



White House
Cotton Industries Limited

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11th ANNUAL REPORT
2001-2002

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BOARD OF DIRECTORS

A. ABDUL BARI - Chairman and Managing Director
A. ABDUL TAHIR
A. ABDUL WAJED
A. MOHAMED IDRIS
A. MOHAMED ELYAS
A. MOHAMED MUKTHAR - Whole-time Director
A. MOHAMED SHERIFF
J. RADHAKRISHNAN
D. P. VENKATARAMAN

AUDITORS

M/s. SOMASUNDARAM & SIVARAMAN
Chartered Accountants
Chennai

BANKERS

THE SOUTH INDIAN BANK LTD
INDUSTRIAL FINANCE BRANCH
NO.110, RAHEJA TOWERS
177, ANNA SALAI
CHENNAI - 600 002.

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 TO SHAREHOLDERS**

NOTICE is hereby given that the Eleventh Annual General Meeting of Members of M/s. White House Cotton Industries Limited, will be held on Saturday, the 30th November 2002 at VENKATESWARA CONVENT, 435, MINT STREET, CHENNAI - 600 079 at 10.00 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 2002, 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 Sri. A. MOHAMED IDRIS, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri. A. MOHAMED ELYAS, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri. D. P. VENKATARAMAN, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Somasundaram & Sivaraman, Chartered Accountants, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED that consequent to the erosion of share capital to more than 50% of the paid up capital of the company, authority be and is hereby granted to Shri. D. P. Venkataraman, Director to make references before the Board for Industrial and Financial Reconstruction or such other authorities as the case may be and to make such applications and to do all such acts, deeds, matters and other things as it may deem necessary for such purpose".

By order of the Board
for WHITE HOUSE COTTON INDUSTRIES LIMITED

Place : Chennai
Date : 15th October 2002

A. ABDUL BARI
Chairman and 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/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 26.11.2002 to 30.11.2002.(both days inclusive)
4. 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 - 600 003.
5. For any queries on the Depository System, members may contact their Depository Participant or the Secretarial Department at the Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) COMPANIES ACT, 1956**Item No: 6**

The paid up capital of the company is Rs. 15 crores and the accumulated losses amount to Rs. 11.16 crores. Since more than 50% of the paid up capital of the company has been eroded, a reference is being made to the appropriate authorities for a suitable revival and reconstruction package. Hence the present resolution is put forth before the shareholders for approval.

None of the Directors are interested or concerned in the resolution.

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE - APPOINTED.

SHRI. A. MOHAMED IDRIS

Shri. A. Mohamed Idris is aged 47 years having more than 25 years experience in Textile Industry.

Shri. A. Mohamed Idris was first appointed on the Board during the year 1995.

He is also on board White House Business Solutions (P) Limited, a 100% Software Technology Park Unit engaged in export of software to South East Asian Countries, European Countries and Gulf Countries. He is also on board of White House Process (P) Limited.

SHRI. A. MOHAMED ELYAS

Shri. A. Mohamed Elyas is aged 41 years having 20 years of rich experience in Textile Industry and has widely travelled.

He was first appointed on the Board during the year 1995.

He is also Director of White House Process (P) Limited, a group company engaged in Textile dyeing and processing.

He is also on board White House Business Solutions (P) Limited, a 100% Software Technology Park Unit engaged in export of software to South East Asian Countries, European Countries and Gulf countries.

SHRI. D. P. VENKATARAMAN

Shri. D. P. Venkataraman is aged 66 years and he is B.Sc. C. A. I. I. B.

He is a retired Banker known for his astute accounting knowledge. He was first appointed to the Board on 31. 07. 2000. He has also been recently inducted as a board of director of Pandy Oxides Limited, Chennai.

White House Cotton Industries Limited**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Eleventh Annual Report on the working of the company together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE

	Year ended 31.3.2002 (Rs. in lacs)	year ended 31.3.2001 (Rs. in lacs)
Income from operations	1,690.55	2115.71
Other Income	4.80	8.01
	<u>1,695.35</u> (A)	<u>2123.72</u>
Total expenditure	1,623.66	1872.02
Interest	189.07	190.58
	<u>1812.73</u> (B)	<u>2062.60</u>
Gross Profit/(Loss) before		
Depreciation & taxation (A-B)	117.38 (C)	61.12
Depreciation	181.47 (D)	204.05
Provision for taxation	---	---
Net Profit/(Loss) (C-D)	(298.85)	(142.93)

REVIEW OF OPERATIONS

During the year under review, the company incurred a net loss of Rs. 2,98,85,444/-. This was mainly due to poor market conditions and stiff competition. Despite the recessionary conditions in the Indian economy, your company is confident that it will overcome the crisis and improve its performance during the current year.

DIRECTORS

The following directors retire by rotation at the ensuing Annual General Meeting who being eligible offer themselves for re-appointment:

1. Mr. A. MOHAMED IDRIS
2. Mr. A. MOHAMED ELYAS
3. Mr. D. P. VENKATARAMAN

AUDITORS

M/s. Somasundaram & Sivaraman, Chartered Accountants, Chennai auditors of the company will retire at the forthcoming Annual General Meeting of the company and are eligible for re-appointment.

DEPOSITS

The Company has not accepted any deposits during the year under review.

PREFERENTIAL ALLOTMENT OF SHARES

Members of the company had at the Tenth Annual General meeting held on 28th September, 2001 approved the allotment of 60,00,000 Equity Shares of Rs. 10/- each on preferential basis to the Promoters/Directors of the company against unsecured loans received from them and the company has allotted these shares. The listing applications were also made with the stock exchanges and the company is awaiting approval.

