



White House

Cotton Industries Limited

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ANNUAL REPORT

2003-2004

Contents

Notice to Shareholders	3
Directors' Report	4
Corporate Governance	6
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Cash Flow Statement	20
Balance Sheet Abstract	21

BOARD OF DIRECTORS

V. JEGANNATHAN - Chairman and Managing Director
V. DEVARAJ - Executive Director
 K. VENKITASAMY - Director
 K. NARAYANA SWAMY - Director
 R. RADHAKRISHNAN - Director
 R. KARTHIK - Director
 S. P. MUTHURAMAN - Director
 D. P. VENKATARAMAN - Director

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 Annual General Meeting of the Company, will be held on Thursday, the 30th September 2004, 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 audited Balance Sheet as at 31st March 2004 and Profit and Loss Account for the year ended 31st March 2004, and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. D. P. VENKATARAMAN, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL NOTICE PURSUANT TO SECTION 225

3. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. K. Kumaraswamy & Co., Chartered Accountants, be and are hereby appointed as Auditors in the place of retiring auditors M/s. Somasundaram & Sivaraman, to hold office from the conclusion of this Annual General Meeting until the conclusions of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS

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

RESOLVED THAT Mr. V. Jegannathan be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. V. Devaraj be and is hereby appointed as Director of the Company, liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

RESOLVED THAT, in pursuant to the provisions of Section 198, 309, 310 and 269 read with Schedule XIII and other applicable provisions, if any of the Companies Act 1956, Mr. V. Jegannathan be and is hereby appointed as Managing Director of the

Company with effect from 21st June 2004 on a honorary basis for the period of three years.

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

Resolved That, in pursuant to the provisions of Section 198, 309, 310 and 269 read with Schedule XIII and other applicable provisions, if any of the Companies Act 1956, Mr. V. Devaraj be and is hereby appointed as an Executive Director of the Company with effect from 21st June 2004 on a honorary basis for the period of three years.

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

RESOLVED THAT Mr. K. Venkatasamy be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. R. Karthik be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. R. Radhakrishnan be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. K. Narayana Swamy be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. S. P. Muthuraaman be and is hereby appointed as Director of the Company, liable to retire by rotation.

13. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

(This item will be transacted through postal ballot as required under section 192A of the Companies Act, 1956 and the rules framed thereunder. The results of the postal ballot will be announced in the AGM).

Resolved that pursuant to the provisions of Section 146 and other applicable provisions, if any, of the Companies

WHITE HOUSE COTTON INDUSTRIES LIMITED

Act, 1956, and subject to the statutory approval/confirmation, if any, required in this regard, the place of Registered office of the company presently situate at 1096, E. V. R. Periyar Road, Periamet, Chennai - 600 003, be and is hereby changed to be situate at the factory premises at S.F. No. 1, Vedanthangal Road, Kolambakkam Village, Maduranthagam Taluk, Kancheepuram District - 603 308.

Resolved further that Mr. V. Jegannathan, Managing Director and Mr. D. P. Venkataraman, director of the Company be and is hereby severally authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution.

14. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

Resolved that in pursuance of section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government (Registrar of Companies) and other statutory approval(s), if any, required in this regard, the name of the Company be changed from "WHITE HOUSE COTTON INDUSTRIES LIMITED" to "SRI NANDAA SPINNERS LIMITED".

Resolved further that the name "WHITE HOUSE COTTON INDUSTRIES LIMITED" wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name "SRI NANDAA SPINNERS LIMITED".

Resolved further that Mr. V. Jegannathan, Managing Director and Mr. D. P. Venkataraman, Director of the Company be and is hereby severally authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution.

15. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

Resolved that approval be and is hereby accorded to the board of directors in terms of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 to keep the register of members and the index of members at M/s. Cameo Corporate Services Limited, (Registrar & Share Registry Agent of the Company) 'Subramanian Building' No.1, Club House Road, Chennai - 600 002 instead of keeping them at the registered office of the Company.

