

A.V. COTTEx
LIMITED

13TH ANNUAL REPORT
FOR THE
YEAR ENDING 31ST MARCH, 07

A.V. COTTEX LIMITED

BOARD OF DIRECTORS

Mr. Ashwani Dewan
Mr. Neeraj Jain
Mr. Vijay Gupta
Mr. Anuj Dewan

Managing Director
Director
Director
Director

COMPANY SECRETARY

Ms. Niti Arya

AUDITORS

Deepak Gulati & Associates
Chartered Accountant
23, Hanuman Road, Connaught Place,
New Delhi – 110001

BANKERS

HDFC, Deer Park, New Delhi
Bank of Baroda, New Delhi
Oriental Bank of Commerce, Delhi
UCO Bank, New Delhi
Vijaya Bank, Ram Nagar

REGISTERED OFFICE

P-10, Green Park (Extn), New Delhi - 110016

SHARE TRANSFER AGENT & DEPOSITORY REGISTRAR

Beetal Financial & Computer Services Private Limited
Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir, New Delhi- 110062

CONTENTS

Notice
Directors Report and Management Discussion & Analysis
Corporate Governance Report
Auditors Report
Balance Sheet
Profit & Loss Account
Schedules to Accounts
Balance Sheet Abstract
Cash Flow Statement

Page no.

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of **A.V COTTEX LIMITED** will be held on Friday, 28th September, 2007 at 10.00 A.M. at the Registered Office of the Company, to transact the following business:

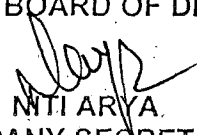
ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended 31st March, 2007 and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Vijay Gupta, 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."

BY ORDER OF THE BOARD OF DIRECTORS

Date: 31st August, 2007
Place: New Delhi


NITI ARYA
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 24th September, 2007 to Friday, 28th September, 2007 (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. 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.

BY ORDER OF THE BOARD OF DIRECTORS



NITI ARYA
COMPANY SECRETARY

Date: 31st August, 2007
Place: New Delhi

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Thirteenth Annual Report of your Company and the Audited Statement of Accounts for the financial year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

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

PARTICULARS	(Rs. In Lacs)	
	Year Ended 31 st March, 2007	Year Ended 31 st March, 2006
Income from Operations	2141.75	274.82
Other Income	35.58	152.89
Total Income	2177.33	427.71
Profit/ (Loss) before Depreciation	45.35	151.75
Depreciation	1.29	4.56
Profit/ (Loss) before taxation	44.06	147.19
Provision for taxation		
Income Tax	6.30	-
Fringe Benefit Tax	0.15	-
Profit/ (Loss) after taxation	37.61	147.19

OPERATING REVIEW AND FUTURE OUTLOOK

During the year, the company had booked a total turnover of Rs. 2141.75 Lacs as compared to Rs. 274.82 Lacs in the year 2006. During the year the profit before tax is Rs. 44.06 lacs as compared to Rs. 147.19 Lacs for the year ending 31st March, 2006.

After the desealing of the factory vide order dated 16th September, 2005 of the Hon'ble High Court of Delhi, the management took steps for the restructuring of its factory operations. But the restructuring process involved a huge investment for meeting the working capital requirement and also required a huge capital investment. Since the plant, machinery and the building were wholly destroyed in the fire of 2000 and non-maintenance of the assets thereafter had created a situation wherein it was not economical to restart the factory by injecting more funds. The management disposed off the factory unit of the company and utilized the funds realized for increasing the business operation of the company. The revenues generated during the year by the company are from its trading activity which involves trading of yarn.

The company had entered into a settlement with Haryana Financial Corporation (Secured creditor) under the scheme for "Compromise settlement of Chronic Non performing Assets(NPA) of HFC-2005. The full and final payment against this settlement was made during the year and with this settlement all the secured liabilities against the company stands settled.

The company had made a proposal for the acquisition of an Industrial unit engaged in the manufacturing of cotton yarn under the Securitisation Act, 2002. The said proposal finally could not get crystallized.

The Bombay Stock Exchange Limited had on 12th December, 2006 revoked the suspension of the trading of the securities of the company. The script of the company was placed on the terminal of BSE for trading on 12th February, 2007.

The company had established connectivity with CDSL w.e.f 2nd August, 2007 for providing the facility of dematerialization of its shares.

The company had acquired a secured debt of a company by the name of Pan Asia Global Limited from Asset Reconstruction Company India Limited i.e. ARCIL together with the security interest in the immovable property situated in Village Malpura, Tehsil Kotputli, District Jaipur, Rajasthan created to secure the repayment for the debt. The company had moved to the Hon'ble High court of Delhi for getting itself substituted as the secured creditor of Pan Asia Global Limited.

DIVIDEND

No Dividend is recommended for the year under review.

DIRECTORS

During the year, there was no change in the directors.

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

AUDITORS REPORT

The Auditors had in the Annexure to their report under para 1 stated that the company had disposed off the substantial part of fixed assets during the financial year 31st March, 2007. The special resolution for the disposal of the fixed assets of the company was passed by Postal ballot since it was not economical to restart the factory by injecting more funds

The Auditors Report to the Shareholders does not contain any other 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 of the company comprises of Mr. Neeraj Jain (Non-Executive Independent Director), Mr. Vijay Gupta (Non-Executive Independent Director) and Mr. Anuj Dewan (Non-Executive Director). 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, 2007 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, 2007 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, 2007 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 31.3.2007)	Previous year (as on 31.3.2006)
Activities relating to export	NIL	NIL
Foreign Exchange used	NIL	NIL
Foreign Exchange earned	NIL	NIL

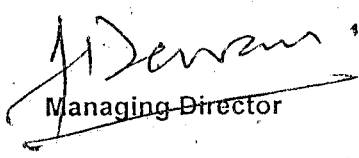
PARTICULARS OF EMPLOYEES

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 place on record their sincere thanks to the various Central and State Government departments for their extended support and assistance to the company. The Board also conveys their appreciation for the employees who had sincerely through their hard work contributed in the growth of the company. The Board of Directors would like to sincerely thank all the shareholders and creditors for their continued support and confidence in the company.

