</u>	<u>151,258,441.11</u>
APPLICATION OF FUNDS :			
FIXED ASSETS :			
a. Gross Block	5	121,474,636.51	121,160,981.51
b. Less : Depreciation		<u>69,180,395.00</u>	<u>63,897,966.00</u>
		52,294,241.51	57,263,015.51
Pre-Operative Expenses [Pending Allocation]	6		
INVESTMENTS	7	17,514,440.20	17,514,440.20
CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories[Stores, Beverages, Eatables]		47,726.00	25,688.00
b. Sundry Debtors	8	5,672.00	
c. Cash & Bank Balances	9	89,554.83	255,156.93
d. Loans & Advances	10	2,750,253.50	3,671,972.00
		<u>2,893,206.33</u>	<u>3,952,816.93</u>
Less : Current Liabilities & Provisions	11	<u>27,000,484.82</u>	<u>(24,615,233.35)</u>
NET CURRENT ASSETS		(24,107,278.49)	(20,662,416.42)
PROFIT & LOSS ACCOUNT		119,762,424.39	96,684,563.82
MISCELLANEOUS EXPENDITURE	12	438,518.00	458,838.00
TOTAL :		<u>165,902,345.61</u>	<u>151,258,441.11</u>
Notes on Accounts and Accounting Policies :	19		

As per our Report of even date
For M/s. **PORWAL & PORWAL**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

[**NIKHIL PORWAL**]

PARTNER

PLACE : MUMBAI.

DATE : 30th June, 2004

RAJESH C. JAIN

CHAIRMAN & MANAGING DIRECTOR

PLACE : AJWA, BARODA.

DATE : 30th June, 2004

SURBHI R. JAIN

DIRECTOR


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

PARTICULARS	SCHE- DULE	FOR THE YEAR ENDED 31/3/04 [Rs.]	FOR THE YEAR ENDED 31/3/03 [Rs.]
INCOME:			
Sales / Income from Operations	13	9,659,037.00	9,952,875.00
Other Income	14	122.00	354,584.01
TOTAL INCOME		9,659,159.00	10,307,459.01
EXPENDITURE:			
a. Parks/Garden Operating Expenses	15	6,607,805.00	5,557,332.99
b. Administrative & Other Expenses	16	4,420,671.97	4,315,535.47
c. Interest & Financial Expenses	17	16,405,793.60	16,737,856.45
d. Miscellaneous Expenses Written off		20,320.00	437,528.00
TOTAL EXPENDITURE		27,454,590.57	27,048,252.91
Profit/(Loss) for the year before Depreciation		(17,795,431.57)	(16,740,793.90)
Less : Depreciation		5,282,429.00	5,754,581.00
Profit/(Loss) for the year after Depreciation		(23,077,860.57)	(22,495,374.90)
Less : Provision for Taxation/Deffered Tax Refer (note no. 11)			
Profit/(Loss) for the year after Taxation		(23,077,860.57)	(22,495,374.90)
Less : Prior period Adjustments	18		(15,418.00)
Add : Profit /(Loss) Brought Forward		(96,684,563.82)	(74,173,770.92)
Total Profit/(Loss) carried to Balance Sheet		(119,762,424.39)	(96,684,563.82)
Notes on Accounts and Accounting Policies :	19		

As per our Report of even date
For M/s.PORWAL & PORWAL
 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

