



White House

Cotton Industries Limited

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8th ANNUAL REPORT
1998-1999

WHITE HOUSE COTTON INDUSTRIES LIMITED

BOARD OF DIRECTORS

A. ABDUL BARI

CHAIRMAN AND MANAGING DIRECTOR

A. ABDUL THAHIR

A. ABDUL WAJEED

A. MOHAMED IDRIS

A. MOHAMED ELYAS

A. MOHAMED MUKHTAR

WHOLE-TIME DIRECTOR

A. MOHAMED SHERIFF

R. SIVASAILAM

J. RADHAKRISHNAN

D.R. JAWAHAR

IDBI NOMINEE

COMPANY SECRETARY

L.B. JAYARAM

AUDITORS

M/s. SOMASUNDARAM & SIVARAMAN

CHARTERED ACCOUNTANTS
CHENNAI.

BANKERS

THE SOUTH INDIAN BANK LTD.

INDUSTRIAL FINANCE BRANCH
No. 1, RAMAKRISHNA ROAD,
'KENCES TOWERS', T. NAGAR.
CHENNAI - 600 017.

**REGISTERED OFFICE &
SHARE DEPARTMENT**

1096, E.V.R. PERIYAR ROAD,
PERIAMET, CHENNAI - 600 003.

FACTORY

S.F. No. 1, VEDANTHANGAL ROAD,
KOLAMBAKKAM VILLAGE
MADURANTHAGAM TALUK
KANCHEEPURAM DISTRICT - 603 308.

WHITE HOUSE COTTON INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of White House Cotton Industries Limited, will be held on Monday, the 20th September 1999 at "VANI MAHAL", No.50, G.N.Chetty Road, T.Nagar, Chennai - 600 017 at 10 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 1999, the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri A. Abdul Thahir, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. Abdul Wajeed, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A. Mohamed Idris, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the close of this Annual General Meeting till the close of the next Annual General Meeting and to authorise the Board of Directors to fix the remuneration.

The retiring auditors M/s. Somasundaram & Sivaraman, Chartered Accountants, Chennai being eligible offer themselves for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications the following as a Special Resolution.
RESOLVED THAT pursuant to the provisions of Sections 198,269,309,310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Shri. A. Abdul Bari, Managing Director be and is hereby re-appointed as Managing Director of the company for a further period of 5 years commencing from 1.4.99 on the following terms and conditions:

I. **REMUNERATION: NIL**

II. The company shall reimburse travelling and all other expenses incurred by him for the business of the company.

7. To consider and if thought fit, to pass with or without modifications the following as a Special Resolution.
RESOLVED THAT pursuant to the SEBI guidelines and other applicable provisions if any, the equity shares of the company be de-listed from Coimbatore Stock Exchange with effect from the date as decided by the Board of Directors and the Managing Director of the Company be and is hereby authorised to take necessary steps deemed necessary for voluntary de-listing.

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8. To consider and if thought fit, to pass with or without modifications the following as a Special Resolution.
RESOLVED THAT in accordance with the provisions of Section 23 (1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act 1985, since the accumulated losses of the company as at the end of the financial year 31.03.1999 has resulted in erosion of more than 50% of the peak networth of the company during the immediately preceding four financial years, the Board of Directors be and is hereby authorised to file an application to the Board for Industrial and Financial Re-construction and to take all necessary steps as may be deemed appropriate.
9. To consider and if thought fit, to pass with or without modifications the following as a Special Resolution.
RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") the existing Articles of Association of the Company be and are hereby altered in the manner and to the extent set out below:

The following new Articles be inserted as Articles 8A and 8B after Article 8.

Article 8A - NOMINATION

- 1) Every Shareholder of the Company, may at any time, nominate a person to whom his/her shares shall vest in the event of his/her death in such manner as may be prescribed under the Act.
- 2) Where the shares of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- 3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares, the nominee shall, on the death of the shareholder or on the death of the joint holders become entitled to all the rights in such shares to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- 4) Where the nominee is a minor, it shall be lawful for the holder of the shares to make the nomination to appoint in the prescribed manner any person to become entitled to shares of the Company in the event of his/her death, during the minority.

