

A.V. COTTEX LIMITED

(FORMERLY DEWAN INDUSTRIES LIMITED)

11th
ANNUAL REPORT
2004-2005

A.V COTTEX LIMITED

Board of Directors

1.	Mr. Ashwani Dewan	Managing Director
2.	Mr. Anil Dewan	Director
3.	Mr. Neeraj Jain	Director
4.	Mr. Vijay Gupta	Director

Registered Office

Delhi Blue Appartments, 2 Factory Road,
Safdarjung Ring Road,
New Delhi- 110 029
Ph: 011-26716001-05 Fax: 011-26716012

Works

71/3, Mile Stone
Near Radha Swami Satsang Bhawan
G.T. Road
Karnal- 132 01
Phone: 257742, 253209

Bankers

Canara Bank
Kunjpura Road,
Karnal- 132 001

Auditors

M/s. Deepak Gulati & Associates
8-C/6, W.E.A., Abdul Aziz Road
Karol Bagh, New Delhi- 110005

Share Transfer Agents & Depository Registrar

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi- 110 062
Ph: 011-29961281-82 Fax: 011- 29961284

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of **A.V COTTEX LIMITED** will be held on Friday, 30th September, 2005 at 9.00 A.M. at the Registered Office of the Company, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended 31st March, 2005 and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Dewan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deepak Gulati & Associates, Chartered Accountants, New Delhi, the retiring Auditors, be and are hereby re-appointed as the Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To re-appoint Mr. Ashwani Dewan as the Managing Director of the Company and to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

"RESOLVED THAT in accordance with the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby accorded to the appointment made as per the provisions of Section 316 of the Companies Act, 1956 read with Article 141 of the Articles of Association of the company of Mr. Ashwani Dewan, Director as the Managing Director of the company for a period of five years w.e.f 24th January, 2005 and that he may be paid no remuneration either by the way of salary, commission or perquisites towards rendering the services in the aforesaid capacity."

5. To appoint Mr. Neeraj Jain as Director of the Company in the ensuing Annual General Meeting and to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

"RESOLVED THAT Mr. Neeraj Jain, whose term of office as an additional director of the company expires at the Annual General Meeting be and is hereby appointed as a Director of the company whose term of office shall be liable to determination by retirement of Directors by rotation."

6. To appoint Mr. Vijay Gupta as Director of the Company in the ensuing Annual General Meeting and to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**

"RESOLVED THAT Mr. Vijay Gupta, whose term of office as an additional director of the company expires at the Annual General Meeting be and is hereby appointed as a Director of the company whose term of office shall be liable to determination by retirement of Directors by rotation."

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For A.V. COTTEX LTD.


Company Secretary

7. To consider and if thought fit, to pass with or without modifications, the following resolution, as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the applicable provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and subject to any other provisions of the Companies Act, 1956, (including any statutory modification(s) or enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such permission(s) or sanction(s) which may be agreed to by the Board of Directors of the Company (which term shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to delist the equity shares of the company from the Stock Exchange at New Delhi."

8. To consider and if thought fit, to pass with or without modifications, the following resolution, as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the applicable provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and subject to any other provisions of the Companies Act, 1956, (including any statutory modification(s) or enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such permission(s) or sanction(s), which may be agreed to by the Board of Directors of the Company (which term shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to delist the equity shares of the company from the Stock Exchange at Jaipur."

9. To consider and if thought fit, to pass with or without modifications, the following resolution, as a **SPECIAL RESOLUTION**:

"**RESOLVED THAT** pursuant to the applicable provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and subject to any other provisions of the Companies Act, 1956, (including any statutory modification(s) or enactments thereof for the time being in force), the Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such permission(s) or sanction(s), which may be agreed to by the Board of Directors of the Company (which term shall be deemed to include any committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to delist the equity shares of the company from the Stock Exchange at Ahmedabad."

BY ORDER OF THE BOARD OF DIRECTORS

Date: 7th September, 2005
Place: New Delhi


ANITA KAKAR
COMPANY SECRETARY

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For A.V. COTTEX LTD.


Company Secretary

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 and the proxy need not be a member of the Company. The proxies, in order to be valid and effective, must be delivered to the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
2. The register of members and share transfer books will remain close from Monday, the 26th September, 2005 to Friday, 30th September, 2005 (both days inclusive).
3. The members are requested to intimate to the Registrar & Share Transfer Agents, M/s. Beetal Financial & Computer Services (P) Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 about change of address, if any, at the earliest quoting their registered folio number.
4. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, setting out material facts in respect of the business under Item no. 4 to 9 is annexed hereto.
5. Members seeking any information with regard to accounts or operations are requested to write to the Company at an early date so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Keeping in view the past association, vast experience and sincere dedication of Mr. Ashwani Dewan, Director, the Board of Directors in their meeting held on 24th January, 2005 appointed Mr. Dewan as the Managing Director of the company by passing an unanimous resolution pursuant to the provisions of Section 316 of the Companies Act, 1956 read with Article 141 of the Articles of Association of the company. Mr. Dewan is also working as the Managing Director of another public limited company.

The operations of the company are closed after the fire at the factory premises in May, 2000. The company was registered with BIFR vide case no. 5/2000 dated 4th June, 2003 as a Sick Industrial Company within the meaning of Section 3(1) (O) of Sick Industrial Companies (Special Provisions) Act, 1985.

In lieu of the financial constraint being faced by the company, Mr. Ashwani Dewan has agreed not to accept any remuneration either by way of salary, commission or perquisites for rendering the services as a Managing Director.

Accordingly, pursuant to the Provisions of section 269 read with schedule XIII of the companies Act, 1956, your Directors recommend the Resolution for the approval of the members.

None of the Directors, except Mr. Ashwani Dewan, is concerned or interested in the said resolution.

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For A.V. COTTEX LTD.

Ashwani
Company Secretary

ITEM NOS. 5 & 6

Mr. Neeraj Jain and Mr. Vijay Gupta, were appointed as Non-Executive Independent Directors on the Board of the Company w.e.f 28th March, 2005. Pursuant to the provisions of section 260 of the Companies Act, 1956, they hold office up to the date of this Annual General Meeting.

Notices has been received from two members under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Neeraj Jain and Mr. Vijay Gupta for appointment as Directors of the Company.

Your Directors recommend the Resolutions for the approval of the members.

None of the Directors is concerned or interested in the said resolutions.

ITEM 7, 8 & 9

Presently, the shares of the company are listed on the following Stock Exchanges in India:

1. The Stock Exchange, Mumbai
2. Delhi Stock Exchange
3. Jaipur Stock Exchange
4. Ahmedabad Stock Exchange

The Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") provides that a promoter or acquirer or any other person may apply for the voluntarily delisting of securities of a body corporate from the stock exchange. Delisting guidelines also provides that the company whose shares are listed at the Stock Exchange having Nation wide terminals i.e. at Mumbai and/ or National Stock Exchange can apply for delisting without any offer for acquisition of shares.