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

Place : Chennai
Date : 27th August 2004

V. JEGANNATHAN
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. Transaction at serial number 13 requires consent of shareholders through postal ballot.
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 27.09.2004 to 30.09.2004.(both days inclusive)
5. The Explanatory statement pursuant to Sec.173(2) of the Companies Act, 1956 in respect of the special business is annexed.

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.

MR. D. P. VENKATARAMAN

Mr. D. P. Venkataraman, B.Sc., CAIIB, has served Punjab National Bank for over forty years.

He is at present consultant to the White House Group of Companies. He is also in the board of White House Cotton Industries Limited and Pondy Oxides Limited.

MR. V. JEGANNATHAN

Mr. V. Jegannathan, aged 52 years, is having more than 25 years of practical experience in Textile Industry. He is also a partner in M/s. Sri Moogambigai Spinnors and M/s. Sri Velan Textiles, units engaged in manufacturing of yarns.

MR. V. DEVARAJ

Mr. V. Devaraj, aged 47 years, is having more than 20 years experience in Textile Industry. Earlier he was involved in procuring the cotton from up countries & ginning.

MR. K. VENKITASAMY

Mr. K. Venkitasamy, aged about 52 years, is having 20 years of experience in the textile units.

MR. R. KARTHIK

Mr. R. Karthik, aged 23 years, has completed B.E. in Mechanical Engineering. He is a young and energetic person with innovative sickles.

MR. R. RADHAKRISHNAN

Mr. R. Radhakrishnan aged 51 years is basically an engineering graduate. He has good technical knowledge in textile industry and having more than 15 years of experience.

MR. S. MUTHURAMAN

Mr. S. P. Muthuraaman, aged about 51 years, is a technical person having 32 years of experience in the textiles industry. He has earlier served as an employee in spinning industries at various levels and handled a lot of technical matters. He was also 'Approved Valuer' for assign textile units with TIIC. He has also received best thesis award from Ministry of Textile, India and from Government of Switzerland.

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

ITEM NO.4 TO 7

The board of directors at their meeting held on 21st June 2004 has co opted and appointed Mr. V. Jegannathan as Managing director and Mr. V. Devaraj

WHITE HOUSE COTTON INDUSTRIES LIMITED

as Executive director of the company on the terms and conditions as mentioned in the proposed resolution which requires the approval of shareholders under the Companies Act, 1956.

Hence the resolution is put before the members for their approval.

Except Mr. D. P. Venkataraman and Mr. S. P. Muthuraman, all other directors are deemed to be interested in the resolution.

ITEM NO.8 TO12

As per Section 260 of the Companies Act, 1956, the directors Mr. K. Venkatasamy, Mr. R. Karthik, Mr. R. Radhakrishnan, Mr. K. Narayana Swamy and Mr. S. P. Muthuraman shall hold office only upto the date of the ensuing Annual General Meeting. The company has received notice under Section 257 of the Act, proposing all these directors for appointment.

Except Mr. D. P. Venkataraman, all other directors are deemed to be interested in the resolution.

ITEM NO. 13

At present, the Registered Office of the Company is situated at 1096, E. V. R. Periyar Road, Periamet, Chennai - 600 003. The Board of Directors of the Company, at their meeting held on 27th August 2004, has approved, subject to your approval, to shift the registered office of the Company to the factory premises at S.F. No. 1, Vedanthangal Road, Kolambakkam Village, Maduranthagam Taluk, Kancheepuram District - 603 308, for better operational convenience and administrative control since the said functions are being exercised at the factory. Further, the proposed shifting of registered office to the factory premises will contribute for cost reduction besides facilitating better operational convenience and administrative control.

Hence, the Board recommends the Resolution for your approval.

None of the Directors is concerned or interested in the said Resolution except to the extent of shares held by them in the Company.

ITEM NO.14

Consequent to the change in the management, it is felt desirable to change the name of the company from "White House Cotton Industries Limited" to "SRI NANDAA SPINNERS LIMITED". The Registrar of Companies, Chennai vide their letter dated 26th August 2004, has made available the above said name for adoption and subject to the resolution being passed an application will be made to the Registrar of Companies for confirmation to the change of name.

