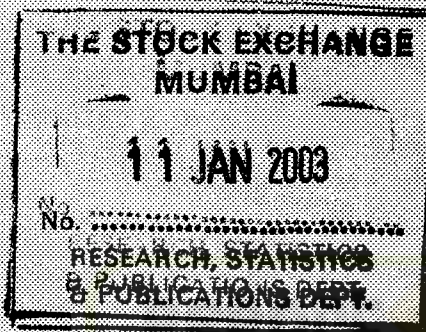


AJWA FUN WORLD & RESORT LIMITED



TRUE COPY

Ajwa Fun World & Resort Ltd.

[Signature]
Managing Director

10TH ANNUAL REPORT 2001-2002

AJWA FUN WORLD & RESORT LIMITED**BOARD OF DIRECTORS**

RAJESH C. JAIN	CHAIRMAN & MANAGING DIRECTOR
DEVENDRA U. JAIN	DIRECTOR
BABUBHAI D. MAKWANA	DIRECTOR
PARESH K. PATEL	DIRECTOR
SURBHI R. JAIN	ADDITIONAL DIRECTOR

**10th
Annual
Report
2001-2002**
ASST. COMPANY SECRETARY

PRADYOT SHUKLA

AUDITORS

M/S. R. C. Deopura & Co.
Chartered Accountants,
301-C, 3rd Floor,
Manubhai Tower,
Sayajiganj, Baroda-390 005.

**AJWA FUN WORLD
&
RESORT LIMITED**

BANKERS

Bank of Baroda
Kothi Branch,
Baroda.

REGISTERED OFFICE / PARK

Ajwa Nimeta Road,
P.O. Ajwa Compound - 391 510.
Ta. Waghodia,
Dist. Baroda.

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CORPORATE OFFICE

"B-Tower", Basement,
Kunj Resi Cum Plaza,
Palace Road,
Baroda - 390 001.

AJWA FUN WORLD & RESORT LIMITED**NOTICE**

NOTICE is hereby given that the **Tenth Annual General Meeting** of the Members of **AJWA FUN WORLD & RESORT LIMITED** will be held on Saturday, 28th September, 2002 at the Registered office of the Company situated at Ajwa Nimeta Road, P.O. Ajwa Compound - 391510 Tal. Waghodia, Dist. Baroda at 11.00 a.m. to transact the following business.

AS AN ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Babubhai D. Makwana who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board
For Ajwa Fun World & Resort Ltd.

Place : Ajwa
Date : 30th June, 2002

Rajesh C. Jain.
[Chairman & Managing Director]

NOTES :

1. **A Member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from **26th Septmber, 2002 to 28th September, 2002 (both days inclusive).**
3. Members are requested to notify any change in their addresses directly to the Corporate office of the Company situated at "B Tower", Kunj Resi Cum Plaza, Palace Road, Baroda - 390001.

By order of the Board
For Ajwa Fun World & Resort Ltd.

Place : Ajwa
Date : 30th June, 2002

Rajesh C. Jain.
[Chairman & Managing Director]

JWA FUN WORLD & RESORT LIMITED**DIRECTORS REPORT TO THE MEMBERS**

To,

The Members

Your Directors have pleasure in presenting their **Tenth Annual Report** together with the Audited Accounts for the year ended 31st March, 2002.

Financial Results

	[Rs. in Lacs]	
PARTICULARS	2001-2002	2000-2001
Total Income	209.58	141.92
Profit/(Loss) before Depreciation and tax	(68.54)	(95.43)
Less : Depreciation	67.33	77.12
Profit/(Loss) Before Tax	(125.10)	(433.14)
Net Profit/(Loss) After Tax	(125.10)	(433.14)

OPERATIONS

During the year under review, your Company has shown 209.58 Lacs with its net sales/income from operation and other income to Rs.59.06 lacs. During the period, the performance of the Company been stagnant, considering the previous year figures, though the recessionary trend continued, which adversely affected the financial health of the Company. However flow of the visitors has increased during the year, which in turn raised the gross income of Company, with resulted in reduction of loss for the period, which has come down from Rs. 433.14 Lacs to Rs. 125.10 Lacs after tax. The performance of the Company was also affected considerably due to higher interest and depreciation cost. The Directors of your Company are hopeful to have good working and performance in the coming years, considering foe economic prospects.

