

14th

ANNUAL REPORT

FOR THE YEAR ENDING

31ST MARCH 2008

A V COTTEX LIMITED

A.V. COTTEX LIMITED**BOARD OF DIRECTORS**

Mr. Ashwani Dewan

Mr. Neeraj Jain

Mr. Vijay Gupta

Mr. Anuj Dewan

Managing Director

Director

Director

Director

AUDITORS

Deepak Gulati & Associates

Chartered Accountant

23, Hanuman Road, Connaught Place,

New Delhi – 110001

BANKERS

HDFC, Deer Park, New Delhi

HDFC, SION Branch, Mumbai

Oriental Bank of Commerce, Delhi

UCO Bank, New Delhi

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

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A.V. COTTEX LIMITED

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **A.V COTTEX LIMITED** will be held on Friday, 29th August, 2008 at 11.00 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, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Anuj Dewan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Haren Sanghvi & Associates, Chartered Accountants, 223/224 Swastik Disa Corporate Park, 2nd Floor, Vodafone Lane, LBS Marg, West Mumbai-86, be and are hereby appointed as the Statutory 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: 30th July, 2008
Place: New Delhi

ASHWANI DEWAN
MANAGING DIRECTOR

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 AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The register of members and share transfer books will remain close from Monday, 25th August, 2008 to Friday, 29th August, 2008 (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

Date: 30th July, 2008
Place: New Delhi

ASHWANI DEWAN
MANAGING DIRECTOR

A.V. COTTEX LIMITED

DIRECTORS' REPORT

Dear Members,

Being the Fourteenth year of our alliance, your Directors are pleased to present the Fourteenth Annual Report of your Company and the Audited Statement of Accounts for the financial year ended 31st March, 2008.

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, 2008	Year Ended 31 st March, 2007
Income from Operations	1127.25	2141.75
Other Income	5.31	35.58
Total Income	1132.56	2177.33
Profit/ (Loss) before Depreciation	(0.04)	45.35
Depreciation	0.40	1.29
Profit/ (Loss) before taxation	(0.44)	44.06
Provision for taxation		
Income Tax	-	6.30
Income Tax - Written Back	5.42	-
Fringe Benefit Tax	0.05*	0.15
Profit / (Loss) after taxation	4.93	37.61

* The amount also includes the short provision of FBT of the previous year.

OPERATING REVIEW AND FUTURE OUTLOOK

The company is involved in the trading of yarn and providing of consultancy services to stressed/distressed companies. The management in the process of restructuring the company disposed off the Factory unit and utilized the proceeds for increasing the business operation of the company. But due to depressed market conditions, yarn sales decreased, which in turn affected the profitability of the company. However, the company, being professionally managed booked a total turnover of Rs.1127.25 Lacs as compared to Rs.2141.75 Lacs in the year 2007. During the year the company earned a Profit after tax of Rs.4.93 Lacs as compared to the Rs.37.61 Lacs for the year ending 31st March, 2007. Even after the disposal of its manufacturing unit and closure of its factory, your company recovered with the skill and expertise available with it.

During the year, the company had assigned all its right of recovery of pending insurance claims and subsidy claims and the secured debt of Pan Asia Global Limited (acquired from ARCIL), by entering into an assignment agreement with M/s Conchem Construction Private Limited.

As the company's shares are listed on Bombay Stock Exchange Limited having nationwide terminal, it is not required for the company to continue listing of its scrips in other Stock Exchanges. For this purpose, the company had in its AGM held on September 30, 2005 accorded the consent of the shareholders for the Delisting of Equity Shares of the company from the Delhi Stock Exchange. (DSE), Jaipur Stock Exchange (JSE); and Ahmedabad Stock Exchange (ASE). The Equity Shares of the company had been De-listed from the ASE and JSE on December 20, 2007 and January 9, 2008 respectively. However an application had been filed with DSE for De-listing of Equity Shares but it is yet to be de-listed.

After establishing connectivity with NSDL and CDSL, the company applied to the Bombay Stock Exchange for shifting of its Script from Trade-to-Trade Segment to Rolling Segment i.e. from 'Z' Category to 'B2' Category. The Stock Exchange in

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its notice dated February 26, 2008 approved the application of the company and transferred the script of the company from 'Z' Group to 'B' Group and directed the trading of the Equity Shares of the company to be done in the Normal Segment instead of the Trade-to-Trade Segment.