[NIKHIL PORWAL]
 PARTNER
 PLACE : MUMBAI.
 DATE : 30th June, 2004

RAJESH C. JAIN
 CHAIRMAN & MANAGING DIRECTOR
 PLACE : AJWA, BARODA.
 DATE : 30th June, 2004

SURBHI R. JAIN
 DIRECTOR


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
SCHEDULE : [1] SHARE CAPITAL :		
AUTHORISED :		
2,50,00,000 Equity Shares of Rs.10/- each	<u>250,000,000.00</u>	<u>250,000,000.00</u>
ISSUED, SUBSCRIBED & PAID UP :		
63,90,000 Equity Shares of Rs.10/- each fully paid up.	<u>63,900,000.00</u>	<u>63,900,000.00</u>
TOTAL	<u>63,900,000.00</u>	<u>63,900,000.00</u>
SCHEDULE : [2] RESERVES & SURPLUS :		
Securities Premium Account	<u>11,120,000.00</u>	<u>11,120,000.00</u>
TOTAL	<u>11,120,000.00</u>	<u>11,120,000.00</u>
SCHEDULE : [3] SECURED LOANS :		
a. Term Loan from Bank of Baroda	12,062,420.00	12,062,420.00
[Secured against equitable mortgage of Land & Building and hypothecation of Plant & Machineries & personal guarantee of Directors] [Repayable within one year Rs.12,062,420.00, Previous Year Rs.12,062,420.00]		
b. Loan from Citi Bank N.A.	Nil	26,256.84
[Secured against Hyp. of Vehicles] [Repayable within one year Rs. Nil, Previous Year Rs.26,256.84]		
c. Loan from I.C.I.C.I. Bank Limited	Nil	72,839.66
[Secured against Hyp. of Vehicles] [Repayable within one year Rs. Nil/-, Previous Year Rs. 72,839.66]		


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
d. Loan from Punjab National Bank	Nil	31,154.00
[Secured against Hyp. of Vehicles] [Repayable within one year Rs.Nil, Previous Year Rs. 31,154.00]		
e. Term Loan from Gujarat State Financial Corpn.	73,731,144.00	59,128,957.00
[Secured against equitable mortgage of Land & Building and hypothecation of Plant & Machineries & personal guarantee of Directors] [Repayable within one year Rs.73,731,144.00, Previous Year Rs.59,128,957/-]		
Note : The amount of Secured Loans are inclusive of interest accrued and due and overdue amounts of Interest & Installments, but does not include interest not charged by Banks in the respective accounts due to the relevant A/c. being NPA.		
TOTAL	<u>86,793,564.00</u>	<u>71,321,627.50</u>
SCHEDULE : [4] UNSECURED LOANS :		
From Directors	478,328.61	742,370.61
From Bodies Corporate	395,725.00	124,443.00
From Shareholders	164,728.00	
From Others	4,050,000.00	4,050,000.00
TOTAL	<u>5,088,781.61</u>	<u>4,916,813.61</u>



**SCHEDULE ANNEXED TO THE ACCOUNTS
SCHEDULE : [5] FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As On 01/04/03	Additions During the year	Deduction/ Adjustment	As On 31/03/04	Up to 31/03/03	Additions During the year	Deduction/ Adjustment	Up to 31/03/04	As On 31/03/04	As On 31/03/03
1. Land	16112980.00	Nil	Nil	16112980.00	Nil	Nil	Nil	Nil	16112980.00	16112980.00
2. Building & Site Development	30650778.00	Nil	Nil	30650778.00	15525495.00	1512530.00	Nil	17038025.00	13612753.00	15125283.00
3. Plant & Machineries	6809987.00	1900137.00	Nil	70000124.00	45760702.00	3347191.00	Nil	49107893.00	20892230.00	22339284.00
4. Office Equipments	935447.00	64400.00	Nil	999847.00	655239.00	52585.00	Nil	707824.00	292023.00	280208.00
5. Furnitures & Fixtures	841979.00	21825.00	Nil	863804.00	578456.00	50290.00	Nil	628746.00	235058.00	263523.00
6. Miscellaneous Assets	460056.00	137765.00	Nil	597821.00	314720.00	103922.00	Nil	418642.00	179179.00	145336.00
7. Vehicles	1863682.00	40350.00	Nil	1904032.00	1063354.00	215911.00	Nil	1279265.00	624767.00	800328.00
TOTAL [A]	118964909.00	2164477.00	Nil	12129386.00	63897966.00	5282429.00	Nil	69180395.00	51948990.00	55066942.00
CAPITAL WORK IN PROGRESS :-										
1. Building & Civil Construction	205761.00	Nil	Nil	205761.00	Nil	Nil	Nil	Nil	205761.00	205761.00
2. Plant & Machinery	1990312.00	Nil	1850822.00	139490.00	Nil	Nil	Nil	Nil	139490.00	1990312.00
TOTAL [B]	2196073.00	Nil	1850822.00	345251.00	Nil	Nil	Nil	Nil	345251.00	2196073.00
TOTAL [A] + [B]	121160982.00	2164477.00	1850822.00	121474637.00	63897966.00	5282429.00	Nil	69180395.00	52294241.00	57263015.00
PREVIOUS YEAR	123654086.00	580392.00	3073496.00	121160982.00	59736865.00	5754583.00	1593481.00	63897966.00	57263015.00	63917206.00