DEPOSITORY SYSTEM

For dematerialisation of equity shares, your Company has signed agreement's with Central Depository Services (India) Ltd. Your Company's ISIN number is INE863E01015, The members of the Company may operate through the above depository as per their convenience. Your Company has also applied with National Securities Depository Ltd. from which approval is awaited.

DIRECTORS

Mr. Babubhai D. Makwana Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

AUDITORS

M/s.R.C.Deopura & Co., Chartered Accountants, Baroda, retire as an Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment and they have furnished the

AJWA FUN WORLD & RESORT LIMITED

certificates for their eligibility as per Section 224(1) B of the Companies Act 1956.

AUDIT COMMITTEE

As required under Section 292A of the Companies Act, 1956 Audit Committee comprising Shri Rajesh C Jain, Shri Devendra U Jain and Ms. Surbhi R Jain has been formed. The task of the Audit Committee also include to review the manner in which the internal auditors are performing their responsibilities and to discuss auditing, internal controls and financial reporting's. To ensure complete independence, the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

INDUSTRIAL RELATION

During the year under review the relation between employees and management were cordial.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

As required by the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, the relevant data pertaining to Conservation of Energy, Technology absorption & Foreign exchange earnings and out go are furnished in the Annexure forming part of this report.

AUDITORS REPORT

Auditors observations are self explanatory and/or suitably explained in the notes on Accounts.

PARTICULARS OF EMPLOYEES

There was no employee during the year under review whose particulars are required to be given pursuant to Section 217 (2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Listing agreements with Stock Exchanges prescribe uniform code of corporate governance for the listed Companies. It will be mandatory for your Company to implement corporate governance during the financial year 2002- 2003 i.e. before 31st March, 2003. Your Company already complies with majority of the requirements of this code. Compliance of the code to the full extent will be ensured before the prescribed date.

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:

- i] That in the preparation of the accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii] That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;

AJWA FUN WORLD & RESORT LIMITED

- iii] 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;
- iv] That the Directors have prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

ACKNOWLEDGMENT

Your Directors places on record their sincere appreciation of the co-operation and assistance extended by the bankers of the Company. They also places on record their appreciation of the devoted services rendered by the Whole Time Directors, Executives, Staff Members and Workers of the Company.

By order of the Board
For Ajwa Fun World & Resort Ltd.

Place : Ajwa
Date : 30th June, 2002

Rajesh C. Jain.
[Chairman & Managing Director]

ANNEXURE TO DIRECTORS REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS), RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

I. CONSERVATION OF ENERGY**FORM "A"**

Your Company falls out of the purview of the list of Industries which are required to furnish the necessary information in Form A.

II. Disclosure of Particulars with respect to Technology Absorption, Adaptation and Innovation (To the extent applicable)**FORM "B"**

	Current Year	Previous Year
1) Research & Development (R & D)	NIL	NIL
2) Technology Absorption, Adaptation and innovation	NIL	NIL
III. FOREIGN EXCHANGE		
EARNINGS	NIL	NIL
OUT GO	NIL	NIL

By order of the Board
For Ajwa Fun World & Resort Ltd.

