

27th ANNUAL REPORT 2012-13

FASHION
IS A FLOW OF
CONTINUOUS CHANGE.
AS ONE FASHION GAINS
POPULARITY,
CRESTS AND DISSIPATES,
ANOTHER STYLISTIC
WAVE IS ALREADY FORMING
BEHIND IT. FASHION TODAY
ALSO APPEARS TO DEFINE
THE IDENTITIES OF GROUPS
AND INDIVIDUALS.

LIBERTY
WE ARE ABOUT PEOPLE

LIBERTY SHOES LTD.

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".

Contents

2 Company Information

4 From The CEO's Desk

6 Notice

20 Ten Years' Figures At A Glance

21 Ten Years' Key Financial Figures At A Glance

22 Key Revenue Statement

23 Directors' Report

29 Corporate Governance Report

44 Management Discussion and Analysis Report

47 Independent Auditors' Report

50 Balance Sheet

51 Statement of Profit & Loss

52 Cash Flow Statement

53 Notes to the Financial Statement

70 Statement Pursuant to Section 212 of the Companies Act, 1956

72 Independent Auditors' Report (Consolidated)

73 Balance Sheet (Consolidated)

74 Statement of Profit & Loss (Consolidated)

75 Cash Flow Statement (Consolidated)

76 Notes to the Consolidated Financial Statements

- Admission Slip/Proxy Form/ E-Communication Registration Form

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)

Prem Chand Garg
Independent Director
(DIN – 00335568)

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
Vice President &
Company Secretary

Audit Committee

Raghubar Dayal
Prem Chand Garg
Vivek Bansal
Sunil Bansal

Remuneration / Selection Committee

Raghubar Dayal
Prem Chand Garg
Ramesh Chandra Palhan

Management Committee

Adesh Kumar Gupta
Adarsh Gupta
Shammi Bansal
Prem Chand Garg
Raghubar Dayal

Share Transfer / Investor's Grievances Committee

Sunil Bansal
Adarsh Gupta
Prem Chand Garg

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

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

Bankers

HDFC Bank Ltd.
Corporation Bank
Allahabad Bank
IndusInd Bank Ltd.
The Hong Kong & Shanghai Banking Corporation Ltd.
The Royal Bank of Scotland N. V.

Auditors

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

www.libertyshoes.com

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From The CEO's Desk

Dear Shareholders,

These are very happy times to be a part of the Indian footwear industry despite the ongoing challenges in the economy. We are witnessing some exciting changes happening in the footwear marketplace.

Triggering this change is the Increase in the buying power and the rise in the number of image-driven early adopters among today's youngsters. What's more, with our working class population getting younger by the day, the demand for fashionable footwear has also witnessed substantial growth. Among the elderly the shift is in favor of footwear that combines comfort and health benefits in addition to proven quality. Another significant trend one is observing nowadays is the fact that with most of our populace continuing to reside in outlying areas and the countryside, the purchase of footwear is on the rise in these areas. Boost in the income level of the people and increasing brand consciousness has also escalated the demand for premium footwear.

We have also been benefited tremendously from liberalized framework in our country and the increasing globalization of our industry. Additionally, the transformation of the Indian footwear industry from unorganized sector to the professionally organized sector is also working in our favor. The recent liberalized Government announcement covering FDI in retail is also very encouraging and supportive of industry.

Our designing and quality control facilities have also become world class. The initiatives we have taken include the adoption of the state-of-the-art technology in our Humantech production units like CAD systems with 3D shoe design facilities have helped to ensure that we are at par with demanding International standards.

With more and more people now opting for custom-made or designer footwear we've added a battery of young, contemporary and globally aware footwear designers to our bench strength.

We also foresee tremendous opportunities in the increasing trend in favor of online footwear retail market. As shoe manufacturers, we have definitely gained from the sudden upsurge in the retailing of footwear with the rise of e-commerce and the growing trend towards online shopping.

I would like to conclude by assuring you all that your Company is today prepared more than ever before to be the forefront of the industry and ensure that you fully enjoy the gains of the fast changing scenario.

