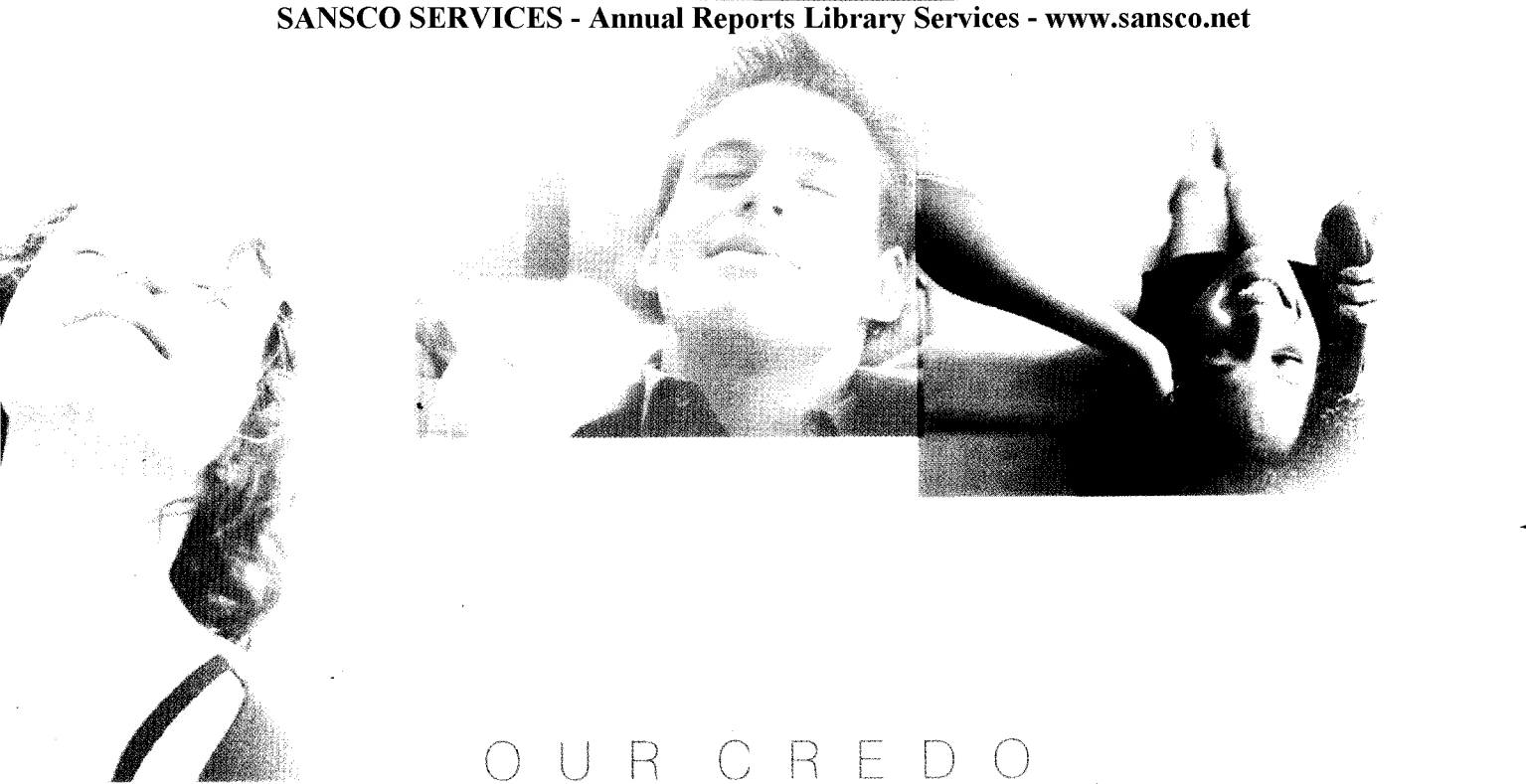


Success is a feeling!



Liberty Shoes Ltd.
19th Annual Report 2004-2005



O U R C R E D O

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

Chairman

ADESH GUPTA

CEO & Executive Director

ADARSH GUPTA

Executive Director

SHAMMI BANSAL

Executive Director

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

REMUNERATION/SELECTION COMMITTEE

S.K. GOEL

RAJEEV GOEL

SUNDEEP RAJA GOYAL

SHARE TRANSFER/INVESTOR'S GRIEVANCES COMMITTEE

SUNIL BANSAL

SUNDEEP RAJA GOYAL

ADARSH GUPTA

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 Organisations
(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
Fax: (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

Delhi, Jammu, Jaipur, Chennai,
Rajpura, Bangalore, Agra, Saharanpur,
Mumbai, Calcutta and Hyderabad

BANKERS

State Bank of India
HDFC Bank Ltd.

