

ANIL A. DIKSHIT & CO.

Chartered Accountants

15-A/11, Brindaban, Thane - 400 601

Tel. : +91- 98201 31902

anil_dikshit@hotmail.com

AUDITOR'S REPORT TO THE SHAREHOLDERS OF **AEGEAN PROPERTIES LIMITED**

1. We have audited the attached Balance Sheet of **AEGEAN PROPERTIES LIMITED** as at 31ST March 2011 and also the Profit & Loss Account for the year ended on that date, annexed thereto. We have to state that these financial statements are the responsibility of the Company's management and our responsibility is to express our opinion on these financial statements based on our audit.
2. As for the scope and basis for our opinion, we state that we have conducted audit in accordance with the auditing standards generally accepted in India and obtained reasonable assurance about the financial statements being free of material misstatements. Our audit includes, wherever necessary, examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements and also includes assessing adherence to the accounting principles 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 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 of books and records that were considered appropriate and the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments 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 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.
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

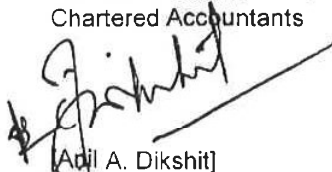


v. On the basis of the written representations from the Directors, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. 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, 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 principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011; and
- (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date.

For Anil A. Dikshit & Co.
Chartered Accountants


[Anil A. Dikshit]
Proprietor
M. No. 36706

Thane, dated 28 MAY 2011



ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS OF AEGEAN PROPERTIES LIMITED FOR THE YEAR ENDED 31st MARCH 2011.

- (i) a. The company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
b. All the fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.
c. In our opinion and according to the information and explanations given to us, no fixed assets have been disposed off during the year.
- (ii) The company is not undertaking any manufacturing and trading activities, and, therefore, does not hold any inventory. Hence, the provisions of Para 4 (ii) (a), (b) & (c) of the Order are not applicable to the company.
- (iii) (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act as follows.
- (b) The company has taken interest free unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act as follows:

<u>Number of Parties</u>	<u>Amount Outstanding</u>
1	3,00,000/-

- (c) In our opinion, terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company.
- (d) In respect of the unsecured loans taken by the company, no repayment terms are stipulated
- (iv) 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 the purchase of fixed assets. We have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) Based on our examination of the register of parties maintained under Section 301 of the Companies Act, 1956, we have found that all transactions exceeding Rs. 5 Lacs that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
- (vi) The company has not accepted any deposits from the public, and, therefore, the provisions of Para 4 (vi) of the Order are not applicable to the Company.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) We are informed that the provisions of Provident Fund and Employees State Insurance Scheme are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, excise duty, sales tax, customs

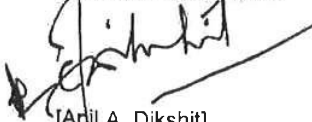


duty and cess were in arrears as at March 31, 2011, for a period of more than six months from the date they became payable.

(c) According to the records of the company and the information and explanations given to us, there are no dues of income-tax, wealth tax, excise duty, sales tax, customs duty and cess, which have not been deposited on account of dispute.

- (x) The company has no accumulated losses at the end of the financial year. The company has not made any cash losses during the year.
- (xi) The company has not obtained loans from financial institutions or banks nor issued any debentures and therefore the question of reporting on clause 4(xi) of the Order does not arise.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures, and other securities, and, therefore, question of maintenance of documents and records in respect thereof does not arise.
- (xiii) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xiv) The Company is not in the business of dealing in shares, debentures and other securities. Accordingly, the provisions of clause 4(xiv) of the Order 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 any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to information and explanations given to us, no term loans are taken during the year.
- (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.
- (xviii) During the year, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures as at the date of Balance Sheet and hence the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Anil A. Dikshit & Co.
Chartered Accountants


[Anil A. Dikshit]
Proprietor
M. No. 36706

Thane, dated 28 MAY 2011



AEGEAN PROPERTIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	As at March 31, 2011		As at March 31, 2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	3,000,000		3,000,000	
Reserves and surplus	B	<u>3,176,992</u>	<u>6,176,992</u>	<u>1,996,787</u>	<u>4,996,787</u>
Loan Funds:					
Unsecured loans	C		300,000		1,100,000
Deferred Tax Liability (net)	D		-		564,033
TOTAL			<u>6,476,992</u>		<u>6,660,820</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	E	6,651,400		6,651,400	
Less : Depreciation		<u>558,363</u>		<u>449,945</u>	
Net block			<u>6,093,037</u>		<u>6,201,455</u>
Current Assets, Loans and Advances					
Cash and Bank Balance	F	44,655		48,113	
Loans and advances	G	<u>349,300</u>		<u>418,252</u>	
		393,955		466,365	
Less : Current Liabilities and Provisions	H	<u>10,000</u>		<u>7,000</u>	
Net Current Assets			<u>383,955</u>		<u>459,365</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	I		-		-
TOTAL			<u>6,476,992</u>		<u>6,660,820</u>

