

LIBERTY SHOES LTD.

13th Annual Report 1998-99





OUR CREDO

To ensure that the method we use, is
the latest technology the world over.

To follow the highest standards of
honest workmanship in whatever we

make. To walk the extra mile to ensure
customer satisfaction worldwide. To

remain a true cosmopolitan to the
spirit. To remain a great corporation to

associate with, to work for. To know
that "We are about people".

Liberty
Shoes
Limited

Liberty Group Estd. 1954



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Year Wise Colour Guide

1992-93 1993-94 1994-95 1995-96 1996-97 1997-98 1998-99 1999-2000



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BOARD OF DIRECTORS

P. D. GUPTA
CHAIRMAN

R.K. BANSAL
MANAGING DIRECTOR

ADARSH GUPTA
CHIEF OPERATING OFFICER

SHAMMI BANSAL
EXECUTIVE DIRECTOR

H.K. GUPTA
EXECUTIVE DIRECTOR

D. P. GUPTA
DIRECTOR

SUNIL BANSAL
DIRECTOR

ADESH GUPTA
DIRECTOR

RAMAN BANSAL
DIRECTOR

ADEESH GUPTA
DIRECTOR

D. K. GUPTA
DIRECTOR

S. K. GUPTA
DIRECTOR

P. T. SOOD
COMPANY SECRETARY

REGISTERED OFFICE

LIBERTY PURAM, 13TH MILE STONE,
G.T. KARNAL ROAD, KUTAIL,
PO. BASTARA, DISTT. KARNAL - 132 001
(HARYANA)
TEL : (91)-1748- 52924, 52925, 52850
FAX : (91)-1748-52849

CORPORATE OFFICE

CENTRAL HOUSE, RAILWAY ROAD,
KARNAL - 132 001 (HARYANA)
TEL : (91)-184-255633, 255635, 255637
FAX : (91)-184-255636

MARKETING OFFICE

4/42, PUNJABI BAGH,
NEW DELHI - 110 026
TEL : (91)-11-5194371, 5934943~5
FAX : (91)-11-5455567, 5934940~1
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WORKS I

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WORKS II

LIBERTY COMPLEX,
17TH MILE STONE,
G.T. KARNAL ROAD, GHARAUNDA,
DISTT. KARNAL-132 001 (HARYANA)
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FAX : (91)-1748-52296

BRANCHES

AGRA, BANGALORE, DELHI, GWALIOR,
RAJPURA, SAHARANPUR

AUDITORS

PARDEEP TAYAL & CO., CHARTERED
ACCOUNTANTS, INDIAN BANK
BUILDING, G.T. ROAD,
PANIPAT - 132 103

BANKERS

STATE BANK OF INDIA, (SPECIALISED
COMMERCIAL BRANCH), AMBEDKAR
CROWK, KARNAL-132 001 (HARYANA)

SHARE TRANSFER AGENTS

IN-HOUSE SHARE REGISTRY,
3 COMMUNITY CENTRE, NARAINA
INDUSTRIAL AREA, PHASE - I,
NEAR PAYAL CINEMA,
NEW DELHI - 110 028
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FAX : (91)-11-5792011

CORPORATE ADVISORY

K P M G,
511, WORLD TRADE CENTRE,
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TEL : (91)-11-3351222

E-mail : usarup@in.kpmg.com

PUBLIC RELATION ADVISORY

OGILVY PUBLIC RELATIONS
274, SHAHEED CAPTAIN GAUR MARG,
SRINIVASPURI, NEW DELHI-110 065
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E-mail : mail@ogilvy.com

COMMUNICATIONS ADVISORY

MONTAGE ADVERTISING PVT. LTD.
305, DEEPSHIKHA BUILDING,
8, RAJENDRA PLACE,
NEW DELHI-110 008,
TEL : (91)-11-5746420, 5786051, 5732474
E-mail : montage@del2.vsnl.net.in

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LETTER TO THE SHAREHOLDERS

Dear Valued Shareholder,

The sales have gone up. So have the profits. And the net worth of the Company. We produced more pairs of shoes in this financial year compared to the last year. The EPS of the Company is Rs. 16.53 growing from Rs. 14.92 which was the EPS last year. The proposed dividend has gone up to 55%. This should seem to be a familiar story for you as we complete five pathbreaking years of Liberty Shoes Ltd. since it went public in 1994. In our last Annual Report we had spoken about our passion for footwear, a few good ideas, and the will to make it happen. Over and over again. We seem to be living up to our promise. Which is good in a way because it improves the expectations that the shareholders have from us. It is exactly the enhanced expectations that drives us to plan a future for the Company that creates wealth for the shareholders.

