

LIBERTY SHOES LTD.  
18TH ANNUAL REPORT 2003-04

Teeming with ideas and confidence  
to set sights even higher

## 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".

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

S.K. GOEL

ADESH GUPTA

ADARSH GUPTA

SHAMMI BANSAL

SUNIL BANSAL

HARISH KUMAR GUPTA

SATISH KUMAR GUPTA

RAJEEV GOEL

SUNDEEP RAJA GOYAL

MUNISH KAKRA

Company Secretary &  
Manager - Corporate Affairs

### AUDIT COMMITTEE

S.K. GOEL

SUNIL BANSAL

RAJEEV GOEL

SUNDEEP RAJA GOYAL

### SHARE TRANSFER/INVESTOR'S GRIEVANCES COMMITTEE

SUNIL BANSAL

ADARSH GUPTA

SUNDEEP RAJA GOYAL

### CERTIFICATE & MEMBERSHIP

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**

Libertypuram, 13th Mile Stone,  
G.T. Karnal Road,  
Kutail, P.O. Bastara,  
Distt. Karnal-132114 (Haryana)  
Tel.: (91) 1748-251101 ~03  
Fax: (91) 1748-251100  
E-mail: lpm@libertyshoes.com

#### **CORPORATE OFFICE & HUMANTECH CENTRE-II**

Liberty Complex, 17th Mile Stone,  
G.T. Karnal Road, Gharaunda,  
Distt. Karnal-132114 (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, 75  
Fax: (91) 184-2256400  
E-mail: knl@libertyshoes.com

#### **HUMANTECH CENTRE-IV**

Langa Road, Vill. Charba, P.O. Sahaspur,  
Vikas Nagar, Dehradun, Uttaranchal  
Tel.: (91) 941-2962491  
E-mail: lvi@libertyshoes.com

#### **MARKETING & COORDINATING OFFICE**

4/42, Punjabi Bagh,  
New Delhi-110 026  
Tel.: (91) 11-52463000 ~7  
Fax: (91) 11-52463008 ~9  
E-mail: del@libertyshoes.com

#### **BRANCHES**

Agra, Ahmedabad, Bangalore,  
Chennai, Delhi, Hyderabad, Indore,  
Jaipur, Jammu, Kolkata, Mumbai,  
Patna, Rajpura, Saharanpur

#### **BANKERS**

State Bank of India

#### **AUDITORS**

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

#### **COST AUDITORS**

M/s K.L. Jaisingh & Co.  
Cost Accountants,  
Jaisingh House, J-7, Sector-XI,  
Noida-201301 (Uttar Pradesh)

#### **REGISTRAR & SHARE TRANSFER AGENTS**

Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Near PVR,  
Naraina Industrial Area,  
Phase-I, New Delhi-110 028  
Tel.: (91) 11-51410592 ~4  
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) 124-2549191  
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) 11-23746553, 23744109,  
23343738  
E-mail: montage@del2.vsnl.net.in

## NOTICE

Notice is hereby given that the 18th (Eighteenth) Annual General Meeting of the Members of Liberty Shoes Ltd. (the Company) will be held on Thursday, the 26th Day of August 2004 at 11:00 a.m. at the Registered Office of the Company at Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal 132 114, (Haryana) to transact the following business: -

### **ORDINARY BUSINESS**

1. To consider & adopt the Audited Profit & Loss Account for the financial year ended 31st March 2004 and Balance Sheet as at that date along with the Reports of the Board of Directors & Auditors thereon.
2. To confirm the payment of interim dividend declared by the Company during the financial year 2003-2004 and to declare final dividend on Equity Shares for the financial year 2003-2004.
3. To appoint a Director in place of Sh. Adesh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Adarsh Gupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sh. Shammi Bansal, who retires by rotation and being eligible offers himself for re-appointment.
6. 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**

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

"RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, approval of the members of the Company be and is hereby accorded to the appointment of Sh. Raman Bansal, relative of Sh. Shammi Bansal and Sh. Sunil Bansal, Directors of the Company, to hold an office or place of profit in the Company as the Head-Sales & Distribution on the consolidated monthly remuneration in the pay scale of Rs. 75,000 - 5,000 - Rs. 1,00,000 w.e.f. the date of approval of the Central Government as per the terms and conditions embodied in the draft service agreement of which a copy is submitted before the meeting and initialed by the chairman by way of identification.

RESOLVED FURTHER that the terms and conditions of the appointment of Sh. Raman Bansal will be subject to such modification as the Central Government may suggest or require and the Board of Directors be and are hereby authorized to accept and make such modifications on behalf of the Company."

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

"RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, approval of the members of the Company be and is hereby accorded to the appointment of Sh. Vivek Bansal, relative of Sh. Shammi Bansal and Sh. Sunil Bansal, Directors of the Company, to hold an office or place of profit in the Company as the Head-Non Leather/PVC manufacturing division on a consolidated monthly remuneration in the pay scale of Rs. 75,000 - 5,000 - Rs. 1,00,000 w.e.f. the date of approval of the Central Government as per the terms and conditions embodied in the draft service agreement of which a copy is submitted before the meeting and initialed by the Chairman by way of identification.