ABN AMRO Bank N.V.

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 (Uttar Pradesh)

COMMON AGENCY FOR SHARE**TRANSFER & DEMAT**

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)-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) 11-23746553, 23744109,
23343738
E-mail: montage@del2.vsnl.net.in

NOTICE

Notice is hereby given that the 19th (Nineteenth) Annual General Meeting of the Members of Liberty Shoes Ltd. (the Company) will be held on Monday, the 18th of July, 2005 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 (Haryana) 132 114 to transact the following business: -

ORDINARY BUSINESS

1. To consider & adopt the Audited Profit & Loss Account for the financial year ended 31st March 2005 and Balance Sheet as on that date alongwith the Reports of the Board of Directors & Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2005.
3. To appoint a Director in place of Sh. S.K. Goel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Harish Kumar Gupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sh. Satish Kumar Gupta, 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 an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provision(s) of Section 198, 269, 309 and provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with Clause 116 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the re-appointment of Sh. Adesh Gupta, as Executive Director to be designated as "Chief Executive Officer (CEO)" of the Company, with effect from 1st April, 2005 for a period of five years upto 31st March, 2010 on the terms and conditions as enumerated in the Explanatory Statement to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted Committee be and is hereby authorized to vary or revise the remuneration including the monetary value thereof within the limits of Schedule XIII of the Companies Act, 1956, and to the extent the Board of Directors or Committee thereof may consider appropriate, as may be permitted or authorized in accordance with any provision(s) under the said Act or schedule appended thereto, for the time being in force or any statutory modification or re-enactment thereof and / or any rules or regulations thereunder."

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

"RESOLVED THAT pursuant to the provision(s) of Section 198, 269, 309 and provisions of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with Clause 116 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the re-appointment of Sh. Shammi Bansal, as Executive Director of the Company, with effect from 1st April, 2005 for a period of five years up to 31st March, 2010 on the terms and conditions as enumerated in the Explanatory Statement to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted Committee be and is hereby authorized to vary or revise the remuneration including the monetary value thereof within the limits of Schedule XIII of the Companies Act, 1956, and to the extent the Board of Directors or Committee thereof may consider appropriate, as may be permitted or authorized in accordance with any provision(s) under the said Act or schedule appended thereto, for the time being in force or any statutory modification or re-enactment thereof and / or any rules or regulations there under."

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

"RESOLVED THAT pursuant to the provision(s) of Section 198, 269, 309 and provisions of Schedule XIII and other



applicable provisions, if any, of the Companies Act, 1956, read with Clause 116 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the re-appointment of Sh. Adarsh Gupta, as Executive Director of the Company, with effect from 1st April, 2005 for a period of five years upto 31st March, 2010 on the terms and conditions as enumerated in the Explanatory Statement to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted Committee be and is hereby authorized to vary or revise the remuneration including the monetary value thereof within the limits of Schedule XIII of the Companies Act, 1956, and to the extent the Board of Directors or Committee thereof may consider appropriate, as may be permitted or authorized in accordance with any provision(s) under the said Act or schedule appended thereto, for the time being in force or any statutory modification or re- enactment thereof and / or any rules or regulations there under."

**By Order of the Board
For Liberty Shoes Ltd.**

**Munish Kakra
Company Secretary &
Manager-Corporate Affairs**

**Place: Libertypuram, Karnal
Dated: Wednesday, 1st June, 2005**

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NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses are 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 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, 12th July, 2005 to Friday, 15th July 2005 (both days inclusive).
5. With effect from 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 557B01019.
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 2 B with the Company or its Share Transfer Agents, Intime Spectrum Registry Limited. Blank forms will be supplied on request.
8. For availing the facility for receipt of future dividends through Electronic Clearing Service (ECS) which is available at specified locations, members holding shares in the dematerialized mode are requested to contact their respective Depository Participants. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company or RTA for details.
9. Conveyance facility shall be provided at Bus Stand, Panipat and at Corporate Office at Central House, Liberty Road, Karnal at 10.00 a.m. on Monday, 18th July, 2005 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 7, 8 & 9:

The tenure of appointment of Sh. Adesh Gupta, Sh. Shammi Bansal and Sh. Adarsh Gupta, Executive Director(s) was valid till 31st March 2005, in terms of the respective agreement executed by the Company with each Executive Director. The Board of Directors and the Remuneration / Selection Committee in their meeting(s) held on 23rd April, 2005, have passed the necessary resolution(s) to approve the re - appointment(s) of the above named Executive Director(s) w.e.f. 1st April, 2005, for a period of 5 years up to 31st March, 2010, subject to the approval of the shareholders in the ensuing General Meeting on the terms and conditions given hereinunder. Accordingly, the resolution(s) for the re- appointment(s) are being put forth before the members for their approval.