REFERENCE TO BIFR

The Company's capital had already eroded by 50% during the year 1999. The erosion was reduced by promoters' contribution of funds. Presently, the paid up capital of the company is Rs. 15 crores and the accumulated losses amount to Rs. 11.16 crores. As more than 50% of the capital of the company has been eroded, a reference is once again being made to the BIFR for a helpful and supportive revival package.

DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The directors hereby state :-

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimated that 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, namely 31st March 2002 and of the profit and loss of the company for that period.
3. That the Directors had taken proper and sufficient care 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.
4. That the Directors had prepared the annual accounts on a going concern basis.

PARTICULARS AS REQUIRED UNDER SECTION 217 (2A) AND 217 (1) (e) OF THE COMPANIES ACT, 1956

Information as per Section 217 (2A) & 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is annexed to this Report.

White House Cotton Industries Limited**CORPORATE GOVERNANCE :**

The company has complied with the code of Corporate Governance laid down by SEBI through the Listing Agreement entered with the listed Stock Exchanges. The Report on Corporate Governance is annexed to the Director's Report.

PERSONAL & INDUSTRIAL RELATIONS :

Industrial relations were very much satisfactory. The Board wishes to place on record its appreciation for the efforts put in by the employees.

for and on behalf of the board

Place : Chennai

Date : 15.10.2002

A. ABDULBARI

Chairman & Managing Director

b) Own generation through
Diesel Generator

Units (in lakhs)	1.14	1.47
Units per Litre of diesel oil	3.16	3.30
Cost per unit (Rs.)	5.84	5.51

B) Consumption per unit of production

Electricity - units per Kg. yarn	4.45	4.25
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II Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report.

No employee is in receipt of remuneration exceeding the limits set out under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

for and on behalf of the Board

Place : Chennai

Date : 15th October 2002

A. ABDUL BARI

Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

I Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

- Energy conservation measures taken : Usage of energy is being monitored carefully and awareness to conserve energy has been created.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Energy Wastages have been reduced.
- Total energy consumption and energy consumption per unit of production as prescribed in form "A".

31.03.2002 31.03.2001

Registered Office :

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

A) Power and Fuel Consumption

1) Electricity

a) Purchased

Units (in Lakhs)	50.24	57.42
Total amount (Rs. in Lakhs)	207.48	229.68
Rate per unit (Rs.)	4.13	4.00

White House Cotton Industries Limited**CORPORATE GOVERNANCE REPORT FOR THE PERIOD
1st APRIL 2001 TO 31st MARCH 2002****1. Company's Philosophy**

The company follows good Corporate Governance with the best practices and being transparent and accountable to Shareholders. This has assumed importance in all our dealings and action. It will be the endeavour of the Company to attain and maintain the highest level of Corporate Governance essentially by following best practices of peer leaders of the industry.

2. Board of Directors

The Company has a non-executive Chairman and the number of Independent Directors are two. The number of non-executive Directors is more than 50% of the total number of Directors. None of the Directors on the Board is a Member on more than 4 Committees and Chairman of more than 2 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding committee positions have been made by all the Directors.

Composition and category of Directors

The Board comprises of 9 Directors. The name and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, are given below:

Director	Category	No. of Board Meetings attended	Attendance at last AGM
Mr. A. ABDUL BARI	Chairman & Managing Director	4	Yes
Mr. A. ABDUL TAHIR	Promoter Director	4	Yes
Mr. A. ABDUL WAJED	Promoter Director	4	Yes
Mr. A. MOHAMED IDRIS	Promoter Director	4	Yes
Mr. A. MOHAMED ELYAS	Promoter Director	4	No
Mr. A. MOHAMED MUKHTAR	Promoter Whole-time Director	5	Yes
Mr. A. MOHAMED SHERIFF	Promoter Director	4	No
Mr. J. RADHAKRISHNAN	Independent Director	3	Yes
Mr. D. P. VENKATARAMAN	Independent Director	5	Yes

3. Audit Committee

Composition, Names of Members and Chairman:

Shri. J. Radhakrishnan	Chairman
Shri. A. Mohamed Elyas	Member
Shri D. P. Venkataraman	Member

Meetings and the attendance during the year:

During the year March 31, 2002 four meetings of the Audit Committee were held on the 27.7.01, 16.8.01, 30.10.01 and 25.1.02.

Name of the Member	Status	No. of Meetings Attended
Shri. J. Radhakrishnan	Chairman	3
Shri. A. Mohamed Elyas	Member	4
Shri D. P. Venkataraman	Member	4

Brief Description of Terms of Reference

The Terms of Reference of Audit Committee cover the matters specified for the Audit Committee under Clause 40 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. The role of the Audit Committee is as prescribed under Clause 49(II)(C) of the Listing Agreement.

4. Remuneration to Directors

Remuneration Committee:

The Company did not have any Remuneration Committee during 2001-2002.

Remuneration to Directors:

The Company did not provide any remuneration to the Directors during the year 2001-2002.

Sitting fees paid to Mr. J. Radhakrishnan, Director, for attending the Board Meetings is as follows:

21.04.01	Rs. 500/-
30.10.01	Rs. 500/-
25.01.02	Rs. 500/-

5. Share Transfer Committee

The Committee consists of the following members:

Shri A. Mohamed Elyas	Chairman
Shri A. Abdul Bari	Member
Shri. A. Mohamed Mukhtar	Member