For and on behalf of the Board of Directors


Managing Director


Director

Place: New Delhi
Date: 31st August, 2007

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The textile sector has witnessed a fast growth in the recent past. The up growing market of the apparels, knitted garments, had raised the demand for the yarn.

The demand for the Indian products in the foreign markets has also been increased. Although India's exports in the textile sector are forecast to be more than double as compared to the last year. Cotton consumption in India is unlikely to keep pace with India's growing production.

OPPORTUNITIES AND THREATS

The cotton yarn industry has a growing outlook and growth prospects. The company has been trading in yarn and has a good reputation in the market. The company has plans to get into the business of knitted fabrics which will add to the kitty of the products traded by the company.

After last year's record of cotton production, the U.S is forecast at the second highest production on record at 22.7 while India's cotton production forecast is equal to last year's record.

Considering the fast pace of growth rate in the textile sector, the company looks forward to build up a good distribution network and tap the uncovered areas and plans to add the knitted fabrics to its product range.

SEGMENT -WISE /PRODUCT WISE PERFORMANCE

Since the company trades in only one product i.e cotton yarn, reporting of product wise performance is not applicable to the company.

OUTLOOK

With the growing demand both in the domestic market and international market for the Indian products the company looks forward to expand its trading activities and to cover up the untapped areas. For the purpose, it has been decided that a marketing strategy of the company may be evolved that shall work towards other areas of business which can fetch good returns.

RISKS AND CONCERNS

An integrated risk management process is being adopted by the company, that works towards the evaluation of the associated business risk and enables the company to survive in the competitive environment. As the company plans to enter into the trading of other textile products, a complete evaluation of the market in respect of these products will be carried out and calculations for the

risk factor involved will be undertaken to enable the company to make a foray into the new market.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The internal control system of the company is commensurate to the size of its business. The system ensures compliance with the respective laws & regulations, proper and adequate financial reporting at all the levels of the organization.

The Audit Committee of the company also reviews the internal control system prevalent at each level of the organization and passes on its recommendation to the management in respect of the areas, which requires the correction.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The recent development in the international market has although increased the demand for the yarn but on the other hand it has resulted to the fall in the margins of export of yarn. During the year under review, the turnover of Rs. 2141.75 Lacs as compared to Rs. 274.82 Lacs in the year 2006.

The company has cleared the dues as outstanding against all its secured creditors and has become a debt free company.

HUMAN RESOURCES

The human resource department of the company continuously works on the development and training of the employees at various levels. The HR department makes sure that the employee morale and dedication remains high and that they contribute their fullest and best to the organization. The recreational activities like seminars/vacations are planned for the employees at regular intervals.

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

The company has been following the business practices based on the Corporate Governance Philosophy, which is based on fair and prudent principles. Your company has been continuously making efforts to institutionalize sound governance practices that is acceptable and for the benefit of the shareholder/ creditors/ other dealing authorities.

BOARD OF DIRECTORS

The Board of Directors of the company review the strategic policies and confirm that they are implemented in the manner that is acceptable in terms of the regulations of the country and enhances the shareholder's value and the confidence of the outside parties relating to the company.

The agenda papers for the meetings of the Board of Directors are circulated to Board members within the reasonable time period.

A Composition of the Board & their Responsibility

As on 31st March, 2007 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, 2007 is given hereunder.

Managing Director

Mr. Ashwani Dewan

Non Executive Director

Mr. Anuj Dewan

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	5	Not Present	3	2	-
Mr. Anuj Dewan	4	Not Present	1	1	-
Mr. Vijay Gupta	9	Present	2	2	-
Mr. Neeraj Jain	8	Present	2	5	5

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 2006-07, the Board of A.V Cottex Limited had met 9 times. The dates of the meeting are 10th April, 2006; 1st May, 2006, 2nd May, 2006, 18th July, 2006; 28th July, 2006, 26th August, 2006, 4th October, 2006, 22nd December, 2006 and 29th January 2007. The maximum gaps between two meetings are not more than 3 months.

CODE OF CONDUCT

Code of conduct has been displayed on the website of the company i.e www.avcottex.com. Declaration of the Managing Director in respect of compliance of the same forms part of the Annual report.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following Committees:

1. Audit Committee
2. Shareholders Grievance & Transfer Committee

AUDIT COMMITTEE

As on 31st March, 2007, the Audit Committee of the company comprises of Mr. Neeraj Jain (Non-Executive Independent Director), Mr. Vijay Gupta (Non-Executive Independent Director) and Mr. Anuj Dewan (Non-Executive Director). 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-alia 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, 2007, 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 of the company 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, 2007 the audit committee has met six times on 10th April, 2006; 1st May, 2006; 2nd May, 2006; 28th July, 2006; 4th October, 2006 and 29th January 2007.

Attendance of the Directors at the Audit Committee as on 31st March, 2007 is as follows:

Director	Category	No. of Meetings Held	
		Held	Attended
Mr. Neeraj Jain	Chairman	6	5
Mr. Vijay Gupta	Member	6	6
Mr. Anuj Dewan	Member	6	2

The role of the audit committee includes of the following:

- It shall have authority to investigate any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment 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., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigation by the internal auditors into 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.
- Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly half-yearly and annual financial statements before submissions to the Board.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the company to provide any clarification on matters relating to audit sought by the members of the company.