None of the Directors is concerned or interested in the said Resolution except to the extent of shares held by them in the Company.

ITEM NO.15

In terms of Section 163 of the Companies, Act, 1956, the register of members and the index of members are required to be kept at the registered office of the Company. Since, M/s. Cameo Corporate Services Limited is being engaged as the Company's Registrar & Share Registry Agent, the board finds it necessary to keep the above said register and index of members with them. Hence this resolution has been put before the members for their approval.

A copy of the proposed special resolution is being delivered to the Registrar of Companies, Tamil Nadu.

None of the Directors are interested in the resolution except as shareholders of the Company and they recommend the resolution for your approval.

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

Place: Chennai
Date: 27th August 2004

V. JEGANNATHAN
Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Audited Accounts for the working of the Company together with the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL PERFORMANCE:

Particulars	Year ended 31.3.2004 (Rs. in lacs)	Year ended 31.3.2003 (Rs. in lacs)
Sales	2233.64	1916.55
Other Income	3.56	12.18
Total Income	<u>2237.20</u>	<u>1928.73</u>
Less: Total expenditure (Excluding depreciation & financial expenses/interest)	2125.57	1844.69
Profit before Interest depreciation & Tax	111.63	84.03
Less: Financial expenses / Interest	82.88	174.54
Profit/(Loss) before Depreciation & tax	28.75	(90.51)
Less :Depreciation	207.72	188.00
Profit/(Loss) before Tax	(178.97)	(278.51)
Less: Provision for taxation	---	---
Net Profit/(Loss)	<u>(178.97)</u>	<u>(278.51)</u>

REVIEW OF OPERATIONS:

During the year under review, the company has made a profit of Rs. 28.75 Lakhs PBDT (Profit before depreciation & tax) as against the loss of Rs. 90.51 Lakhs for the previous year. The financial expenses has been extensively reduced from Rs. 174.54 Lakhs to 82.88 Lakhs for the current year.

Since takeover of management from the erstwhile promoters, the new management has made one time settlement of amount due to Industrial Development Bank of India, consequently the financial expenses will be considerably reduced in the future years. Further the company is constantly striving to control the cost of manufacturing, administrative and other expenses. Your company is confident that it will overcome the crisis and further improve the performance during the current year under review.

BOARD OF DIRECTORS:

On 21st June 2004, the erstwhile promoters share holding of 1,06,54,600 shares representing 71.03% of the company has been transferred to and vested with the new management for which Securities and Exchange Board of India has been given their approval under SEBI (Substantial Acquisition of shares and takeovers) Regulations, 1997.

Consequent to acquisition of erstwhile promoter's shareholding, the board of directors of the company has been reconstituted with effect from 21st June 2004. The board consists of the following directors

1. Mr. V. Jegannathan, Managing Director
2. Mr. V. Devaraj, Executive Director
3. Mr. K. Venkatasamy, Director
4. Mr. K. Narayana Swamy, Director
5. Mr. R. Radhakrishnan, Director
6. Mr. R. Karthik, Director
7. Mr. S. P. Muthuraman, Director
8. Mr. D. P. Venkataraman, Director

WHITE HOUSE COTTON INDUSTRIES LIMITED**AUDITORS**

Notice under Section 225 of the Companies Act, 1956, has been given by a member of the Company, proposing for the appointment of M/s. K. Kumaraswamy & Co., Chartered Accountants, as Auditors, in the place of the retiring auditors, M/s. Somasundaram & Sivaraman, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

DEPOSITS

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

QUALIFICATION IN AUDITORS' REPORT

The amount due to Industrial Development Bank of India (IDBI) has been fully honoured by way of One Time Settlement (OTS) agreed between the bank and the company. IDBI vide its letter dated 22nd June 2004 acknowledged the OTS made by the company and also the satisfaction of charges filed with the Registrar of Companies.

STATUS WITH BIFR

The earlier management has already made a reference to the BIFR for a help and supportive revival package.

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 Board of Directors) Rules, 1988 is annexed to this Report.

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

Your Directors 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 they 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 and of the profit and loss of the company for that period.
3. That they 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 they had prepared the annual accounts on a going concern basis.

