LIBERTY LIBERTY SHOES LTD. 16th Annual Report 2001-2002

# **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

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".

A love as boundless as the sky. A warmth as magical as the early morning rays of the sun. A touch as cool and as gentle as the fragrance-laden sea breeze. A bonding as lasting as the one between the moon and the tides.





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COMPANY INFORMATION



# P.D.GUPTA Character ADARSH GUPTA Exercise Director H.K. GUPTA Exercise Director SHAMMI BANSAI Exercise Office for ADESH GUPTA Exercise Director SUNII BANSAI Oncoper S.K.GUPTA Exercise S.K.GOFT ADESIGN RAJHA GOFT MEDICALLED RAJHA GOFT

MUNISH KAKRA Company Secretary & Manager - Corporate Affairs

SUNDEEP RAJA GOYAL

# AUDIT COMMITTEE

S.K.GOEL P.D.GUPTA SUNIL BANSAL RAJEEV GOEL SUNDEEP RAJA GOYAL

# SHARE TRANSFER COMMITTEE

P.D.GUPTA ADARSH GUPTA SUNDEEP RAJA GOYAL

# REGISTERED OFFICE & HUMANTECH CENTRE - 1

Liberty Puram, 13th Mile Stone, G.T.Karnal Road, Kutail,P.O. Bastara, Distt.Karnal - 132001 (Haryana) Tel.: (91)-1748-51101 - 03 Fax: (91) - 1748 - 51100 E-mail: lpm@libertyshoes.com

# HUMANTECH CENTRE - II

Liberty Complex, 17th Mile Stone, G.T.Karnal Road,Gharaunda, Distt.Karnal - 132 001(Haryana) Tel : (91)-1748 - 51111 - 14 Fax : (91) - 1748 - 51000 E-mail : ghd@libertyshoes.com

# CORPORATE OFFICE

Central House, Liberty Road, Karnal - 132 001 (Haryana ) Tel : (91)-184 - 252533 , 88 Fax : (91) - 184 - 256400 E-mail : knl@libertyshoes.com

### MARKETING OFFICE

4/42 , Punjabi Bagh , New Delhi - 110 026 Tel: ( 91) - 11 - 5934943 - 5 Fax : (91) - 11 - 5934940 - 1 E-mail : del@libertyshoes.com

### **BRANCHES**

Agra, Bangalore,Chennai, Delhi, Jaipur, Jammu,Rajpura,Saharanpur

### DANIFEDE

State Bank Of India, (Specialised Commercial Branch) Ambedkar Chowk, Karnal -132001(Haryana)

### **AUDITORS**

Pardeep Tayal & Co., Chartered Accountants, Indian Bank Building , G.T.Road, Panipat- 132103 (Haryana)

# **COST AUDITORS**

K.L.Jaisingh & Co. Cost Accountants, Jaisingh House , J-7, Sector - XI ,Noida - 201301 (U.P.)

# INTERNAL AUDITORS

Ajay Dhingra & Co., Chartered Accountants, 432, Sector - 7, Urban Estate, Karnal - 132001 (Haryana)

# SHARE TRANSFER AGENTS

In-house Share Registry,
3,Community Centre,Naraina Industrial Area, Phase - I,
New Delhi - 110 028
Tel: (91) -11 - 5792012-15
Fax: (91) -11 - 5792011
E-mail: inhouse @bol.net.in

# CORPORATE ADVISORY

KPMG, Block No . 4 B
DLF Corporate Park, DLF City ,Phase -3,
Gurgaon - 122 003 (Haryana)
Tel : (91) -11-916-549191
E-mail : paruljain@in.kpmg.com

# COMMUNICATION 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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# **NOTICE**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of Liberty Shoes Limited will be held on Monday, 29<sup>th</sup> July, 2002 at 11:00 AM at the Registered Office of the Company at Libertypuram, 13<sup>th</sup> Milestone, G.T. Karnal Road, Kutail, P. O. Bastara, Distt. Karnal (Haryana) 132 001 to transact the following business: -