SHAREHOLDERS GRIEVANCE & TRANSFER COMMITTEE

As on 31st March, 2007, the Shareholder Grievance & Transfer Committee of the company comprises of Mr. Neeraj Jain (Non-Executive Independent Director) - Chairman, Mr. Vijay Gupta (Non-Executive Independent Director) - Member and Mr. Ashwani Dewan (Managing Director) - Member. The committee meets at regular intervals 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 NIL and the number of pending complaints as on 31st March, 2007 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	SPECIAL RESOLUTION PASSED IN AGM
12 th AGM	05.06.2006	Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029	9.00 A.M	NIL
11 th AGM	30.09.2005	Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 110 029	9.00 A.M	Resolution passed for Delisting of shares of the company from Delhi Stock Exchange, Jaipur Stock Exchange and Ahmedabad Stock Exchange
10 th AGM	30.09.2004	B-4/161 Safdarjung Enclave, New Delhi- 110 029	12.30 P.M	NIL

(B) A special resolution for the sale of factory unit of the company was passed by Postal ballot on 26th August 2006. The details of voting pattern for the same is as follows:

Particulars	No. of Postal ballots forms	No. of shares	% of total paid up equity capital
(a) Total postal ballot forms received	37	4560000	76.10%
(b) Less: Invalid forms (as Per register)	3	32200	00.54%
(c) Net Valid postal ballot forms (as per register)	34	4527800	75.56%
(d) Postal ballot forms with assent	34	4527800	75.56%
(e) Postal ballot forms with dissent	NIL	-	-

Mr. Ajay Naithani was appointed to act as a scrutinizer for conducting the postal ballot and Mr. Ashwani Dewan, Managing Director of the company & Ms. Shweta Awasthi, Company Secretary were appointed to monitor the entire process of postal ballot.

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 following related party transactions during the year:

Name of Related Party	Relationship	Nature of Transactions	Amount transacted during the year (in Rs)
CT Cotton Yarn Ltd	Associate Company	Purchase of Yarn	1278.56 Lakh
Alchemy Investment & Export Ltd	Associate Company	Financing of daily operation of the Company	113 Lakh
Jas Expoship Pvt Ltd	Associate Company	Financing of daily operation of the Company	425.25 Lakh

- (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 Jaipur Stock Exchange and Ahmedabad Stock Exchange for getting its securities delisted from the respective exchanges.

The audit committee provides access to all the personnel who are associated/involved in the matters which are placed before the committee meetings for discussion.

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. The results of the company are also available on the website of the company i.e 'www.avcottex.com' (through other links).

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

GENERAL INFORMATION FOR SHAREHOLDERS

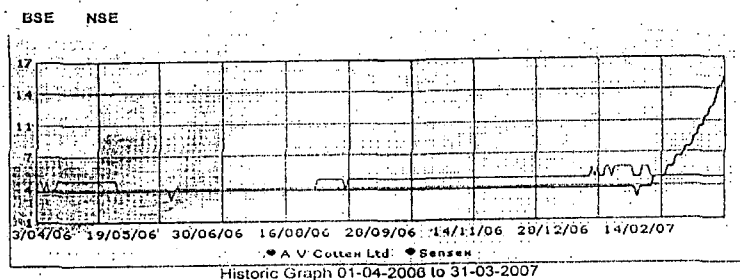
Registered office	P-10, Green Park (Ext), New Delhi - 16
Annual General Meeting	
Date	28 th September, 2007
Time	10.00 A.M
Venue	Delhi Blue Apartments, 2 Factory Road, Safdarjung Ring Road, New Delhi- 29
Adoption of financial results	
30 th June, 2007	30 th July, 2007
30 th September, 2007	End of October, 2007
30 th December, 2007	End of January, 2008
31 st March, 2008	End of April, 2008
Date of Book Closure	From 24 th September, 2007 to 28 th September, 2007 (both days inclusive)
Dividend payment date	Not applicable
Listing of shares	The shares of the company are listed on the Bombay Stock Exchange.
Stock Code	BSE code – 531190 ISIN No - INE355H01015c

Stock Market Price Data

The suspension in the trading of the shares of the company was revoked on 12th December, 2006 and the trading in the shares of the company started on the Bombay Stock Exchange w.e.f 12/2/2007. The High Low Stock prices for the month of February and March, 2007 are as follows:

Month	High	Low	Shares Traded
February, 07	5.48	3.41	1300
March, 07	15.10	5.75	5400

Historic Graphs :



(For selected period)	BSE	NSE
High	15.10	
Low	3.41	

Registrar & Share Transfer Agent

M/s Beetal Financial and Computer Services Pvt Limited,
Beetal House, 3rd 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, 2007 are as follows:

No of Equity shares held	No. of shareholders	% of share holders	Total number of shares	% of share holding
1 - 100	1456	75.68	145600	2.43
101 - 200	56	2.91	11200	0.19
201 - 300	27	1.40	8100	0.14
301 - 400	7	0.36	2800	0.05
401 - 500	106	5.51	53000	0.88
501 - 1000	123	6.39	107400	1.79
1001-10000	111	5.77	348300	5.81
10001 & above	38	1.98	5315500	88.71
Total	1924	100.00	5991900	100.00

Categories of Shareholders as on 31st March, 2007

Category	Total no of shares	% of shareholding
Promoters/Relatives/Promoters Companies	3625125	60.50
Financial Institutions/ Banks	-	-
FIs	-	-
Mutual Funds	-	-
Private Corporate bodies	1306475	21.80
Indian Public	1060200	17.70
NRI/ OCBs	-	-
Others	100	-
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

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. Niti Arya, Company Secretary P-10, Green Park (Ext), New Delhi - 110016

CEO/CFO CERTIFICATION

As required by the revised clause 49 of the Listing Agreement, the certificate duly signed by Mr. Ashwani Dewan, Managing Director placed before the Board of Directors at their meeting held on 31st August, 2007

Risk Assessment & Minimization Procedure

As per the revised clause 49 of Listing Agreement, the company has established the appropriate risk assessment & minimization procedure. Details about the risk management policy forms part of Management Discussion and Analysis Report.

