



White House
Cotton Industries Limited

For White House Cotton Industries Ltd.

A handwritten signature in black ink, appearing to be 'J. B. D.', is written over a light green rounded rectangular background. The signature is fluid and cursive.

Director

12th ANNUAL REPORT
2002-2003

BOARD OF DIRECTORS

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

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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

REGISTRARS AND SHARE TRANSFER AGENT:

CAMEO CORPORATE SERVICES LIMITED,
1, CLUB HOUSE ROAD,
CHENNAI-2

White House Cotton Industries Limited**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Twelfth Annual General Meeting of Members of M/s. White House Cotton Industries Limited, will be held on Saturday, the 27th September 2003 at VENKATESWARA CONVENT, 435, MINT STREET, CHENNAI - 600 079 at 10.00 A.M to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended 31st March 2003, the Balance Sheet as on that date and the Report of the Directors' and the Auditors' thereon.
2. To appoint Directors in place of Mr. A. ABDUL THAHIR, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A. ABDUL WAJEED, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. J. RADHA KRISHNAN, 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 modification(s) the following resolution as a Special Resolution:

"RESOLVED that consent of the Members be and are hereby accorded for delisting the Equity shares of the Company from the Coimbatore Stock Exchange in accordance with the relevant laws, rules, regulation and guidelines (including any statutory modification(s) or re-enactment there of for the time being in force and as may be enacted hereafter) and subject to such approval, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be necessary for this purpose.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to take all the necessary steps in this regard and to do all such acts, deeds, matters and things as it may deem fit, proper or desirable to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares from the Coimbatore Stock Exchange.

For and on behalf of the Board
for WHITE HOUSE COTTON INDUSTRIES LIMITED

Place : Chennai

Date : 27th August 2003

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. The Explanatory statement pursuant to Sec.173(2) of the Companies Act, 1956 in respect of item no.6 is annexed.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2003 to 27.09.2003.(both days inclusive)
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 - 600 003.
6. For any queries on the Depository System, members may contact their Depository Participant or the Secretarial Department at the Registered Office of the Company.

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. ABDUL THAHIR

Shri. A. Abdul Thahir is aged 55 years having more than 30 years experience in Textile Industry.

Shri. A. Abdul Thahir 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, European and Gulf Countries. He is also on board of White House Process (P) Limited and Almira Travel (P) Ltd.

SHRI. A. ABDUL WAJEED

Shri. A. Abdul Wajeed is aged 50 years having 25 years experience in Textile Industry.

Shri. A. Abdul Wajeed 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, European and Gulf countries. He is also on board of White House Process (P) Limited

White House Cotton Industries Limited**SHRI. J. RADHAKRISHNAN**

Shri. J. Radhakrishnan is aged 63 years having more than 8 years experience in Textile Industry. Shri J. Radhakrishnan was first appointed on the Board during the year 1995. He was secretary of Vellalar Co-operative Bank over 35 years and now he is the secretary of Suriyan Benefit Fund Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

Presently the Equity Shares of the Company are listed on the Stock Exchanges at Chennai, Mumbai and Coimbatore. It has been observed that since last few years trading in shares of your company on Coimbatore Stock Exchange has been rare and of very low volume. Your Company has been spending considerable amount of money on listing fees, communications in the form of fax intimations, registered letters, etc., with this stock exchange. Considering these facts the Board of Directors proposed voluntary delisting of Equity shares of your Company from the Coimbatore Stock Exchange. The Shareholders/investors in this region will not suffer due to delisting, since the shares of the company continue to be listed on the Stock Exchange, Mumbai having nation wide terminals where trading can be easily done from all over the country.

As required by the SEBI Guidelines on voluntary delisting of shares, your approval is sought by way of special resolution for delisting the shares of the company from the said stock exchange.

The Board recommends the passing of Special Resolution.

None of the directors is concerned or interested in the passing of the above resolution.

For and on behalf of the Board
for WHITE HOUSE COTTON INDUSTRIES LIMITED.

Place: Chennai

A. Abdul Bari

Date: 27th August 2003 Chairman and Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twelfth Annual Report on the working of the Company together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL PERFORMANCE

	Year ended 31.3.2003 (Rs. in lacs)		year ended 31.3.2002 (Rs. in lacs)
Income from operations	1916.55		1690.55
Other Income	12.18		4.80
	<u>1928.73</u>	(A)	<u>1695.35</u>
Total expenditure	1844.69		1623.66
Interest	174.54		189.07
	<u>2019.23</u>	(B)	<u>1812.73</u>
Gross Profit/(Loss) before Depreciation & taxation (A-B)	(90.5)	(C)	(117.38)
Depreciation	188.00	(D)	181.47
Provision for taxation	---		---
Net Profit/(Loss) (C-D)	(278.50)		(298.85)

REVIEW OF OPERATIONS

During the year under review, the company incurred a net loss of Rs. 2,78,50,775/- which is reduced to some extent as compared to the last year net loss of Rs.2,98,85,444/-. This was mainly due to control over the cost of Manufacturing, Administrative & other expenses. 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 under review.