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
SCHEDULE : [6] PRE-OPERATIVE EXPENSES		
[PENDING ALLOCATION]		
As per Last Balance Sheet	Nil	41,134.00
Add : Transferred from Profit & Loss Account	Nil	Nil
	Nil	41,134.00
Less : Capitalised to Fixed Assets	Nil	41,134.00
TOTAL	Nil	Nil
SCHEDULE : [7] INVESTMENTS :		
[Trade] [Long Term Investments].		
Quoted [Equity Shares of Companies]		
a. 11,20,000 Equity Shares of Rs.10/- each fully paid of Vatsa Finance Limited. [Previous year 11,20,000 Equity Shares] [Market value Rs.Nil, Previous year Rs. Nil]	7,849,144.00	7,849,144.00
b. 1,500 Equity Shares of Rs.10/- each fully paid of Rencal Chemicals [I] Limited. [Previous year 1500 Equity Shares] [Market value Rs.Nil/- Previous Year Rs. Nil/-]	64,821.00	64,821.00
c. 17,500 Equity Shares of Rs.10/- each fully paid of Trans Techno Foods Limited. [Previous year 17500 Equity Shares] [Market value Rs.Nil/- Previous Year Rs. 7,000/-]	342,875.00	342,875.00
d. 1000 Equity Shares of Rs.10/-each partly paid up of Bank fo Baroda [Previous year 1000 Equity Shares partly paid] [Market value Rs.2,39,800/-, Previous Year Rs.86,000/-]	85,000.00	85,000.00
e. 8,09,400 Equity Shares of Rs.10/- each fully paid of Apple Amusement Ind. Ltd.* [Previous year 809400 Equity Shares] [Market Value Rs. Nil Previous year Rs. 94,29,510/-]	8,222,600.00	8,222,600.00
f. Un Quoted [Equity Shares of Companies] 95,000 Equity Shares of Rs.10/- each fully paid of Ajwa Finance Limited* [Previous year 95,000 Equity Shares] * [A Company under the same management]	950,000.00	950,000.00
TOTAL	<u>17,514,440.20</u>	<u>17,514,440.20</u>



SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
SCHEDULE : [8] SUNDRY DEBTORS :		
[Unsecured, considered good]		
Debts outstanding for a period Exceeding :		
a. Six Months	Nil	Nil
b. Others	5,672.00	Nil
TOTAL	<u>5,672.00</u>	<u>Nil</u>
SCHEDULE : [9] CASH & BANK BALANCE :		
a. Cash on hand	65,816.15	162,163.15
b. Balance with Scheduled Banks :		
- In Current Accounts	23,738.68	92,993.78
TOTAL	<u>89,554.83</u>	<u>255,156.93</u>
SCHEDULE : [10] LOAN AND ADVANCES :		
a. LOANS [Unsecured, considered good]		
- To Directors	Nil	Nil
- To Others (Mahavir Estate Pvt. Ltd.)	31,020.00	31,020.00
b. ADVANCES		
[Recoverable in cash or in kind or for value to be received]		
- Deposits with various agencies	921,145.00	934,235.00
- Advances to Trade Creditors	43,604.00	47,566.00
- Other Advance	295,700.00	1,240,543.00
- Staff Advances	299,201.50	249,051.00
- Prepaid Expenses	104,190.00	111,565.00
- Share Application Money (Pending Allotment)	250,000.00	250,000.00
- Accrued Income	Nil	5,000.00
- Deposit with Bank of Baroda-No Lien A/c	700,000.00	700,000.00
- TDS (A.Y. 2004-2005)	5,393.00	2,992.00
- Entertainment Tax	100,000.00	100,000.00
TOTAL	<u>2,750,253.50</u>	<u>3,671,972.00</u>
SCHEDULE : [11] CURRENT LIABILITIES & PROVISIONS :		
CURRENT LIABILITIES :		
a. Sundry Creditors	4,360,558.00	5,470,390.00
b. Corporation Bank O/D. A/c.	38,933.47	Nil
[Current A/c with Schedule Bank]		
c. Unearned Income	4,094,600.00	2,295,220.00
d. Share Application Money Refundable	180,363.35	105,604.35
e. Income Tax Payable (A.Y. 1997-98)	108,968.00	110,602.00
f. T.D.S. Payable	136,515.00	129,458.00
g. Other Current Liabilities	Nil	343,148.00
h. Outstanding Expenses	507,125.00	312,523.00
SUB-TOTAL	<u>9,427,062.82</u>	<u>8,766,945.35</u>
PROVISIONS		
For Expenses	17,573,422.00	15,848,288.00
For Taxation	Nil	Nil
SUB-TOTAL	<u>17,573,422.00</u>	<u>15,848,288.00</u>
TOTAL	<u>27,000,484.82</u>	<u>24,615,233.35</u>