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, 2007.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of A.V COTTEX LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by A.V COTTEX LIMITED during the year ended 31st March, 2007 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 as laid down in the Guidance note on certification on Corporate Governance as per Clause 49 of the Listing Agreement issued by Institute of Chartered Accountant of India (ICAI). 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, 2007 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 ACCOUNTANT



A handwritten signature in black ink, appearing to read "Deepak Gulati".

DEEPAK GULATI
(PROPRIETOR)

PLACE: NEW DELHI
DATE: 31st August, 2007

**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 A.V. Cottex Limited hereby certify that the Directors and members of senior management have affirmed the compliance 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.

For A.V COTTEX LIMITED



**(ASHWANI DEWAN)
MANAGING DIRECTOR**

PLACE : NEW DELHI

DATE: 31st AUGUST, 2007

CERTIFICATION UNDER CLAUSE 49(V) OF THE LISTING AGREEMENT

We have examined the conditions as stipulated in clause 49 V of the Listing Agreement and certify as under:

- (a) That we have reviewed the financial statements and the cash flow statement for the year ending 31st March, 2007 and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) That to the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) That we accept responsibility for establishing and maintaining internal controls and that we had evaluated the effectiveness of the internal control systems of the company and had suggested some steps to increase the effectiveness of the same.
- (d) That we had indicated to the auditors and the Audit committee –
 - (i) The significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - (ii) significant changes in internal control over financial reporting during the year;
 - (iii) significant changes in accounting Policies during the year
 - (iv) Any fraud, which we have become aware of, and that involves management or other employees who have a significant role in the company's internal control systems over financial reporting.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the current year.

Place: New Delhi
Date: 31st August, 2007

For A.V. COTTEX LIMITED


ASHWANI DEWAN
MANAGING DIRECTOR

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 2007 and also the Profit and Loss Account and 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, as amended by the Companies (Auditor's Report) (Amendment) order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the Act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give 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:

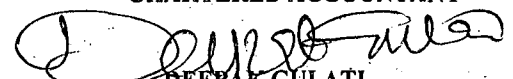
- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance sheet and Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account 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 2007 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon and attached thereto 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 at 31st March, 2007;
 - ii) In the case of profit & loss Account, of the Profit of the company for the year ended on that date;
 - iii) In the case of cash flow statement, of the cash flow for the year ended on that date.

PLACE : NEW DELHI

DATE : 31.08.2007



For DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANT


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, 2006 to 31st March, 2007.

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 by management during the year. Discrepancies noticed on such verification were not material and had been properly dealt with in the books of account.

The company has disposed off substantial part of fixed assets consisting of its factory & building during the financial year ended as on 31st March 2007. The company also changed its principle activity from manufacturing of yarn to trading of the same and therefore it does not affect the going concern concept of the organization.

2. The inventory (excluding stocks with third parties and materials in transit) has been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable.

In our opinion, the procedure of physical verification of inventory followed by the management are reasonable and adequate having regard to the size and nature of the business.

On the basis of our examination of the Inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. i) The Company has granted interest free unsecured loan to one party namely M/s Alchemy Investment & Exports Limited covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the period covered under audit was Rs. 60 Lakhs.

ii) In our opinion the rate of interest and other terms & conditions of above loans are not, prime facie, prejudicial to the interest of the company.

iii) The party is regular in repaying the principle amounts and the entire loan amount was repaid during the financial year ended as on 31st March 2007.

iv) The Company had taken unsecured loan from one company namely M/s Jas Expoship Pvt. Ltd. covered in the register maintained u/s 301 of the Companies Act, 1956 to finance the daily operations of the company without interest. The maximum amount involved during the period was Rs. 425.25 Lakhs.

v) In our opinion the rate of interest & other terms & conditions of the above loans are not prime facie, prejudicial to the interest of the Company.

vi) The Company is regular in repaying the principle amounts as stipulated and the entire amount was repaid during the financial year ended as on 31st March 2007.

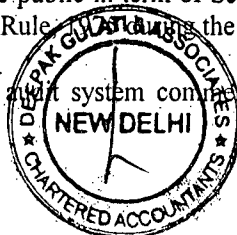
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of 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.

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lacs in respect of any party during the year, are considered to be of special nature as explained by the management of the Company, for which no suitable market prices for similar services are available.

6. The company has not accepted any deposits from the public in term of Section 58 A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rule, 1975 during the year.

7. In our opinion, company has an adequate internal control system commensurate with the size and nature of its business.



3. 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 generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education production fund, employee's state insurance, income tax, sale tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the Information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2007 for a period more than six months from the date they became payable.
10. According to the information and explanations given to us, the company has no accumulated losses on 31st March, 2007. The Company has not incurred any cash losses during the financial year or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
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