Corporate Restructuring – Takeover:-

Mr. Sudhir Milapchand Naheta and Mrs. Rajkumari Sudhir Naheta (Acquirers) had made an offer to the promoters and other shareholder of the company for the acquisition of their shares. After the acceptance of the offer by the promoters and other seller, two share purchase agreements were entered into by the Acquirers for the acquisition of 41,69,925 (Forty One Lakhs Sixty Nine Thousand Nine Hundred Twenty Five Only) fully paid-up equity shares, representing 69.59% of the issued and subscribed share capital of the company as per the following arrangement:

S.No.	Name of the Sellers	No. of Equity Shares	% of Present Issued Capital
Promoter Sellers (SPA-1)			
1.	Mr. Ashwani Dewan	5,87,800	9.81
2.	Mrs. Sunita Dewan	3,18,625	5.32
3.	Mr. Anuj Dewan	2,83,800	4.74
4.	ADB Trade Services Private Limited	4,65,600	7.77
5.	Six Sigma Realty Private Limited (Formerly Competent Surveyors Private Limited)	5,05,600	8.44
6.	Conchem Construction Private Limited	4,89,600	8.17
7.	Lee Infratech Private Limited (Formerly Lee Hotels Private Limited)	4,50,200	7.51
8.	Jas Expoship Private Limited	5,23,900	8.74
	Total I	36,25,125	60.50
Other Seller (SPA-II)			
1.	Watta Finance and Investment Company Private Limited	5,44,800	9.09
	Total II	5,44,800	9.09
	Total I + II	41,69,924	69.59

It was agreed in the Share Purchase Agreements (SPAs) that upon the completion of the acquisition of the shares, there shall be a change in the control of the company and the management would rest on the Acquirers. It was also agreed that after complying with all the formalities arising out of such offer, the Board might be reconstituted to include the nominee(s) of the acquirers.

The above acquisition of shares, by the Acquirers, triggered the Takeover Code and in pursuance to the Regulations 10 and 12 and other applicable provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, M/s Collins Stewart Inga Pvt. Ltd. (Manager to the Offer), on behalf of the Acquirers made a Public Announcement on 28th December, 2007 making an Open Offer to the remaining shareholders of the company. The Public Announcement so made was for the acquisition of the 11,98,380 Equity Shares representing 20% of Issued and Subscribed Share Capital and 20.05% of the Voting Capital of the company. The Schedule providing the major activities that was involved in the offer is as follows:

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S.No.	Activity	Schedule	
		Date	Day
1	Public Announcement	December 28, 2007	Friday
2	Specified Date (For the purpose of determining the names of shareholders to whom the Letter of Offer was sent)	January 7, 2008	Monday
3.	Last Date for Competitive Bid	January 17, 2008	Thursday
4.	Last Date by which Letter of Offer was posted to shareholders	April 16, 2008	Wednesday
5.	Date of Opening of the Offer	April 23, 2008	Wednesday
6.	Last Date for Revising the Offer price/ Offer size	April 29, 2008	Tuesday
7.	Last Date for withdrawal of application by the shareholders	May 6, 2008	Tuesday
8.	Date of Closing of the Offer	May 12, 2008	Monday
9.	Date of acceptance /rejection under the offer and the corresponding payment made for the Equity Shares	May 27, 2008	Tuesday

The Acquirers made a cash offer of Rs.14/- per Fully Paid-up Equity Share of Rs.10/- each and for the Partly Paid-Up Shares, the amount of Rs.14/- was reduced proportionately by the amount due thereon. Letter of Offer was duly dispatched to all the shareholders and all other formalities were duly complied with.

Subsequent to the Closure of the Offer another Public Announcement was made by the Manager to the Offer, on behalf of the Acquirers, on June 6, 2008 stating the details at the end of the Completion of the Offer. The Acquirers acquired 7,400 Equity Shares representing 0.12% of the Issued and Subscribed Share Capital in the Open Offer. All payments had been made to the Shareholders within the stipulated time period. No Partly Paid-Up Shares were acquired by the Acquirers though they do not carry any voting rights.

The details of the Open Offer, Public Announcement, Corrigendum to Public Announcement, Letter of Offer, are available on the Websites of Securities and Exchange Board of India ('SEBI') and Bombay Stock Exchange Limited (BSE), i.e. www.sebi.gov.in and www.bseindia.com respectively.

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. Anuj Dewan, Director will be retiring at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS REPORT

The Auditors had in their report noted that during the year an open offer had been made to the shareholders of the company which was duly advertised in the newspapers at an offer price of Rs.14 per fully paid – up equity share. The offer closed on 12th of May, 2008. The Auditors Report to the Shareholders does not contain any qualification.

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The Auditors of the company had in their report stated their observations which are self-explanatory and/or are explained suitably in the notes on accounts.

AUDITORS

The Auditors, M/s Deepak Gulati & Associates, Chartered Accountants, retire at this Annual General Meeting. The Company has obtained a certificate as per Section 224 (1B) of the Companies Act, 1956 from M/s. Haren Sanghvi & Associates, Chartered Accountants to the effect of their appointment in the Ensuing Annual General Meeting, if made, would be within the limits prescribed therein.

AUDIT COMMITTEE

There exists an Audit Committee in the company comprising 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. The 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, 2008 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 judgments 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, 2008 and of the profit 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, 2008 was prepared on a going concern basis.

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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 31.3.2008)	Previous year (as on 31.3.2007)
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

Your Directors wish to 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: 30th July, 2008

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.