The company is a Sick Industrial Company and the payment of Listing Fees to the stock Exchanges is a financial burden on the company. The listing of equity shares shall continue at Mumbai Stock Exchange which has got **NATIONWIDE TRADING TERMINALS** and therefore no hardship shall be caused to the shareholders of the company. In line with the SEBI regulations and approval, if any required members' approval is being sought by a special resolution.

None of the Directors is concerned or interested in the said resolutions.

BY ORDER OF THE BOARD OF DIRECTORS

Date: 7th September, 2005

Place: New Delhi


ANITA KAKAR
COMPANY SECRETARY

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For A.V. COTTEX LTD.


Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Eleventh Annual Report of your Company and the Audited Statement of Accounts for the financial year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

The financial results of your Company for the year under review are summarised below:

PARTICULARS	(Rs. in Lacs)	
	Year Ended 31 st March, 2005	Year Ended 31 st March, 2004
Income from Operations	-	-
Other Income	634.56	-
Total Income	634.56	-
Profit/ (Loss) before Depreciation	618.58	(74.11)
Depreciation	19.09	19.08
Profit/ (Loss) before taxation	599.49	(93.19)
Provision for taxation	-	-
Profit/ (Loss) after taxation	599.49	(93.19)

OPERATING ENVIRONMENT

Driven by the gradually improving demand, the textile industry is showing signs of recovery after an almost decade's long recession.

To re-start the operations of the factory at Karnal, the company has settled the outstanding dues of the two major creditors. The company would be moving an application to the Hon'ble Delhi High Court for the desealing of the factory premises.

BIFR REGISTRATION

Since, the major fire incident in the factory premises in May, 2000 the operations of your company have been closed. The Balance Sheet as on 31st March, 2001 reflected the erosion of the entire networth of the company. The company was registered with BIFR vide case no. 5/2000 dated 4th June, 2003 as a Sick Industrial Company within the meaning of Section 3(1) (0) of Sick Industrial Companies (Special Provisions) Act, 1985.

With a view to revive your company, rehabilitation scheme is under preparation and consideration by the Operating Agency (Canara Bank).

FUTURE PLAN AND OUTLOOK

The factory has been sealed by the provisional liquidator pursuant to the order of the Hon'ble Delhi High Court in the year 2000 in lieu of the winding up case filed by two major creditors of the company. Since the settlement has been made with them, the company would be approaching Hon'ble Delhi High Court for the desealing of the factory premises.

The company has also availed the benefit of the scheme for "Compromise Settlement of Chronic Non-Performing Assets (NPA) of HFC- 2005 announced by Haryana Financial Corporation,

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For A.V. COTTEX LTD.


Company Secretary

Chandigarh for the settlement of its outstanding loan. The repayment of the HFC loan will be made in the installments as may be fixed under the scheme announced by the HFC.

DIVIDEND

No Dividend is recommended for the year under review.

SHIFTING OF REGISTERED OFFICE

The registered and corporate office of your company has been shifted to Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029, w.e.f 2nd March, 2005.

DIRECTORS- CHANGES

During the year, Mr. Ashwani Dewan, Director of the company was appointed as a Managing Director of the company w.e.f 24th January, 2005 for a term of five years

Mr. Vijay Gupta and Mr. Neeraj Jain were appointed as additional directors of the company w.e.f 28th March, 2005. They hold office upto the date of this Annual General Meeting. Notices has been received from two members under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Neeraj Jain and Mr. Vijay Gupta for appointment as Directors of the Company.

While Mr. Vijay Kumar Sharma had resigned from the directorship of the Company w.e.f 29th July, 2005. The Board has placed on record its sincere appreciation of the valuable services rendered by Mr. Vijay Kumar Sharma during his tenure as director of the Company.

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Anil Dewan will be retiring at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS REPORT

The Auditors Report to the Shareholders does not contain any qualification. Observations made by the auditors along with notes on the accounts are self explanatory.

AUDITORS

The Auditors, M/s Deepak Gulati & Associates, Chartered Accountants, retire at this Annual General Meeting and being eligible offers themselves for re-appointment. The Company has obtained a certificate as per Section 224 (IB) of the Companies Act, 1956 to the effect that their re-appointment, if made, would be within the limits prescribed therein.

AUDIT COMMITTEE

The Audit Committee had been re-constituted on 28th March, 2005 after the appointment of Mr. Vijay Gupta and Mr. Neeraj Jain as Non-Executive Independent Directors on the Board of the Company. The composition of Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and those of Clause 49 of the Listing Agreement. Terms of reference of the Audit Committee are as per the guidelines mentioned in the Code of Corporate Governance which inter-alia includes the monitoring of the financial reporting process; ensuring adequate disclosure in the financial statements; reviewing of the internal control mechanism.

DEPOSITS

During the year under review, your company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

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For A.V. COTTEX LTD.


Company Secretary

LISTING FEE

The Company had paid listing fees to Jaipur Stock Exchange and Ahmedabad Stock Exchange upto the year (1996-1997). The Company vide its resolution passed in the year 1997, applied with Jaipur Stock Exchange and Ahmedabad Stock Exchange for the delisting of its securities from the respective stock Exchange. The company paid the listing fees to Delhi Stock Exchange upto the year 1999-2000. In the year September, 2003 the company had applied for the delisting of its securities from the Delhi Stock Exchange. The company has paid the listing fees to the Mumbai Stock Exchange upto the current financial year.

CORPORATE GOVERNANCE

A comprehensive report on Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this Report. The Auditors Certificate certifying the compliance with the conditions of clause 49 of the listing agreement is also annexed to the report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report forms part of this report and is annexed herewith

DIRECTORS RESPONSIBILITY STATEMENT

Your Company recognizes the need for preparation of annual accounts as per the applicable accounting standards, and in compliance with Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

- i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2005 the applicable accounting standards had been followed and there is no material departure;
- ii) that such accounting policies were selected and applied consistently and such judgements and estimates were made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2005 and of the loss of company for the period;
- iii) that proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that annual accounts for the financial year ended 31st March, 2005 were prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

1. Conservation of Energy: NIL

2. Technology Absorption: NIL

3. Foreign Exchange Earnings and Outgo:	Current year (as on 31.3.2005)	Previous year (as on 31.3.2004)
Activities relating to export	NIL	NIL
Foreign Exchange used	NIL	NIL
Foreign Exchange earned		
- Consultancy Agreement	Rs. 42000000	NIL

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For A.V. COTTEX LTD.