Adesh Kumar Gupta
Chief Executive Officer

Notice

Notice is hereby given that the 27th (Twenty Seventh) Annual General Meeting of the Members of **Liberty Shoes Ltd.** ("the Company") will be held on **Friday, 20th September, 2013 at 11.00 A.M.** at the Registered Office of the Company situated at **Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Dist. Karnal -132114, Haryana** to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2013 and Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Sh. Amitabh Taneja, who retires by rotation and being eligible offers himself for re - appointment.
3. To appoint a Director in place of Sh. Shammi Bansal, who retires by rotation and being eligible offers himself for re - appointment.
4. To appoint a Director in place of Sh. Vivek Bansal, who retires by rotation and being eligible offers himself for re - appointment.
5. To appoint a Director in place of Sh. Adeesh Kumar Gupta, who retires by rotation and being eligible offers himself for re - appointment.
6. To appoint M/s Pardeep Tayal & Co., Chartered Accountants 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 authorise the Board of Directors of the Company 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 in partial modification of the Resolution passed at the 24th Annual General Meeting held on 27th September, 2010 and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, ("the Act" including any statutory modification(s) or re- enactment(s) thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the Act and in accordance with the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of enhanced remuneration of ₹4,00,000/- p.m. including perquisites as per applicable rules of the Company to Sh. Adesh Kumar Gupta, CEO & Executive Director of the Company, payable as minimum remuneration, with effect from 1st April, 2013 for the remainder of the tenure of his office on the terms and conditions as set out in the draft Supplementary Service Agreement laid before the Members of the Company to be entered in to between the Company and Sh. Adesh Kumar Gupta.

   RESOLVED FURTHER THAT in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary or increase the remuneration and perquisites within such prescribed limit of ceiling in order to give such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in respect of aforesaid matter."

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

   "RESOLVED THAT in partial modification of the Resolution passed at the 24th Annual General Meeting held on 27th September, 2010 and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, ("the Act" including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the Act and in accordance with the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of enhanced remuneration of ₹4,00,000/- p.m. including perquisites as per applicable rules of the Company to Sh. Adarsh Gupta, Executive Director of the Company, payable as minimum remuneration, with effect from 1st April, 2013 for the remainder of the tenure of his office on the terms and conditions as set out in the draft Supplementary Service Agreement laid before the Members of the Company to be entered in to between the Company and Sh. Adarsh Gupta.

   RESOLVED FURTHER THAT in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary or increase the remuneration and perquisites within such prescribed limit of ceiling in order to give such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in respect of

aforesaid matter."

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

"RESOLVED THAT in partial modification of the Resolution passed at the 24th Annual General Meeting held on 27th September, 2010 and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, ("the Act" including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the Act and in accordance with the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of enhanced remuneration of ₹4,00,000/- p.m. including perquisites as per applicable rules of the Company to Sh. Shammi Bansal, Executive Director of the Company, payable as minimum remuneration, with effect from 1st April, 2013 for the remainder of the tenure of his office on the terms and conditions as set out in the draft Supplementary Service Agreement laid before the Members of the Company to be entered in to between the Company and Sh. Shammi Bansal.

RESOLVED FURTHER THAT in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary or increase the remuneration and perquisites within such prescribed limit of ceiling in order to give such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in respect of aforesaid matter."

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

"RESOLVED THAT in partial modification of the Resolution passed at the 23rd Annual General Meeting held on 30th September, 2009 and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, ("the Act" including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the Act and in accordance with the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of enhanced remuneration of ₹4,00,000/- p.m. including perquisites as per applicable rules of the Company to Sh. Sunil Bansal, Executive Director of the Company, payable as minimum remuneration, with effect from 1st April, 2013 for the remainder of the tenure of his office on the terms and conditions as set out in the draft Supplementary Service Agreement laid before the Members of the Company to be entered in to between the Company and Sh. Sunil Bansal.

RESOLVED FURTHER THAT in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary or increase the remuneration and perquisites within such prescribed limit of ceiling in order to give such modification(s), relaxation(s) or variation(s) without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in respect of aforesaid matter."

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

"RESOLVED THAT in partial modification of the Resolution passed at the 25th Annual General Meeting held on 28th September, 2011 and in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, ("the Act" including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the Act and in accordance with the Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the payment of enhanced remuneration of ₹4,00,000/- p.m. including perquisites as per applicable rules of the Company to Sh. Adeesh Kumar Gupta, Executive Director of the Company, payable as minimum remuneration, with effect from 1st April, 2013 for the remainder of the tenure of his office on the terms and conditions as set out in the draft Supplementary Service Agreement laid before the Members of the Company to be entered in to between the Company and Sh. Adeesh Kumar Gupta.