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Article 8B - TRANSMISSION OF SECURITIES

- 1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either
 - a) To register himself/herself as holder of the share : or
 - b) To make such transfer of the share, as the deceased shareholder could have made.
- 2) If the nominee elects to be registered as holder of the share himself/herself, he/she shall deliver or send to the Company, a Notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.
- 3) A nominee shall be entitled to the share dividend and other advantages to which he/she would be entitled if he/she was the registered holder of the shares. Provided that he/she shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the shares, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Place : Chennai
Date : 24th July 1999

By order of the Board

Registered Office:
1096, E.V.R. Periyar Road,
Periamet, Chennai - 600 003.

A.MOHAMED MUKHTAR
Whole-Time 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 / herself and proxy need not be a Member of the company.
2. Proxies in order to be effective should be lodged with the company at the Registered Office atleast 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from 18.09.99 to 20.09.99 (both days inclusive).
4. Members desiring any information on the workings of the company at the Annual General Meeting are requested to write to the company atleast 7 days in advance, so as to enable the company to keep the information ready.
5. All communications relating to shares are to be addressed to the Registered Office of the company at 1096, E.V.R. Periyar Road, periamet, Chennai - 3.

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Explanatory Statement

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 6 :

Shri A. Abdul Bari was appointed as Managing Director of the company for a period of 5 years with effect from 1.4.94. The Board of Directors have re-appointed Shri Abdul Bari as Managing Director for a further period of 5 years with effect from 1.4.99. The Board feels that for the sake of effective running and in the best interest of the company, the services of Shri Abdul Bari should be made available to the company, for a further period of 5 years and have re-appointed him as the Managing Director at its meeting held on 24th April 1999 on the terms and conditions as mentioned in the proposed resolution.

The Directors recommend the re-appointment of Shri Abdul Bari.

Shri Abdul Bari is deemed to be interested in the resolution and all other Directors except Shri. R. Sivasailam, Shri. J. Radhakrishnan and Shri D.R. Jawahar, are also interested in the passing of this resolution as they are related to Shri Abdul Bari.

Item No. 7 :

The Shares of the Company were listed in the Coimbatore Stock Exchange in 1995. Since the volume of the Company's Shares which are traded on the Coimbatore Stock Exchange is very low, the Directors are of the opinion to de-list from Coimbatore Stock Exchange. As the equity shares of the company are also listed on Mumbai and Chennai Stock Exchanges the Directors feel that the liquidity will not be affected. As de-listing the Shares from a Stock Exchange requires the approval of the Share holders this resolution is proposed.

None of the Directors of the Company is concerned or interested in this resolution

Item No. 8 :

Since the company's accumulated losses as at 31.03.99 has resulted in erosion of more than 50% of the peak networth during the immediately preceding four financial years, as per the Sick Industrial Companies Act, 1985 a report has to be made to the Board for Industrial and Financial re-construction and a reference is to be made to the Shareholders also. Hence this resolution is placed for approval of the Shareholders.

None of the Directors of the Company is concerned or interested in this resolution

WHITE HOUSE COTTON INDUSTRIES LIMITED**REPORT ON 50% EROSION OF NETWORTH**

During the financial year 1998-99 the net loss amounted to Rs.280.63 lacs and the accumulated losses as on 31st March 1999 is Rs. 519.80 lacs which is more than 50% of the peak networth during the immediately preceding four financial years. The reasons are multi-fold.

Eventhough we are equipped with sophisticated machinery, we have incurred losses due to the low International yarn prices which does not match the high prices of cotton prevailing in India. This kind of a situation has not arisen in the past.

Steep increase in the cost of production of cotton yarn and the severe economic crisis in the South East Asian Countries have made the situation worse.

Only a few old mills have survived because of lower interest burden and depreciation.

As the Export market as well as the local market is picking up in the current year we expect to do better, consequently reducing the accumulated losses. The steady cotton prices at present will also have a positive impact on the profitability.

Item No. 9 :

By the Companies (Amendment) Ordinance, 1999 the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company will vest in the event of his / her death. It would be beneficial if such a nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of your Company as proposed in the resolution set out in item No.9.

Under Section 31 of the Companies Act, 1956, alteration of Articles of Association can be done only by passing a Special Resolution and accordingly, the resolution set out in item No.9 has been proposed as a Special Resolution.

None of the Directors of the Company is concerned or interested in this resolution.

Place : Chennai

Date : 24th July 1999

Registered Office:

**1096, E.V.R. Periyar Road,
Periamet, Chennai - 600 003.**

By order of the Board

A.MOHAMED MUKHTAR
Whole-Time Director