# **AS ORDINARY BUSINESS**

- 1. To consider & adopt the Audited Profit & Loss Account for the Financial Year ended 31<sup>st</sup> March, 2002 and Balance Sheet as at that date alongwith the Reports of the Board of Directors & Auditors thereon.
- 2. To declare Dividend on Equity Shares.
- 3. To appoint a Director in place of Sh. P. D. Gupta, who retires by rotation and is eligible for re-election.
- 4. To appoint a Director in place of Sh. S. K. Goel, who retires by rotation and is eligible for re-election.
- To appoint M/s. Pardeep Tayal & Co., as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

# **AS SPECIAL BUSINESS**

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

Resolved that Sh. Rajeev Goel, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 & Article 89 of the Company's Articles of Association, who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be & is hereby appointed as Director of the Company liable to retire by rotation.

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

Resolved that Sh. Sundeep Raja Goyal, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956 & Article 89 of the Company's Articles of Association, who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be & is hereby appointed as Director of the Company liable to retire by rotation.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

Resolved that pursuant to Section 31 of the Companies Act, 1956, existing Article 87(1) of the Articles of Association of the Company be substituted with the following Article

87(1) Each Director other than Managing / Whole Time Director shall be paid sitting fees for each meeting of the Board or committee thereof, attended by him a sum not exceeding Rs. 1250 (Rs. One thousand two hundred & fifty only)

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





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

Resolved that pursuant to Section 310 of the Companies Act, 1956 the Sitting Fee payable to Non-Executive Director(s) of the Company for attending meeting of the Board or Committee thereof, be increased to Rs. 1250/- (Rs. One thousand two hundred & fifty).

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

Resolved that in super session of the earlier Resolution passed in the Annual General Meeting held on 21st September, 1998 and subject to the provisions of the Companies Act,1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, which may be agreed to, by, the Board of Directors (herein after referred to as "the Board") of the Company, consent is hereby accorded to the Board to get its Equity Shares delist from the Stock Exchange, Ahmedabad, Bangalore Stock Exchange Ltd., The Calcutta Stock Exchange Association Ltd. and Jaipur Stock Exchange Ltd.

By Order of the Board For Liberty Shoes Ltd.

Munish takes

Munish Kakra Company Secretary & Manager-Corporate Affairs

Place : Karnał Dated : 7<sup>th</sup> June, 2002

### **NOTES:**

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by member(s) present in person or by proxy holding at least 1/10th of the total Equity Shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50000/-. A proxy may not vote except in a poll.
- 2. The instrument appointing the proxy, duly stamped should be deposited at the Registered Office of the Company not less than 48 hours before the start of the Meeting.
- The Register of Members and Share Transfer Books shall remain closed from Friday, 19<sup>th</sup> July, 2002 to Monday, 29<sup>th</sup> July, 2002 (both days inclusive).
- 4. No Income tax will be deducted at source from dividend receivable by a member, who is an individual and resident in India, provided such dividend does not exceed Rs.1000/-. Any member who is otherwise entitled to exemption should submit tax exemption certificate or declaration in Form 15- G in duplicate to the Company on or before 1<sup>st</sup> August, 2002 in order to receive the dividend without deduction of tax at source.
- 5. W.e.f. 2<sup>nd</sup> July, 2001, trading of Equity Equity Shares of the Company are in compulsorily dematerialized form & the International Securities Identity Number (ISIN) allotted to the Company is INE 557B 01019.
- 6. Members who hold Equity Shares in dematerialized form are required to bring their client ID & DP ID

numbers for easier identification of attendance at the meeting.

- Members can avail of the nomination facility by filling Form 2 B with the Company or its Share Transfer Agents, In house Share Registry. Blank forms will be supplied on request.
- 8. Members desirous of consolidating their folios are requested to send all the relevant share certificates alongwith the request for consolidation of Folios to the Company's Share Transfer Agents.
- Conveyance facility shall be provided at Bus stand, Panipat and at Corporate Office at Central House, Liberty Road, Karnal for the convenience of the members who intend to attend the Annual General Meeting.