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	As at 31/3/04 [Rs.]	As at 31/3/03 [Rs.]
SCHEDULE : [12] MISCELLANEOUS EXPENDITURE :		
a. Preliminary Expenses		
Balance as per last Balance Sheet	418,199.00	835,407.00
Less : 1/10th written off during the year	Nil	417,208.00
TOTAL [A]	<u>418,199.00</u>	<u>418,199.00</u>
b. Deferred Revenue Expenses		
Balance as per last Balance Sheet	40,639.00	60,959.00
Add : Addition during the year	Nil	Nil
	<u>40,639.00</u>	<u>60,959.00</u>
Less : 1/5th written off for the year	20,320.00	20,320.00
TOTAL [B]	<u>20,319.00</u>	<u>40,639.00</u>
TOTAL [A + B]	<u>438,518.00</u>	<u>458,838.00</u>

PARTICULARS	For the Year Ended 31/3/04 [Rs.]	For the year Ended 31/3/03 [Rs.]
SCHEDULE : [13] SALES/INCOME FROM OPERATIONS :		
a. Parks / Garden Income	6,455,949.00	7,033,456.00
b. Restaurant Income [Sale of eatables / commission]	2,252,373.00	1,688,538.00
c. Bus Income	39,410.00	20,000.00
d. Membership Income	587,720.00	605,838.00
e. Super Store Income	161,359.00	130,240.00
f. Misc. Other Income	162,226.00	474,803.00
TOTAL	<u>9,659,037.00</u>	<u>9,952,875.00</u>
SCHEDULE : [14] OTHER INCOME :		
a. Discount & Kaşar	Nil	36,060.00
b. Interest Income [TDS Rs. Nil, Previous Year Rs. Nil/-]	122.00	105.00
c. Sundry Balance W/off	Nil	256,341.01
d. Profit on sale of assets	Nil	51,951.00
e. Surplus on destruction of Assets	Nil	10,127.00
TOTAL	<u>122.00</u>	<u>354,584.01</u>


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	For the Year Ended 31/3/04 [Rs.]	For the year Ended 31/3/03 [Rs.]
SCHEDULE : [15] PARKS / GARDEN		
OPERATING EXPENSES :		
a. Electricity, Power & Fuel	2,600,402.00	1,930,521.00
b. Repairs & Maintenance [P & M]	1,355,791.00	1,088,668.00
c. Repairs & Maintenance [Building]	107,671.00	176,823.00
d. Repairs & Maintenance [Others]	77,992.00	69,589.00
e. Rajwadi Program Exp.	259,917.00	309,307.00
f. Stores & Spares Consumed	133,971.00	129,753.00
g. Security Expenses	266,362.00	213,375.00
h. Commission & Discount Expenses	83,017.00	94,463.49
i. Restaurant Expenses [Cost of Sale of eatables etc.]	1,547,157.00	1,320,689.00
j. Buses Operating Expenses	38,200.00	66,425.00
k. Super Store Material Expenses	111,804.00	135,392.50
l. Plantation Expenses	25,521.00	22,327.00
TOTAL	<u>6,607,805.00</u>	<u>5,557,332.99</u>
SCHEDULE : [16] ADMINISTRATIVE & OTHER EXPENSES :		
a. PAYMENT TO & PROVISIONS FOR EMPLOYEES :		
Directors' Remuneration	300,000.00	300,000.00
Salary & Wages to staff	1,157,962.00	1,096,366.57
Staff Welfare Expenses	52,691.00	85,229.00
Contribution to Provident & Other Funds	69,099.00	74,218.00
SUB-TOTAL	<u>1,579,752.00</u>	<u>1,555,813.57</u>
b. ADMINISTRATIVE & GENERAL EXPENSES :		
Advertisement & Business Promotion Expense	732,271.00	857,406.25
Legal & Professional Fees & Expenses	170,552.00	201,311.00
Travelling Expenses [Including Directors' Domestic Travelling Rs.36,845/-, Previous Year: Domestic Travelling Rs.93,081/-]	394,671.00	201,170.00
Office & General Expenses	270,001.50	227,291.50
Printing & Stationery Expenses	71,229.00	76,493.00
Postage, Telegram & Telephone Expenses	137,664.47	175,284.86
Conveyance & Vehicle Expenses	482,316.00	397,505.00
Insurance Expenses	199,493.00	152,460.29


