



**ANNUAL REPORT**  
**2013-2014**



## BOARD OF DIRECTORS

Daud Ali	Managing Director
Narendra Bhanawat	Executive Director
Magan Lal Sharma	Director
Mukesh Kumar Kothari	Director
Mrs. Namrata Babel	Director (w.e.f. 29.5.2014)

## COMMITTEE OF THE BOARD

### AUDIT COMMITTEE

Magan Lal Sharma - Chairman  
Narendra Bhanawat  
Mukesh Kumar Kothari  
Mrs. Namrata Babel

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Magan Lal Sharma - Chairman  
Narendra Bhanawat  
Mukesh Kumar Kothari  
Mrs. Namrata Babel

### NOMINATION AND REMUNERATION COMMITTEE

Magan Lal Sharma - Chairman  
Narendra Bhanawat  
Mukesh Kumar Kothari  
Mrs. Namrata Babel

### AUDITORS

Sampati Lal Bohara & Co.  
Chartered Accountants

### BANKERS

iCiCi Bank Limited  
YES Bank Limited  
IDBI Bank

### REGISTERED OFFICE & WORKS

Kodiyat Road,  
Village : Sisarma  
District : Udaipur (Raj.)

### INVESTOR QUERIES

email:-investor@italicafurniture.com

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#### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants, Members who hold shares in physical form are requested to register their e-mail addresses with the company.



## DIRECTORS' REPORT

To The Members,

The Directors of your Company have pleasure in presenting their Twenty Second Annual Report and the Audited Accounts of the Company for the year ended 31.3.2014

## FINANCIAL RESULTS

(Rs. in lacs.)

Particulars	2013-2014	2012-2013
Turnover	3469.78	2800.22
Other Income	121.20	37.67
Profit/Loss(-) before Tax, Interest, Depreciation and extra ordinary items	104.24	50.13
Interest	41.61	37.10
Depreciation	87.67	109.45
Profit/(Loss) before Tax and extra ordinary items	-25.04	-96.50
Provisions for Income Tax	0	0
Extra Ordinary items	1506.11	308.65
Profit/(Loss) after Tax and extra ordinary items	1461.07	212.15
Surplus carried from previous year	-6639.71	-6651.06
Balance carried to Balance Sheet	-5156.64	-6639.71

## DIVIDEND

In view of the poor performance of the company, your Directors are unable to recommend any dividend for the year 2013-2014.

## OPERATIONS

During the year under review the Company recorded a turnover of Rs.3469.78 lakhs (pr.yr. Rs.2800.22 lakhs) registering a growth of 23.91% over the previous year and earned a cash profit of Rs.62.63 lakhs (pr.yr. Rs. 12.95 lakhs).

The Management is taking every possible step to stream line its operations and to put the Company on growth path. Its endeavours are manifesting the results despite non-availability of adequate working capital, competitive environment etc.

Your directors hope with the implementation of the revival scheme as sanctioned by the Board for Industrial and Financial Reconstruction (BIFR), the endeavours of the management will get momentum.

## REHABILITATION AND REVIVAL

Your company is viable and can be revived. Acknowledging this the Board for Industrial and Financial Reconstruction (BIFR) sanctioned a scheme for rehabilitation of the Company vide order dated 15.07.2013 on certain terms and conditions. The scheme inter alia includes reduction of the share capital, infusion of the funds by the promoter and relief, concession and waivers etc.

The Scheme is under implementation and in accordance with the sanctioned scheme

- The Company reduced the share capital to the extent of 60% by reducing the paid up value of per share from Rs. 10/- to Rs. 4/- thereby reducing the share capital from Rs.1550 lakhs divided into 15500000 equity shares of Rs.10/- each to Rs. 620 lakhs divided into 15500000 equity shares of Rs. 4/- each.
- Promoters infused a sum of Rs. 930.00 lakhs by way of capital. Against this Company issued 23250000 equity shares of Rs. 4/- each aggregating to Rs. 930.00 lakhs.

## CAPITAL :

### Authorised :

During the year the authorised share capital of the company was altered by sub-dividing its equity share of Rs.10/- each into equity share of Rs.4/- each. After sub-division the authorised share capital is Rs. 2500 lakhs divided into 62500000 equity shares of Rs. 4/- each.

## ISSUED, SUBSCRIBED AND PAID-UP :

Consequent upon the implementation of the Sanction Scheme as mentioned under para "REHABILITATION AND REVIVAL" above the issued, subscribed and paid up capital of the Company is Rs.1550 lakhs divided into 38750000 equity shares of Rs. 4/- each.