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 has been acquired by the Acquirers, they may re-organize and/or streamline various businesses for commercial reasons and operational efficiencies.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has set up an internal control system that functions at various levels of the organization. The system ensures compliance with the respective laws & regulations, efficiency of operations, minimization of wastage, disclosure and adequate reporting of financial transactions, proper administration at all levels of the organization.

The Audit Committee of the company periodically reviews and ensures adequacy of the internal control system prevalent at each level of the organization and passes on its recommendation to the management.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

There has been an upward trend in the textile industry in the national as well as international markets but due to depressed market conditions and sale of the factory unit of the company the margins from the sale of yarn fell. Thus, during the year under review, the company booked a total turnover of Rs.1127.25 Lacs as compared to Rs.2141.75 Lacs in the year 2007.

The company had assigned all its pending claims and debts and had cleared all its outstanding dues initiating a step towards becoming a debt free company.

HUMAN RESOURCES

The human resource department is dedicated towards raising the employee motivation and morale and ensuring that the employees contribute their fullest and best to the organization. For the said purpose, the department continuously works on the development and training of the employees at various levels. All efforts to achieve skill development were made through measures like job rotation, redeployment, etc.

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CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The company is committed to ensure a good practice of corporate functioning, maximizing the customer satisfaction by offering quality services in reasonable possible time at reasonable cost and ensure compliance with all regulations as applicable with adequate transparency and accountability and also to ensure the maximization of shareholders value. Your company recognizes its responsibility towards minority shareholders, various stakeholders including creditors, employee's customers and society at large. The interest of all these communities is aligned by incorporating high standards of governance.

BOARD OF DIRECTORS

The primary role of the Board is that of trusteeship to protect and enhance shareholder's value. As, trustee the Board ensures that the company has clear goals and policies for achieving these goals. The Board oversees the company's strategic direction; reviews corporate performance authorizes and monitors strategic decision, ensures regulatory compliance and safeguards the interests of the shareholders. The Board ensures that the company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

A Composition of the Board & their Responsibility

As on 31st March, 2008 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 the Chairmanship/ Membership of committees of each Director in various companies as on 31st March, 2008 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 Board Meeting Held		Attendance Particulars Last AGM	No. of Other Directorship/Committee Memberships/Chairmanship in all Cos.		
		Attended		Other Directorship	Committee Members	Chairmanships
Mr. Ashwani Dewan	7	6	Present	4	1	-
Mr. Anuj Dewan	7	7	Present	4	1	-
Mr. Vijay Gupta	7	7	Present	2	2	-
Mr. Neeraj Jain	7	7	Present	1	2	2

Note:

- a) None of the directors have any business relationship with the company
- b) 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 2007-08, the Board of A.V Cottex Limited had met 7 times. The dates of the meeting are 17th of April 2007, 30th of July 2007, 7th of August 2007, 31st of August 2007, 31st of October 2007, 30th of January 2008 and 28th of March, 2008. The maximum gaps between two meetings are not more than 4 months.

The meetings are convened after giving appropriate notice. Agenda papers of the Board Meetings are duly circulated among the Board Members well in advance of each meeting.

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CODE OF CONDUCT

Code of conduct of the company has been based on fair and prudent principles. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director in respect of the 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

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. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

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, 2008, 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, 2008 the audit committee has met six times on 17th of April 2007, 30th of July 2007, 7th of August 2007, 31st of August 2007, 31st of October 2007, 30th of January 2008 and 28th of March, 2008.

Attendance of the Directors at the Audit Committee as on 31st March, 2008 is as follows:

Director	Category	No. of Meetings Held	
		Held	Attended
Mr. Neeraj Jain	Chairman	7	7
Mr. Vijay Gupta	Member	7	7
Mr. Anuj Dewan	Member	7	7

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.

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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.

SHAREHOLDER'S GRIEVANCE & TRANSFER COMMITTEE

As on 31st March, 2008, 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 Managing Director of the company as the compliance officer. The numbers of complaints received from the shareholders during the last financial year were NIL and the numbers of pending complaints as on 31st March, 2008 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.

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GENERAL BODY MEETINGS

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

AGM	DATE	LOCATION	TIME	SPECIAL RESOLUTION PASSED IN AGM
13 th AGM	28.09.2007	P – 10 (Basement), Green Park Extension, New Delhi – 110016.	10.00 A.M	NIL
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

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 Lakhs)
Jas Expoship Pvt. Ltd.	Associate Concern	Financing of daily operation of the Co.	Amount Taken 585.35 (N.A.) the Amount Returned 585.35 (N.A.)
CT Cotton Yarn Ltd.	Associate Concern	Sales of Yarn	977.95 (N.A.)
Conchem Construction Pvt. Ltd.	Associate Company	Financing of the daily operation of the Co.	Amount Given 31 (NIL)
Conchem Construction Pvt. Ltd	Associate Company	Agreement for transfer of all debt & security of PAGL and insurance claim & Subsidy of AVCL	Amount Given 427 (NIL)

Figures shown in brackets represent last year's amount

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- (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.**

The company had defaulted in holding its Thirteenth AGM on due date. A show cause notice was issued against the company by the Company Law Board. The company and Shri Ashwani Dewan, Neeraj Jain, Vijay Gupta, Anuj Dewan, Directors & Mrs. Niti Arya, Company Secretary jointly moved an application u/s 621A of the Companies Act, 1956 for compounding of offence committed under Section 166(1) of the Companies Act, 1956. The Company Law Board vide its Order dated 17th of April 2008 compounded the offence on payment Rs.1,000/- (Rupees One Thousand only) by each defaulter.

