

EVER CHANGING. EVER NEW.



## 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".

Company Information	2
From The CEO's Desk	4
Our Excitement began in 1954	6
Two Decades of Excellence	8
Ever Changing Ever New	9
Notice	11
Ten Years' Figures At A Glance	26
Key Revenue Statement	27
Directors' Report	28
Corporate Governance Report	33
Management Discussion and Analysis Report	51
Independent Auditors' Report	54
Balance Sheet	57
Statement of Profit & Loss	58
Cash Flow Statement	59
Notes to the Financial Statement	60
Statement Pursuant to Section 212 of the Companies Act, 1956	79
Independent Auditors' Report (Consolidated)	81
Balance Sheet (Consolidated)	82
Statement of Profit & Loss (Consolidated)	83
Cash Flow Statement (Consolidated)	84
Notes to the Consolidated Financial Statements	85
Postal Ballot Form/Proxy Form/Attendance Slip/E-Communication Registration Form	103



## Company Information

### **Board of Directors**

**Adesh Kumar Gupta**  
CEO & Executive Director  
(DIN - 00143192)

**Adarsh Gupta**  
Executive Director  
(DIN - 00161193)

**Shammi Bansal**  
Executive Director  
(DIN- 00138792)

**Sunil Bansal**  
Executive Director  
(DIN - 00142121)

**Adeesh Kumar Gupta**  
Executive Director  
(DIN - 00137612)

**Satish Kumar Goel**  
Non-Executive Director  
(DIN - 00143415)

**Raghubar Dayal**  
Independent Director  
(DIN - 00481803)

**Amitabh Taneja**  
Independent Director  
(DIN - 00031257)

**Vivek Bansal**  
Independent Director  
(DIN - 00939232)

**Ramesh Chandra Palhan**  
Independent Director  
(DIN - 05241019)

**Pushpinder Singh Grewal**  
Independent Director  
(DIN- 06364475)

### **Company Secretary & Compliance Officer**

**Munish Kakra**  
Chief Financial Officer &  
Company Secretary

### **Audit Committee**

Raghubar Dayal  
Ramesh Chandra Palhan  
Vivek Bansal  
Sunil Bansal

### **Nomination and Remuneration Committee**

Raghubar Dayal  
Ramesh Chandra Palhan  
Pushpinder Singh Grewal

### **Management Committee**

Adesh Kumar Gupta  
Adarsh Gupta  
Shammi Bansal  
Ramesh Chandra Palhan  
Raghubar Dayal

### **Stakeholders Relationship Committee**

Sunil Bansal  
Adarsh Gupta  
Ramesh Chandra Palhan

### **Corporate Social Responsibility Committee**

Shammi Bansal  
Adeesh Kumar Gupta  
Raghubar Dayal  
Ramesh Chandra Palhan

### **Registrar & Share Transfer Agent**

Link Intime India Pvt. Ltd.  
44, Community Centre, Naraina  
Industrial Area Phase-I  
New Delhi -110 028  
Tel.: (91) - 11- 41410592 -94  
Fax: (91) - 11- 41410591  
E-mail: delhi@linktime.co.in

**Registered Office**

Libertypuram, 13th Milestone,  
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](mailto:lpm@libertyshoes.com)  
Website: [www.libertyshoes.com](http://www.libertyshoes.com)  
CIN: L19201HR1986PLC033185

**Corporate Office**

2nd Floor, Tower - B, Building No. 8,  
DLF Cyber City, Phase - II, Gurgaon - 122002,  
Haryana  
Tel.: (91) - 124 - 4616200  
Fax: (91) - 124 - 4616222  
Email: [mail@libertyshoes.com](mailto:mail@libertyshoes.com)

**Bankers**

Allahabad Bank  
Corporation Bank  
HDFC Bank Ltd.  
IndusInd Bank Ltd.  
ING Vysya Bank  
The Hong Kong & Shanghai Banking Corporation Ltd.