## ISSUE OF EQUITY SHARE ON PREFERENTIAL BASIS

To provide the adequate working capital to support the operations subsequent upon the sanction of scheme by the BIFR on long term basis the Company issued 13750000 warrants convertible into equity shares for a consideration of Rs. 4/- each to the promoters and investors in accordance with the chapter VII of the Securities and Exchange Board of India (Issue of share capital and Disclosure Requirements) Regulations, 2009. On 11.01.2014 entitling the holder of each warrant, from time to time to apply for and obtain allotment of one equity share of Rs.4/- (Rupees four only) each fully paid up against such warrant, in one or more tranches not exceeding 18 months from the date of allotment of warrants.

## DIRECTORATE :

In terms of the Articles of Association of the Company, Mr. Magan Lal Sharma (DIN:00250883), Mr. Narendra Bhanawat (DIN:00146824) Directors retire at the ensuing Annual General Meeting. Mr. Narendra Bhanawat being eligible has offered himself for re-appointment. The Company has received requisite notice in writing from member proposing Mr. Magan Lal Sharma for appointment as an Independent Director.

Mrs. Namrata Babel (DIN:06910061) was appointed as an additional Director with effect from 29-05-2014 and she ceased to be a director at the commencement of the ensuing annual general meeting. The Company has received a notice in writing under section 160 proposing her for the office of director as an Independent Director alongwith requisite deposit.

The Board has received declaration from the Independent Directors of the Company confirming that Mr. Magan Lal Sharma and Mrs. Namrata Babel meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Your Directors recommend the above appointment /re-appointment.

In terms of the Articles of Association of the Company, Mr. Magan Lal Sharma (DIN : 00250883) and Mr. Narendra Bhanawat (DIN:00146824) Directors retire at the ensuing Annual General Meeting. Mr. Narendra Bhanawat being eligible has offered himself for re-appointment. The Company has received requisite notice in writing from member proposing Mr. Magan Lal Sharma for appointment as Independent Director.

The Company has received declaration from the Independent Director of the Company confirming that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Your Directors recommend the above appointment /re-appointment.

## FIXED DEPOSITS :

The Company has not accepted any deposit from public during the year ended 31st March, 2014, under section 58-A of the Companies Act, 1956.

## LISTING OF SHARES

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and the National Stock Exchange Limited, Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra-East, Mumbai 400051. The listing fees for the year 2013-2014, has been paid

The 2,32,50,000 Equity Shares @ Rs.4/- per shares as per revival



scheme have been listed and trading approval have been received from Bombay Stock Exchange Limited and National Stock Exchange Limited.

The Bombay Stock Exchange Limited and National Stock Exchange Limited, Exchange has granted pre-approval of 1,37,50,000 warrants @ Rs.4/- to Promoters and Investors on preferential basis as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

## HUMAN RESOURCES

Your Directors would like to place on record their appreciation of the efficient and loyal services rendered by all staff and workforce of the Company, without whose wholehearted efforts, the overall satisfactory performance would not have been possible.

There are no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, it is stated that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to the material departures, if any,
- (ii) the directors had selected such accounting policies and applied them consistently and made judgement 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 loss of the Company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records, and the adequate steps have been taken to make it afresh, 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) The directors had prepared the annual accounts on a going concern basis.

## CONSERVATION OF ENERGY

The Company lays great emphasis on savings in the cost of energy consumption. Therefore, achieving reduction in the per unit consumption of energy is on going exercise in the Company. Effective measures have been taken to minimize the loss of energy as far as possible.

## TECHNOLOGY IMPORT AND ABSORPTION

Constant watch is kept on market trends. New designs are developed to cater market requirements. Processes are adapted to improve product quality thus meeting requirements for use on the latest market trends. The Company does not have a separate Research and Development activity.

The Company has not imported any technology.

## FOREIGN EXCHANGE EARNINGS AND OUT GO

During the year under review there was no earnings and outgo in foreign exchange.

## AUDITORS AND AUDITORS' REPORTS

The Board of Directors of the Company have on the recommendation of the Audit Committee proposed that M/S Sampatlal Bohara & Co.,

Chartered Accountants, Udaipur be re-appointed as the Statutory Auditors of the Company and to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company. M/s Sampatlal Bohara & Co., Chartered Accountants, Udaipur have forwarded their letter to the Company stating that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Auditors' observations in their report are self explanatory and hence do not call for any further clarification.

## Cost Auditors :

Pursuant to the orders issued by the Central Government, the Board of Directors of your Company has appointed M/s Hitesh Jain & Associates as a Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2014-15.

## CORPORATE GOVERNANCE

A separate report on the compliance with clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance and the Auditors' Certificate on its compliance form a part of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report on the operation of the Company is provided in a separate section and forms a part this Report.

## SAFETY

Adequate safety measures and safe working practices have been implemented to ensure safety of workforce, plant and Machinery as well as of the environment.

## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and the senior management personnel have confirmed compliance with the Business ethics and code of conduct for the year ended March, 31, 2014.