Particulars	Sh. Adesh Gupta	Sh. Shammi Bansal	Sh. Adarsh Gupta
Salary	Rs. 1,00,000 per month including dearness allowance if any	Rs. 1,00,000 per month including dearness allowance if any	Rs. 1,00,000 per month including dearness allowance if any
Perquisites	Furnished accommodation, gas electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company.	Furnished accommodation, gas electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company.	Furnished accommodation, gas electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc. in accordance with the rules of the Company.
Sitting Fees	The Executive Director(s) shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.		

The members may recall that in their previous Annual General Meeting held on 26th August, 2004, the members have approved the payment of revised remuneration of Rs. 1,00,000/- from then existing Rs. 10,000/- per month w.e.f 1st July, 2004.

The brief particulars of Sh. Adesh Gupta, Sh. Shammi Bansal and Sh. Adarsh Gupta who are proposed to be re - appointed as Executive Director(s) in the Annual General Meeting are as under:

ADESH GUPTA (aged 45 years)

Sh. Adesh Gupta has been holding the position of Director in the Company since 28th September 1990 and w.e.f. 16th July, 2001 he has been serving the Company in the position of Executive Director. He is having a degree in Mechanical Engineering. While holding the position of the Executive Director, he has been elevated as CEO of the Company w.e.f 8th January, 2004.

His recent contribution in the overall success of the Company in the overseas business is the recognition by Wal - Mart, the leading international chain store.

His initiatives in the industry circle has been well recognized and appreciated. Recently, he has been elected as the Deputy Chairman of the Council of Confederation of Indian Industry (CII) for the Northern Region for the year 2005-06.

He is from the promoter group of the Company and holds, in his individual capacity, 209375 Equity Shares, being 4.13 % of the total paid up capital of the Company.

As on 31st March, 2005, Sh. Adesh Gupta is also having Directorship in Liberty Organosys Ltd. and Geofin Investments Pvt. Ltd.

SH. SHAMMI BANSAL (aged 44 years)

Sh. Shammi Bansal is associated with the Company since 28th September 1990 as Director and from 1st June, 1995 he has been serving the Company in the capacity of the Executive Director.



Sh. Shammi Bansal is a commerce graduate. He has been looking after the manufacturing operations at Libertypuram & Karnal plants of the Company. His contribution in the recent past is implementation of Company's new manufacturing unit at Uttranchal ahead of scheduled time has been well appreciated.

He belongs to the promoter group and holds in his individual capacity, 177375 Equity Shares, being 3.50 % of the total paid up capital of the Company.

As on 31st March, 2005, he is also having Directorship in Little World Constructions Pvt Ltd.

SH. ADARSH GUPTA (aged 44 years)

Sh. Adarsh Gupta is representing the promoter group of the Company and introduced to the Board in September, 1990. He has been elevated to the position of the Executive Director since 1st June, 1995.

He has obtained his diploma in shoe designing from ARS Sutoria Institute, Italy, the world's leading institute in shoe designing after completing his graduation. Formulation and implementation of corporate strategies, brand positioning & its protection, new launch and the retail developments are few areas which he has been spearheading in the past.

As on 31st March, 2005 he is a member of the Share Transfer / Investor's Grievances Committee of the Company. He is also having Directorship in Liberty White Ware Pvt Ltd., Inspiration Idea Innovations and Production's Pvt. Ltd., Liberty Retail Revolutions Ltd. and Liberty Organosys Ltd.

Copies of the draft service agreement(s) to be executed by the Company with each Executive Director are available for inspection at the Registered office of the Company.

The terms as provided hereinabove should be deemed to be abstract of the variation of terms and conditions of appointment of the managerial personnel issued to the members of the Company pursuant to Section 302 of the Companies Act, 1956.

Memorandum & Statement of Interest

No Director(s) except Sh. Adesh Gupta, Sh. Adarsh Gupta, Sh. Shammi Bansal and Sh. Sunil Bansal may be deemed to be concerned or interested in passing of the above resolution(s).