**Auditors**

M/s Pardeep Tayal & Co.,  
Chartered Accountants  
Indian Bank Building, G.T. Road,  
Panipat - 132 103, Haryana

[www.libertyshoes.com](http://www.libertyshoes.com)

Buy Liberty Foot Fashion online on  
[libertyshoesonline.com](http://libertyshoesonline.com)

Join us on  [facebook.com/libertyshoes](https://facebook.com/libertyshoes)



## From The CEO's Desk

Dear friends,

This year we celebrate two decades of going public. These are 20 eventful years that has seen your Company take giant strides and win the trust of the public as the country's most valued family footwear brand.

Coincidentally we are also into the 60th year of our existence and not surprisingly Brand Liberty has acquired the sparkle of diamonds as a brand that's today synonymous with fashion and comfort. This is the result of many initiatives that we have perpetuated over the years. Innovations & Excellence have been the hallmark of these initiatives. They have resulted in not just manufacturing excellence but merchandising excellence and excellence in supply chain management. This makes us a unique corporate focusing on customer delight and taking it to newer heights. We see footwear today as an aspirational product, something the Indian youth truly relates to. Today even the youth in smaller towns are increasingly turning to lifestyle and allied products and we at Liberty have positioned our shoes as a lifestyle product. So in addition to a strong presence through the retail outlets we are also visible online. All our stores are seamlessly connected with the back end operations including central warehouse for faster and timely replenishment.

These are indeed good times for the Indian footwear industry and things are only getting better. Today as a footwear manufacturing hub we are second only to China globally and initiatives are being perused to grow further. India's domestic footwear market is also expected to record a strong growth in the years to come boosted by advantageous factors such as a skilled workforce combined with low labour costs.

We at Liberty are proud to be one of the driving forces of the Indian footwear success story. The reason: our production has kept pace with the rising demand for footwear that combines stylish looks with wearer comfort while ensuring durability and lasting value.

This is also reflected in our healthy bottom line and in our profits, a fact you'll find most gratifying. We have after gap of few years also paid dividend this year.

No wonder there is a visible bounce in our stride. What's truly remarkable in all of this is the true globalization of Indian footwear. Something, that's only to be expected when we look at the emerging trends in footwear with the youth constituting around



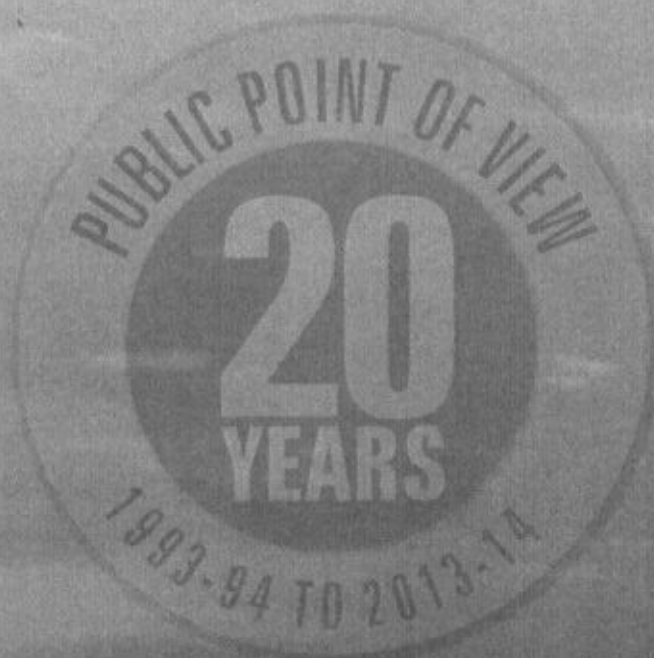
Our excitement began in 1994 !!!

60% of India's total populace. At the same time affordability is an important factor that can never be over-looked. Currently the per capita consumption of footwear in India is a mere 1 as compared to 4-6 in neighbouring Asian Countries and 6-8 in the developed European markets. As consumption habits changes and newer market emerges, demand for the footwear will surely increase in future.

I would like to assure you all that your Company is today set to be at the forefront of the change that'll sweep this country in the near future and ensure that you fully enjoy the gains of this fast changing retail scenario. We'll do so by our adherence to the three 'Cs' that define our business philosophy and work culture. The first C stands for our Commitment to all our shareholders. The second C stands for our Customer-centric approach. The third C stands for Cutting-edge technology that we will continue to adhere to in our manufacturing. We are confident that with these three 'Cs' we will ensure better days ahead for all our shareholders.