RESOLVED FURTHER THAT in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary or increase the remuneration and perquisites within such prescribed limit of ceiling in order to give such modification(s), relaxation(s) or variation(s) without

any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary in respect of aforesaid matter."

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

"RESOLVED THAT in supersession to the earlier Resolution passed at the 23rd Annual General Meeting held on 30th September, 2009 and in accordance with the provisions of Section 314 (1) (b) read with rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment), Rules, 2011 ("the Act" including any modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions of the Companies Act, 1956, if any, the consent of the Members of the Company be and is hereby accorded to Sh. Raman Bansal, relative of Directors of the Company, for holding and continuing to hold the office or place of profit under the Company as Head-Sales and Distribution at a monthly remuneration of ₹2,50,000/- commencing from 1st October, 2013 on the terms and conditions as set out in the draft Supplementary Service Agreement to be entered in to between the Company and Sh. Raman Bansal as laid before the Members of the Company and initialed by the Chairman of the Meeting for the purpose of identification.

RESOLVED FURTHER THAT the draft Supplementary Service Agreement be and is hereby approved and Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Executive Director and Sh. Munish Kakra, Vice president & Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary to give effect to the Resolution".

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

"RESOLVED THAT in supersession to the earlier Resolution passed at the 23rd Annual General Meeting held on 30th September, 2009 and in accordance with the provisions of Section 314 (1) (b) read with rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment), Rules, 2011 ("the Act" including any modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions of the Companies Act, 1956, if any, the consent of the Members of the Company be and is hereby accorded to Sh. Vivek Bansal, relative of Directors of the Company, for holding and continuing to hold the office or place of profit under the Company as Head-Production PVC Non- Leather Division at a monthly remuneration of ₹2,50,000/- commencing from 1st October, 2013 on the terms and conditions as set out in the draft Supplementary Service Agreement to be entered in to between the Company and Sh. Vivek Bansal as laid before the Members of the Company and initialed by the Chairman of the Meeting for the purpose of identification.

RESOLVED FURTHER THAT the draft Supplementary Service Agreement be and is hereby approved and Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Executive Director and Sh. Munish Kakra, Vice president & Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary to give effect to the Resolution".

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

"RESOLVED THAT pursuant to the provisions of Section 314 (1) (b) read with rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment), Rules, 2011 ("the Act" including any modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions of the Companies Act, 1956, if any, the consent of the Members of the Company be and is hereby accorded for the appointment of Sh. Anupam Bansal, relative of Directors of the Company, for holding the office or place of profit under the Company as Head-Retail at a monthly remuneration of ₹2,50,000/- commencing from 1st October, 2013 on the terms and conditions as set out in the draft Service Agreement to be entered in to between the Company and Sh. Anupam Bansal as laid before the Members of the Company and initialed by the Chairman of the Meeting for the purpose of identification.

RESOLVED FURTHER THAT the draft Service Agreement be and is hereby approved and Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Executive Director and Sh. Munish Kakra, Vice president & Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary to give effect to the Resolution"

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

"RESOLVED THAT pursuant to the provisions of Section 297 of the Companies Act, 1956, approval of the Central Government no. 4/48/T-1/2013/D/141, dated 3rd April, 2013 and other applicable provisions, if any, consent of the members of the Company be and is hereby given to approve the contract for availing services for use of registered

Trade Mark "Liberty" and other marks & logos of Liberty Footwear Co. (LFC) on such terms and conditions as specified in the Agreement entered in to by the Company with LFC.

RESOLVED FURTHER THAT in terms of the Central Government approval (a) the contract entered into with M/s Liberty Footwear Co. is competitive, at arm's length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and the Company has not made any default under section 297 of the Companies Act, 1956 in the past and there is no default in repayment of any of its debts (including public deposits) or debenture or interest payable thereon and has filed its up to date Balance Sheet and Annual Return with the Registrar of Companies; (b) the contract is falling within the provisions of section 297 of the Companies Act, 1956 and provisions of section 198, 269, 309, 314 and 295 are not applicable; and (c) the Company and its Directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the said contract."

