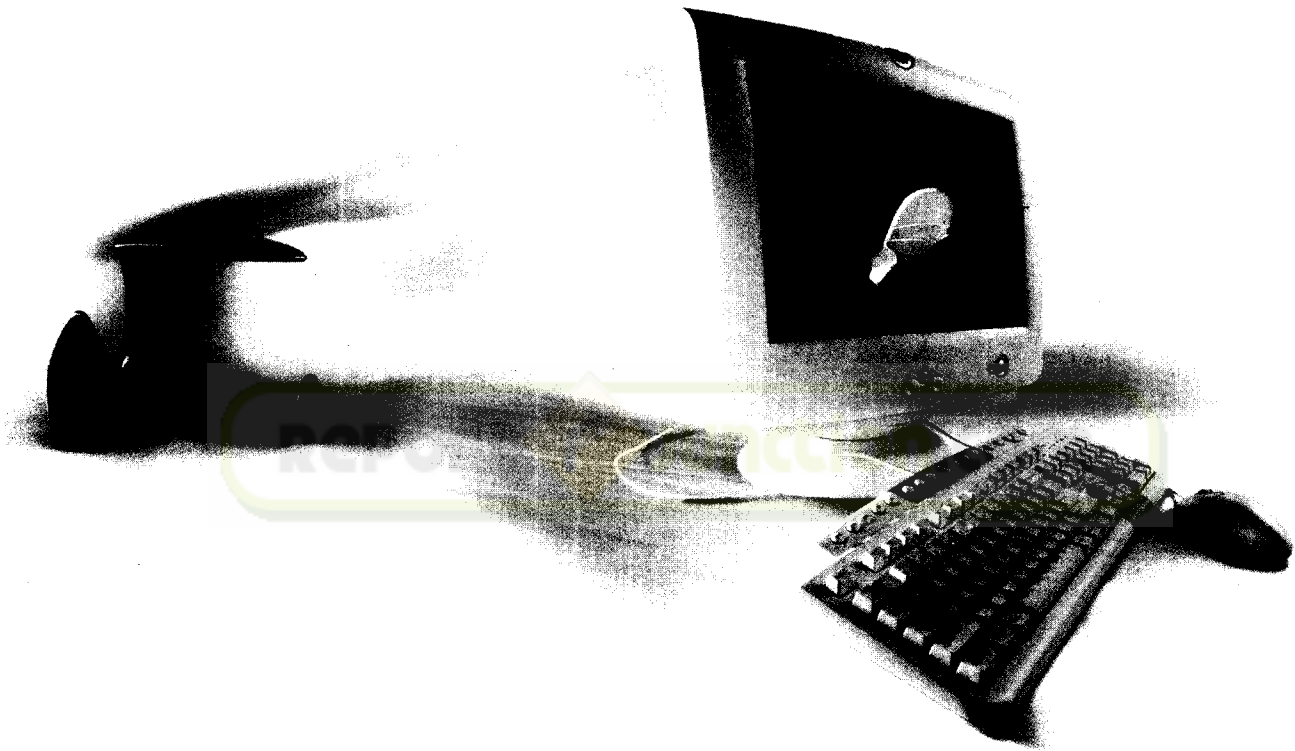


17TH ANNUAL REPORT 2002-03

LIBERTY SHOES LTD.



LIBERTY



## NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of Liberty Shoes Limited (the Company) will be held on Wednesday, 13th August 2003 at 11:00 AM at the Registered Office of the Company at Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal (Haryana) 132 001 to transact the following business:-

### ORDINARY BUSINESS

1. To consider & adopt the Audited Profit & Loss Account for the Financial Year ended 31st March 2003 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. Sunil Bansal, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Sh. Rajeev Goel, who retires by rotation and is eligible for re-appointment.
5. 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.

### SPECIAL BUSINESS

6. **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) The Director other than Whole time Directors of the Company shall be paid for attending meeting of the Board or Committee thereof, the sitting fees up to Rs. 5000/- (Rs. Five thousand) per meeting attended by them.

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."

7. **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 Directors other than Whole Time Directors of the Company shall be paid for attending meeting of the Board or Committee thereof the sitting fees not exceeding Rs. 5000/-(Rs. Five Thousand) per meeting attended by them."