We are, along with, manufacturing and IT excellence, working on financial excellence. A brief outline of our plan is given in the pages ahead. We hope these changes will fan out as exciting times for the Company and the stakeholders.

**Adesh Kumar Gupta**  
Chief Executive Officer



## Our excitement began in 1954 !!!

Founders of Liberty Shoes Limited had formed Liberty Footwear Co., a partnership firm in Karnal in the year 1954 to fight against the monopoly of a leading multinational footwear company who was dominating Indian Footwear industry since 1930's. Within a short while, these visionary founders, Sh. Dharam Pal Gupta, Sh. Purshotam Das Gupta & Sh. Raj Kumar Bansal made Liberty a popular brand in northern India spreading the distribution strength with 200 retailers.

In 1964, the firm bagged its first export order from Czechoslovakia and in the year 1966, the firm completely switched over its production to export for European Countries.

The demand for LIBERTY products continued to rise year after year and to meet the demand of quality footwear, the founders set up new partnership firms like Lifo International, Liberty Enterprises etc. to comply with the requirement of reservation of footwear Industry for Small & Cottage sector. To supplement its production, it also set up a Tannery for producing finished leather in 1981 and also decided to set up an ultramodern automatic footwear manufacturing unit with Polyurethane, (PU) Technology especially for Indian Market. The PU products, launched in 1982, surprised the markets with their innovative technology, quality and styles.

The Group adopted a unique production model of sub-contracting wherein major components used in the footwear were produced in-house and the assembly of various components was outsourced. This manufacturing model led to setting up of another partnership firm Liberty Group Marketing Division (LGMD) which undertook the responsibility of marketing the products manufactured by several Group firms to a common distribution network to make products affordable for Indian Consumers. LGMD quickly established a nationwide distribution network and LIBERTY emerged as a strong home grown brand offering innovative products for the whole family. The Group continued to expand its product range, production capacities and reach in both international and domestic market.

### Liberty Shoes Ltd. - The Rising Sun

Operating through the multiple manufacturing entities for a common sales network was posing a big challenge and therefore several manufacturing units needed to be consolidated to one large scale production unit and with this vision, Liberty Shoes Limited (LSL) was incorporated and in December 1993 a new plant was

set up at sprawling 50 Acres integrated complex in Liberty Puram, Karnal which started commercial production of 2nd generation Sport Shoes with multi-colour PVC Injection machine with an installed capacity of 500 pairs daily. This revolutionised the Sports Shoe Market in India.

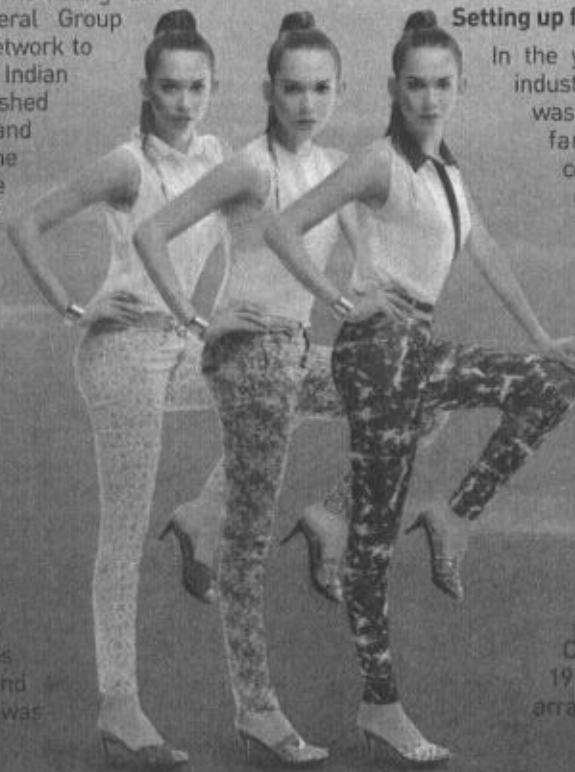
With the intent of making LSL the flagship company of the Group over a period of time, the family started making fresh investments for increasing capacities and distribution reach only in the new company and it was envisaged that in the future the entire business of footwear carried by multiple legal entities will be merged/transferred to Liberty Shoes Ltd.,

To share the rewards of its business success with common man, the family decided to take Liberty Shoes Ltd., public in August 1994 offering its share at a premium of ₹89/- per share. The Issue was oversubscribed nearly 42 times and Liberty Shoes Ltd., stock created history when the its share was listed on BSE in October 1994 at a record price of ₹ 329.00.