# ANNEXURE TO NOTICE

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

### Resolution 6 & 7:

The Board of Directors in their meeting held on 24<sup>th</sup> March, 2002 appointed Sh. Rajeev Goel and Sh. Sundeep Raja Goyal as Additional Directors in accordance with Article 89 of the Articles of Association of the Company.

Sh. Rajeev Goel is associated with the business for over fifteen years and has vast experience of manufacturing and trading activities. Sh. Sundeep Raja Goyal was earlier associated as Director of the closely held Public Limited Company engaged in manufacturing and marketing of automotive parts.

The Board considers that the Company would be benefitted by their experience & guidance.

The Board, therefore, recommends the respective Resolutions for the approval of the members.

# Memorandum & Statement of Interest:

Except Sh. Rajeev Goel and Sh. Sundeep Raja Goyal, no other Director is concerned or interested in the respective Resolutions.

### Resolution 8 & 9:

Under the existing provisions of Article 87 (1) of the Company's Articles of Association, every Director is entitled for each meeting of the Board or committee thereof, attended by him a sum not exceeding Rs. 250/-(Rs. Two hundred & fifty only).

Considering the appointment of Independent Directors and constitution of various Committees of the Board as suggested under the provisions of Code of Corporate Governance, it is proposed to increase the amount to be paid to the Non-Executive Director(s) as sitting fees from Rs. 250/- (Rs. Two hundred & fifty only) to Rs. 1250/- (Rs. One thousand two hundred fifty only) for each meeting of the Board or committee thereof attended by him.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the Sitting fees payable to Director(s) for attending the Board Meeting or committee thereof require consent of the members by passing a Special Resolution.

The proposed amendment in the Articles of Association is in conformity with the provisions of the Companies Act, 1956.

A copy of the Memorandum & Articles of Association of the Company together with the proposed alteration is available for inspection at the Registered office of the Company between 11 AM to 1 PM on any working day of the Company till the date of Annual General Meeting.

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# Memorandum & Statement of Interest:

All the Directors except Working Directors of the Company may be considered to be interested in the proposed Resolution to the extent they would be entitled to the sitting fees.

### Resolution 10:

At the Annual General Meeting held on 21\* September,1998, the members of the Company have authorized the Board to approach to the four Stock Exchanges namely, The Stock Exchange, Ahmedabad, Bangalore Stock Exchange Ltd., The Calcutta Stock Exchange Association Ltd. and Jaipur Stock Exchange Ltd. for voluntary delisting of Company's Equity Shares. But, however, the earlier Resolution could not be acted upon.

Presently the Company's Equity Shares are listed on the following Seven Stock Exchanges in India:

- i) National Stock Exchange of India Ltd.
- ii) The Stock Exchange, Mumbai
- iii) The Delhi Stock Exchange Association Ltd. (the Regional Stock Exchange of the Company)
- iv) The Stock Exchange, Ahmedabad
- v) Bangalore Stock Exchange Ltd.
- vi) The Calcutta Stock Exchange Association Ltd.
- vii) Jaipur Stock Exchange Ltd.

With the networking of the centers of the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd, the members of the Company have the access to online dealings in the Company's Equity Shares across the country. Moreover, during the last couple of years, it has been observed by the Company that trading volume in the Company's Share on the Stock Exchanges situated at Ahmedabad, Bangalore, Calcutta and Jaipur is either nil or negligible.

Considering the low volume of trading in the Company's Equity Shares at the above mentioned four Stock Exchanges and in order to reduce its costs towards investor's services, the Company proposes to get its Equity Shares delist from the aforesaid four exchanges and in line with the SEBI regulations for voluntary delisting of the Company's Equity Shares by the Company, members approval is sought by a Special Resolution for delisting its Equity Shares from the Stock Exchanges set out in the Resolution No. 10 of the enclosed Notice.