8. **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 at the Annual General Meeting held on 29th July, 2002 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 any other applicable guidelines issued by the regulatory authorities 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 delist the Equity Shares of the Company from the Stock Exchange Ahmedabad, The Calcutta Stock Exchange Association Ltd., Jaipur Stock Exchange Ltd. and The Delhi Stock Exchange Association Ltd."

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

"Resolved that in supersession of earlier Resolution passed at the Annual General Meeting of the Company held on 10th August 1996 and pursuant to the provisions of Section 293 (1)(d) of the Companies

## 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".



## ANNEXURE TO NOTICE

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

### **Resolution 6 & 7:**

Under the existing provisions of Article 87 (1) of the Company's Articles of Association, every Director other than Whole Time Director of the Company is entitled 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).

It is proposed to increase the amount of sitting fees to be paid to the Non Executive Director(s) for each meeting of the Board or Committee thereof attended by them, considering their mounting responsibilities in arriving at major decisions pertaining to the affairs of the Company.

Under Section 310 of the Companies Act, 1956, a Special Resolution is required for enabling any increase in the sitting fees payable to Director(s) for attending the Board Meeting or Committee.

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.

The Directors commend the Special Resolution(s) for acceptance by the members.

### **Memorandum & Statement of Interest:**

All the Directors except Whole Time 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 8:**

The Company's Equity Shares are presently listed on National Stock Exchange of India Ltd., The Stock Exchange Mumbai, The Delhi Stock Exchange Association Ltd., The Stock Exchange Ahmedabad, Calcutta Stock Exchange Association Ltd. and Jaipur Stock Exchange Ltd.

At the Annual General meeting held on 29<sup>th</sup> July 2002, 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. Upon the authorization the Company has approached these four exchanges for delisting of its Shares. But, however, till date only the Bangalore Stock Exchange Ltd. has acceded to the Company's application for delisting of the Shares. The Company's application for delisting with other three exchanges for want of clarifications in the then existing provisions could not be pursued.

SEBI, the regulatory authority has recently notified the detailed Delisting guidelines for the Companies. Under the provisions of these applicable guidelines the listing even at the Regional Stock Exchange is not mandatory provided the Company is listed at National Stock Exchange of India Ltd. or The Stock Exchange Mumbai.

In view of the now available comprehensive guidelines the Company proposes to get its Shares delist from the aforesaid three Exchanges as also from The Delhi Stock Exchange, the Regional Stock Exchange to the Company.

The members' approval, in line with the SEBI guidelines, is sought by a Special Resolution for delisting its Equity Shares from the Stock Exchanges set out in the Resolution No. 8 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 the prospective investors.

Act, 1956, the consent of the Company be is hereby accorded to the Board of Directors of the Company , to borrow money, from time to time, at its discretion either from the bank, financial institution or any other lending institutions, Finance Company or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs. 150 Crores (Rs. One Hundred Fifty Crores) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

"Resolved that pursuant to Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorized to contribute from time to time to charitable and other funds not directly relating to the business of the Company or the welfare of its employees such amount or amounts, the aggregate of which in any financial year will not exceed Rs. 100.00 lacs (Rs. One Hundred Lacs) notwithstanding that such amount in any financial year may exceed Rs. 50000/- or Five percent of the average net profits of the Company, as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater."

By Order of the Board  
For Liberty Shoes Ltd.

*Munish Kakra*

Munish Kakra  
Company Secretary &  
Manager Corporate Affairs

Place: Libertypuram, Karnal  
Dated: 16th June, 2003

**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.
3. The Register of Members and Share Transfer Books shall remain closed from Monday, 11th August 2003 to Wednesday, 13th August 2003 (both days inclusive).
4. W.e.f. 2nd July, 2001, trading of Equity Shares of the Company are in compulsorily dematerialized form & the International Securities Identity Number (ISIN) allotted to the Company is INE 557B 01019.
5. 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.
6. Members can avail of the nomination facility by filling Form 2 B with the Company or its Share Transfer Agents, Intime Spectrum Registry Limited. Blank forms will be supplied on request.
7. Members desirous of consolidating their folios are requested to send all the relevant Share Certificates along with the request for consolidation of Folios to the Company's Share Transfer Agents.
8. 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.