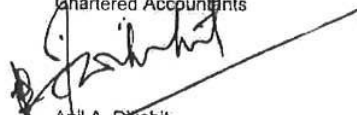
Notes to the Accounts

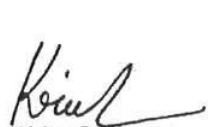
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The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

Per our report of even date attached
For **Anil A. Dikshit & Co.**
Chartered Accountants

For and on behalf of the Board of Directors


Anil A. Dikshit
Proprietor
Membership No.: 36706


Krishna Datta
Director


G.G. Desai
Director

Place : Thane
Date : **28 MAY 2011**

Place : Thane
Date : **28 MAY 2011**



AEGEAN PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
INCOME			
Operating income	J	1,200,000	1,200,000
Other Income	K	10,730	-
		<u>1,210,730</u>	<u>1,200,000</u>
EXPENDITURE			
Operating and other expenses	L	223,264	118,919
Depreciation		<u>108,418</u>	<u>108,418</u>
		<u>331,682</u>	<u>227,337</u>
PROFIT BEFORE TAX		879,048	972,663
Provision for taxation			
Current tax		262,876	183,809
Less: MAT credit entitlement		-	-
		<u>262,876</u>	<u>183,809</u>
Deferred tax		<u>(564,033)</u>	<u>116,745</u>
		(301,157)	300,554
PROFIT AFTER TAX		1,180,205	672,109
Add: Balance brought forward		<u>1,996,787</u>	<u>1,324,678</u>
BALANCE CARRIED TO BALANCE SHEET		<u>3,176,992</u>	<u>1,996,787</u>
Basic and diluted earnings per equity share (Rs.)			
		39.34	22.40
Numerator - Profit after taxation (Rs.)		1,180,205	672,109
Weighted average number of equity shares of Rs. 100 each outstanding		30,000	30,000
Nominal value per equity share (Rs.)		100	100

Notes to the Accounts

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The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

Per our report of even date attached
For Anil A. Dikshit & Co
Chartered Accountants


Anil A. Dikshit
Proprietor
Membership No.: 36706

For and on behalf of the Board of Directors


Krishna Datla
Director


G.G. Desai
Director

Place : Thane
Date : 28 MAY 2011

Place : Thane
Date : 28 MAY 2011



AEGEAN PROPERTIES LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE A - SHARE CAPITAL		
Authorised:		
30,000 Equity Shares of Rs.100 each (Previous year 30,000 equity shares)	<u>3,000,000</u>	<u>3,000,000</u>
Issued, Subscribed and Paid-up:		
30,000 Equity Shares of Rs.100 each (Previous year 30,000 equity shares)	<u>3,000,000</u> <u>3,000,000</u>	<u>3,000,000</u> <u>3,000,000</u>
SCHEDULE B - RESERVES AND SURPLUS:		
Profit and Loss Account	<u>3,176,992</u>	<u>1,996,787</u>
SCHEDULE C - UNSECURED LOANS		
From Bodies Corporate	<u>300,000</u> <u>300,000</u>	<u>1,100,000</u> <u>1,100,000</u>
SCHEDULE D - DEFERRED TAX LIABILITY		
Nature of timing difference	Deferred tax asset/(liability) as at April 1, 2010	(Charge)/credit for the current year
Deferred tax assets		Deferred tax asset/(liability) as at March 31, 2011
Carried forward loss	-	-
Deferred tax liability		
Depreciation	(564,033)	564,033
Net amount	<u>(564,033)</u>	<u>564,033</u>
	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE F - CASH AND BANK BALANCES		
Cash in hand	45	45
Balances in current accounts in banks:		
Bank of Baroda, Majiwada	<u>44,610</u> <u>44,655</u>	<u>48,068</u> <u>48,113</u>
SCHEDULE G - LOANS AND ADVANCES		
Prepaid Insurance	13,721	9,672
Advance tax, net of provisions	<u>335,579</u> <u>349,300</u>	<u>408,580</u> <u>418,252</u>
SCHEDULE H - CURRENT LIABILITIES AND PROVISIONS		
Provision for Expenses		2,000
Audit Fees	<u>10,000</u> <u>10,000</u>	<u>5,000</u> <u>7,000</u>
SCHEDULE I - PRE-OPERATIVE EXPENSES		
Opening Balance	-	5,961
Less: Written off to Profit and loss account	<u>-</u> <u>-</u>	<u>5,961</u> <u>-</u>



AEGEAN PROPERTIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
SCHEDULE J - OPERATING INCOME		
Rent Income	<u>1,200,000</u>	<u>1,200,000</u>
SCHEDULE K - OTHER INCOME		
Interest on Income tax Refund	<u>10,730</u>	<u>-</u>
SCHEDULE L - OPERATING AND OTHER EXPENSES		
Audit Fees	10,000	5,000
Bank Charges	-	251
Filing fees	500	1,500
General Expenses	110	-
Legal & Professional charges	8,750	2,000
Insurance	88,224	56,207
Preoperative Expenses written off	-	5,961
Rent Expense	<u>115,680</u>	<u>48,000</u>
	<u>223,264</u>	<u>118,919</u>