Company Secretary

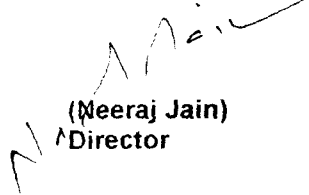
PARTICULARS OF EMPLOYEES

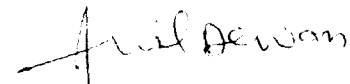
The Company has no employees whose particulars are to be disclosed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

ACKNOWLEDGEMENTS

The Board of Directors of your company wish to express gratitude for the cooperation, guidance and support received from the Central and State Governments towards your Company's operations. Your Directors also place on record their appreciation for the sincere and devoted services rendered by the employees of your company at all levels. The Board of Directors would like to sincerely thank all the shareholders and creditors for their continued support.

For and on behalf of the Board of Directors


(Meeraaj Jain)
Director


(Anil Dewan)
Director

Place: New Delhi

Date: 7th September, 2005

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

BUSINESS SCENARIO

The textile industry provides a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

After years of sluggishness, the fortune of textile industry are looking up, which is expected to have positive impact on the performance of the spinning industry as a whole. The textile in India is a well-established manufacturing industry and employs more workers than any other sector.

The company is looking forward to restart its operations so as to continue as a going concern and to contribute effectively towards the economy of the country.

OPPORTUNITY AND THREATS

Margins are likely to be under pressure in the current year, owing to the global economic recession, rising prices of major inputs like fuel, electricity, labour, cheap imports and growing competition. The industry is facing unhealthy competition from unorganised sector also

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has an adequate internal control system, commensurate with the size and nature of its business. The management has overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records. Internal control & checks programme covers all areas of activities and periodical reports are submitted to the management.

The company has a budgetary control system and periodically the actual performance is reviewed and decision taken accordingly.

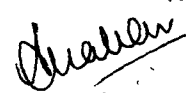
Audit Committee reviews all financial statements and ensures adequacy of internal control system.

HUMAN RESOURCES

Industrial relations within the organisation continued to be cordial. Management wish to place on record their appreciation for the contribution made by employees at all levels for their co-operation and support.

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FOR A.V. COTTEX LTD.


Company Secretary

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Transparency and accountability leading to management reliability are the touchstone of the Corporate Governance at A.V Cottex Limited. Your company has been continuously making efforts to institutionalize sound governance practices and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavour to take forward the best practices to enhance stakeholders' value.

BOARD OF DIRECTORS

A Composition of the Board & their Responsibility

As on 31st March, 2005 the Board consists of 5 Directors, of whom four are Non-Executive Directors. The directors bring to the board wide range of experience and skills. As a part of its endeavour to enhance the standards of corporate governance and to safeguard the investor's interest as well to meet with the requirement of the listing agreement, your company has inducted two Non-Executive Independent directors on the board of your company. The category, composition, attendance of each director at the Board Meeting, Last Annual General Meeting and the number of other directorship and chairmanship/ Membership of committees of each Director in various companies as on 31st March, 2005 is given hereunder.

Managing Director

Mr. Ashwani Dewan

Non Executive Director

Mr. Anil Dewan

Mr. Vijay Kumar Sharma

Mr. Vijay Gupta

Mr. Neeraj Jain

Name of Director	Attendance Particulars		No. of Other Directorships/ Committee Memberships/Chairmanships in all Cos.		
	Board Meetings	AGM	Other Directorship	Committee Members	Chairmanships
Mr. Ashwani Dewan	4	Yes	3	3	2
Mr. Anil Dewan	4	Yes	-	1	1
Mr. Vijay Kumar Sharma*	4	Yes	-	1	-
Mr. Vijay Gupta**	Nil	No	2	1	1
Mr. Neeraj Jain**	Nil	No	1	5	4

** Mr. Vijay Gupta & Mr. Neeraj Jain were appointed as Directors w.e.f 28th March, 2005.

Note:

- None of the directors have any business relationship with the company
- Number of other directorships indicated above is exclusive of directorships on the Board of Private Limited Companies and non-body corporate institutions.

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For A.V. COTTEX LTD.

Ashwani
Company Secretary

B No. of Board Meetings Held and Dates

During the financial year 2004-05, the Board of A.V Cottex Limited had met 4 times. The dates of the meeting are 30th April, 2004; 30th July, 2004, 27th October, 2004, 24th January 2005. The maximum gaps between two meetings are not more than 4 months.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:

1. Audit Committee
2. Shareholders Grievance & Transfer Committee

AUDIT COMMITTEE

The constitution, quorum, scope etc. of the Audit Committee is in line with the provisions of Section 292A of the Companies Act, 1956 and provisions of Listing Agreement.

Constitution

The Audit Committee of the company has been reconstituted after the appointment of Mr. Vijay Gupta and Mr. Neeraj Jain as Non-Executive Independent Directors w.e.f 28th March, 2005. The Audit committee presently consists of four Non-Executive Directors half being Independent Directors.

Composition

As on 31st March, 2005, the Audit Committee comprised of the following members:

1. Mr. Neeraj Jain, Independent Director
2. Mr. Vijay Gupta, Independent Director
3. Mr. Anil Dewan, Non-Executive Director
4. Mr. Vijay Kumar Sharma, Non-Executive Director

With the induction of Independent Directors, the composition is compatible with the Listing Agreement.

The Auditors are also invited in the Audit Committee Meeting but they have no right to vote.

Meetings and Attendance:

During the financial year ended 31st March, 2005 the audit committee has met four times on 30th April, 2004; 30th July, 2004, 27th October, 2004, 24th January 2005.

Attendance of the Directors at the Audit Committee as on 31st March, 2005 is as follows:

Director	Category	No. of Meetings Held	
		Held	Attended
Mr. Neeraj Jain*	Chairman	NIL	NIL
Mr. Vijay Gupta*	Member	NIL	NIL
Mr. Anil Dewan	Ex-Chairman	4	4
Mr. Vijay Kumar Sharma**	Member	4	4

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For A.V. COTTEX LTD.


Company Secretary

** Mr. Neeraj Jain & Mr. Vijay Gupta were appointed as directors and were also appointed as members of the Audit Committee w.e.f 28th March, 2005.*

Scope of Audit Committee:

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. a) Review of the half-yearly and annual financial statements before submission to the board.
b) Review and take on record the un-audited quarterly results of the Company before submission to the Board.
3. Ensure Compliance of Internal Control Systems.
4. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
6. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transaction of the company of material nature with promoters and the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.
7. Reviewing with the management, external auditors, the adequacy of internal control systems.
8. Reviewing the findings of any internal investigations by the auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
9. Discussion with external auditors before the audit commences about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
10. Reviewing the company's financial and risk management policies.
11. To look into the reasons for substantial defaults in the payment to the depositors, shareholder (in case of non-payment of declared dividend) and creditors.
12. Investigation into any matter in relation to the terms specified above or referred to it by the Board.