## APPRECIATION

Your Directors wish to place on record their appreciation of co-operation and support received from the banks, financial institutions, Customers, Suppliers, Shareholders, Central and State Government Authorities etc. to the continued growth and prosperity of your Company. Your Directors look forward to the continued support of these partners in progress.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the executives, Staff and Workers of the Company for its success.

Place : Udaipur

Dated : 29-05-2014

for and on behalf of the Board of Directors

DAUD ALI      NARENDRA BHANAWAT  
Managing Director      Executive Director





## **ANNEXURE "A" TO THE DIRECTORS REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Directors have the pleasure of presenting the Management Discussion and Analysis Report for the year ended 31-03-2014.

### **A. INDUSTRIAL STRUCTURE AND DEVELOPMENT**

Your company is leading producer of plastic moulded furniture and other injection moulded articles and has a major share in the market. Your Company has seven injection moulding machines, out of it four are indigenous and three are imported and has many moulds/dyes to manufacture plastic moulded furnitures.

Your Company has a total capacity of 9452.000 m.t. per annum. The company is facing severe liquidity crisis and presently capacity utilization is very lower. The capacity utilization of company will increase as soon as funds for working capital will be available. Due to shortage of funds machines and number of moulds remain idle. The company can utilise these only after availability of funds.

Total production during the period from 01.04.2013 to 31.03.2014 is 3095.572 m.t. against the production of 2647.600 m.t. in the preceding year registering a growth of 6.70%. The excess availability as compared to demand has led to severe competition in the market, which has led to the falling price of moulded furnitures.

### **B. OPPORTUNITIES AND THREATS.**

Plastic moulded furniture is replacing wooden and iron furniture day by day due to its low cost hence demand and scope of plastic moulded furniture is also increasing drastically.

The capacity utilization of your company is presently lower due to shortage of working capital, capacity utilization can be increased immediately after availability of funds. Company has to contend with the threat of increased competition from other plastic moulded furniture manufacturer also.

### **C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.**

Your Company is manufacturing plastic moulded furnitures and storage bins. Plastic moulded furniture includes chairs, tables, sunlounger, trolleys etc.

The production of chairs, other articles and house hold articles for the period ended on 31.03.2014 is 3095.572 m.t.

### **D. OUTLOOK**

Margin in plastic moulded furniture are expected to go down on account of increase in supply and possible increase in raw material prices. Your Company is trying to increase its production as soon as working capital is available and is also trying to launch new model of

chairs and other articles. Your Company will endeavour to maintain, and enhance its position in the furniture market.

### **E. RISKS AND CONCERNS**

Hike in raw material price, reduction in selling prices and power cost are major issues requiring immediate attentions.

The company faces a threat from competitors, which can, with their new low cost machinery, make a dent in the specially market share of the Company. Higher labour cost and distance from consumption centers put pressure on the Company financials.

### **F. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY.**

There exists a proper and adequate internal control system in the Company for all its activities including safeguarding and protecting its assets against any loss from its unauthorized use or disposition. All transactions are properly documented, authorized, recorded and reported correctly. All the transaction in the Company ensures that all the systems procedures are followed, authorized and recorded properly in the computer media. The system is continuously improved and its effectiveness is enhanced based on feedback from the field.

The above control is further supplemented by exhaustive scope of internal audit, which is carried out by ISO auditors. The policies, procedures and internal control are further reviewed by management on periodical basis.

### **G. FINANCIAL PERFORMANCES.**

Your company achieved a turnover of Rs.3469.78 lakhs during the year 2013-2014 registering a growth of 23.91% over the previous year and earned a cash profit of rs.62.63 lakhs (pr.yr.Rs12.95 lakhs.)

### **H. HUMAN RESOURCES.**

The industrial relation situation was cordial and harmonious and continues to be so at present. The Company has conducted computer training programme primarily to enhance the skill of the workforce. Your Company has the strength of 42 staffs and 46 workers.

### **Cautionary Statement :**

*The Statement in the "Management Discussion and Analysis Report" Section describes the Company's objectives, projections, estimates, expectations and predictions which may be "forward looking statements" within the meaning of the applicable securities laws and regulations and actual results might differ materially from those expressed or implied, depending on the economic and climatic conditions, Government policies and other incidental factors.*



**CORPORATE GOVERNANCE REPORT FOR THE PERIOD  
APRIL 1, 2013 TO MARCH 31, 2014**

**ANNEXURE "B" TO THE DIRECTORS REPORT**

**A. COMPANY'S PHILOSOPHY**

Your Company firmly believes in philosophy of **SERVING SOCIETY THROUGH INDUSTRY**, with the PEACOCK culture being 'We live every moment of life in harmony with nature to create value for ourselves, our stakeholders and the society'.

