

**A.V. COTTEX
LIMITED**

**12TH ANNUAL REPORT
FOR THE
YEAR ENDING 31ST MARCH, 06**

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of **A.V COTTEX LIMITED** will be held on Monday, 5th June, 2006 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, 2006 and the Profit and Loss Account for the year ended 31st March, 2006 and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Neeraj Jain, 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 appoint Mr. Anuj Dewan 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. Anuj Dewan, 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."

BY ORDER OF THE BOARD OF DIRECTORS

Date: 2nd May, 2006
Place: New Delhi


SHWETA AWASTHI
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 Wednesday, the 31st May, 2006 to Monday, 5th June, 2006 (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 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 NOS. 4

Mr. Anuj Dewan, was appointed as Non-Executive Directors on the Board of the Company w.e.f 15th December, 2005. He is pursuing MBA from a reputed university at Canada. He is also a director on the Board of an investment company whose registered office is at Mumbai. Mr Anuj Dewan as on the date of his appointment is holding 37,000 equity shares of your company. Pursuant to the provisions of section 260 of the Companies Act, 1956, he hold office up to the date of this Annual General Meeting.

Notice has been received from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Anuj Dewan 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.

BY ORDER OF THE BOARD OF DIRECTORS

Date: 2nd May, 2006
Place: New Delhi


SHWETA AWASTHI
COMPANY SECRETARY

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twelfth Annual Report of your Company and the Audited Statement of Accounts for the financial year ended 31st March, 2006.

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, 2006	Year Ended 31 st March, 2005
Income from Operations	274.82	-
Other Income	152.93	634.56
Total Income	427.75	634.56
Profit/ (Loss) before Depreciation	151.75	618.58
Depreciation	4.56	19.09
Profit/ (Loss) before taxation	147.19	599.49
Provision for taxation	-	-
Profit/ (Loss) after taxation	147.19	599.49

OPERATING REVIEW AND FUTURE OUTLOOK

The future of textile industry is looking up which is expected to have positive impact on the performance of the company as a whole

The company has during the year made settlement of the outstanding dues of the two major unsecured creditors who had earlier filed winding up petition before the Hon'ble Delhi High Court. In lieu of the above settlement, the Hon'ble High Court of Delhi vide its order dated 16th September, 2005 was pleased to dismiss the winding up petition as withdrawn and recalled the order of appointment of provisional liquidator. The Provisional Liquidator on the directions of the Hon'ble High Court of Delhi desealed the factory premises of the company and handed over the possession of the factory premises to the company on 6th October, 2005. The company in order to take the advantage of the growth prevailing in the market had already taken initiatives towards the restructuring of its operations at the factory at Karnal.

Considering the positive network and recent developments that took place during the year Hon'ble BIFR vide its order dated 30th January 2006 has discharged the company from the purview of SICA.

The company also entered into a compromise settlement with Haryana Financial Corporation (the only secured creditor) under the scheme for 'Compromise Settlement of Chronic Non-Performing Assets (NPA) of HFC-2005. As per the compromise settlement reached with Haryana Financial Corporation, an amount of Rs. 206.32 lacs is payable by the company over a period of 1 year, alongwith interest @ 10.5 percent per annum till the date of final payment. The company at the time of the settlement had paid up front amount of 25% of the settlement amount and has also paid 11 post dated cheques for the balance amount. The company has been regular in honouring its commitment

The company has during the year started the export of cotton yarn and had also made a proposal for the acquisition of the industrial undertaking engaged in manufacturing of cotton yarn having capacity of 25000 spindles having turnover of Rs. 50 crores per annum and have given its offer to the secured lenders and is acquiring the same under Securitisation Act.

BIFR REGISTRATION

Since, the major fire incident in the factory premises in May, 2000 the operations of your company have been closed. The Audited Balance Sheet as on 31st March, 2005 reflected the positive networth of the company of Rs. 519.17 lacs as against the accumulated losses of Rs. 127.86 lacs as on that date. The Hon'ble BIFR has vide its order dated 30th January, 2006 after considering the net worth of the company as on 31st March, 2005 discharged the company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985.

Thus your company is no longer a Sick Industrial company.

DIVIDEND

No Dividend is recommended for the year under review.

DIRECTORS

During the year, Mr. Anuj Dewan, was appointed as an additional Director of the company w.e.f 15th December, 2005. As per the provisions of section 260 of the Companies Act, 1956 he hold office upto the date of this Annual General Meeting. Notices has been received from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Anuj Dewan for appointment as Directors of the Company.