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

"RESOLVED THAT pursuant to the provisions of Section 297 of the Companies Act, 1956, approval of the Central Government no. 4/80/T-1/2013/D/142, dated 3rd April, 2013 and other applicable provisions, if any, consent of the members of the Company be and is hereby given to approve the contract entered in to by the Company with M/s Liberty Enterprises (LE) for use of services of their Fixed Assets for manufacturing of footwear and Export Sales Network for sale of footwear by the Company on such terms and conditions as specified in the Agreement.

RESOLVED FURTHER THAT in terms of the Central Government's approval (a) the contract entered into with M/s Liberty Enterprises is competitive, at arm's length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and the Company has not made any default under section 297 of the Companies Act, 1956 in the past and there is no default in repayment of any of its debts (including public deposits) or debenture or interest payable thereon and has filed its up to date Balance Sheet and Annual Return with the Registrar of Companies; (b) the contract is falling within the provisions of section 297 of the Companies Act, 1956 and provisions of section 198, 269, 309, 314 and 295 are not applicable; and (c) the Company and its Directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the said contract."

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

"RESOLVED THAT pursuant to the provisions of Section 297 of the Companies Act, 1956, approval of the Central Government's no. 4/102/T-1/2013/D/143, dated 3rd April, 2013 and other applicable provisions, if any, consent of the members of the Company be and is hereby given to approve the contract entered in to by the Company with M/s Liberty Group Marketing Division (LGMD) for use of services of their Fixed Assets for manufacturing of footwear and their registered trademarks and domestic sales networks for sale of footwear by the Company on such terms and conditions as specified in the Agreement.

RESOLVED FURTHER THAT in terms of the Central Government's approval (a) the contract entered into with M/s Liberty Group Marketing Division is competitive, at arm's length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and the Company has not made any default under section 297 of the Companies Act, 1956 in the past and there is no default in repayment of any of its debts (including public deposits) or debenture or interest payable thereon and has filed its up to date Balance Sheet and Annual Return with the Registrar of Companies; (b) the contract is falling within the provisions of section 297 of the Companies Act, 1956 and provisions of section 198, 269, 309, 314 and 295 are not applicable; and (c) the Company and its Directors have complied with the provisions of section 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the said contract."

By order of the Board
For Liberty Shoes Ltd.

Munish Kakra
Vice President & Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AFORESAID ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
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 COMMENCEMENT OF THE MEETING.**
3. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special businesses, as mentioned in the Notice, is annexed hereto and forms part of the Notice.
5. A brief profile along with necessary information of the Directors seeking their appointment/re-appointment in the forthcoming Annual General Meeting in pursuance of Clause 49(IV)(G) of the Listing Agreement is annexed as Annexure-A of the Annexure to the Notice of this Annual General Meeting.
6. An abstract and Memorandum of Concern or Interest of Director in respect of increase in remuneration of Sh. Adesh Kumar Gupta, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal, Sh. Adeesh Kumar Gupta, Executive Directors of the Company has been provided in the Explanatory Statement attached herewith as required under the provisions of Section 302 of the Companies Act, 1956.
7. The Register of Members and Share Transfer Books shall remain closed from Friday, 13th September, 2013 to Friday, 20th September, 2013 (both days inclusive).
8. Members / Proxies / Authorized Representative(s) are requested to bring their Attendance Slip duly filled in and signed for attending the Meeting. Members who hold Equity Shares in Dematerialized Form are requested to write the Client ID and DP ID Number and those who hold Equity Shares in physical form are requested to write their Folio Number in the Attendance Slip for easier identification of attendance at the Meeting.
9. Conveyance facility shall be provided for Meeting venue at Libertypuram from Central House, Liberty Road, Karnal at 10.00 A.M. on Friday, 20th September, 2013.
10. Members are requested to:-
    a. Bring their copy of the Annual Report and Attendance Slip at the venue of the Meeting.
    b. Quote their Folio / DP ID & Client ID No. in all correspondence with Company /Registrar & Share Transfer Agent.
    c. Note that no gift shall be distributed at the Annual General Meeting.
    d. Note that Members present in person or through registered proxy / authorized representative(s) shall only be entertained.
11. Members holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd. and Members holding shares in electronic form must advise their respective depository participants about change in address and not to the Company or the Company's Registrar.
12. In pursuance of circular No. 17/2011, dated April 21, 2011 and circular No. 18/2011, dated April 29, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Company has proposed to send documents like Notice of General Meeting, Annual Report etc. to the shareholders through electronic mode in pursuit of its efforts like previous year. We request you to participate in Green Initiative undertaken by Ministry of Corporate Affairs by registering your email ID with your depository participant (Where the shares are held in dematerialized form) or the Company's Registrar & Share Transfer Agent, Link Intime India Pvt. Ltd. (where the shares are held in physical form) by submitting the E-Communication Registration Form attached with this Annual Report.
13. All the documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all Working days between 10.00 A.M. and 1.00 P.M. up to the date of the aforesaid Annual General Meeting or any adjournment thereof, except on Sundays and other holidays.