Except the above 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 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.

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	29 th of August 2008
Time	11 a.m.
Venue	P-10, Green Park (Ext), New Delhi - 16
Adoption of financial results	
30 th June, 2007	30 th July, 2007
30 th September, 2007	End of October, 2007
31 st December, 2007	30 th January, 2008
31 st March, 2008	30 th June, 2008
Date of Book Closure	From 25 th August 2008 to 29 th August 2008 (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 – 531190ISIN No - INE355H01015c

A.V. COTTEX LIMITED

Stock Market Price Data

The High and Low Stock prices on monthly basis for the whole year (i.e. 1st April, 2007 to 31st March, 2008) are as follows:

Month	High	Low	Shares Traded
April, 07	25.60	15.85	16200
May, 07	18.90	12.10	1500
June, 07	11.50	9.94	1600
July, 07	9.45	7.74	8400
August, 07	9.60	6.66	16100
September, 07	11.50	9.89	5800
October, 07	15.34	9.51	20300
November, 07	32.45	16.10	35300
December, 07	42.65	34	25000
January, 08	36.05	20.05	333000
February, 08	20.30	14.45	387800
March, 08	16.83	13.20	134462

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, 2008 are as follows:

No of Equity shares held	No. of share holders	% of share holders	Total number of shares	% of share holding
1 - 100	134	25.72	10315	0.17
101 - 200	60	11.52	11990	0.20
201 - 300	27	5.18	8100	0.14
301 - 400	16	3.07	6400	0.10
401 - 500	86	16.51	43000	.72
501 - 1000	87	16.70	72852	1.21
1001-10000	84	16.12	346195	5.78
10001 & above	27	5.18	5493048	91.67
Total	521	100.00	5991900	100.00

A.V. COTTEX LIMITED

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, 2008 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, 2008 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**

**DEEPAK GULATI
(PROPRIETOR)**

**PLACE: NEW DELHI
DATE: 30th July, 2008**

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: 30th July, 2008**

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, 2008 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.

For A.V. COTTEX LIMITED

**Place: NEW DELHI
Date: 30th July, 2008**

**ASHWANI DEWAN
MANAGING DIRECTOR**

A.V. COTTEX LIMITED

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 2008 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 2008 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 & 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, 2008;
 - ii) In the case of profit & loss Account, of the loss 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.

**For DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANT**

**PLACE : NEW DELHI
DATE : 30th July, 2008**

**DEEPAK GULATI
(PROPRIETOR)**

A.V. COTTEX LIMITED

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, 2007 to 31st March, 2008.

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.

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 unsecured loan to one party namely M/s Banaco Overseas 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. 45 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 2008.

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 58A 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 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 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, 2008 for a period more than six months from the date they became payable.

A.V. COTTEX LIMITED

10. According to the information and explanations given to us, the company has no accumulated losses on 31st March, 2008. 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**

**DEEPAK GULATI
(PROPRIETOR)**

**PLACE : NEW DELHI
DATE : 30th July, 2008**

A.V. COTTEX LIMITED

AV COTTEX LIMITED						
BALANCE SHEET AS ON 31ST MARCH, 2008						
S. No.	PARTICULARS	SCHEDULE	AMOUNT IN RS.			
			As on 31.03.2008		As on 31.03.2007	
I	SOURCE OF FUNDS					
	1.SHARE HOLDERS FUND					
	SHARE CAPITAL	1		59,819,250		59,535,000
	RESERVES & SURPLUS	2		7,162,174		8,634,486
	2. LOAN FUNDS					
	SECURED LOANS	3		-		1,362,383
	UNSECURED LOANS	4		3,750,000		3,750,000
	Deferred Tax Liability			24,374		59,545
	TOTAL			70,755,798		73,341,414
II	APPLICATION OF FUNDS					
	1.FIXED ASSESTS					
	(A) GROSS BLOCK		261,700		1,945,500	
	(B) LESS: DEPRECIATION	5	55,444		39,567	
	NET BLOCK		206,256		1,905,933	
	ADD: CAPITAL WORK IN PROGRESS			206,256		1,905,933
	INVESTMENT	6		29,603,678		28,419,241
	CURRENT ASSETS, LOANS & ADVANCES					
	(A) SUNDRY DEBTORS	7	100,424		55,510	
	(B) CASH & BANK BALANCES	8	42,440,669		6,624,952	
	(C) OTHER CURRENT ASSETS	9			3,000,000	
	(D) LOAN & ADVANCES	10	1,893,867		42,758,120	
			44,434,960		52,438,582	
	LESS: CURRENT LIABILITIES & PROVISIONS					
	CURRENT LIABILITIES & PROVISIONS	11	3,489,095		9,422,342	
	NET CURRENT ASSETS			40,945,865		43,016,241
	PROFIT & LOSS ACCOUNTS					
				70,755,798		73,341,415