While Mr. Anil Dewan had resigned from the directorship of the Company w.e.f 15th December, 2005. The Board has placed on record its sincere appreciation of the valuable services rendered by Mr. Anil Dewan 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. Neeraj Jain, Director 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 (1B) 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 15th December, 2005 after the resignation of Mr. Anil Dewan and appointment of Mr. Anuj Dewan as Non-Executive 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.

LISTING FEE

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, 2006 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, 2006 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, 2006 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 31.3.2006)	Previous year (as on 31.3.2005)
Activities relating to export	NIL	NIL
Foreign Exchange used	NIL	NIL
Foreign Exchange earned		
- Consultancy Agreement	NIL	Rs. 42000000

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

Director

Director

Place: New Delhi

Date: 2nd May, 2006

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

BUSINESS SCENARIO

Considering the upward movement in the fortunes of the textile and spinning industry, the company is looking forward to restart its operations so as to continue as a going concern. The company also has plans to acquire the industrial undertaking engaged in manufacturing of cotton yarn having capacity of 25000 spindles having turnover of Rs. 50 crores per annum.

MANAGEMENT OF RISK

The risk management process is to evaluate various risks associated with the business and to introduce suitable mechanism to effectively reduce such risks. Since the company has plans to enter into new ventures the same is being done after the evaluation of the risk involved and global competition in each project to be undertaken.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has an adequate internal control system, commensurate with the size and nature of its business. The internal control are operated through a system of internal checks and balances, which ensures the effective management of the company.

The Audit Committee of the company periodically reviews all financial statements and ensures adequacy of internal control system.

HUMAN RESOURCES

Management relations with employees remained cordial. Management wish to place on record their appreciation of the contribution made by employees at all levels for their co-operation and support.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the company's objectives, projections and estimates, contain words or phrases such as "will", "plan" and similar expressions or variations of such expressions, that are forward looking and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied by the forward looking statements due to risks or uncertainties associated therewith depending upon economic conditions, government policies and other incidental factors. Readers are cautioned not to place undue reliance on these forward looking statements.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. The company is committed to ensure a good practice of Corporate functioning, maximizing the customer satisfaction & shareholder value and ensure compliance with all regulations as applicable with adequate transparency and accountability. 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.

BOARD OF DIRECTORS

The Board of Directors of the company act as trustee to protect and enhance the shareholders value. They review the Corporate performance, authorize and monitor strategic decision and ensure that all the regulatory compliances are being undertaken by the company.

The meetings of the Board of Directors are convened after the circulation of Agenda Papers well in advance. The Board has access to all the relevant information of the company.

A Composition of the Board & their Responsibility

As on 31st March, 2006 the Board consists of 4 Directors, of whom three are Non-Executive Directors. The directors bring to the board wide range of experience and skills. 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, 2006 is given hereunder.

Managing Director

Mr. Ashwani Dewan

Non Executive Director

Mr. Anuj Dewan

Mr. Vijay Gupta

Mr. Neeraj Jain

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

* Mr Anil Dewan resigned from the Board w.e.f. 15th December, 2005

** Mr. Vijay Kr Sharma resigned from the Board w.e.f 29th July, 2005

*** Mr. Anuj Dewan was appointed as Directors w.e.f 15th December, 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.

B No. of Board Meetings Held and Dates

During the financial year 2005-06, the Board of A.V Cottex Limited had met 5 times. The dates of the meeting are 30th April, 2005; 29th July, 2005; 7th September, 2005; 29th October, 2005; and 30th January 2006. The maximum gaps between two meetings are not more than 3 months.

CODE OF CONDUCT

Since the company do not have its own website the code of conduct as laid down by the Board for all the Board members and the senior management of the company is reproduced as under:

Purpose & Applicability of the code

The purpose of this code of conduct is to provide every Director and each functional head of the company with a summary of the company's code of conduct with respect to the Corporate Ethics for conducting its business. All the Directors and functional heads being the part of the senior management have the responsibility to understand and follow the company's Corporate Ethics guidelines as described hereunder.

Company Philisophy

Our company is committed to conducting business fairly and honestly.

This commitment to our employees, customers and suppliers/ dealers is the cornerstone of our code of conduct for business ethics as we carry out business today and explore new business opportunities tomorrow. This guideline applies to our relationship with fellow associates, customers, business associates, government officials etc. Violation of these guidelines could damage our reputation and result in severe penalties for both the company and associates.

The executives are required to read this code of conduct and practice the guidelines in their day to day work. Should any ethical questions or issues arise in the course of your daily work, please bring it to the knowledge of the front division responsible for Corporate Governance in the company or to the Corporate Governance Secretariat.