Annexure to the Notice

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NOS. 7-11

Increase in Remuneration of Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal & Sh. Adeesh Kumar Gupta, Executive Director(s) of the Company

The Company, in 24th Annual General Meeting held on 27th September, 2010, had re-appointed Sh. Adesh Kumar Gupta as CEO and Executive Director, Sh. Adarsh Gupta & Sh. Shammi Bansal as Executive Directors of the Company for a period of five years effective from 1st April, 2010 at a remuneration of ₹1,00,000/- plus perquisites as per rules of the Company. The Company, in 23rd Annual General Meeting held on 30th September, 2009 & 25thAnnual General Meeting held on 28th September, 2011, had appointed Sh. Sunil Bansal as Executive Director w.e.f 1st January, 2009 and Sh. Adeesh Kumar Gupta as Executive Director w.e.f 1st October, 2011 respectively for a period of five years at a remuneration of ₹1,00,000/- plus perquisites as per rules of the Company.

In the last couple of years, the activities of the Company have increased manifold and in turn, their responsibilities have also increased enormously. Considering the increase in the responsibilities entrusted to them by the Company, their diversified experience in the industry and keeping in view the remuneration being paid in the industry to the person(s) holding the similar position, it is deemed appropriate to increase their remuneration as set out in the resolution(s) no. 7 to 11 for the remaining period of their term of appointment. The remuneration payable to the above said directors has also been considered and approved by the Remuneration Committee in their meeting held on 29th May, 2013.

The Company will be entering in to Supplementary Service Agreement with the above said directors incorporating therein the proposed remuneration which will be payable to them w.e.f. 1st April, 2013. The said draft Supplementary Service Agreement(s) are available for inspection at the Company's registered office on any working day between 10:00 A.M to 1:00 P.M.

Your Directors recommend the proposed resolution(s) for your approval.

Disclosure to Members under Section 302 of the Companies Act, 1956:

Increase in Remuneration of Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal & Sh. Adeesh Kumar Gupta, Executive Director(s) of the Company

Remuneration

a) **Salary:** ₹4,00,000/- per month to all the above individual directors subject to the Board reviewing any increase or variation in such salary.

b) **Perquisites:** As per the rules of the Company as applicable for the directors for the time being in force.

In view of the inadequate profits of the Company, the proposed remuneration payable to all the above said directors individually is the minimum remuneration and shall be within the limits as specified under the provisions of section 269, Section II of Part II of Schedule XIII to the Act including any statutory modification(s) or re enactment(s) thereof, for the time being in force and any other applicable provisions of the Companies Act, 1956. Further, no commission of whatsoever nature shall be paid to them apart from the aforesaid remuneration.

The other terms and conditions with respect to the appointment of the above said directors would remain same as approved by the Members in their respective Annual General Meeting of the Company and disclosures with respect thereto made earlier under section 302 of the Companies Act, 1956.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Adesh Kumar Gupta and Sh. Adarsh Gupta may be deemed to be concerned or interested in Special Resolution no. 7 & 8 and Sh. Shammi Bansal & Sh. Sunil Bansal in Special Resolution no. 9 & 10 and Sh. Adeesh Kumar Gupta in Special Resolution no. 11.

ITEM NO. 12

Increase in Remuneration of Sh. Raman Bansal, Head-Sales and Distribution

Sh. Raman Bansal, brother of Sh. Shammi Bansal & Sh. Sunil Bansal, Executive Directors of the Company, has been holding the place of profit with the Company as Head-Sales & Distribution of the Company at a monthly remuneration of ₹95,000/- with due approval of the Central Government under Section 314(1B) of the Companies Act, 1956 to be valid until 31st March, 2015. He is associated with the Company since 1990 and having a requisite experience and skills of managing domestic sales and distribution of footwear Company.