SCHEDULE ANNEXED TO THE ACCOUNTS

PARTICULARS	For the Year Ended 31/3/04 [Rs.]	For the year Ended 31/3/03 [Rs.]
Auditors' Remuneration	29,600.00	26,000.00
Expenses on Medical treatment of Customers	5,480.00	71,923.00
Listing Fees	Nil	15,000.00
Rent, Rates & Taxes	318,270.00	321,670.00
Repairs & Maintenance Expenses	26,904.00	36,207.00
Discount Kasar	2,468.00	Nil
SUB-TOTAL	<u>2,840,919.97</u>	<u>2,759,721.90</u>
TOTAL	<u>4,420,671.97</u>	<u>4,315,535.47</u>

SCHEDULE : [17] INTEREST & FINANCIAL EXPENSES :

a. Bank Charges	3,771.44	7,954.00
b. Interest Expenses		
- For Bank Loans	5,138,144.00	4,247,095.00
- For G. S. F. C. Loans	11,238,603.00	12,431,511.00
- For Other Loans	25,275.16	51,296.45
TOTAL	<u>16,405,793.60</u>	<u>16,737,856.45</u>

SCHEDULE : [18] PRIOR YEAR ADJUSTMENTS :

Interest	Nil	(4811)
Legal & Professional Fees & Expenses	Nil	6800.00
Discount	Nil	5,400.00
Telephone Expenses	Nil	8029.00
TOTAL	<u>Nil</u>	<u>15,418.00</u>

**SCHEDULE ANNEXED TO THE ACCOUNTS**

(Annexed to and forming part of the Accounts for the year ended 31st March, 2004)

SCHEDULE : [19] "ACCOUNTING POLICIES & NOTES ON ACCOUNTS" :**A. "STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES":****1. ACCOUNTING CONVENTIONS :**

1. The Financial statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles and as per the provisions of the Companies Act, 1956 except non following of Accounting Standard No.13 and 15 regarding "accounting of Investments" and accounting for retirement benefits in the financial statement of employer's respectively.
2. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles as consistently followed by the Company.

2. RECOGNITION OF INCOME / EXPENDITURE :

Revenue / Income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred except employees' retirement benefits, which are accounted as and when actually paid.

3. SALES/INCOME FROM OPERATIONS :

Parks/Garden Income is accounted on accrual basis i.e. date of visit to park/garden is the date of reckoning the income, however in the case of the Membership for a specified period, the income has been treated as accrued proportionately on the basis of span of period of membership. Also in the case of life membership deposits, the income is recognised by spreading deposit over a period of ten years.

4. INVESTMENTS :

- i. Investment are stated at cost.
- ii. Profit/(Loss) on sale of investments is accounted reckoning the first in first out (FIFO) method of accounting.

5. FIXED ASSETS AND DEPRECIATION :

1. Fixed Assets (Including assets purchased under hire purchase agreements) are stated at cost of acquisition less accumulated depreciation. Cost includes pre-operation expenses net of revenue. The Fixed Assets which are not yet completed are treated as Capital Work-In-Progress and no depreciation is provided for the same.



2. Depreciation on Fixed Assets is provided on the Written Down Value Method (W.D.V.) at the rates specified in Schedule XIV to the Companies Act, 1956, as amended upto the date of Balance Sheet.
3. Depreciation on Fixed Assets, for which no rates have been specified in Schedule XIV to the Companies Act, 1956, is provided on the Written Down Value Method at the rates at which the assets are depreciated over its estimated useful life.
4. Depreciation is provided on pro-rata basis from the month in which assets have been put to use and upto the date on which assets have been disposed, discarded or sold.
5. The assets having average life of about two years such as Costumes, Restaurant Crockeries etc. are being clubbed under Miscellaneous Assets and have been written off after a period of two years.

6. EXPENDITURE DURING PROJECT IMPLEMENTATION :

- i. Pre-Operative Expenses for the projects of the Company incurred upto the date of Installation and pertaining to the completed Assets are capitalised and added proportionately to the cost of relevant Fixed Assets.
- ii. Pre-Operative Expenses pertaining to the assets under construction/ installation are carried forward to the next year, to be capitalised on completion of respective Fixed Assets.