SHAREHOLDERS GRIEVANCE & TRANSFER COMMITTEE

The Company has re-constituted Shareholders Grievance & Transfer Committee w.e.f 28th March, 2005.

Composition

As on 31st March, 2005 the Shareholders Grievance & Transfer Committee consists of two directors:

1. Mr. Neeraj Jain
2. Mr. Ashwani Dewan

The Chairman of the committee is an independent director i.e. Mr. Neeraj Jain.

Scope of the Committee

Redressing of Shareholders and investors complaints like non-receipt of share certificate after transfer, non-receipt of Annual Report, non-receipt of declared dividend and also to approve the share transfer.

The Company Secretary, Ms. Anita Kakar has been appointed as the Compliance Officer.

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For A.V. COTTEX LTD.


Company Secretary

The number of complaints received from the shareholders during the last financial year were 5 and the number of pending complaints against the Company were NIL.

REMUNERATION TO THE DIRECTORS

The Company does not have any standing Remuneration Committee. **No remuneration is being paid to the Managing Director.** The Company had not paid any sitting fee to the Directors for attending the Board meetings.

GENERAL BODY MEETINGS

(A) Location and time, where last three AGM's held:

AGM	DATE	LOCATION	TIME
10 th AGM	30.09.2004	B-4/161 Safdarjung Enclave, New Delhi- 110 029	12.30 P.M
9 th AGM	30.09.2003	B-14, Gulmohar Park, New Delhi	1.00 PM
8 th AGM	30.09.2002	B-14, Gulmohar Park, New Delhi	3.00 PM

(B) No special resolution were put through postal ballot in last year

DISCLOSURES

(a) Disclosure on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have the potential conflict with the interest of the company at large.

The company had one transaction with the related party. The particulars of the same are as under:

Name of Related Party	Relationship	Nature of Transactions	Amount transacted during the year
Jas Expoship Pvt. Ltd.	Associated Concern	Financing of daily operations of the Company	Amount financed Rs. 10 Lacs

(b) Details of non-compliance by the company, penalties imposed on the company by stock exchange or SEBI or any statutory authority, on any matter related to the capital market, during the last 3 years.

No penalties have been imposed on the company by the Stock Exchange or SEBI or any other statutory authority or any other matter related to capital market during the last three years. The company has not paid the listing fee to the Delhi Stock Exchange since 2000-01; and Jaipur Stock Exchange and Ahmedabad Stock Exchange since the year 1997-98. However listing fee has been paid to the Mumbai Stock Exchange.

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For A.V. COTTEX LTD.


Company Secretary

MEANS OF COMMUNICATION

The quarterly results as per the format prescribed by the Stock Exchange are published in the Financial Express and Jansatha. Further these results are also submitted to all the Stock Exchanges where the Company's shares are listed.

Management Discussion & Analysis Report forms part of the Annual Report and is given separately.

GENERAL INFORMATION FOR SHAREHOLDERS

Registered office	Delhi Blue Apartments, 2 Factory Raod, Safdarjung Ring Road, New Delhi- 110 029
Annual General Meeting	
Date	30 th September, 2005
Time	9.00 A.M
Venue	Delhi Blue Apartments, 2 Factory Raod, Safdarjung Ring Road, New Delhi- 110 029
Adoption of financial results	
30 th June, 2005	29 th July, 2005
30 th September, 2005	End of October, 2005
30 th December, 2005	End of January, 2006
31 st March, 2006	End of April, 2006
Date of Book Closure	From 26 th September, 2005 to 30 th September, 2004 (both days inclusive)
Dividend payment date	Not applicable
Listing of shares	The Trading of the shares of the company has been suspended from the Mumbai Stock Exchange.
Stock Code	BSE code – 531190 ISIN No - Not yet allotted
Stock Market Price Data	Trading of the shares of the company is suspended from the Mumbai Stock Exchange and hence no such data is available.
Registrar & Share Transfer Agent	M/s Beetal Financial and Computer Services Pvt Limited, Beetal House, 3 rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110 062

Share Transfer System

The Shares of the company are not in a demat form. The company has applied with NSDL & CDSL for entry into their depository system. Presently, the physical transfer of the Equity shares are being handled by Registrar & Share Transfer Agent i.e. M/s Beetal Financial & Computer Services Private Limited. To expedite the share transfers, the Shareholders Grievance & Transfer Committee meets at periodical intervals. The shares are normally transferred within 15 days.

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For A.V. COTTEX LTD.


Company Secretary

Distribution of Shareholding

The Distribution of the shareholding of the equity shares as on 31st March, 2005 are as follows:

No of Equity shares held	No. of shareholders	% of share holders	Total number of shares	% of share holding
1 - 100	1452	72.67	145200	2.42
101 - 200	50	2.50	10000	0.17
201 - 300	24	1.20	7200	0.12
301 - 400	8	0.40	3200	0.05
401 - 500	109	5.46	54500	0.91
501 - 1000	123	6.16	107300	1.79
1001-10000	151	7.56	505000	8.43
10001 & above	81	4.05	5159500	86.11
Total	1998	100	5991900	100

Categories of Shareholders as on 31st March, 2005

Category	Total number of shares	% of shareholding
Promoters/Relatives/Promoters Companies	1389400	23.19
Financial Institutions/ Banks	NIL	-
FII's	NIL	-
Mutual Funds	NIL	-
Private Corporate bodies	665600	11.11
Indian Public	3936900	65.70
NRI/ OCBs	NIL	-
Others	NIL	-
Total	5991900	100

Dematerialization of shares and Liquidity

The Shares of the company are not in dematerialised form. The company has approached NSDL & CDSL for entry into their depository system.

Outstanding GDR/ ADRs/ Warrants/ Options

Not applicable

Plant Location

71/3, Mile Stone,
Near Radha Swami Satsang Bhawan,
G.T. Road,
Karnal- 132 001

Address for Correspondence

For share certificate , change of address and any other query relating to the shares	M/s Beetal Financial and Computer Services Pvt Ltd; Beetal House, 3 rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi- 110 062
For Investor Assistance	Ms. Anita Kakar, Company Secretary Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029

CERTIFIED TRUE COPY

For A.V. COTTEX LTD.


Company Secretary

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **A.V COTTEX LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **A.V COTTEX LIMITED** during the year ended 31st March, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

We have conducted our review on the basis of the relevant records and documents as maintained and the information and explanation given to us by the company, the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2005, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

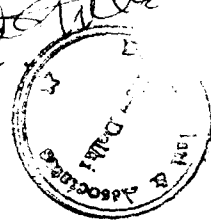
PLACE: NEW DELHI

DATE: 20/08/2005

CERTIFIED TRUE COPY

For A.V. COTTEX LTD.