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

**Memorandum & Statement of Interest:**

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

**Resolution 9:**

At the Annual General Meeting of the Company held on 10th August 1996 the members had accorded their consent under Section 293(1)(d) of the Companies Act 1956, to the Board of Directors to borrow money up to a limit of Rs. 75 crores in excess of the total paid up capital and free reserves of the Company(excluding temporary loans obtained from the Company's bankers in the ordinary course of business). Taking in to account the requirements of additional finance and the future expansion plans, it is proposed that, in addition to the Company's existing borrowings, the Directors may for and on behalf of and for the purpose of the Company, borrow further sums of money in the aggregate to a sum not more than Rs.75 crores thereby raising the total borrowing limit from Rs.75 crores to Rs. 150 crores.

The Directors commend the Ordinary Resolution for acceptance by the members.

**Memorandum & Statement of Interest:**

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

**Resolution 10:**

The Company is authorized by its articles to subscribe to charitable and other funds not directly relating to the business of the Company or the welfare of its employees.

Under the provisions of Section 293(1)(e) of the Companies Act, 1956 the maximum limit, which can be subscribed in any financial year, is Rs. 50000/- or 5% of the Company's average net profits as determined in accordance with Section 349 and 350 of the Companies Act 1956, during the three immediately preceding financial years, whichever is greater. The provisions of the related section also permit such subscriptions in excess of these limits with the approval of the shareholders.

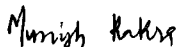
Your consent is sought pursuant to Section of 293(1)(e) of the Companies Act, 1956.

The Directors commend the Ordinary Resolution for acceptance by the members.

**Memorandum & Statement of Interest:**

Except for Sh. S.K. Goel, Sh. Rajiv Goel and Sundeep Raja Goyal all other Directors may be deemed to be interested in the Resolution as trustees/office bearer of the trust to the extent of the contribution which would be made in a financial year to the trust in which other Directors are trustees/office bearers.

By Order of the Board  
For Liberty Shoes Ltd.



Munish Kakra  
Company Secretary &  
Manager Corporate Affairs

Place: Libertypuram, Karnal  
Dated: 16th June, 2003



## COMPANY INFORMATION

### BOARD OF DIRECTORS

P.D.GUPTA  
ADARSH GUPTA  
SHAMMI BANSAL  
ADESH GUPTA  
HARISH KUMAR GUPTA  
SUNIL BANSAL  
SATISH KUMAR GUPTA  
S.K.GOEL  
RAJEEV GOEL  
SUNDEEP RAJA GOYAL

**MUNISH KAKRA**  
Company Secretary &  
Manager - Corporate Affairs

### AUDIT COMMITTEE

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

### SHARE TRANSFER COMMITTEE

P.D.GUPTA  
ADARSH GUPTA  
SUNIL BANSAL  
SUNDEEP RAJA GOYAL

### MEMBERSHIP & CERTIFICATE

Confederation of Indian Industry (CII)  
Federation of Indian Chambers of Commerce &  
Industry (FICCI )  
PHD Chamber of Commerce and Industry (PHDCCI)  
The Associated Chambers of Commerce and  
Industry of India (ASSOCHAM)  
Federation of Indian Export Organisation (FIEO)  
Council For Leather Export (CLE)  
ISO 9001

### REGISTERED OFFICE & HUMANTECH CENTRE-I

Liberty Puram, 13th Mile Stone, G.T.Karnal Road,  
Kutail, P.O. Bastara, Distt.Karnal-132001 (Haryana)  
Tel.: (91)-1748-251101-03  
Fax: (91)-1748-251100  
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)-1748-251111-14  
Fax: (91)-1748-251000  
E-mail: ghd@libertyshoes.com

### HUMANTECH CENTRE-III

Liberty Park, Liberty Road, Distt.Karnal-132 001(Haryana)  
Tel.: (91)-184-2252510, 2252575  
Fax: (91)-184-2256400  
E-mail: knl@libertyshoes.com

### CORPORATE OFFICE

Central House, Liberty Road, Karnal-132 001 (Haryana)  
Tel.: (91)-184-2252533, 88  
Fax: (91)-184-2256400  
E-mail: knl@libertyshoes.com

### MARKETING OFFICE

4/42, Punjabi Bagh, New Delhi-110 026  
Tel.: (91)-11-25934943-5  
Fax: (91)-11-25934940-1  
E-mail: del@libertyshoes.com