7. VALUATION OF INVENTORIES :

Inventories of stores, beverages & eatables are valued at cost. Cost is arrived at by following Weighted Average method of accounting.

8. AMORTISATION OF MISCELLANEOUS EXPENSES :

- i. The preliminary expenses and issue expenses are amortised over a period of ten years.
- ii. Expenses towards intensive advertisement campaign as well as sales promotion and foreign travelling, the benefit of which are expected to accrue over a number of years are treated as deferred revenue expenditure. Appropriate amounts are being written off every year.
- iii. Advertisement & other travelling & office expenses relating to the Periodic Membership Schemes whose income have been treated as accrued on proportionate basis are treated as deferred revenue expenditure and appropriate amounts are being written off every year, over the period of such Schemes

B. "NOTES ON ACCOUNTS" :

1. Figures of Previous year have been regrouped/recast wherever necessary to make them comparable with the figures of the Current year.



2. The company has not provided for the gratuity liability as well as employees' other retirement benefits though it should have provided for the same in line with the accounting standard made mandatory.

Since the company is following cash method of accounting in this respect, the liability in respect of gratuity is not being worked out by it.

3. No provision has been made for penalty and interest which may be levied upon the Company for non deduction/short deduction of TDS and delay/default in remitting money to various authorities because the amount is not ascertainable as on the date of Balance Sheet. The same shall be accounted for as and when levied by such authorities.

4. AUDITORS' REMUNERATION INCLUDES :

Sr. No.	Particulars	2003-04 [Rs.]	2002-03 [Rs.]
[1]	Statutory Audit Fees	16,200	15,750
[2]	Tax Audit Fees	5,400	5,250
[3]	Fees for Taxation Matters	5,000	5,000
[4]	Company Law Matters	3,000	Nil
TOTAL		29,600	26,000

5. Balance due to or due from parties/ banks from whom confirmations are not received are subject to necessary adjustment on receipt of confirmations including balance with Bank of Baroda Term Loan A/c., Samta Sahkari Bank-Bombay Branch and Bank of Baroda-Bombay Branch.

6. LOANS & ADVANCES INCLUDE THE FOLLOWING :

Rs.31,020/- given as loan to M/s.Mahavir Estate Pvt. Ltd. Maximum outstanding during the year Rs.31,020/-. (Previous year both the amounts were Rs.31,020/-)

7. Directors' Remuneration (Current year as well as previous year) represents Directors salary only.
8. The Inventory of stores includes stocks of Stores, Spares, Restaurant Items etc. and is stated in the Balance Sheet as taken, valued and certified by the management.

9. CONTINGENT LIABILITIES :

- i. Disputes not acknowledged as debt by the company for Rs.19,46,655/-.
- ii. Demand raised by the Gujarat Electricity Board for Rs.1,95,070/- towards installation charges and interest but contested by the company.

10. The company has been advised by experts that due to business loss and claim of depreciation as per the provisions of the Income Tax Act, 1961, the company does not have any tax liability for the current financial year and therefore no provision for Income Tax has been made. Also, due to carried forward depreciation and business loss as per the provisions of



Income Tax Act, 1961, there is no need to provide any deferred Tax liability under accounting standard 22(AS 22).

11. The investments made by the Company are not held in its own name though required as per the provisions of section 49 of the Companies Act, 1956.
12. The company has not provided for the diminution in the value of long term investments held by it though it is required to do so as per the accounting standard being made mandatory. Since the Company is stating the investments at cost, the same method of accounting has been continued. The diminution in the value of investments of the Company as at 31.3.2004 is Rs. 1,74,29,440.
13. The Company is primarily engaged in a single segment business of Fun World, Water Park, Rajwadi the Village & Resort. Also it has no branches either in India or outside. Hence the reporting pursuant to AS-17 is not applicable.

14. RELATED PARTY TRANSACTIONS :

Related Parties with whom the Company had transactions.

1. ASSOCIATES :

1. Ajwa Finance Ltd.
2. S.R.J. Builders Pvt. Ltd.
3. Mahavir Estate Pvt. Ltd.
4. Apple Allied Ind. Ltd.
5. Unique Construction Pvt. Ltd.

2. Key Material Personal :

1. Shri Rajesh C. Jain (C.M.D.)
2. Smt. Surbhi N. Kothari

3. Relatives of Key Managerial Personnel :

1. Smt. Vijaybala R. Jain
2. Master Rahil R. Jain

Disclosure of Transactions between the Company & related parties & the status of outstanding Balance as on 31st March, 2004.