Responsibility of the senior management

The responsibility of each Director and functional head is to practice this code of conduct and demonstrate to the fellow associates, customers, suppliers / dealers and communities, to the shareholders of the company and to the society that he / she is a responsible member of the AV Cottex family. The functional heads and the Directors have the added responsibility to ensure compliance to high ethical standards in their respective areas of responsibilities, by being a role model. All are expected to understand the company policy in true spirit and to adhere to and encourage others to follow the administrative, functional and general rules and regulations laid down by the company.

The Directors and the functional heads should not misuse their functional and /or positional role to misinform / misinterpret the company rules and regulations to personal advantage.

Relationship with Fellow associates**Respect for the Individual**

The company policy guides us to respect the individual differences in one another and trust each other fairly. Recruitment, associate development and career decisions must be made without regards to race, gender, religion, caste, culture and socio economic status.

The company respects the privacy of individuals and therefore all associates are expected to practice this policy and not disclose personal information to others without the prior consent of the concerned.

Non Harassment

We expect each higher level executive to refrain from harassing co-associates, based on discrimination, sexual advancements, verbal or physical intimidation, use of expressions that are misleading or derogatory, or in any other way.

Safe and healthy work environment

The company operations are committed to providing a safe and healthy work environment and complying with all applicable health and safety norms. All the senior management teams are expected to promote safe and orderly work environment, to follow rules or etiquette pertaining to smoking and control risky operations in places with due attention.

Each one of us has an obligation to promptly report any safety concerns, accidents, injuries and unsafe conditions that might arise in our day to day work.

Conflict of Interest

Business decisions and actions must be taken in the best interest of the company, and should not be motivated by personal gains of any nature. A conflict of interest occurs if you allow the possibility of personal gain to influence or appear to influence your judgment in the conduct of company business.

Any conflict of interest can be damaging to you and the company and to our business relationships and therefore must be brought to the notice of the Corporate Governance Secretariat of your company immediately.

Providing and receiving gifts and entertainment

At times, it may be appropriate to provide a modest gift or entertainment to a business partner. However the senior management is expected to ensure that any gift or entertainment offered must be legal, of limited value, and not embarrassing to the company or the recipient if publicly disclosed. The same standards must apply to receiving gifts and entertainment from business associates. Specific company guidelines are separately available as to the value of gifts which are considered appropriate.

Relationship with Government or local bodies must be harmonious and all company representatives must deal with such external bodies in accordance with the guidelines and ethics set for this purpose.

Relationship with Communities and Environment

Societal norms

All the management people are expected to practice the societal norms for example, greetings, dealing with female associates, attending social functions, etc.

Community responsibility

Our vision is to become a company that society would want to exist. Thus the company would like to be perceived as a responsible corporate citizen, providing good jobs and quality products, besides participating in community development activities such as social welfare, aid in natural disasters etc., within their means.

Environment Protection

Each person has a role to play in conserving, efficiently utilizing and recycling the natural resources and minimizing waste in all areas of operations.

Political activities

The company must strive to remain non political in their stance by maintaining equal distance from different political parties, pressure groups and elected representatives of the public.

The company personnel are advised not to participate in political campaigns or activities using company time and resources.

Protection of Business Interest

The senior management must appreciate that information related to employees, customers or business matters can be a competitive tool and therefore leakage of any company information could be detrimental to company interests.

Every member of the senior management must therefore protect the company information in physical or electronic form to the best of her / his ability. Utmost care must be exercised while discussing business at public places or disclosing need based information to business associates.

Company equipment and assets

All associates are expected to take good care of all the company equipment and assets, as if they were their own. Theft, fraud and any personal use/ misuse of the company equipment and assets are prohibited.

As per the company policy, each member must ensure that after the vacation of the respective office by virtue of which they have become entitled to the respective usage of the company property, be safely returned to the company.

Compliance with Laws

As a corporate philosophy the company is committed to comply with all the relevant and applicable laws of the land. Every Director and senior management officer of the company will make his/ her best efforts to understand the content and spirit of the law and will follow or abide by the amendments. He/ She must offer himself / herself to periodic audit in this regard.

Whenever there is a doubt or unclear interpretation of the law, the legal deptt., government bodies and / or outside experts need to be consulted. Whenever a violation of the law or the risk of such an occurrence is noticed, associates should immediately report to or consult with the legal department.

Responsibility attached with Duty

Being the part of the senior management and heads of the respective departments the officers are required to ensure that they frame suitable practice/ system within their respective departments and also ensure that there is proper maintenance of books, records within their department. They should ensure that the delegation of the work being done should strike a balance between the adequate empowerment and the necessary accountability.

As a head of the respective department he/ she should set a standard of Leadership being acceptable to all the concerned in their department.