### BRANCHES

#### Domestic Branch Office at:

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

#### Overseas Representative Office at:

Moscow

### BANKERS

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

### INTERNAL AUDITORS

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

### SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited  
A-31, 3rd Floor, Near PVR,  
Naraina Industrial Area,  
Phase-I, New Delhi-110 028  
Tel.: (91)-11-51410592-93-94  
Fax: (91)-11-51410591  
E-mail: delhi@intimespectrum.com

### CORPORATE ADVISORY

KPMG, Block No.: 4 B, DLF Corporate Park,  
DLF City, Phase -3,  
Gurgaon-122 003 (Haryana)  
Tel.: (91)-11-95124-2549191  
E-mail: paruljain@in.kpmg.com

### COMMUNICATION ADVISORY

Montage Advertising Pvt.Ltd.  
2nd Floor, Chandra House, 8, Shaheed Bhagat Singh Marg  
Gole Market, New Delhi-110 001  
Tel.: (91)-11-56048528, 56048530, 56048531  
E-mail: montage@del2.vsnl.net.in



## KEY FINANCIAL RATIOS FOR LAST NINE YEARS

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000*	2000-2001*	2001-2002	2002-2003
<b>FINANCIAL PERFORMANCE RATIOS (%)</b>									
Other Income/Total Sales	1.23	0.86	0.58	0.45	0.63	1.57	1.50	1.20	1.61
Raw Materials/Total Sales	48.18	47.70	51.18	50.75	50.01	50.22	54.39	45.24	38.49④
Traded Sales/Total Sales	--	--	--	--	--	15.08	21.52	3.36	-
Overheads/Total Sales	29.13	29.79	27.63	32.04	32.89	33.00	31.59	39.80	46.25④
Interest /Total Sales	2.07	3.42	2.23	0.76	0.91	1.30	0.48	1.25	0.82
PBDIT/Total Sales	21.70	26.41	21.74	17.66	17.63	18.35	15.52	16.15	16.87
PBDT/Total Sales	25.63	22.99	19.52	16.89	16.72	17.06	15.04	14.91	16.06
PAT/Total Sales	20.88	16.79	13.62	11.35	11.00	9.88	7.03②	8.54	9.16
Cash Profit/Total Sales	23.81	20.33	17.07	14.42	14.46	13.64	10.89	12.71	13.71
Dividend Payout/PAT	-	21.19	34.73	33.58	33.28	41.07	51.54	40.86	39.21
Return on Net Worth	27.00	26.00	21.78	19.37	18.84	19.01	8.75	12.82	12.47
<b>BALANCE SHEET RATIOS (%)</b>									
Debt Equity Ratio	0.34	0.28	0.21	0.15	0.16	0.17	0.18	0.20	0.19
Current Ratio	2.44	1.72	2.62	1.96	1.62	2.00	3.75	3.14	1.61
Quick Ratio	1.36	0.77	1.08	0.86	0.85	1.15	1.80	1.70	0.82
Stock Turnover Ratio	2.29	3.97	4.82	4.80	4.81	4.85	4.51	3.53	1.59
Working Capital Turnover Ratio	1.87	5.28	4.59	5.51	5.95	4.14	3.20	2.37	2.05
Assets Turnover Ratio	1.10	0.90	1.12	1.16	1.27	1.38	1.35	1.09	0.84
<b>GROWTH RATIOS (%)</b>									
Growth in Sales	-①	47.54	21.09	24.21	14.30	(1.65)	12.01	(13.46)	(2.86)
Growth in PBDIT	-①	22.94	(0.33)	0.88	14.08	2.41	(5.27)	(9.13)	1.48
Growth in PAT	-①	18.56	(1.71)	3.44	10.78	(11.60)	(13.50)	(3.18)	4.22
Growth in Cash Profit	-①	25.96	1.70	4.92	14.54	(7.17)	(7.75)	(4.29)	4.82
<b>PER SHARE DATA</b>									
Earnings per Share (EPS) Rs.	12.40	14.67	14.42	14.92	16.53	14.61	11.64	12.24	12.75
Growth in EPS	-①	18.31	(1.70)	3.47	10.79	(11.62)	(20.32)	5.12	4.17
Cash Earnings per Share (CEPS) Rs.	14.16	17.82	18.08	18.97	21.72	20.17	18.03	18.21	19.09
Growth in CEPS	14.75	25.94	1.46	4.92	14.50	(7.14)	(13.29)	1.00	5.53
Dividend per Equity Share (Rs.)	-	3.10	5.10	5.10	5.50	7.50	4.50	5.00	5.00
Book Value (Rs.)	45.35	57.45	66.24	77.02	87.73	96.04	99.78	93.65③	100.55③
Growth in Book Value	-	26.18	15.30	16.27	13.91	9.47	3.89	(6.14)	7.37
Dividend Payout (%)	-	31.10	50.10	50.10	55.00	60.00	60.00	50.00	50.00
Price Earning (PE) Ratio (as on 31st March)	13.91	6.48	5.60	4.02	4.50	8.16	4.70	4.17	3.96