Manish
Company Secretary

J. Dey


AUDITORS REPORT

TO THE MEMBERS OF
A.V COTTEX LIMITED

We have audited the attached Balance Sheet of **A.V COTTEX LIMITED**, as at 31st March 2005, and also the Profit and Loss Account and the cash flow statement of the company 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. These 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.

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 a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement 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 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, 2005 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
- (vi) Attention is drawn to the under mentioned:
 - i) *After major fire incident in the factory in May 2000 destroying all the stocks, Plant and machinery, land and building and the closure of the factory thereafter.*
 - ii) *The loan of Haryana Financial Corporation, Chandigarh, is being settled under 'NPA Settlement Scheme'. The interest on the loan amount has been written off as per the above mentioned scheme.*
 - iii) *Although the company has earned Profit of Rs.5,99,49,317/- during the financial year ended 31st March, 2005, the same is not from the core activity of the company, yet its accumulated losses were Rs.1,27,86,182/-.*
 - iv) *The factors mentioned above raises substantial doubt as to whether Company will continue as a going concern.*

In our opinion and to the best of our information and according to the explanation given to us, the said accounts 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 accounting principles generally accepted in India:

CERTIFIED TRUE COPY
For A.V. COTTEX LIMITED


Company Secretary



- i) In the case of the balance sheet, of the state of affairs of the Company as on 31st March, 2005;
- ii) In the case of profit & loss Account, of the Profit of the company for the period ended on that date; and
- iii) In case of cash flow statement, of the Cash Flow for the year ended on that date.

For DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANT

PLACE : NEW DELHI
DATE

For **A.V. COTTEX LTD.**


Company Secretary




DEEPAK GULATI
(PROPRIETOR)

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of A.V Cottex Limited on the accounts for the period starting from 1st April, 2004 to 31st March, 2005.

1. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

As explained to us the physical verification of fixed assets was done during the year. Discrepancies noticed on such verification were not material and had been properly dealt with in the books of account.

In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the financial year ended 31st March, 2005.

Due to major fire in the year May 2000 at the factory premises of the company, all stocks and major plant and machinery were burnt. The factory is lying closed since then.

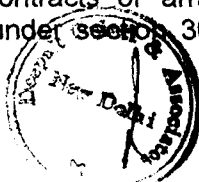
2. In our opinion and according to the explanation given to us, procedure of the physical valuation of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business, except stock.

On the basis of our examination of the records of inventories, in our opinion, the company has maintained proper records of inventories and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the company.

3. In respect of the loans, secured or unsecured granted or taken by the company to /from the companies, firm, or other parties covered in the register maintained U/S 301 of the companies act, 1956 are as under:
 - a) The company had taken loan from M/s Aristofab Pvt. Ltd., Jas Expoship Pvt. Ltd of Rs.5,00,000 and Rs.10,00,000/- respectively covered in the register mention under Section301 of the Company Act, 1956.
 - b) In our opinion, and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. In respect of transaction covered under section 301 of the Companies Act, 1956: In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

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For A.V. COTTEX LTD.

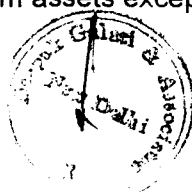

Company Secretary



6. The company has not accepted any deposits from the public in term of section 58 A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rule, 1975 during the year.
7. In our opinion, company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have been informed that the Central Government has not prescribed maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect to the company's products.
9. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education production fund, employees state insurance, income tax, sale tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
10. According to the information and explanations given to us, the accumulated losses of the company as on 31st March, 2005 are Rs. 1,27,86,182/- after adjusting the previous year losses. The company has not incurred any cash losses during the financial year.
11. The loan of Haryana Financial Corporation (HFC), Chandigarh is being settled under 'NPA Settlement Scheme'. The interest of Rs.2,02,75,551/- on the loan amount has been written off as per the scheme announced by the HFC, Chandigarh.
12. In our opinion and according to the information and explanations 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.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion, and as per records produced before us and explanation given to us the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause for (xiv) of the companies (Auditors report) Order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the 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 except permanent working capital.

CERTIFIED TRUE COPY
For **A.V. GOTTEX LTD.**

Ashwani
Company Secretary



18. In our opinion , according to the information and explanation given to us, the company has not made any preferential allotment of shares during the financial year to parties and companies covered in Register maintained under section 301 of the Act.
19. As per records produced before us and explanation given to us the company has not issued any debentures, hence the provisions of Clause 4(xix) are not applicable to the company.
20. As per records, produced before us and explanation given to us during the financial year, company has not raised any money by public issue..
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated

FOR DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

Deepak Gulati

DEEPAK GULATI
(PROPRIETOR)



PLACE : NEW DELHI

DATE : ~~XXXXXXXXXX~~

For A.M. Gulati & Co. Ltd.

Maha
4/11/2017

AV COTTEX LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

S.N	PARTICULARS	SCHEDULE	AMOUNT IN RS.		
			As on 31.03.2005		As on 31.03.2004
I	SOURCE OF FUNDS				
	1.SHARE HOLDERS FUND				
	SHARE CAPITAL	1	51,917,128		51,917,128
	RESERVES & SURPLUS	2	3,000,000		3,000,000
	2. LOAN FUNDS				
	SECURED LOANS	3	20,632,090		39674685
	UNSECURED LOANS	4	4,750,000		1,000,000
	TOTAL		80,299,218		95,691,813
II	APPLICATION OF FUNDS				
	1.FIXED ASSETS				
	(A) GROSS BLOCK		44,034,424	44,034,424	
	(B) LESS: DEPRECIATION	5	26,054,995	24,146,161	
	NET BLOCK		17,979,429	19,888,263	
	ADD: CAPITAL WORK IN PROGRESS		44,260	44,260	
			18,023,689		19,932,523
	INVESTMENT	6	5,919,690		2,169,690
	CURRENT ASSETS, LOANS & ADVANCES				
	(A) INVENTORIES	7	1,272,536	1,272,536	
	(B) SUNDRY DEBTORS	8	42,000,000	-	
	(C) CASH & BANK BALANCES	9	151,028	283,828	
	(D) OTHER CURRENT ASSETS	10	3,000,000	3,000,000	
	(E) LOAN & ADVANCES	11	1,042,618	1,182,618	
			47,466,182	5,738,982	
	LESS: CURRENT LIABILITIES & PROVISIONS				
	CURRENT LIABILITIES & PROVISIONS	12	3,896,525	5,012,131	726,851
	NET CURRENT ASSETS		43,569,657		
	MISCELLANEOUS EXPENDITURE				
	(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	13	-	-	27,250
	PROFIT & LOSS ACCOUNTS				
			12,786,182		72,735,499
			80,299,218		95,691,813
	POLICIES AND NOTES TO ACCOUNTS				

The schedule referred to above and notes thereon form an integral part of the Balance sheet.