Sr. No.	Component	Associates Transaction (Net) Rs.	Significant Influence (Net) Rs.	Key Managerial Personnel (Net) Rs.	Relatives of Key Managerial Personnel Transaction (Net) Rs.
1.	Loan (taken)	3,00,725.00	-	4,78,329.00	-
2.	Remuneration Sitting fees to Key Managerial Person	-	-	3,00,000.00	-
3.	Loan given/Rent paid to key Managerial Person	31,020.00	-	-	3,00,000.00



15. Figures are rounded off to the nearest rupee.

16. Additional information pursuant to the provisions of paragraphs 3 & 4 in part II of the Schedule VI of the Companies Act, 1956.

	Current Year 2003-04		Previous Year 2002-03	
	Qty.	Amount [Rs.]	Qty.	Amount [Rs.]
i LICENSE AND INSTALLED CAPACITY	Not Applicable		Not Applicable	
ii RAW MATERIAL CONSUMED	Nil	Nil	Nil	Nil
iii OPENING & CLOSING STOCK OF FINISHED GOODS :	Nil	Nil	Nil	Nil
iv C.I.F. VALUE OF IMPORTS	-	Nil	-	Nil
v EXPENDITURE IN FOREIGN CURRENCY	-	Nil	-	Nil
vi EARNINGS IN FOREIGN CURRENCY	-	Nil	-	Nil
vii DIVIDEND TO NRI(S)	-	Nil	-	Nil



17. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration No.

0	4			1	8	2	9	4	
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 State Code

Balance Sheet Date

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0	4
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II. Capital Raised during the year [Amount in Rs. Thousands]

Public Issue

		N	I	L					
--	--	---	---	---	--	--	--	--	--

Right Issue

		N	I	L					
--	--	---	---	---	--	--	--	--	--

Bonus Issue

		N	I	L					
--	--	---	---	---	--	--	--	--	--

Private Placement

		N	I	L					
--	--	---	---	---	--	--	--	--	--

III. Position of Mobilisation and Deployment of Funds [Amount in Rs. Thousands]

Total Liabilities

				1	6	5	9	0	2
--	--	--	--	---	---	---	---	---	---

Total Assets

				1	6	5	9	0	2
--	--	--	--	---	---	---	---	---	---

Sources of Funds [Amount in Rs. Thousands]

Paid-up Capital

				6	3	9	0	0	
--	--	--	--	---	---	---	---	---	--

Reserve and Surplus

				1	1	1	2	0	
--	--	--	--	---	---	---	---	---	--

Secured Loans

				8	5	7	9	4	
--	--	--	--	---	---	---	---	---	--

Unsecured Loans

				5	0	8	8		
--	--	--	--	---	---	---	---	--	--

Application of Funds [Amount in Rs. Thousands]

Net Fixed Assets

				5	2	2	9	4	
--	--	--	--	---	---	---	---	---	--

Investment

				1	7	5	1	4	
--	--	--	--	---	---	---	---	---	--

Net Current Assets

				(-)	2	4	1	0	7
--	--	--	--	-----	---	---	---	---	---

Miscellaneous Expenditure

							4	3	9
--	--	--	--	--	--	--	---	---	---

Pre-operative Expenses

							N	I	L
--	--	--	--	--	--	--	---	---	---

Accumulated Losses

				1	1	9	7	6	2
--	--	--	--	---	---	---	---	---	---



IV. Performance of the Company [Amount in Rs. Thousands]

Turnover	Total Expenditure																			
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					9	6	5	9												
					3	2	7	3	7											
Profit/(Loss) Before Tax	Profit/(Loss) after Tax																			
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			(-)	2	3	0	7	8												
			(-)	2	3	0	7	8												
Earning Per Share in Rs.	Dividend Rate %																			
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V. Generic Names of Three Principal Product/Services of the Company

(As per Monetary Terms)

Item Code No. (Itc Code) Not Applicable

Production Description

Item Code No. (Itc Code) Not Applicable

Production Description

Item Code No. (Itc Code) Not Applicable

Production Description

Signatures to Schedules 1 to 19

As per our Report of even date
For M/s.PORWAL & PORWAL
 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

[NIKHIL PORWAL]
 PARTNER

PLACE : MUMBAI.