Sh. Raman Bansal possess exceptional qualities and ability of developing the domestic business of the Company and he has significantly contributed to the growth of the Company in the past. In view of his expertise and the contribution to the Company's activities, the Board has proposed to increase remuneration of Sh. Raman Bansal from ₹95,000/-p.m. to ₹2,50,000/- p.m. effective from 1st October, 2013. The remuneration payable to Sh. Raman Bansal, Head-Sales and Distribution of the Company has also been considered and approved by Remuneration Committee at their meeting held on 29th May, 2013.

In terms of the provisions of Section 314 (1) (b) read with Rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011, the appointment of a relative of Director(s) drawing a monthly remuneration of ₹50,000/- or more but not exceeding ₹2,50,000/- shall not be made except with the approval of members by a Special Resolution passed at the General Meeting of the Company. The proposed resolution is for increase in remuneration of Sh. Raman Bansal, relative of Director(s) of the Company, from ₹95,000/-p.m. to ₹2,50,000/- p.m. and requires approval of the Members by a Special Resolution to be passed at the General Meeting of the Company.

The Company will be entering in to Supplementary Service Agreement with Sh. Raman Bansal incorporating therein the above enhanced remuneration to be payable from 1st October, 2013. Draft of the said Supplementary Service Agreement is available for inspection at the Company's registered office on any working day between 10:00 A.M to 1:00 P.M.

Your directors recommend the resolution for your approval.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Shammi Bansal and Sh. Sunil Bansal, Executive Directors of the Company may be deemed to be concerned or interested in the above Special Resolution.

ITEM NO. 13

Increase in Remuneration of Sh. Vivek Bansal, Head-Production PVC Non-Leather Division

Sh. Vivek Bansal, brother of Sh. Shammi Bansal & Sh. Sunil Bansal, Executive Directors of the Company, has been holding the place of profit with the Company as Head-Production PVC Non-Leather Division of the Company at a monthly remuneration of ₹95,000/- with due approval of the Central Government under Section 314(1B) of the Companies Act, 1956 to be valid until 31st March, 2015. He has experience of over two decades as regard to the manufacturing of non-leather footwear with experimenting of new launches.

During his employment with the Company, he has significantly contributed in augmenting the production capabilities. In view of his expertise and the contribution to the Company's activities, the Board has proposed to increase remuneration of Sh. Vivek Bansal from ₹95,000/-p.m. to ₹2,50,000/- p.m. effective from 1st October, 2013. The remuneration payable to Sh. Vivek Bansal, Head-Production- PVC Non Leather Division of the Company has also been considered and approved by Remuneration Committee at their meeting held on 29th May, 2013.

In terms of the provisions of Section 314 (1) (b) read with Rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011, the appointment of a relative of Director(s) drawing a monthly remuneration of ₹50,000/- or more but not exceeding ₹2,50,000/- shall not be made except with the approval of members by a Special Resolution passed at the General Meeting of the Company. The proposed resolution is for increase in remuneration of Sh. Vivek Bansal, relative of Director(s) of the Company, from ₹95,000/- p.m. to ₹2,50,000/- p.m. and requires approval of the Members by a Special Resolution to be passed at the General Meeting of the Company. The Company will be entering in to Supplementary Service Agreement with Sh. Vivek Bansal incorporating therein the above enhanced remuneration to be payable from 1st October, 2013. Draft of the said Supplementary Service Agreement is available for

inspection at the Company's registered office on any working day between 10:00 A.M. to 1:00 P.M.

Your Directors recommend the resolution for your approval.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Shammi Bansal and Sh. Sunil Bansal, Executive Directors of the Company may be deemed to be concerned or interested in the above Special Resolution.

ITEM NO. 14

Appointment of Sh. Anupam Bansal as Head-Retail and fixation of his remuneration

Sh. Anupam Bansal, brother of Sh. Shammi Bansal & Sh. Sunil Bansal, Executive Directors of the Company, is presently working as Managing Director with M/s Liberty Retail Revolutions Limited (LRRL), a Wholly Owned Retail Subsidiary of the Company. Consequent to the proposed amalgamation of LRRL with the Company, Sh. Anupam Bansal has agreed to step down from the position of Managing Director of LRRL from the effective date of amalgamation and also agreed not to draw remuneration from LRRL w.e.f. the effective date of this resolution i.e 1st October, 2013 or effective date of amalgamation whichever is earlier.