DIRECTORS

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

1. Mr. A. ABDUL THAHIR
2. Mr. A. ABDUL WAJEED
3. Mr. J. RADHAKRISHNAN

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.

White House Cotton Industries Limited**PREFERENTIAL ALLOTMENT OF SHARES**

The Listing approval for 60,00,000 Equity Shares of Rs.10/- each allotted to promoters on a preferential basis has been obtained from Madras Stock exchange and The Stock Exchange, Mumbai.

STATUS WITH BIFR

The Company had already made a reference to the BIFR for a help 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 estimates 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 2003 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 Companies Act, 1956 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.

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 Directors' 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

ANNEXURE TO DIRECTORS' REPORT

- 1 There was no foreign exchange inflows and outflows as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken : Usage of energy is being monitored carefully and awareness to conserve energy has been created.
- b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy: Nil
- c) 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.
- d) Total energy consumption and energy consumption per unit of production as prescribed in form "A".

31.03.2003 31.03.2002

A) Power and Fuel Consumption**1) Electricity****a) Purchased**

Units (in Lakhs)	59.60	50.24
Total amount (Rs. in Lakhs)	241.52	207.48
Rate per unit (Rs.)	4.05	4.13

b) Own generation through**Diesel Generator**

Units (in Lakhs)	1.93	1.14
Units per Litre of diesel oil	3.31	3.16
Cost per unit (Rs.)	5.78	5.84

B) Consumption per unit of production

Electricity - units per Kg. yarn	4.07	4.45
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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 : 27.08.03

A. ABDUL BARI
Chairman and Managing Director

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

Place : Chennai
Date : 27.08.2003

A. ABDULBARI
Chairman & Managing Director

White House Cotton Industries Limited**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****BUSINESS PROFILE**

White House Cotton Industries Limited had been established in the year 1994 with a spinning capacity of 12096 spindles. The yarn produced range between counts 25/1 to 40/1. The yarn produced is 100% cotton and 40% of its production caters to the requirement of its group company. The balance yarn is marketed locally and depending on price realization a part of it is exported. Additional machineries have been added over the years to obtain optimum production, but spindle capacity remains at 12096.

INDUSTRIAL SCENARIO AND DEVELOPMENTS

Due to hike in international prices of cotton, domestic cotton also increased in leaps and bounds during the last financial year. However there was no corresponding increase in the price of cotton yarn. Due to this disparities in prices, your company has lost heavily during the last year also. However there is expectation of bumper crop of cotton during the year and the forward cotton prices have come down already. There is every possibility of your company turning the corner during the end of this year.

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR 2002-03

Your Company Your company has recorded an increase of 13.76% in gross income from Rs. 1695.35 to Rs. 1928.73 during this year. However there is only a marginal decrease in net loss from 298.85 lacs to 278.51 lacs. There has been no major change in the financial expenses for this year over the last year. The accumulated loss of your company upto year ending 31-03-03 is Rs. 139484 lacs.

OUT LOOK

The outlook for the year The outlook for the year 2003-04 in the second half looks promising as there is expectation of bumper crop of cotton and consequent decrease in prices. The forward rate has already started decreasing. Remunerative counts are being manufactured as per the requirements of the trade to prevent accumulation of stocks. In view of the abundant requirement of hank yarn for the local Chennai lungi manufacturers, we have started manufacturing warp yarn to be reeled as hank yarn for them. We have also aggressively campaigning to grab Andhra Yarn market.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

We have already reduced our staff strength as a cost control measure and managing without increasing the same again.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

In view of difficult times faced by the industry the head count of your company has been reduced from 143 to 106, the fruits of which will be reaped in the coming years.

CORPORATE GOVERNANCE REPORT FOR THE PERIOD 1st APRIL 2002 TO 31st MARCH 2003**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 an 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 names 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 held	No. of Board Meetings attended	Attendance at last AGM	Number of other Directorships, Committee Memberships and Chairmanships		
					Other Directorships	Committee Membership	Committee Chairmanship
Mr. A. ABDUL BARI	Chairman & Managing Director	4	4	Yes	3	-	-
Mr. A. ABDUL TAHR	Executive Director	4	3	No	3	-	-
Mr. A. ABDUL WAJED	Promoter Non-Executive Director	4	4	No	2	-	-
Mr. A. MOHAMED IDRIS *	Promoter Non-Executive Director	4	3	Yes	2	-	-
Mr. A. MOHAMED ELYAS	Promoter Non-Executive Director	4	3	Yes	2	-	-
Mr. A. MOHAMED MUHYITAR	Promoter Executive Whole-time Director	4	2	Yes	2	-	-
Mr. A. MOHAMED SHERIFF *	Promoter Non-Executive Director	4	3	No	-	-	-
Mr. J. RADHAKRISHNAN	Independent Director	4	3	Yes	1	-	-
Mr. D. P. VENKATARAMAN	Independent Director	4	4	Yes	1	-	-

* - Resigned with effect from 1.4.2003