**By Order of the Board
For Liberty Shoes Ltd.**

**Munish Kakra
Company Secretary &
Manager-Corporate Affairs**

**Place: Libertypuram, Karnal
Dated: Wednesday, 1st June, 2005**

ELEVEN YEARS FIGURES AT A GLANCE

(Rs. in lacs)

Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00*	2000-01*	2001-02	2002-03	2003-04**	2004-05**
RESULTS FOR THE YEAR											
Sales & Other Income	3041.07	4470.50	5398.68	6696.78	7667.94	7612.13	8520.00	7352.16	7171.00	19962.64	19609.85
Index	1.00	1.47	1.78	2.20	2.52	2.50	2.80	2.42	2.36	6.56	6.45
Profit before Depreciation & Tax	890.25	1019.22	1038.72	1126.54	1273.86	1278.38	1262.77	1083.07	1133.12	1625.63	1725.68
Index	1.00	1.14	1.17	1.27	1.43	1.44	1.42	1.22	1.27	1.83	1.94
Profit before Tax	802.43	862.13	862.30	921.46	1010.47	996.73	966.35	786.27	818.03	1261.26	1354.59
Index	1.00	1.07	1.07	1.15	1.26	1.24	1.20	0.98	1.02	1.57	1.69
Profit after Tax	627.56	744.02	731.30	756.46	837.97	740.73	590.19①	620.36	646.58	839.57	979.46
Index	1.00	1.19	1.17	1.21	1.34	1.18	0.94	0.99	1.03	1.34	1.56
Equity Dividend	-	157.68	254.01	254.01	278.85	380.25	228.15	253.50	253.50	278.85	304.20
Index	-	1.00	1.61	1.61	1.77	2.41	1.45	1.61	1.61	1.77	1.93
Dividend (%)	-	31.10	50.10	50.10	55.00	60.00	60.00	50.00	50.00	55.00	60.00
QUANTITATIVE DETAILS											
(Leather & Non Leather Shoes)											
No. of Pairs Produced ②	1496149	2009880	2133599	2894971	3499004	3340855	3190333	3764077	3530925	6598442	6241515
Index	1.00	1.34	1.43	1.93	2.34	2.23	2.13	2.52	2.36	4.41	4.17
No. of Pairs Sold ②	1339950	1896987	2215727	2849923	3452475	3259248	3275123	3640411	3540808	6313459	6264207
Index	1.00	1.42	1.65	2.13	2.58	2.43	2.44	2.72	2.64	4.71	4.67
Capacity Utilisation (%)	73.34	98.52	85.48	108.18	122.51	119.49	114.10	134.62	126.28	111.46	97.52
Index	1.00	1.34	1.17	1.48	1.67	1.63	1.56	1.84	1.72	1.52	1.33
POSITION AT THE YEAR END											
Gross Block	1907.90	2833.06	3154.80	3612.58	4171.51	4287.52	4564.03	4922.46	5143.13	6064.98	6650.42
Index	1.00	1.48	1.65	1.89	2.19	2.25	2.39	2.58	2.70	3.18	3.49
Net Block	1835.87	2701.89	2714.72	2999.58	3364.28	3190.65	3273.08	3225.36	3264.22	3703.17	3935.83
Index	1.00	1.47	1.48	1.63	1.83	1.74	1.78	1.76	1.78	2.02	2.14
Net Current Assets	1409.54	1584.98	1393.86	1932.97	2137.10	3453.86	2929.61	3442.80	5275.80	9629.30	8133.45
Index	1.00	1.12	0.99	1.37	1.52	2.45	2.08	2.44	3.74	6.83	5.77
Net Worth	2308.43	2912.67	3358.36	3904.94	4447.69	4869.43	5059.05	4748.21	5098.11	5597.31	6219.61
Index	1.00	1.26	1.45	1.69	1.93	2.11	2.19	2.06	2.21	2.42	2.69
Share Capital	505.99	507.00	507.00	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	5090.31	5712.61
Book Value (in Rs.)	45.53	57.45	66.24	77.02	87.73	96.04	99.78	93.65③	100.55③	110.40③	122.67③
No. of Employees	306	714	728	855	868	871	948	1009	980	926	987

* Figures annualised. ** The Financial Results from the year 2003-04 are post-restructuring. ① Profit margins declined primarily due to extraordinary loss in value of investments. ② Excluding Hawaii Chappals being low value items. ③ Reduced due to the provision made for Deferred Tax Liability.