How to get help and support

The company's code of conduct with respect to business ethics can be implemented effectively only if each one of us practices and supports it.

If ever you have a concern or an issue highlighting possible violation of the code of conduct related to the business ethics, you are urged to bring it to the notice of the Front Division responsible for Corporate Governance, any member of Corporate Governance Secretariat of your company or to the Managing Director of your company.

Implementation of the Code

Each Director and the members of the senior management will have to affirm, on annual basis the compliance with the above provisions of the code.

The company secretary of the company shall act as the compliance officer to monitor and ensure compliance with the provisions of the code.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:

1. Audit Committee
2. Shareholders Grievance & Transfer Committee

AUDIT COMMITTEE

The Audit Committee of the company has been reconstituted after the appointment of Mr. Anuj Dewan and resignation of Mr. Anil Dewan and Mr. Vijay Kr Sharma. In the present composition there are three Non executive directors. 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.

The Powers and the role of the Audit Committee are as per the guidelines provided in the revised clause 49 of the Listing agreement which inter-alias include the overview of Company's Financial reporting process, review of quarterly, half yearly and Annual financial statements, adequacy of internal control, review of related party transactions etc.

Composition

As on 31st March, 2006, the Audit Committee comprised of the following members:

1. Mr. Neeraj Jain, Non-Executive Independent Director
2. Mr. Vijay Gupta, Non-Executive Independent Director
3. Mr. Anuj Dewan, Non-Executive Director

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, 2006 the audit committee has met five times on 30th April, 2005; 29th July, 2005; 7th September, 2005; 29th October, 2005; and 30th January 2006

Attendance of the Directors at the Audit Committee as on 31st March, 2006 is as follows:

Director	Category	No. of Meetings Held	
		Held	Attended
Mr. Neeraj Jain	Chairman	5	5
Mr. Vijay Gupta	Member	5	5
Mr. Anil Dewan*	Member	4	4
Mr. Vijay Kumar Sharma**	Member	2	2
Mr. Anuj Dewan***	Member	1	1

* Mr Anil Dewan resigned from the Board w.e.f. 15th December, 2005

** Mr. Vijay Kr Sharma resigned from the Board w.e.f 29th July, 2005

*** Mr. Anuj Dewan was appointed as Directors w.e.f 15th December, 2005.

The Audit Committee was reconstituted on 30th January, 2006 after the appointment of Mr Anuj Dewan and resignation of Mr Anil Dewan

SHAREHOLDERS GRIEVANCE & TRANSFER COMMITTEE

The Board has constituted Shareholders / Investor Grievance Committee headed by an Independent director Mr. Neeraj Jain with Mr Ashwani Dewan and Mr. Vijay Gupta as its member. The committee meets twice a month to specifically look into the redressing of the Shareholder/ Investor 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 Board has designated the company secretary of the company as the compliance officer. The number of complaints received from the shareholders during the last financial year were 4 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
11 th AGM	30.09.05	Delhi Blue Apartments, 2 Factory Raod, Safdarjung Ring Road, New Delhi- 110 029	9.00 A.M
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

(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, the subsidiaries or relatives etc. that may have the potential conflict with the interest of the company at large.

The company had following related party transactions during the year:

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. 235 Lacs
Aristofab Pvt Ltd	Associated Concern	Financing of daily operations of the company	Amount financed Rs. 11 Lacs
Srithi Growth Fund Pvt Ltd	Associated Concern	Financing of daily operations of the company	Amount financed Rs. 11 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 applied to the Delhi Stock Exchange; Jaipur Stock Exchange and Ahmedabad Stock Exchange for getting its securities delisted from the respective exchanges.

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 Road, Safdarjung Ring Road, New Delhi- 29
Annual General Meeting	
Date	5 th June, 2006
Time	9.00 A.M
Venue	Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 29
Adoption of financial results	
30 th June, 2006	End of July, 2006
30 th September, 2006	End of October, 2006
30 th December, 2006	End of January, 2007
31 st March, 2007	End of April, 2007

Date of Book Closure	From 31 st May, 2006 to 5 th June, 2006 (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. The company has made the application for the revocation of the suspension of the trading of the shares.
Stock Code	BSE code – 531190 ISIN No - INE355H01015
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

Both the physical transfer and Demating of the shares are handled by Registrar & Share Transfer agent M/s Beetal Financial and Computer Services Private Limited. To expedite the share transfer a separate committee of the Directors is meeting at regular interval to approve the share transfer. Hence shares are normally transferred within 15 days. In terms of the requirement of SEBI directives the company is providing the facility of transfer and dematerialisation of securities simultaneously.