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

for WHITE HOUSE COTTON INDUSTRIES LIMITED

Place : Chennai

Date : 27th August 2004

V. JEGANNATHAN

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT**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 per in Form A.

	31.03.2004	31.03.2003
A) Power and Fuel Consumption		
1) Electricity		
a) Purchased		
Units (in Lakhs)	62.30	59.60
Total amount (Rs. in Lakhs)	264.52	241.52
Rate per unit (Rs.)	4.25	4.05
b) Own generation through		
Diesel Generator		
Units (in Lakhs)	1.16	1.93
Units per Litre of diesel oil	3.02	3.31
Cost per unit (Rs.)	5.50	5.78
B) Consumption per unit of production		
Electricity - units per Kg. yarn	3.99	4.07

Foreign exchange earnings and outgo

There was no foreign exchange earnings and expenditure 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.

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 : 27th August 2004

V. JEGANNATHAN

Chairman and Managing Director

Registered Office :

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

WHITE HOUSE COTTON INDUSTRIES LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****BUSINESS PROFILE**

White House Cotton Industries Limited was originally incorporated in the year 1989, as a Private Limited Company and subsequently converted into public company in the year 1994 under section 44 of the Companies Act, 1956. In the year 1994, the company has a spinning capacity of 12096 spindles (12 frames). 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 requirements of its erstwhile group company. The balance yarn is marketed locally.

INDUSTRIAL SCENARIO AND DEVELOPMENTS

The demand and supply of cotton are price sensitive despite various distortions in the world market. World production of cotton, was 20.42 million tons in the year 2003-04, and the estimate for 2004-05 is expected to be around 22.0 million tons.

The agreement of Textiles and Clothing will end on 31.12.2004 and thus from January 2005 onwards, it poses a massive challenge to all the textile manufacturers in India as well as in abroad. The re-positioning of Indian textile suppliers in the post quota regime is expected to bring some fundamental changes.

FINANCIAL PERFORMANCE OF THE COMPANY

During the financial year 2003-04, the sales made by the Company was Rs.2233.64 Lakhs, thereby registering a growth of 16.5% over the last year. Further the company has made Rs.28.75 Lakhs as profit before depreciation as against the loss of Rs. 90.51 Lakhs made during the previous year. Thus the financial performance of the company promises positive growth.

OUT LOOK

As discussed in the director's report, the new management has taken over the entire operations of the company with effect from 21st June 2004. Since takeover, the new management has made one time settlement of amount due to Industrial Development Bank of India, consequently the financial expenses will be considerably reduced in the future years. Further, the new management plans to add four more frames, thereby enhancing the number of spindles to 16128, subject to the approval of statutory authorities.

The board of directors of the company is planning to concentrate on karded cotton yarn, which has more demand in the powerloom sector. Thus the management is constantly endeavoring all their efforts to review the company and promote for the its growth and development.

**CORPORATE GOVERNANCE REPORT FOR THE PERIOD
1st APRIL 2003 TO 31st MARCH 2004****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 7 Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year ended 31st March 2004 and at the last Annual General Meeting, are given below:

Director	Category	No. of Board Meetings held	No. of Board Meetings attended	Attendance or less AGM	Number of other Directorships, Committee Memberships and Chairmanships		
					Other Directorships	Committee Membership	Committee Chairmanship
Mr. A. ABDUL BARI	Chairman & Managing Director Executive	5	1	Yes	3	-	-
Mr. A. ABDUL TAHIR	Promoter Director Non-Executive	5	3	Yes	2	-	-
Mr. A. ABDUL WAJED	Promoter Director Non-Executive	5	1	No	2	-	-
Mr. A. MOHAMED ELIAS	Promoter Director Executive	5	4	Yes	2	-	-
Mr. A. MOHAMED MURTHA	Promoter Whole-time Director Executive	5	4	Yes	2	-	-
Mr. J. RADHAKRISHNAN	Independent Director	5	4	Yes	1	-	-
Mr. D. P. VENKATARAMAN	Independent Director	5	5	Yes	1	-	-