With its innovative approach of marketing by capturing the imagination of Indian consumers with interesting concepts of advertising on unique mediums of Video, Satellite Television Channels, Events, National & International Beauty Pageants including Miss Word, Liberty continued setting up new records and standards for the Indian Footwear Industry leaving most footwear multinationals way behind in Indian market. By the turn of the century, Liberty with its multi-brand marketing approach became the leader in the footwear industry and was ranked amongst the top 100 Most Trusted Brands of India by The Economic Times.

### Setting up for Operational Excellence

In the year 2000, under the liberalised industrial policy, the footwear industry was de-reserved. The Promoters family agreed to start the consolidation process of bringing entire business of footwear under the umbrella of Liberty Shoes Ltd. Within a span of 3 years, LSL completed the first phase of consolidation on 1<sup>st</sup> April, 2003 and under different exclusive arrangements, the entire footwear manufacturing capacity of all group concerns were transferred to LSL under franchise arrangements. Moreover, LSL was made the exclusive licensee for using the Trademark LIBERTY worldwide under a separate Royalty Agreement with Liberty Footwear Co. the owners of the brand since 1954 and with the present arrangement valid till 2028.





## Two Decades of Excellence

### Consolidating for an Exciting Future

The vision of consolidation, foreseen in 2000 is being actively pursued now as Liberty Shoes Ltd. has now become strong enough to absorb all the footwear business assets the family has generated in the last 60 years and the Promoters Family have agreed for completing the consolidation in 3 phases subject to approval by the shareholders and is likely to be completed by 2016-17.

bottom line by having better inventory management, cutting raw material and production cost and reducing production cycle time.

In the subsequent phase of Business Restructuring, the company intends to bring in efficiencies in Sales, Distribution and Marketing by setting up different Business Verticals as independent profit centres. This will help the company to identify any demand & supply gaps and plug them by improving its supply chain



The wholly owned Retail Subsidiary Liberty Retail Revolutions Ltd., started in 2004, has already been merged with LSL during 2013-14. The next phase of consolidation (Phase II) is under process in which the Business Assets including Plant & Machinery held by the group concerns Liberty Enterprises and Liberty Group Marketing Division are proposed to be acquired by Liberty Shoes Limited during the ongoing financial year 2015. The well established Sub Brands used for Multi Brand Strategy and owned by the above named group concerns along with the distribution network set up by them since 1954 will also be transferred to Liberty Shoes Ltd.

This consolidation will not only help reduce outflow of Franchise Fee/Royalty Fee being paid at present by Liberty Shoes Limited to its group concerns and improve bottom line but will also pave the way for independent growth of business by Liberty Shoes Limited.

LSL, after the acquisition, intends to implement the process of streamlining of its manufacturing operations to make its entire operations of manufacturing lean and efficient which will enable the company to improve its

and supplementing it with expansion in its Sales & Distribution network both in India and in International Market.

The business restructuring initiatives will increase the shareholders wealth and will allow the company to exploit the Market Potential to fullest level.



## Two Decades of Excellence

The performance of the Company since it started commercial activities in 1993-94 is steadily growing. It has now completed 20 years of being in the public domain and if we review the key areas, it will be clear that the Promoters are committed for the consolidation of their footwear business which was founded in 1954 and after 20 years the Company is now gearing up itself to become a single vehicle to carry on the business under "LIBERTY" umbrella brand with its own vision for robust growth in future to take a major share of the growing footwear markets.

**1. Production Capacity:** Liberty has been continually investing in increasing production capacity and from 15.60 lakh pairs in 1993-94 the capacity after 5 years in 1998-99 increased to 28.56 lakh pairs and after 10 years it increased to 64.00 lakh pairs and at the end of 20 years in 2013-14 it has reached a level of 106.00 lakh pairs of annual production. With only one plant at Libertypuram, Haryana in the beginning, LSL has set up manufacturing units in Tax Free Zones in Roorkee, Ponta Sahib & Dehradun. Under the restructuring plans under way, the production capacities presently available on the franchise basis will be acquired by the Company.