Distribution of Shareholding

The Distribution of the shareholding of the equity shares as on 31st March, 2006 are as follows:

No of Equity shares held	No. of shareholders	% of share holders	Total number of shares	% of share holding
1 – 100	1452	73.19	145200	2.42
101 - 200	51	2.57	10200	0.17
201 - 300	25	1.26	7500	0.13
301 – 400	8	0.40	3200	0.05
401 – 500	109	5.49	54500	0.19
501 – 1000	124	6.25	108100	1.80
1001-10000	137	6.91	444300	7.42
10001 & above	78	3.93	5218900	87.10
Total	1984	100.00	5991900	100.00

Categories of Shareholders as on 31st March, 2006

Category	Total no of shares	% of shareholding
Promoters/Relatives/Promoters Companies	1431725	23.89
Financial Institutions/ Banks	NIL	-
FIs	NIL	-
Mutual Funds	NIL	-
Private Corporate bodies	1049275	17.52
Indian Public	3510900	58.59
NRI/ OCBs	NIL	-
Others	NIL	-
Total	5991900	100

Dematerialization of shares and Liquidity

The trading of the shares of the company is permitted in dematerialisation form as per the notification issued by SEBI. The company has entered into agreement with NSDL for giving effect to the same.

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. Shweta Awasthi, Company Secretary Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029

Note:

- a) The Non – mandatory clauses of the Listing Agreement are not adopted by the company.
b) The Corporate Governance report is as on 31st March, 2006.
-

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, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

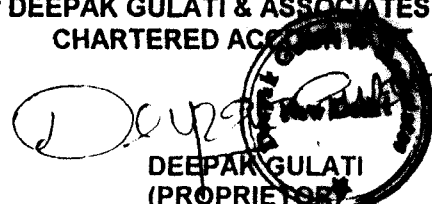
The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit 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, 2006, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance & Transfer 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.

**For DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS**



**DEEPAK GULATI
(PROPRIETOR)**

**PLACE: NEW DELHI
DATE: 2nd May, 2006**

**DECLARATION BY THE MANAGING DIRECTOR ON THE COMPLIANCE OF THE CODE OF CONDUCT
AS LAID DOWN BY THE BOARD OF DIRECTORS OF THE COMPANY**

I, ASHWANI DEWAN, Managing Director of AV Cottex Limited hereby declare that the Directors and members of senior management have effectively complied with the code of conduct.

The above submission is based on the declarations as received from the members to whom the code applies and also on the basis of the submission of the compliance officer to the code.

**(ASHWANI DEWAN)
MANAGING DIRECTOR**

DATE : 02/05/2006

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 2006, 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:

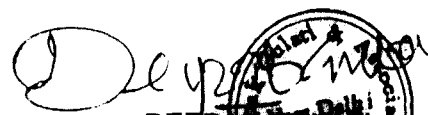
- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (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, 2006 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

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:

- i) In the case of the balance sheet, of the state of affairs of the Company as on 31st March, 2006;
- 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 :


DEEPAK GULATI
(DIRECTOR)

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, 2005 to 31st March, 2006.

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 been disposed off by the Company during the financial year ended 31st March, 2006.

2. The company has no stock of raw material or finished goods.
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. Rs.10, 00,000/- M/s Jas Expoship Pvt. Ltd. of Rs.2,35,09,405/-, M/s Srithi growth fund (p) Ltd. Rs. 10,00,000/- respectively covered in the register mention under Section 301 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.
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

10. According to the information and explanations given to us, the company has no accumulated losses on 31st March, 2006. 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'.
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.
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 Delhi

**PLACE : NEW DELHI
DATE :**

AV COTTEX LIMITED						
BALANCE SHEET AS AT 31ST MARCH, 2006						
S.N	PARTICULARS	SCHEDULE	AMOUNT IN RS.			
				As on 31.03.2006		As on 31.03.2006
I	SOURCE OF FUNDS					
	1.SHARE HOLDERS FUND					
	SHARE CAPITAL	1		51,917,128		51,917,128
	RESERVES & SURPLUS	2		8,702,269		3,000,000
	2. LOAN FUNDS					
	SECURED LOANS	3		9,854,390		20,832,090
	UNSECURED LOANS	4		-		4,750,000
	TOTAL			70,473,787		80,299,218
II	APPLICATION OF FUNDS					
	1.FIXED ASSESTS					
	(A) GROSS BLOCK		13,620,183		44,034,424	
	(B) LESS: DEPRECIATION	5	6,413,428		26,054,995	
	NET BLOCK		7,206,757		17,979,429	
	ADD: CAPITAL WORK IN PROGRESS		44,260	7,251,017	44,260	18,023,689
	INVESTMENT	6		16,919,690		5,919,690
	CURRENT ASSETS, LOANS & ADVANCES					
	(A) INVENTORIES	7	-		1,272,536	
	(B) SUNDRY DEBTORS	8	10,325,981		42,000,000	
	(C) CASH & BANK BALANCES	9	1,416,671		151,028	
	(D) OTHER CURRENT ASSETS	10	3,000,000		3,000,000	
	(E) LOAN & ADVANCES	11	29,623,176		1,042,618	
			44,365,828		47,466,182	
	LESS: CURRENT LIABILITIES & PROVISIONS					
	CURRENT LIABILITIES & PROVISIONS	12	1,831,878		3,896,525	43,569,657
	NET CURRENT ASSETS			42,533,950		
	Defferred Tax Assets			3,769,130		
	PROFIT & LOSS ACCOUNTS					
						12,786,182
				70,473,787		80,299,218
POLICIES AND NOTES TO ACCOUNTS						