The proposed delisting is in the interest of the Company and not at all detrimental to the interest of the existing Share holders as also perspective investors.

The Board, therefore, recommends the Resolution for the approval of the members.

# Memorandum & Statement of Interest:

None of the Director(s) are interested in the Resolution.

By Order of the Board For Liberty Shoes Ltd.

Munish Kakra
Company Secretary &
Manager-Corporate Affairs

Place : Karnal Dated : 7th June, 2002 ,



# KEY FINANCIAL RATIOS FOR LAST EIGHT YEARS

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000*	2000-2001*	2001-200
FINANCIAL PERFORMANCE								
RATIOS (%)								
Other Income/Total Sales	1.23	0.86	0.58	0.45	0.63	1.57	1.50	1.20
Raw Materials/Total Sales	45.18	47.70	51.18	50.75	50.01	50.22	54.39	45.24
Traded Sales/Total Sales	÷					15.08	21.52	3.36
Overheads/Total Sales	30.13	29.79	27.63	32.04	32.99	33.00	31.59	39.80
Interest & Financial Charges/								
Total Sales	2.07	3.42	2.23	0.76	0.91	1.30	0.48	1.25
PBDIT/Total Sales	31.70	26.41	21.74	17.66	17.63	18.35	15.52	16.15
PBDT/Total Sales	29.63	22.99	19.52	,16.89	16.72	17.06	15.04	14.91
PAT/Total Sales	20.89	16.79	13.62	11.35	11.00	9.88	7.03	8.54
Cash Profit/Total Sales	23.81	20.33	17.07	14.42	14.45	13.64	10.89	12.71
Dividend Payout/PAT		21.19	34.73	33.58	33.28	41.07	51.54	40.86
Return on Net Worth	27.00	26.00	21.78	19.37	18.84	19.01	8.75	12.82
BALANCE SHEET RATIOS (%)								
Debt Equity Ratio	0.34	0.28	0.21	0.15	0.16	0.17	0.18	0.20
Current Ratio	2.44	1.72	2.62	1.96	1.62	2.00	3.75	3.14
Quick Ratio	1.58	0.77	1.08	0.86	0.85	1.15	1.80	1.70
Stock Turnover Ratio	4.69	3.97	4.82	4.80	4.81	4.85	4.51	3.53
Working Capital Turnover Ratio	2.81	5.28	4.59	5.51	5.95	4.14	3.20	2.37
Assets Turnover Ratio	. 0.78	0.90	1.12	1.16	1.27	1.38	1.35	1.09
GROWTH RATIOS (%)	٠.							
Growth in Sales	.0	47.54	21.09	24.21	14.30	(1.65)	12.01	(13.46)
Growth in PBDIT	.0	22.94	(0.33)	0.88	14.08	2.41	(5.27)	(9.13)
Growth in PAT	_0	18.56	(1.71)	3.44	10.78	(11.60)	(13. <mark>50</mark> )	(3.18)
Growth in Cash Profit	.0	25.96	1.70	4.92	14.54	(7.17)	(7. <mark>75</mark> )	(4.29)
PER SHARE DATA			\/					
Earnings per Share (EPS) Rs.	12.40	14.67	14.42	14.92	16.53	14.61	11.64	12.24
Growth in EPS		18.31	(1.70)	3.47	10.79	(11.62)	(20.32)	5.12
Cash Earnings per Share	14.15	17.82	18.08	18.97	21.72	20.17	18.03	18.21
(CEPS) Rs.								•
Growth in CEPS	14.75	25.94	1.46	4.92	14.50	(7.14)	(13.29)	1.00
Dividend per Equity								
Share (Rs.)	.0	3.10	5.10	5.10	5.50	7.50	4.50	5.00
Book Value (Rs.)	45.53	57.45	66.24	77.02	87.73	96.04	99.78	<b>93.65</b> ③
Growth in Book Value	.0	26.18	15.30	16.27	13.91	9.47	3.89	(6.14)
Dividend Payout (%)	-	31.10	50.10	50.10	55.00	60.00	60.00	50.00
Price Earning (PE) Ratio							ļ	
(as on 31st March)	13.91	6.48	5.60	4.02	4.50	8.16	4.70	4.17

<sup>\*</sup> Figures annualised. The figures of 1994-95 are not comparable with the previous year as former being the 1st full year of manufacturing operations of the Company. Profit margins declined primarily due to extraordinary loss in value of investments. Reduced due to the provision made for Deferred Tax Liability.