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

ASHWANI DEWAN
(MG. DIRECTOR)

ANUJ DEWAN
(DIRECTOR)

DEEPAK GULATI
(PROPRIETOR)

PLACE : NEW DELHI
DATE : 30/07/2008

A.V. COTTEX LIMITED

AV COTTEX LIMITED			
PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01.4.2007 TO 31.03.2008			
PARTICULARS	SCHEDULE	AMOUNT	
		As on 31.03.2008	As on 31.03.2007
INCOME			
Sales (Net)	15	112,725,672	214,174,538
Other Income	12	530,680	3,557,621
		113,256,352	217,732,159
EXPENDITURE			
Purchase/Raw Material Consumption	16	111,708,334	211,636,720
Administrative & Gen. Expenses	13	867,374	1,308,277
Interest & Finance Expenses	14	684,932	249,985
Depreciation	5	40,213	129,431
		113,300,853	213,324,414
Add/less:			
Increase/Decrease in Inventory			1,653
Add: Prior period adjustment			-
		113,300,853	213,326,067
PROFIT(LOSS) BEFORE TAX			
		(44,501)	4,406,092
Provision for Income Tax written back		(542,486)	630,000
Short provision for FBT of previous year		(2,741)	-
Fringe Benefit Tax		(2,727)	15,200
Provision for Income Tax		-	-
Deffered Tax Assets		35,171	(3,828,675)
PROFIT(LOSS) AFTER TAX		527,688	(67,783)
Balance brought forward		5,634,486	5,702,269
Balance carried to Balance Sheet		6,162,174	5,634,486

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

FOR AND ON BEHALF OF THE BOARD

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

ASHWANI DEWAN
(MG. DIRECTOR)

ANUJ DEWAN
(DIRECTOR)

DEEPAK GULATI
(PROPRIETOR)

PLACE : NEW DELHI
DATE : 30/07/2008

A.V. COTTEX LIMITED

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.) As on 31.03.2008	Amount (IN RS.) As on 31.03.2007
SCHEDULE-1		
AUTHORISED		
7000000 Equity Shares of Rs. 10/- each Issued,Subscribed & Paid Up	70000000	70000000
5991900 Equity Shares of Rs. 10/- each fully paid up	59919000	59919000
Less: Calls unpaid (Due by others)	99750	384000
	59819250	59535000
SCHEDULE-2		
RESERVE & SURPLUS		
Capital Reserves (subsidy)	1000000	3000000
Add: Profit & loss a/c	6162174	5634486
	7162174	8634486
SCHEDULE-3		
SECURED LOANS		
1) Kotak Mahindra Prime Limited (Secured against hypothecation of cars)	0	1362383
	0	1362383
SCHEDULE-4		
UNSECURED LOANS		
T C Spinners Ltd.	3750000	3750000
	3750000	3750000

A.V. COTTEX LIMITED

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.) As on 31.03.2008	Amount (IN RS.) As on 31.03.2007
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 Indla Ltd. (Market value not available)		
Alankit Technologies Ltd.		
100000 equity shares @ Rs. 10/- each	1000000	1000000
Chopra Solitaires Pvt Ltd		
11000 equity shares @ Rs. 100/- each	0	1100000
Lehar Chemicals Pvt Ltd		
100000 equity shares @ Rs. 10/- each	0	1000000
Nipun Steels Pvt Ltd		
50000 equity shares @ Rs. 10/- each	500000	500000
Pratishtha Images Pvt Ltd		
200000 equity shares @ Rs. 10/- each	0	2000000
Royal Build Well Pvt. Ltd.		
10000 equity shares @ Rs. 10/- each	0	1000000
Scud Steel Pvt Ltd		
5000 equity shares @ Rs. 100/- each	500000	500000
Shri Parasram Industries Pvt Ltd		
150000 equity shares @ Rs. 10/- each	1500000	1500000
Sumitra Nursing & Maternity Home Ltd		
2000 equity shares @ Rs. 100/- each	1000000	1000000
Srishti Growth Fund Pvt Ltd		
250000 equity shares @ Rs. 10/- each	2500000	0
KLM Growth Fund Pvt Ltd		
450000 equity shares @ Rs. 10/- each	4500000	0
Y K Jewellers Pvt Ltd		
1200 equity shares @ Rs. 1000/- each	1200000	1200000
Abhishek Securities (P) Ltd.		
50000 equity shares @ Rs. 10/- each	500000	500000
Khatra Finance (P) Ltd.		
15000 equity shares @ Rs. 10/- each	0	1500000
Pack Plast India (P) Ltd.		
150000 equity shares @ Rs. 10/- each	0	1500000
Balaji Mercantile (P) Ltd.		
100000 equity shares @ Rs. 10/- each	1000000	1000000
Tanish Aluminium (P) Ltd.		
75000 equity shares @ Rs. 10/- each	750000	750000
Alankit Com Stock (P) Ltd.		
150000 equity shares @ Rs. 10/- each	1500000	1500000
Deposit in FDR/Liquinotes of EPIL	0	1562316
(UNDER SAME MANAGEMENT)		
625260 NB LTD. (Overseas)	4138236	4138236
618762 NB LTD. (Overseas)	4948999	4948999
617266 NB LTD. (Overseas)	3846753	0
QUOTED INVESTMENT	0	0
	28603678	28419241