Note: The Loan of Haryana Financial Corporation is being settled under 'NPA Settlement Scheme'.

The interest on the loan amount of HFC has been written off as per the scheme.

FOR AND ON BEHALF OF THE BOARD

MEERAJ JAIN
(DIRECTOR)

ANIL DEWAN
(DIRECTOR)

ANITA KAKAR
(COMPANY SECRETARY)

AS PER OUR REPORT OF EVEN DATE ATTACHED
for DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

DEEPAK GULATI
(PROPRIETOR)



PLACE : NEW DELHI
DATE

For A.V. COTTEX LTD.

Anita Kakar
Company Secretary

AV COTTEX LIMITED			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2005			
PARTICULARS	SCHEDULE	AMOUNT	
		As on 31.03.2005	As on 31.03.2004
INCOME			
Sales		-	-
Other Income	14	63,456,351	-
		63,456,351	-
EXPENDITURE			
Administrative & Gen. Expenses	15	1,526,991	231,070
Interest & Finance Expenses	16	466	7,151,706
Depreciation	5	1,908,834	1,908,834
Preliminary Expenses W/o	13	27,250	27,254
		3,463,541	9,318,864
Add/less:			
Increase/Decrease in Inventory		-	-
Add: Prior period adjustment		43,493	
TOTAL		3,507,034	9,318,864
PROFIT(LOSS) BEFORE TAX		59,949,317	(9,318,864)
Provision for Income Tax		0	0
PROFIT(LOSS) AFTER TAX		59,949,317	(9,318,864)
Balance brought forward		(72,735,499)	(63,416,635)
Balance carried to Balance Sheet		(12,786,182)	(72,735,499)

The schedule referred to above and notes thereon form as integral part of the Profit & Loss account.

FOR AND ON BEHALF OF THE BOARD

Neeraj Jain
NEERAJ JAIN
(DIRECTOR)

Anil Dewan
ANIL DEWAN
(DIRECTOR)

Anita Kakar
ANITA KAKAR
(COMPANY SECRETARY)

PLACE: NEW DELHI

DATE: ~~31.03.2005~~

For A.V. COTTEX LTD.

Anita Kakar
Company Secretary

AS PER OUR REPORT OF EVEN DATE ATTACHED
for DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

Deepak Gulati
DEEPAK GULATI
(PROPRIETOR)



AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2005	Amount (IN RS.)As on 31.03.2004
SCHEDULE-1		
AUTHORISED		
7000000 Equity Shares of Rs. 10/- each Issued,Subscribed & Paid Up	70000000	70000000
5991900 Equity Shares of Rs. 10/- each fully paid up	59919000	59919000
Less:Cells unpaid (Due by others)	8001872	8001872
	51917128	51917128
SCHEDULE-2		
RESERVE & SURPLUS		
a) Subsidy Receivable from Haryana Govt.	3000000	3000000
	3000000	3000000
SCHEDULE-3		
SECURED LOANS		
1)Haryana Financial Corporation,Chandigarh		
a) Term Loan (secured against hypothecation of entire plants & machinery & other movable & Fixed Assets of the Company & personal Guarnatee of the directors	18097474	34837483
b) H.F.C Bridge Loan (secured against sanctioned State Subsidy of Rs.30 Lacs and second charges of fixed assets of the Company and personal guarantees of the directors	2534616	4837202
	20632090	39674685
SCHEDULE-4		
UNSECURED LOANS		
1. Other loans & advances		
a) From others	4750000	1000000
	4750000	1000000

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For A.V. COTTEX LTD.

Anand
Company Secretary



SCHEDULE - 5

SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31/03/05

PARTICULARS	GROSS BLOCK				DEPRECIATION			NETBLOCK	
	TOTAL COST AS ON 31.03.2004	ADDITIONS DURING THE YEAR	SALE/ADJ. DURING THE YEAR	TOTAL ASSETS AS ON 31.03.2005	UP TO 31.03.2004	DURING THE YEAR	UP TO 31.03.2005	AS ON 31.03.2004	AS ON 31.03.2005
Land	2886750	0	0	2886750	0	0	0	2886750	2886750
Building	3429537	0	0	3429537	1119578	114547	1234125	2309959	2195412
Plant and Machinery	34221141	0	0	34221141	20866895	1625504	22492399	13354246	11728742
Electrical	2301761	0	0	2301761	1239385	109334	1348719	1062376	953042
Furniture & Fixture	169326	0	0	169326	111203	10718	121921	58123	47405
Office Equipment	1014709	0	0	1014709	802145	48199	850344	212564	164365
Refrigerator	11200	0	0	11200	6955	532	7487	4245	3713
TOTAL (RS.)	44034424	0	0	44034424	24146161	1908834	26054995	19888263	17979429

Capital work in Progress Rs.44260.

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For A.V. COTTEX LTD.

Shubham
Company Secretary



SCHEDULE-6**INVESTMENTS (VALUED AT COST)
UNQUOTED**

4800 Equity shares of Rs.10 each	100000	100000
Partly paid up shares of H.F.C.		
97200 Equity shares of Rs.10 each	119690	119690
Partly paid up shares of Nova India Ltd.		
Consolidated Financial Services Pvt Ltd	1950000	1950000
Bankeybihari Ispat Industries Pvt. Ltd		
125000 equity shares @ Rs. 10/- each	1250000	0
Freshen Foods & Beverages Pvt. Ltd.		
150000 equity shares @ Rs. 10/- each	1500000	0
Alankit Technologies Ltd.		
100000 equity shares @ Rs. 10/- each	1000000	0
	<u>5919690</u>	<u>2169690</u>

SCHEDULE-7**INVENTORIES(As valued & Certified by the Management)**

a)Stores & Spares	1272536	1272536
	<u>1272536</u>	<u>1272536</u>

SCHEDULE-8**SUNDRY DEBTORS**

Less then 6 months	21036000	0
more then 6 months	20964000	0
	<u>42000000</u>	<u>0</u>

SCHEDULE-9**CASH & BANK BALANCES**

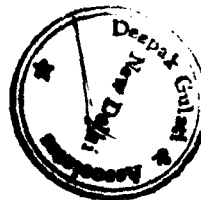
a)Cash in hand	105493	238424
b)Balance with scheduled Banks	45535	45404
	<u>151028</u>	<u>283828</u>

SCHEDULE-10**OTHER CURRENT ASSETS**

Subsidy receivable from		
Govt. of Haryana	3000000	3000000
	<u>3000000</u>	<u>3000000</u>