RESOLVED FURTHER that the terms and conditions of the appointment of Sh. Vivek Bansal will be subject to such modification as the Central Government may suggest or require and the Board of Directors be and are hereby authorized to accept and make such modifications on behalf of the Company."

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

"RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, the approval of the members of the Company be and is hereby accorded to the appointment of Sh. Anupam Bansal, relative of Sh. Shammi Bansal and Sh. Sunil Bansal, Directors of the Company, to hold an office or place of profit in the Company as the Head-Retailing on a consolidated monthly remuneration in the pay scale of Rs. 75,000 - 5,000 - Rs. 1,00,000 w.e.f. the date of approval of the Central Government as per the terms and conditions embodied in the draft service agreement of which a copy is submitted before the meeting and initialed by the Chairman by way of identification.

RESOLVED FURTHER that the terms and conditions of the appointment of Sh. Anupam Bansal will be subject to such modification as the Central Government may suggest or require and the Board of Directors be and are hereby authorized to accept and make such modifications on behalf of the Company."

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

"RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, approval of the members of the Company be and is hereby accorded to the appointment of Sh. Adish Gupta, relative of Sh. Harish Kumar Gupta and Sh. Satish Kumar Gupta, Directors of the Company, to hold an office or place of profit in the Company as the Head-Human Resource on a consolidated monthly remuneration in the pay scale of Rs. 75,000 - 5,000 - Rs. 1,00,000 w.e.f. the date of approval of the Central Government as per the terms and conditions embodied in the draft service agreement of which a copy is submitted before the meeting and initialed by the Chairman by way of identification.

RESOLVED FURTHER that the terms and conditions of the appointment of Sh. Adish Gupta will be subject to such modification as the Central Government may suggest or require and the Board of Directors be and are hereby authorized to accept and make such modifications on behalf of the Company."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be altered by making following modifications in the existing Articles of the Company:

**Article 3**

The following lines be added in existing Article 3 of the Articles of the Company:

"The minimum Paid Up Share Capital of the Company shall be Rs. 5,00,000 (Rs. Five Lacs) or such minimum paid up capital as may be prescribed under the Companies Act, 1956 and any statutory modification thereto from time to time."

**Article 87(1)**

The existing Article 87 (1) be substituted with the following new Article:

"The Directors other than the Whole Time Directors of the Company shall be paid such sitting fee for attending the meeting of Board and committee thereof as may be decided by the Board of Directors from time to time. However such sitting fee shall not any time exceed the maximum amount of sitting fee prescribed under the Companies Act, 1956 and rules made there under, as amended from time to time."

**Article 116**

The existing Article No.116 of the Articles be substituted with the following new Article:



"Subject to provisions of Section 269, 198 and 309 of the Act, the Board of Directors may from time to time, appoint one or more of their body to the office of Managing Director/s or whole time Director/s for a period not exceeding 5 (five) years at a time and on such terms and conditions as may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and making revoke such appointment and in making such appointment the Board shall ensure compliance with the requirements of the Companies Act, 1956 and obtain such approvals as are prescribed by the Act. The office of such Directors shall be liable to retire by rotation and shall be reappointed if eligible."

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, the consent of members of the Company be and is hereby accorded to increase the basic salary payable to Sh. Adesh Gupta, Executive Director of the Company from Rs. 10,000 to Rs. 1,00,000 per month w.e.f. 1st July 2004, all other terms and conditions of his appointment remaining unchanged.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all such acts and deeds as may be necessary for carrying out the implementation of the above resolution."

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, the consent of members of the Company be and is hereby accorded to increase the basic salary payable to Sh. Adarsh Gupta, Executive Director of the Company from Rs. 10,000 to Rs. 1,00,000 per month w.e.f. 1st July 2004, all other terms and conditions of his appointment remaining unchanged.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all such acts and deeds as may be necessary for carrying out the implementation of the above resolution."

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof, the consent of members of the Company be and is hereby accorded to increase the basic salary payable to Sh. Shammi Bansal, Executive Director of the Company from Rs. 10,000 to Rs. 1,00,000 per month w.e.f. 1st July 2004, all other terms and conditions of his appointment remaining unchanged.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all such acts and deeds as may be necessary for carrying out the implementation of the above resolution."

By Order of the Board  
For Liberty Shoes Ltd.