- Market value of quoted investments NIL (NIL)
- Total value of unquoted investment Rs.2,96,03,678/- (Previous year Rs.1,87,56,925/-)

A.V. COTTEX LIMITED

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2008	Amount (IN RS.)As on 31.03.2007
SCHEDULE-7		
SUNDRY DEBTORS		
Unsecured: Considered Goods (Debtors Personal Security)*		
Debts outstanding for a period exceeding 6 months		
Other Debts	100424	55510
	100424	55510
* includes balance due from a company under same management		
SCHEDULE-8		
CASH & BANK BALANCES		
a)Cash in hand	10630	3015618
b)Balance with scheduled Banks	42430039	3609335
- (in current accounts)		
	42440669	6624952
SCHEDULE-9		
OTHER CURRENT ASSETS		
Subsidy receivable from Govt. of Haryana	0	3000000
	0	3000000
SCHEDULE-10		
LOANS & ADVANCES		
a)Excise Duty Refundable	376226	376226
b)Other loans & advances	632728	15131894
c)Vat/Sales Tax Receivable	93522	0
d) Advance Recoverable from in cash or kind	791391	27250000
	1893867	42758120
SCHEDULE-11		
CURRENT LIABILITIES & PROVISIONS		
a)Sundry Creditors	3413662	1581
b)Outstanding Liabilities	52018	344184
c)Advance received from Customer	0	4919316
e)Salary & Accountancy charges Payable	2500	5167
f)Professional Charges Payable	3874	5052
g)Tds Payable	14316	4305
h)other liabilities	0	3500000
i) Provision of Income Tax	0	630000
j) Provision of FBT	2727	12737
	3489095	9422342

A.V. COTTEX LIMITED

AV COTTEX LIMITED		
SCHEDULE TO THE STATEMENT OF ACCOUNTS		
	Amount (IN RS.)As on 31.03.2008	Amount (IN RS.)As on 31.03.2007
SCHEDULE-12		
OTHER INCOME		
Profit on sale of Fixed Assets	0	2244532
Misc Income - Creditor W/o & Others	345225	713088
Currency Fluctuation & other receipts	185455	600000
	530680	3557621
SCHEDULE-13		
ADMINISTRATIVE & GEN.EXP.		
Local Conveyance & Travelling Exp	19935	8067
Printing & Stationery	54625	49438
Entertainment	2654	9360
Misc.Exp.	12820	26479
Postage & Courier Charges	17254	33958
Salary & Accountancy charges	202208	122335
Vehicle running & maintenance exp.	5035	6214
Telephone & Mobile Exp.	24000	37725
Listing Fees-Stock Exchange	137100	495000
Auditors Remuneration	56120	56120
Filing Fees	1560	13617
Rent	60000	60000
Professional Exp.	138887	287436
Publication & Advertisement exp	75384	25906
Fees & Subscription	51923	28428
Rates & Taxes	184	10194
Electricity & Water Charges	6000	6000
Watch & Ward Expenses	0	15000
Business promotion	1685	17000
	867374	1308277
SCHEDULE-14		
INTEREST & FINANCIAL EXP.		
a)Interest	365743	236022
b)Bank Charges	319189	3550
c)Interest on Car Loan	0	10413
	684932	249,985
SCHEDULE-15		
SALES		
Yarn Sales	93599958	214165083
Sale of Fabric	15549069	-
Sale Cotton	2461703	-
Waste Sale	1114943	9,455
	112725672	214174538
SCHEDULE-16		
PURCHASE		
Yarn Purchase	89321922	211627720
Freight Inward	773330	-
Purchase Fabric	14466627	9000
Purchase Waste	990338	-
Cotton Purchase	6156117	-
	111708334	211636720

A.V. COTTEX LIMITED

SCHEDULE - 5 SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31/03/08										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	TOTAL COST AS ON 01.04.2007	ADDITIONS DURING THE YEAR	SALE/ADJ. DURING THE YEAR	TOTAL ASSETS AS ON 31.03.2008	UP TO 31.03.2007	FOR THE YEAR	DEP. ADJUST SALE	UP TO 31.03.2008	AS ON 31.03.2007	AS ON 31.03.2008
Plant and Machinery	0.00	16200.00	0.00	16200.00	0.00	417.00	0.00	417.00	0.00	15783.00
Car	1700000.00	0.00	1700000.00	0.00	24336.00	0.00	24336.00	0.00	1675664.00	0.00
Computer	245500.00		0.00	245500.00	15231.00	39796.00	0.00	55027.00	230269.00	190473.00
TOTAL (RS.)	1945500.00	16200.00	1700000.00	281700.00	39587.00	40213.00	24336.00	55444.00	1905933.00	206258.00
Previous Year Figure	13620183.00	2093075.00	13767758.00	1945500.00	6413426.00	129431.00		39567.00	7208758.00	1905933.00

A.V. COTTEX LIMITED

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

All the Preliminary expenses have been written off in the preceeding years therefore as on date during the year NIL balance is standing in the books of accounts. Hence no amount has been written off during the year 2007-08.