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

FOR AND ON BEHALF OF THE BOARD

NEERAJ JAIN
(DIRECTOR)

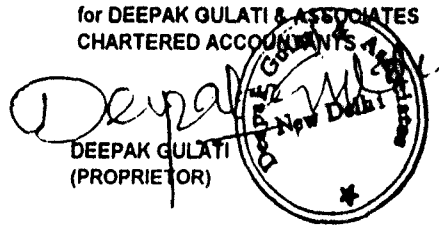
VIJAY GUPTA
(DIRECTOR)

SHWETA AWASTHI
(COMPANY SECRETARY)

PLACE : NEW DELHI
DATE :

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

DEEPAK GULATI
(PROPRIETOR)



AV COTTEX LIMITED			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2006			
PARTICULARS	SCHEDULE	AMOUNT	
		As on 31.03.2006	As on 31.03.2005
INCOME			
Sales	17	27,482,271	-
Other Income	14	15,292,841	63,456,351
		42,775,112	63,456,351
EXPENDITURE			
Purchase/Raw Material Consumption	18	25,150,958	-
Administrative & Gen. Expenses	16	431,221	1,526,991
Interest & Finance Expenses	18	745,179	466
Depreciation	6	455,897	1,908,834
Preliminary Expenses W/o	13	-	27,250
		26,783,255	3,463,541
Add/less:			
Increase/Decrease in Inventory		1,272,536	-
Add: Prior period adjustment		-	43,493
TOTAL		28,055,791	3,507,034
PROFIT(LOSS) BEFORE TAX		14,719,321	59,949,317
Provision for Income Tax		-	0
Deferred Tax Assets		3,769,130	
PROFIT(LOSS) AFTER TAX		18,488,451	59,949,317
Balance brought forward		(12,786,182)	(72,735,499)
Balance carried to Balance Sheet		5,702,269	(12,786,182)

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
(DIRECTOR)

VIJAY GUPTA
(DIRECTOR)

SHWETA AWASTHI
COMPANY SECRETARY

AS PER OUR REPORT OF EVEN DATE ATTACHED

for DEEPAK GILATI & ASSOCIATES
CHARTERED ACCOUNTANTS

DEEPAK GILATI
(PROPRIETOR)

PLACE : NEW DELHI

DATE :

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2006	Amount (IN RS.)As on 31.03.2005
<u>SCHEDULE-1</u>		
AUTHORISED		
7000000 Equity Shares of Rs. 10/- each	70000000	70000000
Issued,Subscribed & Paid Up		
5991900 Equity Shares of Rs. 10/- each fully paid up	59919000	59919000
Less:Cells unpaid (Due by others)	8001872	8001872
	51917128	51917128
<u>SCHEDULE-2</u>		
RESERVE & SURPLUS		
Balance carried forward	3000000	3000000
Add: Profit & loss a/c	5702269	0
	8702269	3000000
<u>SCHEDULE-3</u>		
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	8637419	18097474
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	1216971	2534616
	9854390	20632090
<u>SCHEDULE-4</u>		
UNSECURED LOANS		
1.Other loans & advances		
a) From others	0	4750000
	0	4750000