PLACE : NEW DELHI
DATE : 31.08.2007




DEEPAK GULATI
PROPRIETOR

AV COTTEX LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

S.N	PARTICULARS	SCHEDULE	AMOUNT IN RS.		
				As on 31.03.2007	As on 31.03.2006
I	SOURCE OF FUNDS				
	1. SHARE HOLDERS FUND				
	SHARE CAPITAL	1		59,535,000	51,917,128
	RESERVES & SURPLUS	2		8,634,486	8,702,269
	2. LOAN FUNDS				
	SECURED LOANS	3		1,362,383	9,854,390
	UNSECURED LOANS	4		3,750,000	-
	Deferred Tax Liability			59,544.78	-
	TOTAL			73,341,414	70,473,787
II	APPLICATION OF FUNDS				
	1. FIXED ASSETS				
	(A) GROSS BLOCK		1,945,500	13,620,183	
	(B) LESS: DEPRECIATION	5	39,567	6,413,426	
	NET BLOCK		1,905,933	7,206,757	
	ADD: CAPITAL WORK IN PROGRESS			44,260	7,251,017
	INVESTMENT				
	CURRENT ASSETS, LOANS & ADVANCES	6		28,419,241	16,919,690
	(A) SUNDRY DEBTORS	7	55,510	10,325,981	
	(B) CASH & BANK BALANCES	8	6,624,952	1,416,671	
	(C) OTHER CURRENT ASSETS	9	3,000,000	3,000,000	
	(D) LOAN & ADVANCES	10	42,758,120	29,623,176	
			52,438,582	44,365,828	
	LESS: CURRENT LIABILITIES & PROVISIONS				
	CURRENT LIABILITIES & PROVISIONS	11	9,422,342	1,831,878	42,533,950
	NET CURRENT ASSETS			43,016,240	
	Deferred Tax Assets			-	3,769,130
	PROFIT & LOSS ACCOUNTS			-	
				73,341,414	70,473,787
	POLICIES AND NOTES TO ACCOUNTS	17			

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

FOR AND ON BEHALF OF THE BOARD

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

Ashwan Dewan
ASHWAN DEWAN
(MC DIRECTOR)

Neeraj Jain
NEERAJ JAIN
(DIRECTOR)

Niti Arya
NITI ARYA
(COMPANY SECRETARY)



Deepak Gulati
DEEPAK GULATI
(PROPRIETOR)

PLACE : NEW DELHI
DATE : 31.08.2007

AV COTTEX LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

PARTICULARS	SCHEDULE	AMOUNT (In Rs.)	
		As on 31.03.2007	As on 31.03.2006
INCOME			
Sales	15	214,174,538	27,482,271
Other Income	12	3,557,621	15,288,620
		217,732,159	42,770,891
EXPENDITURE			
Purchase/Raw Material Consumption	16	211,636,720	25,150,958
Administrative & Gen. Expenses	13	1,308,277	427,000
Interest & Finance Expenses	14	249,985	745,179
Depreciation	5	129,431	455,897
		213,324,414	26,779,034
Add/less:			
Increase/Decrease in Inventory		-	1,272,536
Add: Prior period adjustment		1,653	-
TOTAL		213,326,067	28,051,570
PROFIT(LOSS) BEFORE TAX		4,406,092	14,719,321
Provision for Income Tax		630,000	-
Fringe Benefit Tax		15,200	-
Deffered Tax Assets		(3,828,675)	3,769,130
PROFIT(LOSS) AFTER TAX		(67,783)	18,488,451
Balance brought forward		5,702,269	(12,786,182)
Balance carried to Balance Sheet		5,634,486	5,702,269

POLICIES AND NOTES TO ACCOUNTS

17

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

FOR AND ON BEHALF OF THE BOARD

Ashwani Dewan
ASHWANI DEWAN
(MG. DIRECTOR)

Neeraj Jain
NEERAJ JAIN
(DIRECTOR)

Niti Arya
NITI ARYA
COMPANY SECRETARY

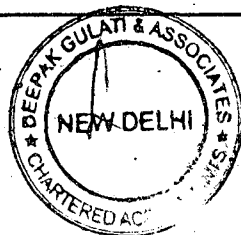
AS PER OUR REPORT OF EVEN DATE ATTACHED
for DEEPAK GULATI & ASSOCAITES
CHARTERED ACCOUNTANTS



Deepak Gulati
DEEPAK GULATI
(PROPRIETOR)

PLACE : NEW DELHI
DATE : 31.08.2007

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2007	Amount (IN RS.)As on 31.03.2006
SCHEDULE-1 SHARE CAPITAL		
AUTHORISED		
7000000 Equity Shares of Rs. 10/- each Issued,Subscribed & Paid Up	70,000,000	70,000,000
5991900 Equity Shares of Rs. 10/- each fully paid up	59,919,000	59,919,000
Less:Cells unpaid (Due by others)	384,000	8,001,872
	<u>59,535,000</u>	<u>51,917,128</u>
SCHEDULE-2		
RESERVE & SURPLUS		
Capital Reserves (Subsidy)	3,000,000	3,000,000
Add: Profit & loss a/c	5,634,486	5,702,269
	<u>8,634,486</u>	<u>8,702,269</u>
SCHEDULE-3		
SECURED LOANS		
Loans From FI'S		
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	-	8,637,419
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	-	1,216,971
2) Kotak Mahindra Prime Limited (Secured Against hypothecation of Cars)	1,362,383	-
	<u>1,362,383</u>	<u>9,854,390</u>
SCHEDULE-4		
UNSECURED LOANS		
Other Loans & Advances		
1. T C Spinners Ltd.	3,750,000	-
	<u>3,750,000</u>	<u>-</u>



SCHEDULE - 5

SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31/03/07

(In Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION						NETBLOCK	
	TOTAL COST AS ON 01.04.2006	ADDITIONS DURING THE YEAR	SALE/ADJ. DURING THE YEAR	TOTAL ASSETS AS ON 31.03.2007	UP TO 31.03.2006	DURING THE YEAR	Total Depreciation	Adjusted during the year for sale	UP TO 31.03.2007	AS ON 31.03.2006	AS ON 31.03.2007
Land	2,886,750	70,475	2,957,225	-	-	-	-	-	-	2,886,750	-
Building	3,429,537	77,100	3,506,637	-	1,348,672	45,190	1,393,862	1,393,862	-	2,080,865	-
Plant and Machinery	7,303,897	-	7,303,897	-	5,064,754	44,674	5,109,428	5,109,428	-	2,239,143	-
Car	-	1,700,000	-	1,700,000	-	24,336	24,336	-	24,336	-	1,675,664
Computer	-	245,500	-	245,500	-	15,231	15,231	-	15,231	-	230,269
TOTAL (RS.)	13,620,183	2,093,075	13,767,758	1,945,500	6,413,426	129,431	6,542,857	6,503,290	39,567	7,206,758	1,905,933
PREVIOUS YEAR FIGURES	44,034,424	-	30,414,240	13,620,183	26,054,995	455,897	-	20,097,466	6,413,426	17,979,429	7,206,757