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# EIGHT YEARS FIGURES AT A GLANCE

(Rs. in lacs)

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000*	2000-2001*	2001-200
RESULTS FOR THE YEAR								ALEXANDER AND THE STATE OF THE
Sales & Other Income	3041.07	4470.50	5398.68	6696.78	7667.94	7612.13	8520.00	7352.16
Index	1.00	1.47	1.78	2.20	2.52	2.50	2.80	2.42
Profit before Depreciation & Tax	890.25	1019.22	1038.72	1126.54	1273.86	1278.38	1262.77	1083.07
Index	1.00	1.14	1.17	1.27	1.43	1.44	1.42	1.22
Profit before Tax	802.43	862.13	862.30	921.46	1010.47	996.73	966.35	786.27
Index	1.00	1.07	1.07	1.15	1.26	1.24	1.20	0.98
Profit after Tax	627.56	744.02	731.30	756.46	837.97	740.73	590.19di	620.36
Index	1.00	1.19	1.17	1.21	1.34	1.18	0.94	0.99
Equity Dividend (total outlay)	-	157.68	254.01	254.01	278.85	380.25	228.15	253.50
Index	-	1.00	1.61	1.61	1.77	2.41	1.45	1.61
Dividend (%)	-	31.10	50.10	50.10	55.00	60.00	60.00	50.00
QUANTITATIVE DETAILS								
(Leather & Non Leather Shoes)								
No. of Pairs Produced	1496149	2009880	2133599	2894971	3499004	3340855	3190333 🕫	3764077
Index	1.00	1.34	1.43	1.93	2.34	2.23	2.13	2.52
No. of Pairs Sold	1339950	1896987	2215727	2849923	3452475	3259248	3275123 🕾	3640411
Index	1.00	1.42	1.65	2.13	2.58	2.43	2.44	2.72
Capacity Utilisation (%)	73.34	98.52	85.48	108.18	122.51	119.49	114.10	134.62
Index	1.00	1.34	1.17	1.48	1.67	1.63	1.56	1.84
POSITION AT THE YEAR END		nF/				to mo		
Gross Block	1907.90	2833.06	3154.80	3612.58	4171.51	4287.52	4 <mark>5</mark> 64.03	4922.46
Index	1.00	1.48	1.65	1.89	2.19	2.25	2.39	2.58
Net Block	1835.87	2701.89	2714.72	2999.58	3364.28	3190.65	3273.08	3225.36
Index	1.00	1.47	1.48	1.63	1.83	1.74	1.78	1.76
Net Current Assets	1409.54	1584.98	1393.86	1932.97	2137.10	3453.86	2929.61	3442.80
Index	1.00	1.12	0.99	1.37	1.52	2.45	2.08	2.44
Net Worth	2308.43	2912.67	3358.36	3904.94	4447.69	4869.43	5059.05	4748.21
Index	1.00	1.26	1.45	1.69	1.93	2.11	2.19	2.06
Share Capital	505.99	507.00	507.00	507.00	507.00	507.00	507.00	507.00
Reserves & Surplus	1802.44	2405.67	2851.36	3397.94	3940.68	4362.43	4552.05	4241.21
Book Value (in Rs.)	45.53	57.45	66.24	77.02	87.73	96.04	99.78	93.65
No. of Employees	306	714	728	855	868	871	948	1009

<sup>\*</sup> Figures annualised. \* Profit margins declined primarily due to extra ordinary loss in value of investments. \* Excluding Hawai Chappals being low value items. \* Reduced due to the provision made for Deferred Tax Liability.