We also believe in adopting the best global practices in the area of corporate governance and follows the principles of full transparency, accountability, responsibility and fairness, thereby protecting the interests of all its stakeholders.

**B. BOARD OF DIRECTORS :**

**(i) Composition of Board**

The Board of Directors consists of Four members, Two executive and two are non executive. Out of Four Directors two are Independent which is 50% of the total strength of the board. The Company has no Chairman.

(ii) During the period April 2013 to March 2014, Nine Board meetings were held, with atleast one meeting in every quarter and the maximum time gap between any two meetings was not more than 120 days at the following dates :-

(a) April 17, 2013 (b) May 27, 2013 (c) June 20, 2013 (d) July 18, 2013 (e) July 20, 2013 (f) November 14, 2013 (g) November 30, 2013 (h) January 11, 2014 (i) February 10, 2014.

The composition and other details are as under :-

Name of Director	Category of Director	No. of the other directorship held	Membership in committee of other Comp.-held	No. of Board meetings attended	Attendance in last AGM held Yes/No
Mr. Daud Ali	Promoter	04	00	9	Yes
Mr. Narendra Bhanawat	Independent Executive	01	00	9	Yes
Mr. Magan Lal Sharma	Independent Non Executive	01	00	9	Yes
Mr. Mukesh Kumar Kothari	Independent Non Executive	01	00	9	Yes

**(iii) Details of sitting fees etc. paid to Directors.**

No sitting fee was paid during 2013-2014 for attending meetings of the Board and/or committee thereof.

**(iv) Pecuniary Relationship**

Independent Non Executive Directors do not have any Pecuniary Relationship with the Company.

**C. AUDIT COMMITTEE**

The details of the composition, category of members etc. of Audit Committee are as under :-

Name	Category	No. of Meetings held	No. of Meetings attended
Mr. Magan Lal Sharma (Chairman)	Independent Non Executive	04	04
Mr. Narendra Bhanawat	Independent Executive	04	04
Mr. Mukesh Kumar Kothari	Independent Non Executive	04	04

Mr. M.L. Sharma, Mr. Narendra Bhanawat, and Mr. Mukesh Kumar Kothari have expert knowledge of finance and accounting. The role, powers and functions of the Audit Committee are as stated in clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956. The committee reviews the financial statements and other important issues before they

are recommended to the Board.

Minutes of each Audit Committee are placed before and discussed in the Board.

The Audit Committee meetings were held on 27<sup>th</sup> May, 2013, 10<sup>th</sup> July, 2013, 14<sup>th</sup> November, 2013 and 10<sup>th</sup> February, 2014. The necessary quorum was present at all the meetings and all the members attended all the meetings.

**D. Nomination and Remuneration committee**

**(i) Remuneration to Non Executive Directors**

The remuneration, if any, of non-executive Directors shall be recommended by remuneration committee and decided by the Board of Directors.

**(ii) Remuneration of Directors**

Name Director	Salary	Benefits	Bonus	Stock option	Performance linked incentives	Service Contract / Notice period/severance fee
Mr. Daud Ali	888,000	106560	NIL	NIL	NIL	*
Mr. Narendra Bhanawat	54,000	15480	NIL	NIL	NIL	*

\*N.A. / Notice period 3 months / N.A.

**Code of Conduct**

The Board of Directors of Peacock Industries Limited has laid code of conduct for all the directors and senior management. All Directors and designated personnel in the senior management cadre of the Company have affirmed compliance with their respective codes for the year under review. The declaration to this effect signed by Mr. Daud Ali, Managing Director is annexed to this report.

**E. BOARD PROCEDURE**

As per Corporate policy, most of the Statutory and material information is placed before the Board with a view to enable it to discharge its responsibilities efficiently in formulating the strategies and policies for the growth of the Company vis a vis its various stakeholders. The agenda and other relevant papers were circulated well ahead of the scheduled dates of the meeting. All major issues included in the agenda are backed up by comprehensive background information to enable the Board to take informed decisions. The Managing Director briefs the Board at every meeting on the overall performance of the Company. The important matters discussed at the meetings of the Audit Committee and the Share holders' / Investors Grievance Committee are also highlighted. Opinion and advices of the independent non-executive Directors are considered valuable guidance.

During the period April 2013 to March 2014, Nine Board meetings were held. The maximum time gap between any two meetings was not more than four months.

There is no Director who is a member in more than ten committees or acts as a Chairman of more than five committees.

**F. MANAGEMENT**

**(i) Management Discussion and Analysis**

Management Discussion and Analysis is a part of this Annual report.

**(ii) Disclosures**

- For related party transactions please refer Note No.25 to the accounts.
- There was no non-compliance of any provision of law by the Company, nor any penalty / stricture was imposed on the Company by Stock Exchange (s), SEBI or any other authority on any matter related to capital markets during the last three years.