SCHEDULE - 5

SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31/03/06

PARTICULARS	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	TOTAL COST AS ON 31.03.2005	ADDITIONS DURING THE YEAR	SALE/ADJ. DURING THE YEAR	TOTAL ASSETS AS ON 31.03.2006	UP TO 31.03.2005	DURING THE YEAR	Adjusted during the year for sale	UP TO 31.03.2006	AS ON 31.03.2005	AS ON 31.03.2006
Land	2,886,750	0	0	2886750	0	0	0	0	2,886,750	2,886,750
Building	3,429,537	0	0	3,429,537	1234125	114547	0	1348672	2,195,412	2,080,865
Plant and Machinery	34,221,141	0	26,917,244	7303897	22492399	341350	17768995	5064754	11,728,742	2,239,143
Electrical Installations	2,301,761	0	2,301,761	0	1348719	0	1348719	0	953,042	-
Furniture & Fixture	169,326	0	169,326	0	121921	0	121921	0	47,405	-
Office Equipment	1,014,709	0	1,014,709	0	850344	0	850344	0	164,365	-
Refrigerator	11,200	0	11,200	0	7487	0	7487	0	3,713	-
TOTAL (RS.)	44,034,424	0	30,414,240	13620183	26054995	455897	20097466	6413426	17,979,429	7206757

Capital work in Progress Rs.44260.

Previous year	44034424	0	0	44034424	24146161	1908834	0	26054995	1988263	17979429
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AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2006	Amount (IN RS.)As on 31.03.2005
SCHEDULE-6		
INVESTMENTS (VALUED AT COST)		
UNQUOTED		
4800 Equity shares of Rs.10 each	100000	100000
Partly paid up shares of H.F.C. (Market value not available)		
97200 Equity shares of Rs.10 each	119690	119690
Partly paid up shares of Nova India Ltd. (Market value not available)		
Consolidated Financial Services Pvt. Ltd.	0	1950000
Bankeybihari Ispat Industries Pvt. Ltd	0	1250000
125000 equity shares @ Rs. 10/- each		
Freshen Foods & Beverages Pvt. Ltd.	0	1500000
150000 equity shares @ Rs. 10/- each		
Alankit Technologies Ltd.	1000000	1000000
100000 equity shares @ Rs. 10/- each		
Chopra Solitaires Pvt Ltd	1100000	0
11000 equity shares @ Rs. 100/- each		
Commitment Capital Services Ltd	750000	0
75000 equity shares @ Rs. 10/- each		
Harmilap Roshni Ltd	1500000	0
7500 equity shares @ Rs. 10/- each		
Kiran Lighting Pvt Ltd	1500000	0
7500 equity shares @ Rs. 10/- each		
Lehar Chemicals Pvt Ltd	1000000	0
100000 equity shares @ Rs. 10/- each		
M K Consultants Pvt Ltd	750000	0
15000 equity shares @ Rs. 10/- each		
Nipun Steels Pvt Ltd	500000	0
50000 equity shares @ Rs. 10/- each		
Pratishtha Images Pvt Ltd	2000000	0
200000 equity shares @ Rs. 10/- each		
Pytex Impex Pvt Ltd	800000	0
8400 equity shares @ Rs. 10/- each		
Royal Build Bell Pvt Ltd	1000000	0
100000 equity shares @ Rs. 10/- each		
Scud Steel Pvt Ltd	500000	0
5000 equity shares @ Rs. 100/- each		
Shri Parasram Industries Pvt Ltd	1500000	0
150000 equity shares @ Rs. 10/- each		
Sumitra Nursing & Maternity Home Ltd	1000000	0
2000 equity shares @ Rs. 100/- each		
Y K Jewellers Pvt Ltd	1200000	0
1200 equity shares @ Rs. 1000/- each		
Zevar Institute of Infotech & Management Pvt Ltd	600000	0
12000 equity shares @ Rs. 10/- each		
	16919690	5919690

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2006	Amount (IN RS.)As on 31.03.2005
SCHEDULE-7		
INVENTORIES(As valued & Certified by the Management)		
a)Stores & Spares	0	1272536
	0	1272536
SCHEDULE-8		
SUNDRY DEBTORS		
Less then 6 months	23920	21036000
more then 6 months	10302061	20964000
	10325981	42000000
SCHEDULE-9		
CASH & BANK BALANCES		
a)Cash in hand	1325152	105493
b)Balance with scheduled Banks	91520	45535
	1416671	151028
SCHEDULE-10		
OTHER CURRENT ASSETS		
Subsidy receivable from Govt. of Haryana	3000000	3000000
	3000000	3000000
SCHEDULE-11		
LOANS & ADVANCES		
a)Excise Duty Refundable	85043	85043
b)Other loans & advances	28768133	187575
c) Salvage	770000	770000
	29623176	1042618
SCHEDULE-12		
CURRENT LIABILITIES & PROVISIONS		
a)Sundry Creditors	713088	3441498
b)Outstanding Liabilities	320895	449866
c)Advance received from Customer	39191	-
d)Salary Payable	15000	5161
e)Sales Tax Payable	29530	-
f)Interest accrued but not Due	714174	-
	1831878	3896525
SCHEDULE-13		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	0	27250
Less:-Written Off	0	27250
	0	0