\* Figures annualised. ① 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. ② Profit margins declined primarily due to extraordinary loss in value of investments. ③ Reduced due to the provision made for Deferred Tax Liability. ④ Includes provision of Rs. 310.67 lacs towards Excise Duty.

## NINE YEARS FIGURES AT A GLANCE

(Rs. in lacs)

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000*	2000-2001*	2001-2002	2002-2003
<b>RESULTS FOR THE YEAR</b>									
Sales & Other Income	3841.07	4470.50	5398.68	6696.78	7667.94	7612.13	8520.00	7352.16	7171.00
Index	1.00	1.47	1.78	2.20	2.52	2.50	2.80	2.42	2.36
Profit before Depreciation & Tax	880.25	1019.22	1038.72	1126.54	1273.86	1278.38	1262.77	1083.07	1133.12
Index	1.00	1.14	1.17	1.27	1.43	1.44	1.42	1.22	1.27
Profit before Tax	882.43	862.13	862.30	921.46	1010.47	996.73	966.35	786.27	818.03
Index	1.00	1.07	1.07	1.15	1.26	1.24	1.20	0.98	1.02
Profit after Tax	827.56	744.02	731.30	756.46	837.97	740.73	590.19①	620.36	646.58
Index	1.00	1.19	1.17	1.21	1.34	1.18	0.94	0.99	1.03
Equity Dividend (total outlay)	-	157.68	254.01	254.01	278.85	380.25	228.15	253.50	253.50
Index	-	1.00	1.61	1.61	1.77	2.41	1.45	1.61	1.61
Dividend (%)	-	31.10	50.10	50.10	55.00	60.00	60.00	50.00	50.00
<b>QUANTITATIVE DETAILS</b>									
(Leather & Non Leather Shoes)									
No. of Pairs Produced	1488148	2009880	2133599	2894971	3499004	3340855	3190333②	3764077	3530925
Index	1.00	1.34	1.43	1.93	2.34	2.23	2.13	2.52	2.36
No. of Pairs Sold	1339850	1896987	2215727	2849923	3452475	3259248	3275123②	3640411	3540808
Index	1.00	1.42	1.65	2.13	2.58	2.43	2.44	2.72	2.64
Capacity Utilisation (%)	73.34	98.52	85.48	108.18	122.51	119.49	114.10	134.62	126.28
Index	1.00	1.34	1.17	1.48	1.67	1.63	1.56	1.84	1.72
<b>POSITION AT THE YEAR END</b>									
Gross Block	1907.90	2833.06	3154.80	3612.58	4171.51	4287.52	4564.03	4922.46	5143.13
Index	1.00	1.48	1.65	1.89	2.19	2.25	2.39	2.58	2.70
Net Block	1835.87	2701.89	2714.72	2999.58	3364.28	3190.65	3273.08	3225.36	3264.22
Index	1.00	1.47	1.48	1.63	1.83	1.74	1.78	1.76	1.78
Net Current Assets	1469.54	1584.98	1393.86	1932.97	2137.10	3453.86	2929.61	3442.80	5275.80
Index	1.00	1.12	0.99	1.37	1.52	2.45	2.08	2.44	3.74
Net Worth	2308.43	2912.67	3358.36	3904.94	4447.69	4869.43	5059.05	4748.21	5098.11
Index	1.00	1.26	1.45	1.69	1.93	2.11	2.19	2.06	2.21
Share Capital	505.99	507.00	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	4591.11
Book Value (in Rs.)	45.53	57.45	66.24	77.02	87.73	96.04	99.78	93.65③	100.55③
No. of Employees	308	714	728	855	868	871	948	1009	980

\* Figures annualised. ① Profit margins declined primarily due to extra ordinary loss in value of investments. ② Excluding Hawaii Chappals being low value items. ③ Reduced due to the provision made for Deferred Tax Liability.