CERTIFIED TRUE COPY
For **A.V. COTTEX LTD.**

Anand
Company Secretary



SCHEDULE-11		
LOANS & ADVANCES		
a)Excise Duty Refundable	85043	85043
b)Other loans & advances	187575	327575
c) Salvage	770000	770000
	<u>1042618</u>	<u>1182618</u>
SCHEDULE-12		
CURRENT LIABILITIES & PROVISIONS		
a)Sundry Creditors	3441498	3441498.15
b)Outstanding Liabilities	449866	335177.14
c)Interest accrued but not due	-	1232956
d)Salary Payable	5161	2500
	<u>3896525</u>	<u>5012131</u>
SCHEDULE-13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	27250	54504
Less:-Written Off	27250	27254
	<u>0</u>	<u>27250</u>
SCHEDULE-14		
OTHER INCOME		
Consultancy Charges	43180800	-
Interest written back	20275551	-
	<u>63456351</u>	-
SCHEDULE-15		
ADMINISTRATIVE & GEN.EXP.		
a)Insurance Expenses	4727	6027
b)Local Conveyance	3221	8150
c)Printing & Stationary	25691	21320
d)Entertainment	874	1670
e)Misc.Exp.	3585	50980
f)Postage	10145	28220
g)Salary	32661	30000
h)Vehicle Fuel	2650	23258
i)Telephone Exp.	1665	2940
j)Listing Fees	55500	35000
k)Auditors Remuneration	16530	14700
l)Filing Fees	3000	4000
m)Travelling Exp.	0	4805
n)Professional Exp.	36352	0
o) Sales Tax (Demand)	49590	-
p) Fees of Operating agency	100000	-
q) Currency Flutution A/c	1180800	-
	<u>1526991</u>	<u>231070</u>
SCHEDULE-16		
INTEREST & FINANCIAL EXP.		
a)Interest	0	7151586
b)Bank Charges	466	120
	<u>466</u>	<u>7151706</u>

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For A.V. COTTEX LTD.

Quasar
 Company Secretary



**NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF
THE BALANCE SHEET AT 31ST MARCH 2005**

1. SIGNIFICANT ACCOUNTING POLICIES

i) ACCOUNTING CONVENTIONS

The financial statements are prepared on accrual basis under historical cost convention on the basis of going concern and materially comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.

ii) FIXED ASSETS

Fixed Assets are stated at cost of acquisition or construction including Inward Freight, duties, taxes and other incidental expenses relating to acquisition and installation thereof.

iii) DEPRECIATION

Depreciation on fixed assets has been provided on straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956 and on additions/deletions during the year is on prorata basis with reference to the month of additions/deletions thereof.

iv) INVESTMENTS

The valuation of the investments is taken into account on the basis of cost of the investment.

v) VALUATION OF INVENTORIES

Inventories have been valued on the following basis:

a. Raw Material	-	- N.A. -
b. Stock in Process	-	- N.A. -
c. Stores and Spares	-	At Cost
d. Finished goods	-	- N.A. -

vi) CURRENT ASSETS

Debtors and Loan & advances are valued on net realisation basis.

vii) RETIREMENT BENEFITS

- a) The company's contribution to provident fund in accordance with the Employee's Provident & Misc. Provision Act 1952 is not applicable.
- b) The liability for gratuity is provided according to the provisions of the Payment of Gratuity Act 1972.

viii) INTEREST

The loan availed from Haryana Financial Corporation (HFC), Chandigarh is being settled under the scheme of "Compromise Settlement of Chronic Non-Performing Assets (NPAs) of Haryana Financial Corporation -2005 announced by HFC, Chandigarh for the settlement of

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FOR A.V. GUYER LTD.

Arakar
Chartered Accountants



its outstanding loan. As per the said scheme, the interest of Rs.2,02,75,551/- pertaining to the previous years has been waived off.

ix) PROFIT AND LOSS ACCOUNT

Preliminary expenses are being written off over a period of 10 years.

x) FOREIGN EXCHANGE TRANSACTION

Transaction in foreign currency are recorded at the exchange rates prevailing at the time of the transaction.

xi) INCOME-TAX

No provision for taxation has been made in the accounts.

2. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the accounts are separately shown in the annual statement of accounts.

	2004-05	2003-04
a. Claims against the company not acknowledge as debts	NIL	NIL
b. Uncalled Liabilities on shares partly paid up	NIL	NIL
c. Arrears of fixed cumulative dividend	NIL	NIL
d. Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
e. Sales Tax exemption availed	NIL	NIL

3. Previous year figures have been regrouped/reclassified wherever necessary.
4. The state subsidy of Rs. 30 lacs receivable from Haryana Government on its fixed assets has been provided and transferred to Reserves and Surplus Account.
5. The secured loan of the Company from various financial institutions and banks are secured against hypothecation of plant & machinery and other movable fixed assets of the Company including stocks.
6. The Balances of the parties under the head debtors, creditors and loans and advances are subject to confirmation.
7. No board meeting fee charged by the directors.
8. Managerial remuneration paid during the year:-
a) Managing Director NIL
9. Amount paid to auditor Rs. 16,530/-

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For A.V. COTTEX LTD.



[Signature]
Company Secretary

10. EARNINGS PER SHARE (EPS)

In terms of Accounting Standards (AS-20) issued by the Institute of Chartered Accountants of India, the Calculation of EPS is given below:-

Particulars	2004-05	2003-2004
Profit/Loss as per Account (Rs. In Lacs)	59949317	(9318864)
Weighted average No. of Equity Shares Outstanding during the year	5991900	5991900
Basic and Diluted EPS	10.00	(1.56)

11. Additional Information pursuant to provision of paragraph 3 & 4 of schedule VI of the Companies Act, 1956.

A) Particulars of capacities, production, sales and stocks for the year ending 31.03.2005 :

Year	Licensed Capacity (tons)	Installed Capacity (tons)	Production Qty. (tons)	Production Amt. (Rs.Lac)	Sales Qty. (tons)	Sales Amt. (Lac)	Opening Stock Qty. (tons)	Opening Stock Amt. (Lac)	Closing Stock Qty. (tons)	Closing Stock Amt. (Lac)
2004-05	Yarn 7000	----	-----	-----	-----	-----	-----	-----	-----	-----
2003-04	Yarn 7000	-----	-----	-----	-----	-----	-----	-----	-----	-----

B) Raw material consumed

	Qty. (tons)	Amount (Rs.in lacs)
2004-05	NIL	NIL
2003-04	NIL	NIL

C) Value of imported/indigenous Raw Material, Spare parts Components and stores consumed: NIL

D) Expenditure in Foreign Currency - -

E) Value of imports CIF basis (Capital goods) - -

12. RELATED PARTY DISCLOSURES:

(a) Name of the related parties:

Subsidiary Companies : NIL
Associated Company

The company had one transaction with the related party. The particulars of the same are as under:

Name of Related Party	Relationship	Nature of Transactions	Amount transacted during the year
Jas Expoship Pvt. Ltd.	Associated Concern	Financing of daily operations of the Company	Amount financed Rs. 10 Lacs
Aristofab Pvt. Ltd.	Associated Concern	Financing of daily operations of the Company	Amount financed Rs. 5 Lacs

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For A.V. COTTEX LTD.
Anshu
Company Secretary



13. Segment reporting as defined in the AS-17 " Segment Reporting" issued by the ICAI is not applicable to the company.

14. Key Management Personnel : Sh. Ashwani Dewan
Relatives of Key Management Personnel : NIL

Detail of aggregate Remuneration for Mr. Ashwani Dewan are as follows:-

	Amount in Rs.
Salary & Allowances	NIL
Contribution to Provident Fund & Other Funds	-
Others	-

	NIL

AS PER OUR REPORT OF EVEN DATE ATTACHED
for DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI

DATED : ~~20/03/2023~~

For A.V. COTTEX LTD.

Ashwan
Company Secretary

Deepak Gulati
DEEPAK GULATI
(PROPRIETOR)

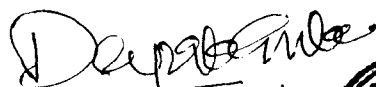


**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF
COMPANIES ACT, 1956.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS	
Registration Number	62525
State Code	55
Balance Sheet date	31/03/2005
2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. 000)	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (AMOUNT IN Rs. '000)	
Total Liabilities	80299
Total Assets	80299
<u>Source of Funds</u>	
Paid up capital	51917
Reserve & Surplus	3000
Secured Loans	20632
Unsecured Loans	4750
<u>Application of Funds</u>	
Net Fixed Assets	17979
Investments	5919
Accumulated Losses	12786
Net Current Assets	43570
Miscellaneous Exp.	-
4. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. 000)	
Turnover including Misc. Income	63456
Total Expenditure	3464
Profit before Tax	59949
Profit after Tax	59949
Earning per share (in Rs.)	10.00
Dividend Rate (%)	NIL
5. GENERIC NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY	
Item Code No.	2350
Production Description : All kinds of Cotton, synthetic Polyester, Jute Yarns.	

Auditor's report
As per our report of even date attached
For Deepak Gulati & Associates
Chartered Accountants




Deepak Gulati
(Prop.)



FOR & ON BEHALF OF THE BOARD


Anil Dewan
(Director)


Neeraj Jain
(Director)

PLACE : NEW DELHI

DATED : 

For A.V. COTTEX LTD.


Company Secretary

A.V. COTTEX LIMITED
CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL 2004 TO 31ST MARCH 2005

PARTICULARS	AMOUNT 31.03.2005	AMOUNT 31.03.2004
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	59949317	-9318864
ADJUSTMENTS FOR:		
DEPRECIATION	1908834	1908834
EXPENSES WRITTEN OFF	27250	27254
OTHER INCOME	-63456351	0
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>-1570950</u>	<u>-7382776</u>
ADJUSTMENTS FOR:		
LOANS & ADVANCES	140000	2
TRADES & OTHER RECEIVABLES	-42000000	950000
INVENTORIES	0	0
TRADE PAYABLE	-1115606	158659
CASH GENERATED FROM OPERATIONS	<u>-44546556</u>	<u>-6274115</u>
INTEREST PAID	-	-
DIRECT TAXES PAID	-	-
CASH FLOW BEFORE EXTRAORDINARY ITEMS	-44546556	-6274115
EXTRAORDINARY ITEMS	63456351	0
NET CASH FROM OPERATING ACTIVITIES	<u>18909795</u>	<u>-6274115</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
SALE OF INVESTMENTS	0	0
PURCHASE OF FIXED ASSETS	0	0
SALE OF FIXED ASSETS	0	0
MISC EXP.	0	0
PURCHASE OF INVESTMENTS	-3750000	-1950000
OTHER INCOME	0	0
NET CASH USED IN INVESTING ACTIVITIES	<u>-3750000</u>	<u>-1950000</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM CALLS IN ARREARS/SHARE CAPITAL	-	-
PROCEEDS FROM LONG TERM BORROWINGS	-15292595	8362640
NET CASH USED IN FINANCING ACTIVITIES	<u>-15292595</u>	<u>8362640</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	-132800	138525
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	283828	145303
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	151028	283828

Notes:- 1. Cash & Cash Equivalents represents Cash & Bank Balances.
2. Proceeds from Long Terms & Other Borrowings are shown net of receivable.

PLACE : NEW DELHI

DATED : **REPRODUCED TRUE COPY**

For A.V. COTTEX LTD.

Anwar
Company Secretary



FOR & ON BEHALF OF THE BOARD

Neeraj Jain
[Neeraj Jain]
DIRECTOR

sd/-

AUDITOR'S CERTIFICATE

We have examined attached Cash Flow Statement of A.V. COTTEX LIMITED for the year ended 31st March' 2005. The statement has been prepared by the company in accordance with the Requirement of clause 32 of Listing Agreement with the Stock Exchanges and is based on and in agreement the corresponding profit and loss account and Balance Sheet of the company covered by our report of the 7th September, 2005 to the Member of Company.

for DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI

DATED : **REPRODUCED TRUE COPY**
For A.V. COTTEX LTD.

Anshu
Company Secretary

Deepak Gulati
sd/-
DEEPAK GULATI
SOLE PROPRIETOR



A.V COTTEX LIMITED

Registered Office: Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the 11th ANNUAL GENERAL MEETING of the Company being held on Friday, 30th September, 2005 at 9.00 A.M at the Registered Office of the company.

Name & Address of Shareholder _____

Name of Proxy/ Authorised Representative _____
(To be filled in case the proxy attends instead of shareholder)

No. of Shares Held _____
Folio No. _____

Signature of Shareholder/ Proxy _____

A.V COTTEX LIMITED

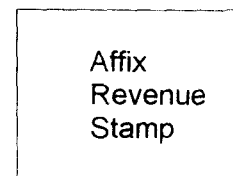
Registered Office: Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029

PROXY FORM

I/We.....of
..... being a member
/ members of A.V Cottex Limited hereby
appoint,.....
of.....or
failing him/ her of
..... as my/our
proxy to vote for me/us and on my/our behalf at the 11TH ANNUAL GENERAL MEETING
of the Company to be held on Friday, 30th September, 2005 or at any adjournment
thereof.

Signed this day of..... 2005

No. of Shares held.....



Signature

Note: The proxy form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a shareholder of the company.