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2006	Amount (IN RS.)As on 31.03.2005
SCHEDULE-14		
OTHER INCOME		
Consultancy Charges	0	43180800
Interest written back	0	20275551
Insurance claim	14692841	0
Currency Flutution A/c	600000	0
	15292841	63456351
SCHEDULE-15		
ADMINISTRATIVE & GEN.EXP.		
a)Insurance Expenses	0	4727
b)Local Conveyance	6785	3221
c)Printing & Stationary	37190	25691
d)Entertainment	1267	874
e)Misc.Exp.	4415	3585
f)Postage	15500	10145
g)Salary	134000	32661
h)Vehicle Fuel	3760	2650
i)Telephone Exp.	7320	1665
j)Listing Fees	15000	55500
k)Auditors Remuneration	16836	16530
l)Filing Fees	13500	3000
m) Rent	60000	0
n)Professional Exp.	37884	36352
o) Sales Tax (Demand)	0	49590
p) Fees of Operating agency	0	100000
q) Currency Flutution A/c	0	1180800
r) Publication & Advertisement exp	36122	0
s) Fees & Subscription	37421	0
t) Loss on Sale of Investment	4221	0
	431221	1526991
SCHEDULE-16		
INTEREST & FINANCIAL EXP.		
a)Interest	714174	0
b)Bank Charges	31005	466
	745179	466
SCHEDULE-17		
SALES		
Yarn Sales	26209735	0
Sale of store & spares	1,272,536	0
	27482271	0
SCHEDULE-18		
PURCHASE		
Yarn Purchase	25150958	0
	25150958	0

**NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF
THE BALANCE SHEET AT 31ST MARCH 2006**

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 its outstanding loan.

ix) PROFIT AND LOSS ACCOUNT

1. During the year the company has booked insurance claim receivable of Rs.1,46,92,841/- pending against major fire loss in company plant & machinery and building. In the opinion of management the said claim is realisable.
2. 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 for the financial year 2005-06.

2. **CONTINGENT LIABILITIES**

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

	2005-06	2004-05
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. 16,836/-

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	2005-06	2004-05
Profit/Loss as per Account	14719321	59949317
Weighted average No. of Equity Shares Outstanding during the year	5991900	5991900
Basic and Diluted EPS	2.46	10.00

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 31.03.2006 :

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

B) Raw material consumed

	Qty. (tons)	Amount (Rs.in lacs)
2005-06	NIL	NIL
2004-05	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:

During the year the company had following related party transactions:

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. 235 Lacs
Aristofab Pvt. Ltd.	Associated Concern	Financing of daily operations of the Company	Amount financed Rs. 10 Lacs
Sristhi growth fund (p) Ltd.	Associated Concern	Financing of daily operations of the Company	Amount financed Rs. 10 Lacs

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


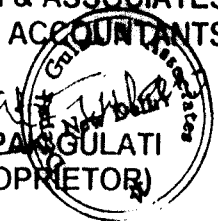
Detail of aggregate Remuneration for Mr. Ashwani Dewan are as follows: -

	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 : _____



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	31/03/2008

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	70473
Total Assets	70473
<u>Source of Funds</u>	
Paid up capital	51917
Reserve & Surplus	8702
Secured Loans	9854
Unsecured Loans	-
<u>Application of Funds</u>	
Net Fixed Assets	7251
Investments	16920
Accumulated Losses	0
Net Current Assets	42533
Miscellaneous Exp.	-
Deffered Tax Assets	3789

4. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. 000)

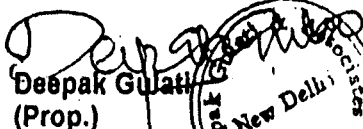
Turnover including Misc. Income	42775
Total Expenditure	28058
Profit before Tax	14993
Profit after Tax	14993
Earning per share (In Rs.)	2.46
Dividend Rate (%)	NIL


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

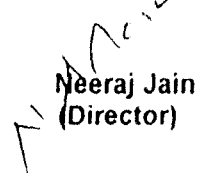
As per our report of even date attached
For Deepak Gulati & Associates
Chartered Accountants


Deepak Gulati
(Prop.)



FOR & ON BEHALF OF THE BOARD


Vijay Gupta
(Director)


Neeraj Jain
(Director)

PLACE : NEW DELHI

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 12th ANNUAL GENERAL MEETING of the Company being held on Monday, 5th June, 2006 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 12TH ANNUAL GENERAL MEETING
of the Company to be held on Monday, 5th June, 2006 or at any adjournment thereof.

Signed this day of.....2006
No. of Shares held.....

Affix
Revenue
Stamp

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.