

PYRAMID TRADING & FINANCE LIMITED

A-2, Basement Arcadia ,
Nariman Point,
Mumbai -400 021.

Pr. Year 31.3.2005
Asst. Year 2005-2006
Date of Incorporation 18.02.1985
PAN NO. AAA CP 2548R

STATEMENT OF TAXABLE INCOME**BUSINESS INCOME****NET LOSS AS PER PROFIT AND LOSS :**(22,785)**BUSINESS LOSS**(22,785)**BROUGHT FORWARD LOSS****LOSSES TO BE CARRIED FORWARD AND SET OFF TO SUBSEQUENT YEARS**

| | | BUSINESS LOSS | DEPRECIATION | CAPITAL LOSS | TOTAL LOSS |
|------------|---------|------------------|--------------|-----------------|------------|
| ASST. YEAR | 2004-05 | 22,785 | - | - | 22,785 |
| ASST. YEAR | 2004-05 | 25,195 | - | - | 25,195 |
| ASST. YEAR | 2003-04 | 30,486 | - | 6,398 | 36,884 |
| ASST. YEAR | 2002-03 | 22,935 | - | 18,319,737 | 18,342,672 |
| ASST. YEAR | 2001-02 | 39,015 | - | - | 39,015 |
| ASST. YEAR | 2000-01 | 50,070 | - | - | 50,070 |
| ASST. YEAR | 1999-00 | 24,193 | - | - | 24,193 |
| ASST. YEAR | 1998-99 | 368,070 | - | - | 368,070 |
| | | 582,749 | - | 18,326,135 | 18,908,884 |

N.D. KAPUR & CO.

Chartered Accountants

65 Sonawalla Building, 2nd Floor,
Apollo Street, Mumbai : 400 023

Tel : 22676744

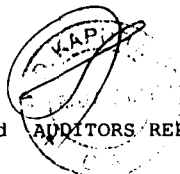
AUDITORS' REPORT

To the Members,

Pyramid Trading & Finance Limited.

We have audited the attached Balance Sheet of Pyramid Trading & Finance Limited. as at 31st March 2005 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 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, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further to our comments in the annexure referred to in paragraph 2 above, we report that:
 - a) 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,
 - b) In our opinion, proper books of accounts as required by law, have been kept by the company, so far as appears from our examination of those books,




N.D. KAPUR & CO.**Chartered Accountants**

65 Sonawalla Building, 2nd Floor,
Apollo Street, Mumbai : 400 023

Tel : 22676744

- c) The Balance Sheet, Profit & Loss A/C and cash flow statement dealt with by this report are in agreement with the books of accounts,
- d) In our opinion the Balance Sheet, Profit & Loss A/C and Cash Flow statement dealt with by this report comply with the mandatory accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) In our opinion, and based on the information & explanations given to us, non of the directors are disqualified as on 31ST MARCH 2005 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956,
- f) In our opinion, and best of our information & according to the explanations given to us, the said accounts read to-gather with the Significant accounting policies and other notes subject to **note no. 2(b) of the notes to accounts of non payment and non- provision of listing fees to stock Exchange** thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India,
- i) In so far as it relates to Balance Sheet, of the state of affairs of the company as at 31ST MARCH 2005,
- ii) In so far as it relates to the Profit & Loss Account, of the **loss** of the company for the year ended on that date, and
- iii) In so far as it relates to the Cash Flow Statement of the cash flows of the company for the year ended on that date.

For N. D. KAPUR & CO.
Chartered Accountants

S. K. AGRAWAL
Partner
M. No. 13968

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 2 of our report of even date

1. In respect of its fixed assets:

The Company does not have any fixed assets and therefore this clause of the order is not applicable to the company.

2. In respect of its inventories:

The Company does not have any Inventory and therefore this clause of the order is not applicable to the company.

- 3)**
- (a) The company has taken secured or unsecured loans or advances from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 aggregating to Rs.125.00 lacs
The maximum principal amount outstanding is Rs. 125.00lacs and also year end balance is Rs. 125.00 lacs
 - (b) The Company has granted loans of unsecured nature to the companies, firms or other parties Covered in the register maintained under section 301 of the Companies Act,1956 aggregating to Rs.136.97 lacs
The maximum principal amount outstanding is Rs. 136.97lacs and also year end balance is Rs. 136.97 lacs.
 - c) In our opinion and according to the information and explanations given to us, the company has granted interest free loans out of interest free borrowing and therefore rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company
 - d) The company has not taken any loan and there is no overdue amount.

4. In respect of transactions covered under Section 301 of the Companies Act, 1956:

- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1946 aggregating to Rs. 5,00,000/- (Rupees Five Lacs only) or more in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

5. The company has not accepted any fixed deposit from public during the year.



6. The company does not have internal audit system.
7. As informed to us, the maintenance of Cost Records has not been prescribed by Central Government under Section 209 (1) (d) of the Companies Act, 1956 for any of the products manufactured by the company.
8. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues wherever applicable have been regularly deposited with the appropriate authorities **except Listing Fees payable to Bombay Stock Exchange have not been paid from financial year 2001-2005** According to the information and explanations given to us, no undisputed amounts payables in respect of the aforesaid dues were outstanding as at 31st March 2005 for a period of more than six months from the date of becoming payable

There are no disputed statutory dues outstanding as at 31st March 2005 for a period of more than six months from the date of becoming payable.

9. The company has no accumulated losses, however has incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
10. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
11. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
12. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
13. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
14. According to the information and explanations given to us and the representations made by the management, the Company has given Corporate guarantee of Rs. 32.96 crores to SBI and pledge the shares aggregating Rs. 99.32 crores of Pashupati Fabrics limited (holding it as an investment) to IDBI and SBI on behalf of Pashupati Fabrics Ltd. for loans taken by them.