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 on accrual basis.

1.) Segment Reporting – AS – 17:

2.) 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.

	2007-08	2006-07
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

No provision for taxation has been made for the year ended as at 31st March 2008 as there is loss during the year.

b) FRINGE – BENEFIT TAX

Provision for Fringe Benefit Tax amounting to Rs.2727/- has been made for the year ended as at 31st March 2008.

3. Previous year figures have been regrouped /reclassified wherever necessary.

4. During the year, a public proposal for purchase of equity shares by the Acquirers is advertised in the newspaper with the complete offer price of Rs. 14/- per fully paid-up equity share of the company which got closed on May 12, 2008.

5. During the year, the company has entered into an agreement with M/s Conchem Constructions Pvt. Ltd. for sale of its subsidy receivable from Government of Rs. 30 lakhs against the amount received Rs. 10 lakhs and the same has duly recognised in the books of accounts.

6. 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.

7. The Balances of the parties under the head debtors, creditors and loans and advances are subject to confirmation.

8. No Board meeting fee charged by the directors.

A.V. COTTEX LIMITED

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.

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d) INVESTMENTS

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e) VALUATION OF INVENTORIES

Inventories have been valued on the following basis:

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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

- The company's contribution to provident fund in accordance with the Employee's Provident & Misc. Provision Act 1952 is not applicable.
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h) PROFIT AND LOSS ACCOUNT

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	2007-08	2006-07
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6. 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.

7. The Balances of the parties under the head debtors, creditors and loans and advances are subject to confirmation.

8. No Board meeting fee charged by the directors.

A.V. COTTEX LIMITED

9. Managerial remuneration paid during the year:-

a) Managing Director NIL

10. Amount paid to Auditor

(a) Audit Fees Rs. 56,120/-
 (b) In other Capacity Nil

11. 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.	Conchem Constructions Pvt. 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 Lakhs)	Outstansing Amount as on 31st March 2008
Jas Expoship Pvt. Ltd.	Associate Conccrrn	Financing of the daily operation of the Co.	Amount Taken 585.35 (N.A.) Amount Returned 585.35 (N.A.)	NIL
CT Cotton Yarn Ltd.	Associate Concern	Sales of Yarn	977.95 (N.A.)	NIL
Conchem Construction Pvt. Ltd.	Associate Company	Financing of the daily operation of the Co.	Amount given 31 (NIL)	NIL
Conchem Construction Pvt. Ltd.	Associate Company	Agreement for transfer of all debt & security of PAGL and insurance claim & Subsidy of AVCL	Amount Given 427 (NIL)	NIL

Figures shown in brackets represent last year's amount

12. **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: -

A.V. COTTEX LIMITED

Particulars	2007-08	2006-07
Profit/Loss as per Account	(44501.00)	3761340.00
Weighted average No. of Equity Shares Outstanding during the year	5991900	5991900
Basic and Diluted EPS	0.00	0.63

13. AS - 22 (DEFERRED TAX)

PARTICULARS	AMOUNT
W.D.V as per Companies Act	206,256
W.D.V as per Income Tax Act	67,750
	138,506
Unabsorbed Loss	59,628
Liability	78,878
Deferred Tax Liability (30%)	24,373

14. 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 31.03.2008:

Year	Licensed Capacity (tons)	Installed Capacity (tons)	Production Qty. Amt. (tons) (Rs. Lac)	Sales Qty. Amt. (tons) (Rs. Lac)	Opening Stock Qty. Amt. (tons) (Rs. Lac)	Closing Stock Qty. Amt. (tons) (Rs. Lac)
2007-08	Yam	—	—	—	—	—
2006-07	Yam	—	—	—	—	—

B) Raw material consumed

Qty. (tons)	Amount (Rs.in lacs)
2007-08	NIL NIL
2006-07	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)

A.V. COTTEX LIMITED

15. 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

16. 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.
17. As per the provision of sec. 383A of companies Act 1956, it is mandatory for a company having paid up capital of Rs. 2 crore or more to have a company secretary during the financial year, whereas the company secretary has resigned on 28-11-07 and no further appointment in this respect was made.
18. 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.
19. As per the Listing Agreement under clause 38 of Companies Act 1956, co. has paid all the listing fee due for the year ended 31st March 2008.
20. Additional information pursuant to the provisions of Paragraph 4D of Part ii of schedule VI of the Companies Act, 1956
- | | |
|------------------------------------|-----|
| a. Earnings in Foreign Exchange | Nil |
| b. Expenditure in Foreign Exchange | Nil |