AV COTTEX LIMITED

SCHEDULE TO THE STATEMENT OF ACCOUNTS

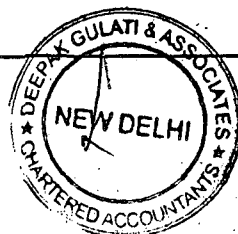
	Amount (IN RS.)As on 31.03.2007	Amount (IN RS.)As on 31.03.2006
SCHEDULE-6		
INVESTMENTS (VALUED AT COST)		
UNQUOTED - LONG TERM		
4800 Equity shares of Rs. 10 each Partly paid up shares of H.F.C. (Market value not available)	100,000	100,000
97200 Equity shares of Rs. 10 each Partly paid up shares of Nova India Ltd. (Market value not available)	119,690	119,690
Alankit Technologies Ltd. 100000 equity shares @ Rs. 10/- each Chopra Solitaries Pvt Ltd	1,000,000	1,000,000
11000 equity shares @ Rs. 100/- each Commitment Capital Services Ltd.	1,100,000	1,100,000
75000 equity shares @ Rs. 10/- each Lehar Chemicals Pvt Ltd	-	750,000
100000 equity shares @ Rs. 10/- each M K Consultants Pvt Ltd	1,000,000	1,000,000
15000 equity shares @ Rs. 10/- each Nipun Steels Pvt Ltd	-	750,000
50000 equity shares @ Rs. 10/- each Pratishtha Images Pvt Ltd	500,000	500,000
200000 equity shares @ Rs. 10/- each Pytex Impex (P) Ltd.	2,000,000	2,000,000
6400 equity shares @ Rs. 10/- each Royel Build Bell Pvt. Ltd.	-	800,000
10000 equity shares @ Rs. 10/- each Scud Steel Pvt Ltd	1,000,000	1,000,000
5000 equity shares @ Rs. 100/- each Shri Parasram Industries Pvt Ltd	500,000	500,000
150000 equity shares @ Rs. 10/- each Sumitra Nursing & Maternity Home Ltd.	1,500,000	1,500,000
2000 equity shares @ Rs. 100/- each Y K Jewellers Pvt Ltd	1,000,000	1,000,000
1200 equity shares @ Rs. 1000/- each Abhishek Securities (P) Ltd.	1,200,000	1,200,000
20000 equity shares @ Rs. 10/- each Khatra Finance (P) Ltd.	500,000	-
1500 equity shares @ Rs. 100/- each Pack Plast India (P) Ltd.	1,500,000	-
150000 equity shares @ Rs. 10/- each Balaji Mercantile (P) Ltd.	1,500,000	-
20000 equity shares @ Rs. 10/- each Tanish Aluminium (P) Ltd.	1,000,000	-
75000 equity shares @ Rs. 10/- each Zever Institute of Infotech & Management Pvt Ltd	750,000	-
12000 equity shares @ Rs. 10/- each Alankit Com Stock (P) Ltd.	-	600,000
150000 equity shares @ Rs. 10/- each Deposit in FDR/Liquinotes of EPIL	1,500,000 1,562,316	-
(UNDER SAME MANAGEMENT)		
Harmilap Roshni Ltd 7500 equity shares @ Rs. 10/- each	-	1,500,000
Kiran Lighting Pvt Ltd 7500 equity shares @ Rs. 10/- each	-	1,500,000
625260 NB LTD.	4,138,236	-
618762 NB LTD.	4,948,999	-
QUOTED INVESTMENT		
	28,419,241	16,919,690



AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2007	Amount (IN RS.)As on 31.03.2006
SCHEDULE-7		
SUNDRY DEBTORS		
Unsecured: Considered Good (Debtors Personal Security)*		
Debts outstanding for a period exceeding 6 months		10,302,061
Other Debts	55,510	23,920
	55,510	10,325,981
* includes balance due from - a company under the same management		
SCHEDULE-8		
CASH & BANK BALANCES		
a) Cash in hand	3,015,618	1,325,152
b) Balance with scheduled Banks (Current A/c)	3,609,335	91,520
	6,624,952	1,416,671
SCHEDULE-9		
OTHER CURRENT ASSETS		
Subsidy receivable from Govt. of Haryana	3,000,000	3,000,000
	3,000,000	3,000,000
SCHEDULE-10		
LOANS & ADVANCES		
a) Excise Duty Refundable	376,226	85,043
b) Other loans & advances	15,131,894	28,768,133
c) Salvage	-	770,000
e) Advance Recoverable from in cash or kind or for value to be received	27,250,000	-
	42,758,120	29,623,176
SCHEDULE-11		
CURRENT LIABILITIES & PROVISIONS		
a) Sundry Creditors	1,581	713,088
b) Outstanding Liabilities	344,184	320,895
c) Advance received from Customer	4,919,316	39,191
d) Salary Payable	5,167	15,000
e) Vat/sales Tax Payable	-	29,530
f) Interest accrued but not Due	-	714,174
g) Professional Charges Payable	5,052	-
h) Tds Payable (F/Y 2006-07)	4,305	-
i) Other Liabilities	3,500,000	-
j) Provision of Income Tax	630,000	-
k) Provision of FBT	12,737	-
	9,422,342	1,831,878



AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2007	Amount (IN RS.)As on 31.03.2006
SCHEDULE-12		
OTHER INCOME		
(a) Profit on sale of Fixed Assets	2,844,532	(4,221)
(b) Liability no Longer required - written back	713,088	14,692,841
(c) Currency Fluctuation A/c	-	600,000
	3,557,621	15,288,620
SCHEDULE-13		
ADMINISTRATIVE & GEN.EXP.		
a) Local Conveyance	8,067	6,785
b) Printing & Stationary	49,438	37,190
c) Entertainment Exp.	9,360	1,267
d) Misc.Exp.	6,819	4,415
e) Postage & Courier Charges	33,958	15,500
f) Salary to staff	122,335	134,000
g) Vehicle Running Exp.	6,214	3,760
h) Telephone & Mobile Exp.	37,725	7,320
i) Listing Fees-Stock Exchange	495,000	15,000
j) Auditors Remuneration	56,120	16,836
k) Filing Fees	13,617	13,500
l) Rent	60,000	60,000
m) Professional Exp.	287,436	37,884
n) Publication & Advertisement exp	25,906	36,122
o) Fees & Subscription	28,428	37,421
r) Rates & Taxes	10,194	-
t) Electricity & Water Charges	6,000	-
u) Office Expenses	19,660	-
v) Watch & Ward Expenses	15,000	-
x) Business promotion	17,000	-
	1,308,277	427,000
SCHEDULE-14		
INTEREST & FINANCIAL EXP.		
a)Interest	236,022	714,174
b)Bank Charges	3,550	31,005
c)Interest on Car Loan	10,413	-
	249,985	745,179
SCHEDULE-15		
SALES		
Yarn Sales	214,165,083	26,209,735
Sale of store & spares	-	1,272,536
Sale of Readymade Garments	9,455	-
	214,174,538	27,482,271
SCHEDULE-16		
PURCHASE		
Yarn Purchase	211,627,720	25,150,958
Purchase Readymade Garments	9,000	-
	211,636,720	25,150,958



SCHEDULES TO THE ACCOUNTS

SCHEDULE – 17 Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

a.) 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.

b) 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.

c) 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.

d) INVESTMENTS

All the Investments have been valued at cost less any provisions for permanent diminution in value.

e) 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	-	- N.A. -
d. Finished goods	-	- N.A. -

f) CURRENT ASSETS

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

g) 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.

h) PROFIT AND LOSS ACCOUNT

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

i) FOREIGN EXCHANGE TRANSACTION

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

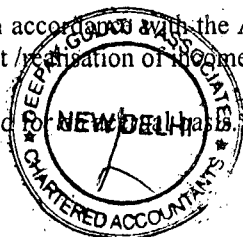
j) BORROWING COST

Borrowing cost attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

k) REVENUE RECOGNITION

Items of revenue have been recognised in accordance with the Accounting Standard (AS-9). Accordingly wherever there are uncertainties in the ascertainment/realisation of income, the same is not accounted for.

Expenditure and other income is accounted for



1) Segment Reporting – AS – 17:

a.) Primary Segment

The Company only operates in one business segment viz. “Yarn”.

2. **CONTINGENT LIABILITIES**

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

	2006-07	2005-06
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

a) INCOME-TAX

Rs.6,30,000/- has been provided for in the books of accounts as Provision for taxation for the year ended as at 31st March 2007.

b) FRINGE – BENEFIT TAX

Rs.15,200/- has been provided for in the books of accounts as the Provision for Fringe Benefit Tax for the year ended as at 31st March 2007.

c) 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.

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 being secured against hypothecation of plant & machinery and other movable fixed assets of the Company including stocks has been repaid during the year.

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

(a) Audit Fees

Rs. 56120/-

(b) In other Capacity

Nil

10. As per AS-18 “Related Party Disclosure” issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below.

(a) List of related parties with whom transaction have taken place and relationships:

S.No.	Name of the Related Party	Relationship
1.	Jas Expoship Pvt. Ltd.	Associate Company
2.	CT Cotton Yarn Limited.	Associate Company
3.	Alchemy Investment & Export Ltd.	Associate Company
1.	Mr. Ashwani Dewan	Key Managerial personal
2.	Mr. Anuj Dewan	Son of Mr. Ashwani Dewan



(b) Transaction during the year with related parties:

Name of Related Party	Relationship	Nature of transactions	Amount transacted during the year (In Rs.)	Outstanding Amount as on 31 st March 2007
Jas Expoship Pvt. Ltd.	Associate Concern	Financing of the daily operation of the Co.	Amount Taken 425.25 (N.A.) Amount Returned 425.25 (N.A.)	NIL
CT Cotton Yarn Ltd.	Associate Concern	Sales of Yarn	1277.86 (N.A.)	NIL
Alchemy Investment & Export Ltd.	Associate Company	Financing of the daily operation of the Co.	Amount Given 60 (NIL) Amount Returned 113 (NIL)	NIL (53)

Figures shown in brackets represent last year's amount

11. 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	2006-07	2005-06
Profit/Loss as per Account	3761340	14719321
Weighted average No. of Equity Shares Outstanding during the year	5991900	5991900
Basic and Diluted EPS	0.63	2.46

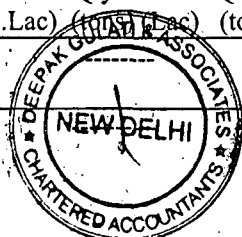
12. AS - 22 (DEFERRED TAX)

PARTICULARS	AMOUNT
W.D.V as per Companies Act	1,905,933
W.D.V as per Income Tax Act	1,707,450
Liability	198,483
Deferred Tax Liability (30%)	59,545

13. 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 31.03.2007 :

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)
2006-07 Yarn	7000	---	---	---	---	---	---	---	---	---
2006-07 Yarn	7000	---	---	---	---	---	---	---	---	---



E) Raw material consumed

	Qty. (tons)	Amount (Rs.in lacs)
	2006-07	NIL
	2006-07	NIL
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)

14. Key Management Personnel : Sh. Ashwani Dewan (Mg. Director)
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	-

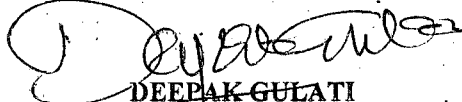
	NIL

15. A statement showing the Balance Sheet abstract and the Company's General Business profile in terms of Part IV to the Companies Act, 1956 is attached.
16. As per Information and detail given to us and in the opinion of management, there is no impairment of fixed assets. Hence, no provision is required in as per Accounting Standard (AS - 28), 'Impairment of Assets', issued by the Institute of Chartered Accountants of India.