AEGEAN PROPERTIES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 **SCHEDULE E - FIXED ASSETS:**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	For the year On Deductions	As at 31.03.2011	As at 31.03.2010
Freehold land@	-	-	-	-	-	-	-	-
Buildings								
on freehold land*	6,651,400	-	-	6,651,400	449,945	108,418	558,363	6,201,455
leased improvements	-	-	-	-	-	-	-	-
Plant and machinery**	-	-	-	-	-	-	-	-
Furniture and fixtures***	-	-	-	-	-	-	-	-
Vehicles #	-	-	-	-	-	-	-	-
TOTAL	6,651,400	-	-	6,651,400	449,945	108,418	558,363	
Previous year	6,651,400	-	-	6,651,400	341,527	108,418	449,945	6,201,455



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE M - NOTES TO THE ACCOUNTS:

Statement of Significant Accounting Policies.

1. (a) Basis of preparation

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) The significant accounting policies are as follows:

(i) Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. The company capitalises all costs relating to the acquisition of fixed assets. The Fixed Assets are depreciated using the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956

Assets costing below Rs. 5,000 are fully depreciated on installation.

(c) Change in Accounting Policies

(i) There is no change in the accounting policies during the year.

(d) Other Notes

(i) There are no contingent liabilities

(ii) Previous year figures have been regrouped and recast wherever necessary.

(e) Revenue recognition

Income is recognised on accrual basis.

(f) Operating Leases

As Lessee:

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term

As Lessor:

Assets subject to operating leases are included in fixed assets. Operating lease receipts are recognised as income in the statement of profit and loss on a straight line basis over the lease term. Depreciation is recognised as an expense in the statement of profit and loss.

(g) Income taxes

(a) Tax expenses comprises both current and deferred taxes. Provision for current income taxes is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for the tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes and are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax assets recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred assets can be realised. However, when the company has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2. Disclosures for leases

	As at March 31, 2011 (Rupees)	As at March 31, 2010 (Rupees)
Operating lease taken		
1 Lease payments recognised in the statement of profit and loss for the year	115,680	48,000
2 Future minimum lease payment under the leases in the aggregate and for each of the following periods:		
i) Not later than one year	121,464	115,200
Operating lease given		
1 Rent income recognised in the statement of profit and loss for the year	1,200,000	1,200,000
2 Future minimum lease payment under the leases in the aggregate and for each of the following periods:		
i) Not later than one year	1,800,000	1,200,000



AEGEAN PROPERTIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE M - NOTES TO THE ACCOUNTS (contd.):

3. Related party disclosures

a. Parties where control exists

DIL Ltd. - Holding Company

DVK Investments Pvt.Ltd. - Ultimate holding company

Mr.Krishna Datla - An individual controlling the ultimate holding company and can exercise significant influence

Subsidiaries

b. Parties where common control exists

c. Other related party relationships where transactions have taken place during the year

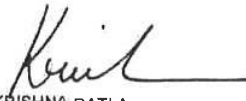
d. Transactions with related parties.

	Particulars	Holding Company	Subsidiaries
1	Rent paid - DIL Ltd.	115,680.00 (48,000.00)	
2	Rent received - DIL Ltd.	1,200,000.00 (1,200,000.00)	
3	Balance outstanding as at the year end Unsecured Loans	300,000.00 (1,100,000.00)	

(Figures in brackets are the corresponding figures in respect of the previous year.)



Signatures to Schedules A to M
For and on behalf of the Board of Directors


KRISHNA DATLA
Director


G.G. DESAI
Director

Place : Thane

Date: 28 MAY 2011

AEGEAN PROPERTIES LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011
AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON THAT DATE

SCHEDULE M - NOTES TO THE ACCOUNTS (contd.):

4 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

8	4	7	6	6
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Balance Sheet Date

3	1	0	3	2	0	1	1
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Date Month Year

State Code

1	1
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II. Capital raised during the year (Amount in Rs.)

Public issue

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Bonus issue

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Rights issue

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Private Placement

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III. Position of Mobilisation and Deployment of funds (Amount in Rs.)

Sources of Funds:

Total Liabilities

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Paid-Up Capital

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Unsecured Loans

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Application of Funds:

Net Fixed Assets

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Misc. Expenditure

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Total Assets

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Reserves & Surplus

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Deferred Tax Liability

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Net Current Assets

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Profit and Loss Account

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IV. Performance of Company (Amount in Rs.)

Turnover

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Profit/Loss Before Tax

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(Please tick Appropriate box + for Profit, - for Loss)

Earnings Per Share (Rs.)

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Total Expenditure

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Profit/Loss After Tax

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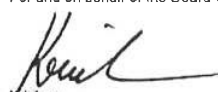
Dividend Rate %

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V. Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	N	O	T	A	P	P	L	I	C	A	B	L	E

Signatures to Schedules A to M
For and on behalf of the Board Of Directors


Krishna Datta
Director


G.G. Desai
Director

Place : Thane
Date: 28 MAY 2011