Place : Ajwa
Date : 30th June, 2002

Rajesh C. Jain.
[Chairman & Managing Director]

AJWA FUN WORLD & RESORT LIMITED**AUDITORS' REPORT**

To,
THE MEMBERS,
AJWA FUN WORLD & RESORT LIMITED

We have Audited the attached Balance Sheet of AJWA FUN WORLD & RESORT LIMITED as at 31st March, 2002 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report that:

1. We conducted our audit in accordance with the auditing standard generally accepted in India. Those standard require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit included examining on a test basis, evidence supporting the amounts and disclosure 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.
2. As required by the Manufacturing And Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 1 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 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.
 - iv. In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 *except Accounting Standard no. 13 and 15 regarding "accounting of Investments" and "accounting for retirement benefits in the financial statement of employers", respectively, both issued by the Council of The Institute of Chartered Accountants Of India.*
 - v.
 - a. *The Company has not provided for accrued gratuity liability and other employees' retirement benefits (Amount not ascertained by the Company).*
 - b. *Some of the investments in Shares by the Company are not held in the name of the company though required under the provisions of section 49 of the Companies Act, 1956.*
 - c. *No provision has been made for penalty and interest that may be levied on the company for non deduction/short deduction of tax at source and delay/default in remitting money to various authorities /parties (Amount not ascertainable).*
 - d. *The Company has not provided for diminution in the value of Investments amounting to Rs. 9240140/-. Consequently the losses for the year are understated by Rs. 1521780/-*

AJWA FUN WORLD & RESORT LIMITED

and the Profit & Loss Account in the Balance Sheet is understated by Rs. 9240140/- and Investments are overstated to the same extent.

- e *The Company has not adhered to the provisions of Sec. 295 and 372A of the Companies Act, 1956 in respect of certain loans given and investments made by it.*

We further report that, without considering item mentioned at a & c above, the effect of which could not be determined, had the observations made by us in paragraph d & e above been considered, the losses for the year would have been Rs. 15109224/- (as against the reported figure of Rs. 13587444/-), total investments would have been Rs. 4776700/- (as against the reported figure of Rs. 14016840/-) and accumulated losses would have been Rs. 83413910/- (as against the reported figure of Rs. 74173770/-).

- vi. On the basis of the written representations received from the directors as on March 31, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vii. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon and attached thereto and accounting policies of the Company, give the information required by 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, 2002, and
- b. In the case of Profit & Loss Account, of the "Loss" for the year ended on that date.

For **M/S. R.C. DEOPURA & CO.**
Chartered Accountants

Place : Baroda.

Date : 30th June, 2002.

[R.C.Deopura]
Proprietor

AJWA FUN WORLD & RESORT LIMITED**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

1. The Company is maintaining proper records to show full particulars, including quantitative details and situation of Fixed Assets. As informed to us, the Fixed Assets have been physically verified by the management at reasonable intervals and that no material discrepancies were noticed on such verification as compared with the aforesaid records.
2. None of the Fixed Assets of the Company have been revalued during the year.
3. As informed to us physical verification has been conducted by the management at reasonable intervals during the year in respect of stocks of stores, eatables & beverages, spare parts etc.
4. In our opinion and as informed 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.
5. As informed to us, no material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
7. As informed to us, the Company has taken unsecured Loans from the Companies under the same management as defined u/s 370 (1B) of the Companies Act, 1956. The Company has also taken unsecured loans from the parties as listed in the register maintained u/s 301 of the Companies Act, 1956. In our opinion, the rate of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interest of the Company.
8. As informed to us, the Company has given Loans to Companies under the same management as defined under Section 370 (1B) and also to the parties as listed in the register maintained u/s. 301 of the Companies Act, 1956. *In our opinion, the rate of interest and other terms and conditions of such loans are, prima facie prejudicial to the interest of the Company since the loans have been given interest free.*
9. *In our opinion and as explained to us, no stipulations have been made with the parties to whom loans have been given regarding repayment of loans and therefore it is not possible to ascertain whether the repayment is as per stipulations or not. As the loans are given interest free, question of payment of interest does not arise.*
10. In our opinion, there is an adequate internal control procedure, commensurate with the size of the Company and the nature of its business, for the purchase of stores including Components, Plant & Machineries, Equipments and other assets and also for rendering services.
11. In our opinion and according to the information and explanations given to us, the transactions of purchases of goods or services and for sales of goods and rendering services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each such party have been made at prices which are reasonable having regard to the prevailing market prices for such goods or services or the prices at which transactions for similar goods or services have been made with other parties.