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

PLACE : NEW DELHI
DATED : 31.08.2007




DEEPAK GULATI
(PROPRIETOR)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration Number 62525
 State Code 55
 Balance Sheet date 31/03/2007

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 73342
 Total Assets 73342

Source of Funds

Paid up capital 59535
 Reserve & Surplus 8635
 Secured Loans NIL
 Unsecured Loans -
 Deferred Tax Liability 60

Application of Funds

Net Fixed Assets 1905
 Investments 28419
 Accumulated Losses -
 Net Current Assets 43017
 Miscellaneous Exp. -

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

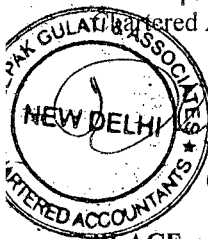
Turnover including Misc. Income 217732
 Total Expenditure 213324
 Profit before Tax 4406
 Profit after Tax 3761
 Earning per share (in Rs.) 0.63
 Dividend Rate (%) NIL

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
 Deepak Gulati
 (Prop.)

FOR & ON BEHALF OF THE BOARD

Ashwani Dewan
 Ashwani Dewan
 (Mg. Director)

Neeraj Jain
 Neeraj Jain
 (Director)

PLACE : NEW DELHI

DATED: 31.08.2007

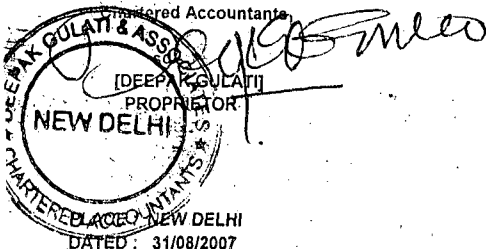
A.V. COTTEX LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 1ST APRIL 2006 TO 31ST MARCH 2007

PARTICULARS	(In Rs.)	
	AMOUNT 31.03.2007	AMOUNT 31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY & PRIOR PERIOD ITEMS	4404439	14719321
ADJUSTMENTS FOR:		
DEPRECIATION	129431	455897
OTHER INCOME	-3557621	-15292841
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	976249	-117623
ADJUSTMENTS FOR:		
LOANS & ADVANCES	-13134944	-28580558
TRADES & OTHER RECEIVABLES	10270471	31674019
INVENTORIES	0	1272536
TRADE PAYABLE	6947727	-2064647
CASH GENERATED FROM OPERATIONS	5059504	2183727
INTEREST PAID		-
DIRECT TAXES		-
INCOME TAX	630000	0
FRINGE BENEFIT TAX	12737	
CASH FLOW BEFORE PRIOR PERIOD & EXTRAORDINARY ITEMS	5702241	2183727
PRIOR PERIOD ITEMS	-1653	
EXTRAORDINARY ITEMS	600000	15292841
NET CASH FROM OPERATING ACTIVITIES	6300588	17476568
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
SALE OF INVESTMENTS	0	0
PURCHASE OF FIXED ASSETS	-1945500	0
SALE OF FIXED ASSETS	9476880	10316775
MISC. EXP.	0	0
PURCHASE OF INVESTMENTS	-11499551	-11000000
OTHER INCOME	0	0
NET CASH USED IN INVESTING ACTIVITIES	-3968172	-683225
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE CAPITAL	7617872	0
PROCEEDS FROM LONG TERM BORROWINGS	-4742007	-15527700
NET CASH USED IN FINANCING ACTIVITIES	2875865	-15527700
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	5208281	1285643
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	1416671	151028
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	6624952	1416671
	0	

- Notes:-
1. Cash & Cash Equivalents represents Cash & Bank Balances.
 2. Proceeds from Long Terms & Other Borrowings are shown net of receivable.
 3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard on 'Cash Flow Statement (AS - 3)' issued by the Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For Deepak Gulati & Associates
Chartered Accountants



DATED: 31/08/2007

FOR & ON BEHALF OF THE BOARD

sd/-
(ASHWAN DEWAN)
MG. DIRECTOR

A.V COTTEX LIMITED
Regd.Office: P-10, GREEN PARK (EXTN), NEW DELHI - 16

ATTENDANCE SLIP

I certify that I am registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 13th Annual General Meeting of the A.V Cottex Ltd. held on 28th September , 2007 at 10.00 A.M at the Registered Office of the Company at P-10, Green Park Extn, New Delhi -16

Name & Address of the Shareholder.....
(in Block Letter)

Name of Proxy holder / Authorised Representative.....
(if applicable) (in Block Letters)

No. Of shares held.....
Ledger Folio / Client ID & DP ID No.....

Member's / Proxy's Signature.....

Note: Please fill this attendance slip and hand it over at the Entrance of the hall.

A.V COTTEX LIMITED
Regd.Office: P-10, GREEN PARK (EXTN), NEW DELHI - 16

PROXY FORM

I/We.....r/o

.....
being a member / members ofhereby
appoint Shri of.....or failing him /
her Shri.....of.....as my/
our proxy to vote for me / us on my/our behalf at the 13th Annual general meeting of the
Company to be held on 28th September, 2007 and at any adjournment thereon.

Signed this.....

No. of shares held.....

Ledger folio/Client ID & PD ID No 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 member of the company.