We are committed to improve the value of the Company. Sustained growth in sales and profits will improve the value. But we feel that in order to achieve this we should invest in the people who are helping us to make and sell our products. The Company has undertaken a massive drive to improve the quality and in secondary terms the value of our Channel partners and specific issues are being dealt in a never before conducted training workshops. It is showing results already. It is aiding us to not only sell a larger number of pairs but also reducing the cost of sale. This will soon reflect in the bottom line of the Company and we are very excited about this continuing program.

May we share with you some strategic decisions that have been taken. We feel that after the implementation of these decisions the Company would be cruising to build an identity in the global corporate world. Implementing these decisions would require finance and the Company has decided to increase the equity base of Liberty Shoes Ltd. from the current Rs. 5.07 crores to Rs. 10.50 crores in this millennium. The revenue that is infused in the Company will give us the opportunity to increase the production capacity to meet the demand that is growing for the Company's products. Besides this we will also improve the existing retail infrastructure to provide the consumers of the Company's products a world class shopping ambience.

On to brands. This year the Company will add Force10, Seniorita, Gliders and Geosport brands to its stable. These brands are currently being used by Liberty Shoes Ltd. under a licensing arrangement. We feel that complete ownership of these brands by Liberty Shoes Ltd. will improve the profit making capability of the Company in the long run. Besides the force of a brand provides a solid platform to a Company. Liberty Shoes Ltd. launched its own brand of footwear called "A-ha" in the FMCG category in 1998. The brand is successful in the marketplace which is evident from the fact that in the very first year it has sold over 1.5 million pairs and the Company plans to further strengthen the brand by supporting it further through aggressive marketing and communications support.

Having said this let us assure you that the years ahead are going to see some



innovative and aggressive policies from the Company that will define the Company's growth. As a valued shareholder you will experience the magic of brands. The magic of a five year old redefining rules in the footwear world not just in India but globally.

As we sit down and rededicate ourselves to the mission of creating a world of prosperity and happiness for the shareholders of the Company we would like to put on record the appreciation on behalf of the Company to all the shareholders and partners who have given us the confidence to look at the future in a novel way.

We would also like to share a moment of appreciation for the brave Indian soldiers who gave Indians the Liberty to continue with their heads held high in the world through their valour and sacrifice. We salute them in all humility.

Best wishes to all for the coming millennium.

P. D. Gupta
Chairman

Adarsh Gupta
Chief Operating Officer

Place : Liberty Puram (Karnal)
Date : 23rd August, 1999

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NOTICE

The 13th Annual General Meeting of the members of Liberty Shoes Limited will be held at the Registered Office of the Company at Liberty Puram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal (Haryana) on Monday, 27th September, 1999 at 10.00 AM to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended 31st March, 1999 together with the reports of the Board of Directors & Auditors thereon.
2. To declare a dividend of Rs. 5.50 per Equity Share (55%) for the financial year 1998-99.
3. To appoint a Director in place of Mr. D.K. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.K. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Raman Bansal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors to 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

7. **To consider & if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution :-**

Resolved that in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the Company be & is hereby accorded to the appointment of Mr. R.K. Bansal as Managing Director for a period of 5(five) years with effect from 10th March, 1999 on the terms & conditions hereinafter stated :-

TERMS & CONDITIONS

1. Subject to the superintendence, control & direction of the Board of Directors of the Company, the Managing Director shall have the general conduct & management of the whole of the business and affairs of the Company except in the matters which may be specifically required to be done by the Board either pursuant to the provisions of the Companies Act, 1956 or in terms of the Articles of Association of the Company.
2. Period : 10th March, 1999 to 9th March, 2004
3. Remuneration :-
 - a) Salary : Rs. 30,000/- per month including dearness allowance, if any.
 - b) Perquisites : In addition to the aforesaid salary, Mr. R.K. Bansal shall also be



entitled to perquisites like furnished accommodation, gas, electricity, water & furnishings, medical reimbursement & leave travel concession for self & family, club fees, personal accident insurance etc. in accordance with the rules of the Company. The monetary value of such perquisites being limited to annual salary or Rs. 3,00,000/- per annum, whichever is less, for the purpose of which:

- i) Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such rules, perquisite shall be evaluated at actual cost and;
 - ii) Use of chauffeur driven car for official purposes and telephone at the residence (including payment for local calls and long distance official calls) shall not be included. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.
 - iii) Company's contribution to provident fund & superannuation fund in accordance with the rules of the Company shall not be included in the computation of limits for the perquisites aforesaid.
4. Sitting Fee : The Managing Director shall not be paid any sitting fee for attending the meeting of the Board of Directors or Committee thereof.
 5. Other Terms : The Agreement may be terminated by either party by giving three months notice.

Resolved further that in the event of loss or inadequacy of profits in any financial year of the Company during the term of the office of Mr. R. K. Bansal as Managing Director, the remuneration and perquisites as set out in the resolution be paid or granted to Mr. R. K. Bansal as minimum remuneration, provided that total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any statutory re-enactment thereof.

Resolved further that the Board of Directors of the Company be & is hereby authorised to take such steps as may be necessary to give effect to this resolution.

8. **To consider & if thought fit to pass, with or without modification(s), the following resolution as a special resolution:-**

Resolved that pursuant to the provisions of Section 81 & 81(I-A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary consents/approvals/vettings/permissions of the Securities & Exchange Board of India (hereinafter referred to as SEBI), other relevant/appropriate authority(ies) and subject to such terms and conditions, alterations or modifications as may be required or specified while granting such consents/approvals/vettings/permissions which may be agreed to by the Board of Directors (hereinafter referred to as Board) of the Company, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot Equity Shares not exceeding 1980000 of



Rs. 10 each in one or more tranches on such terms, time & premium as per SEBI guidelines or such other higher premium as Board may think proper, with voting rights in General Meeting of the Company, by way of Rights Offer to the existing Shareholders and/or Public Offer to Indian Public, Non-Resident Indians/Persons of Indian origin residing abroad, Mutual Funds, Investment/Financial Institutions and/or Rights cum Public Offer and/or on Private Placement basis and/or Preferential Allotment to the Promoters/Directors, Financial/Investment Institutions/Companies/Mutual Funds, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors(FIIs) and Public and Private sector Banks etc., in such manner and on such terms and conditions as the Board may in its absolute discretion think fit.

Resolved further that unsubscribed portion of Shares, if any reserved for Preferential Offer(s) to Non-Resident Indians, be allotted to the Mutual Fund(s), Financial/Investment Institution(s) and/or be added back to the Public/Rights/Rights cum Public Offer and to allot the Shares to such applicants who apply for additional Shares so as to get the allotment of Shares in marketable lots at the absolute discretion of the Board of Company and further to retain over subscription as per SEBI guidelines.

Resolved further that the Board will have the absolute authority to increase/reduce and recalculate the number of Equity Shares to be issued and the entitlement thereon or to re-allocate the number of Equity Shares to be issued as it may in its absolute discretion deem fit in the event of any of the terms and conditions being modified or varied by the SEBI, or any authority(ies).

Resolved further that the consent of the Company be and is hereby accorded under the applicable provisions of the Companies Act, 1956 to issue and allot such number of Equity Shares in the Capital of the Company at such time, price or premium and in such manner and in such proportion and on such terms as may be opted by the Board and to do all acts, deeds and things in connection therewith and incidental thereto.

Resolved further that for the purpose of giving effect to any or all of the foregoing, Mr. P.D. Gupta, Chairman, Mr. R. K. Bansal, Managing Director, Mr. Adarsh Gupta, Chief Operating Officer and Mr. P. T. Sood, Company Secretary be and are hereby interalia from time to time, severally authorized to prescribe and finalize the Letter of Offer, and/or Prospectus, Application Form(s) to determine the amount payable on application(s) and allotment and interalia from time to time by way of further calls, if any, in respect of Equity Shares, to appoint advisors, merchant bankers standby underwriters and/or brokers, bankers, agents and any other agency(ies) lawful for the purpose of the above said shares issue and pay, if they think fit, fees, underwriting commission and/or brokerage as may be lawful and reasonable and to give such other directions as they may from time to time think fit and proper and to take such actions, do all such acts, deeds, matters or things whatsoever including settlement of any questions, doubt or difficulty that