DATE : 30th June, 2004

RAJESH C. JAIN
 CHAIRMAN & MANAGING DIRECTOR

PLACE : AJWA, BARODA.

DATE : 30th June, 2004

SURBHI R. JAIN
 DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/3/2004
[PREPARED PURSUANT TO LISTING AGREEMENT]

PARTICULARS	FOR THE YEAR ENDED 31/3/04 [Rs.]	FOR THE YEAR ENDED 31/3/03 [Rs.]
A. CASH FLOW FROM OPERATIVE ACTIVITIES :		
NET PROFIT/(LOSS) AFTER TAX AND EXTRAORDINARY ITEMS	(23,077,860.57)	(22,510,792.90)
ADJUSTED FOR		
DEPRECIATION	5,282,429.00	5,754,581.00
MISC. EXP. WRITTEN OFF	20,320.00	437,528.00
LOSS/(PROFIT) ON SALE OF ASSETS [NET]	Nil	(62,078.00)
PRIOR YEAR ADJUSTMENTS	Nil	15,418.00
SUNDRY BALANCES WRITTEN OFF	Nil	(256,341.00)
INTEREST EXPENSES	16,402,022.16	16,729,902.45
OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES :	(1,373,089.41)	108,217.55
ADJUSTED FOR		
TRADE AND OTHER RECEIVABLES	916,046.50	363,252.00
INVENTORIES	(22,038.00)	126,452.00
TRADE PAYABLES AND OTHER LIABILITIES	770,777.47	2,782,258.00
CASH GENERATED FROM OPERATIONS :	291,696.56	3,380,179.55
INTEREST PAID	26,275.16	141,296.00
CASH FLOW BEFORE EXTRA ORDINARY ITEMS :	266,421.40	3,238,883.55
ADD/(LESS) : EXTRA ORDINARY ITEMS :		
PRIOR YEAR ADJUSTMENTS	Nil	(20,229.00)
NET CASH FLOW FROM OPERATING ACTIVITIES : [A]	266,421.40	3,218,654.55
B. CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(313,655.00)	(539,258.00)
SALE OF FIXED ASSETS	Nil	1,542,092.00
PURCHASE OF INVESTMENTS	Nil	(3,498,600.00)
REPAYMENT RECEIVED FOR LOANS GIVEN	Nil	678,973.00
NET CASH FLOW FROM INVESTING ACTIVITIES : [B]	(313,655.00)	(1,815,793.00)


CASH FLOW STATEMENT FOR THE YEAR ENDED 31/3/2004
[PREPARED PERSUANT TO LISTING AGREEMENT]

PARTICULARS	FOR THE YEAR ENDED 31/3/04 [Rs.]	FOR THE YEAR ENDED 31/3/03 [Rs.]
C. NET CASH USED IN FINANCING ACTIVITIES :		
PROCEEDS FROM LONG TERM BORROWINGS	Nil	Nil
REPAYMENT OF LONG TERM BORROWINGS [INCLUSIVE OF INTEREST]	(50,000.00)	(1,400,000.00)
REPAYMENT OF SHORT TERM LOANS [NET]	(68,368.50)	(177,951.00)
NET CASH USED IN FINANCING ACTIVITIES : [C]	(118,368.50)	(1,577,951.00)
NET CASH & CASH EQUIVALANTS { (A) + (B) + (C) }	(165,602.10)	(175,089.45)
CASH AND CASH EQUIVALANTS AS AT THE BEGINNING OF THE YEAR	255,156.93	430,247.00
CASH AND CASH EQUIVALANTS AS AT THE END OF THE YEAR	89,554.83	255,156.55

For and on behalf of the Board of Directors

PLACE : AJWA, BARODA.
DATE : 30th June, 2004

RAJESH C. JAIN
CHAIRMAN & MANAGING DIRECTOR

SURBHI R. JAIN
DIRECTOR

AUDITORS' CERTIFICATE

To,
The Board of Directors,
AJWA FUN WORLD & RESORT LIMITED
Kunj Resi-Cum-Plaza, Palace Road,
Baroda - 390 001.

We have examined the attached Cash flow statement of the AJWA FUN WORLD & RESORT LIMITED for the year ended 31st March, 2004. The statement has been prepared by the Company in accordance with the requirement of clause 32 of the listing agreements with the Stock Exchange and is in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company.

For M/s. PORWAL & PORWAL
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATED : 30.06.2004

NIKHIL PORWAL
PARTNER