AS PER OUR REPORT OF EVEN DATE ATTACHED

for DEEPAK GULATI & ASSOCIATES
 CHARTERED ACCOUNTANTS

DEEPAK GULATI
 (PROPRIETOR)

PLACE: NEW DELHI
 DATED: 30th July, 2008

A.V. COTTEX LIMITED

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	74245
Total Assets	74245
<u>Source of Funds</u>	
Paid up capital	59819
Reserve & Surplus	7162
Secured Loans	NIL
Unsecured Loans	3750
Deferred Tax Liability	24
<u>Application of Funds</u>	
Net Fixed Assets	206
Investments	29604
Accumulated Losses	-
Net Current Assets	40945
Miscellaneous Exp.	-
4. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. 000)	
Turnover including Misc. Income	113256
Total Expenditure	113301
Profit before Tax	(45)
Profit after Tax	(45)
Earning per share (in Rs.)	NIL
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

FOR & ON BEHALF OF THE BOARD

Deepak Gulati
(Prop.)

Ashwani Dewan
(Mg. Director)

Neeraj Jain
(Director)

PLACE : NEW DELHI
DATED: 30th July, 2008

A.V. COTTEX LIMITED

A.V. COTTEX LIMITED CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL 2007 TO 31ST MARCH 2008

PARTICULARS	AMOUNT 31.03.2008	AMOUNT 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX AND EXTRAORDINARY & PRIOR PERIOD ITEMS	(44,501)	4,404,439
ADJUSTMENTS FOR:		
DEPRECIATION	40,213	129,431
OTHER INCOME	(530,680)	(3,557,621)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(534,968)	976,249
ADJUSTMENTS FOR:		
LOANS & ADVANCES	40,864,253	(13,134,944)
TRADES & OTHER RECEIVABLES	2,955,086	10,270,471
TRADE PAYABLE	(5,938,715)	6,947,727
CASH GENERATED FROM OPERATIONS	37,345,656	5,059,504
INTEREST PAID	-	-
DIRECT TAXES	-	-
INCOME TAX	(542,486)	630,000
FRINGE BENEFIT TAX	-	12,737
CASH FLOW BEFORE PRIOR PERIOD & EXTRAORDINARY ITEMS	36,803,170	5,702,241
PRIOR PERIOD ITEMS	-	(1,653)
EXTRAORDINARY ITEMS	-	600,000
NET CASH FROM OPERATING ACTIVITIES	36,803,170	6,300,588
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
SALE OF INVESTMENTS	-	-
PURCHASE OF FIXED ASSETS	(16,200)	(1,945,500)
SALE OF FIXED ASSETS	1,861,119	9,476,880
MISC. EXP.	-	-
PURCHASE OF INVESTMENTS	(1,184,437)	(11,499,551)
OTHER INCOME	(569,803)	-
NET CASH USED IN INVESTING ACTIVITIES	90,679	(3,968,171)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE CAPITAL	284,250	7,617,872
PROCEEDS FROM LONG TERM BORROWINGS	(1,362,383)	(4,742,007)
NET CASH USED IN FINANCING ACTIVITIES	(1,078,133)	2,875,865
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	35,815,716	5,208,281
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	6,624,952	1,416,671
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	42,440,669	6,624,952

Notes:- 1. Cash & Cash Equivalents represents Cash & Bank Balances.

FOR & ON BEHALF OF THE BOARD

PLACE : NEW DELHI
DATED : 30/07/2008

(ASHWANI DEWAN)
MG. DIRECTOR

AUDITOR'S CERTIFICATE

We have examined attached Cash Flow Statement of A.V. COTTEX LIMITED for the year ended 31st March' 2008. The statement has been prepared by the company in accordance with the Requirement of clause 32 of Listing Agreement with the Stock Exchanges and is based on and in agreement the corresponding profit and loss account and Balance Sheet of the company covered by our report dt. 30-07-2008 to the Member of Company.

for DEEPAK GULATI & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 30/7/2008

[DEEPAK GULATI]
PROPRIETOR

A.V COTTEX LIMITED

Regd.Office: P-10, GREEN PARK (EXTN), NEW DELHI - 110016

ATTENDANCE SLIP

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

I hereby record my presence at the 14th Annual General Meeting of the A.V Cottex Ltd. held on 29th August , 2008 at 11.00 A.M at the Registered Office of the Company at P-10, Green Park Extn, New Delhi -110016

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 - 110016

PROXY FORM

I/We r/
o..... being a member / members of
.....hereby appoint Shri of.....or
failing him / her Shri.....of.....as my/ our proxy to vote for me /
us on my/our behalf at the 14th Annual General Meeting of the Company to be held on 29th August, 2008 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

Book-Post

If Undelivered please return to :

AV Cottex Ltd.

P-10, Green Park Extn., New Delhi - 110016, INDIA