  
Munish Kakra  
Company Secretary &  
Manager-Corporate Affairs

Place: Libertypuram, Karnal  
Dated: 28th June, 2004



**NOTES:**

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses is annexed hereto and forms part of the notice.
2. A member, entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and to vote at 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.
3. 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.
4. The Register of Members and Share Transfer Books shall remain closed from Tuesday, 10th August 2004 to Saturday, 14th August 2004 (both days inclusive).
5. 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 557 B01019.
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.
7. Members can avail of the nomination facility by filling Form 2B with the Company or its Share Transfer Agents, Intime Spectrum Registry Limited. Blank forms will be supplied on request.
8. **On the date of the Annual General Meeting, conveyance facility shall be provided at bus stand, Panipat and at Central House, Liberty Road, Karnal (Haryana) for attending the Annual General Meeting for the convenience of the members.**

## ANNEXURE TO THE NOTICE

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

#### Resolutions 7, 8, 9 & 10 :

Pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, the Board of Directors of the Company shall not appoint, inter alia, relative of any Director of the Company to an office or place of profit under the Company with a remuneration of and above Rs. 50,000/- per month, unless the proposed appointment is first approved by the Company in general meeting by special resolution and by the Central Government.

Sh. Raman Bansal, Sh. Vivek Bansal, Sh. Anupam Bansal, who are relatives of Sh. Shammi Bansal and Sh. Sunil Bansal, Directors of the Company and Sh. Adish Gupta who is a relative of Sh. Harish Kumar Gupta and Sh. Satish Kumar Gupta, Directors of the Company are proposed to be appointed at the respective designation(s) and at the remuneration specified in the respective resolution(s).

Sh. Raman Bansal, Sh. Vivek Bansal, Sh. Anupam Bansal and Sh. Adish Gupta have rich & valuable experience in their respective fields and your Directors are confident that with the appointment of the proposed appointees Company would be immensely benefited.

Sh. Raman Bansal (aged 44 years) is bringing with him over 15 years of experience in Indian footwear market. Sh. Raman Bansal has obtained Diploma in Shoe Designing from ARS Sutoria Institute, Italy. He was earlier associated with the Company as Director during the period 1990 to 2001.

Sh. Vivek Bansal (aged 39 years) has over 13 years of experience in manufacturing of non-leather footwear items and this has helped in launch various new products in this category.

Sh. Anupam Bansal (aged 34 years) is a graduate and has completed his Shoe Designing Diploma from Italy. He has been associated with the Company since 1995 as an officer of the Company. In the view of his experience and awareness of the retail industry it is now proposed to appoint him as Head-Retailing for the Company.

Sh. Adish Gupta (aged 40 years) is a graduate having 14 years of experience in the field. Sh. Adish Gupta was earlier associated with the Company as Director during the period 1990 to 2001.

The draft agreement proposed to be entered with the appointees has been kept for inspection of the members between 11.00 a.m. and 2.00 p.m. on any working day at the Registered Office of the Company.

The Board, therefore, recommends the Resolution of the respective appointment(s) for the approval of the members.

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

Sh. Shammi Bansal and Sh. Sunil Bansal, Directors of the Company may be deemed to be concerned and interested in resolution nos. 7, 8 & 9 being relatives of proposed appointees. Sh. Harish Kumar Gupta and Sh. Satish Kumar Gupta, Directors of the Company may be deemed to be concerned and interested in resolution no. 10 being relatives of proposed appointee. No other Director(s) except the Director(s) mentioned above as relatives of the proposed appointee(s) are interested in the proposed resolution(s).

#### **Resolution 11:**

In view of the amendments in the Companies Act, 1956 and in order to comply with the statutory requirements, it is felt expedient to amend certain provisions of the existing Articles of Association of the Company. The details of the proposed amendments are provided here in under:

The amendment in **Article 3** is statutorily required due to an amendment in the Companies Act, 1956 where in a Public Limited Company is required to have minimum paid up Share Capital of Rs. 5 lacs.

The proposed amendment in **Article 87 (1)** is proposed for administrative convenience in order to pay permissible sitting fee without amending the Articles of Association of the Company.

The proposed amendment in **Article 116** seeks to make the appointment of Managing Director(s) and Whole Time Director(s) liable to retire by rotation.

The proposed amendments in Articles of the Company are open for inspection by any member of the Company during business hours at the Registered Office of the Company.

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

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

None of the Director(s) of the Company may be deemed to be concerned or interested in passing of the above resolution.

#### **Resolutions 12, 13 & 14 :**

The remuneration payable to the Sh. Adarsh Gupta and Sh. Shammi Bansal, Executive Directors of the Company was approved by the members in the Annual General Meeting held on 26th December 2000 and the remuneration payable to Sh. Adesh Gupta, Executive Director of the Company was approved by the members in the Annual General Meeting held on 13th August 2001.

The activities of the Company have increased manifold in the recent past and accordingly the responsibilities and time involvement of the Executive Directors namely Sh. Adesh Gupta, Sh. Adarsh Gupta and Sh. Shammi Bansal have also increased enormously. In view of this, the Board of Directors in their meeting held on 28th June, 2004 have proposed to enhance the remuneration payable to the above named Executive Directors subject to approval of members of the Company.