**2. No. of employees:** The founders started business of footwear with the blessings of Mahatma Gandhi to provide employment to poor and needy people belonging to backward society. Footwear manufacturing is labour intensive and in the unique manufacturing methodology adopted by Liberty Group it has been engaging local artisans on contractual basis. Such artisans work in groups of 10 to 50 people and work under cottage industry and carried out the manufacturing process of Company of various kind of Footwear. Besides employing hundreds of people in the manufacturing plants owned by the Company thousands of artisan work for Liberty Shoes Ltd. on Contractual basis. From 20 employees in 1993-94 the numbers increased to 868 in 5 years and after 20 years in 2013-14, it stands at 2423 employees.

**3. Sales & Distribution:** The sales of the company has gradually increased in first 10 years from ₹2.15 Crores in 1993-94 to ₹76.20 Crores in 2003 - 2004 and reached a level of ₹500.60 Crores after 20 years in 2013 -14. The distribution network in India consists of 150 Distributors, 6000 Dealers, 455 Franchise Showroom and 100 Company Owned & Managed Showrooms.

**4. EBIDTA & Net worth:** The EBIDTA of the Company has

gradually increased from ₹67.28 Lakhs in 1993-94 to ₹1343.11 Lakhs in 1998-99 and stands at ₹4116.46 Lakhs after 20 years in 2013-14. The net worth of the company has significantly increased from ₹4.33 Crores in the year 1993 - 94 to ₹138.23 Crores after 20 years.

**5. Share Capital & Market Capitalisation:** The equity Share Capital has increased from ₹380.00 lacs in 1993-94 to ₹1704.00 lacs in 2013-14 and the Market Capitalisation has reached to the level of ₹500 Crores. The Company made its maiden public issue of shares in 1994 and also rewarded its shareholders by issuing bonus shares in the ratio of 1:1 in the year 2005.

**6. Foreign Exchange Earnings:** The Company believes in offering high quality products at affordable prices to the urban consumers and its manufacturing facilities are equipped with the best technology offered in the world. The company has been exporting its products since beginning and earning valuable Foreign Exchange for the Country. Though most of the machineries are imported from developed countries which including Germany & Italy yet company has been a Foreign Exchange Earner in the last 10 years and the total Foreign Exchange earned is ₹ 508.65 Crores.

**7. Social Responsibility & Contribution to Public Exchequer:** The Company understands its responsibility towards the nation. Not only it offers high quality Footwear to the demanding consumers of our Country, but it also provides employment to thousands of people from manufacturing to Retail across the country. The Company has made significant contribution to Public Exchequer by way of Direct and Indirect Taxes and total contribution to Public Exchequer in the last 20 years stands at ₹464.17 Crores. Liberty continues to be in the forefront of our social responsibility as a brand and a corporate and support various initiatives on a regular term.

The brief summary of the above details has been given here:

(₹ in Lacs)

Sr. No.	Particulars	Year Ended 31st March, 1994	Year Ended 31st March, 1999	Year Ended 31st March, 2004	Year Ended 31st March, 2009	Year Ended 31st March, 2014
1	Production Capacity (Pairs in Lacs)	15.60	28.56	64.00	106.00	106.00
2	No. of Employees (In Nos.)	20	868	926	1333	2423
3	Gross Sales	215.96	7620.15	19920.26	24752.66	50060.20
4	Earning before Interest Depreciation and Tax (EBIDTA)	67.28	1343.11	2185.44	2644.55	4116.46
5	Net Worth	433.52	4447.69	5597.31	12233.99	13823.01
6	Equity Share Capital	380.00	507.00	507.00	1704.00	1704.00
7	Market Capitalisation	-	3673.22	6545.37	6458.16	25329.96
8	Foreign Exchange Earning	2.40	869.37	5385.45	3779.78	4511.56
9	Contribution to Public Exchequer	134.19	1562.54	3793.91	1935.36	4210.94