The Board, considering Company's requirements and in view of the retail expertise of Sh. Anupam Bansal, proposed to appoint him as Head-Retail of the Company at monthly remuneration of ₹2,50,000/- effective from 1st October, 2013 on such terms and conditions as set out in the draft Service Agreement. The appointment of Sh. Anupam Bansal as Head-Retail of the Company with proposed remuneration has also been approved by Remuneration Committee at their meeting held on 29th May, 2013.

In terms of the provisions of Section 314 (1) (b) read with Rule 10C of the Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2011, the appointment of a relative of Director(s) drawing a monthly remuneration of ₹50,000/- or more but not exceeding ₹2,50,000/- shall not be made except with the approval of members by a Special Resolution passed at the General Meeting of the Company. The proposed resolution is for appointment of Sh. Anupam Bansal, relative of Director(s) of the Company at a monthly remuneration of ₹2,50,000/- and requires approval of the Members by a Special Resolution to be passed at the General Meeting of the Company.

The Company will be entering in to the Service Agreement with Sh. Anupam Bansal incorporating therein the above remuneration to be payable from 1st October, 2013. Draft of the said Service Agreement is available for inspection at the Company's registered office on any working day between 10:00 A.M to 1:00 P.M.

Your Directors recommend this resolution for your approval.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Shammi Bansal and Sh. Sunil Bansal, Executive Directors of the Company may be deemed to be concerned or interested in the above Special Resolution.

ITEM NO. 15

Post facto approval in terms of the Central Government approval no. 4/48/T-1/2013/D/141, dated 3rd April, 2013 for entering in to contract by the Company with M/s Liberty Footwear Co. (LFC) for availing services for use of their registered Trademark "LIBERTY" and other Marks and Logos

The Company, with due consent of the Board of Directors of the Company and prior approval of the Central Government as required under section 297 of the Companies Act, 1956, has entered in to the Trademark License Agreement (the contract) with LFC for use of Trademark "LIBERTY" and other marks and logos registered in the name of LFC for a period of 15 years commencing from 1st April, 2013 on such terms and conditions incorporated in the said contract. The Central Government in its approval has, inter-alia, prescribed that the said contract shall be placed in the General Meeting of the shareholders of the Company for taking their post-facto approval along with other terms and conditions as stipulated in the Central Government's approval which has been set out in the proposed resolution. The Board of Directors of the Company have observed and ensured the compliance of other terms and conditions as stipulated in the Central Government's approval.

The said contract and the Central Government's approval referred to in this resolution no. 15 would be available for inspection by the members at the Registered Office of the Company on any working day between 10:00 A.M to 1:00 P.M.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Adesh Kumar Gupta, Sh. Adarsh Gupta, Sh. Shammi Bansal,

Sh. Sunil Bansal and Sh. Adeesh Kumar Gupta, Executive Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 16

Post facto approval in terms of the Central Government approval no. 4/80/T-1/2013/ D/142, dated 3rd April, 2013 for entering in to contract by the Company with M/s Liberty Enterprises (LE) for use of services of their Fixed Assets for manufacturing of footwear and Export Sales Network for Sale of Footwear by the Company

The Company, with due consent of the Board of Directors of the Company and prior approval of the Central Government as required under section 297 of the Companies Act, 1956, has entered in to the contract or arrangement (the contract) with LE for use of services of Fixed Assets for manufacturing of footwear and Export Sales Network for sale of footwear for a period of 2 (Two) years commencing from 1st April, 2013 on such terms and conditions incorporated in the said contract. The Central Government in its approval has, inter-alia, prescribed that the said contract shall be placed in the General Meeting of the shareholders of the Company for taking their post-facto approval along with other terms and conditions as stipulated in the Central Government's approval which has been set out in the proposed resolution. The Board of Directors of the Company have observed and ensured the compliance of other terms and conditions as stipulated in the Central Government's approval.

The said contract and the Central Government's approval referred to in this resolution no. 16 would be available for inspection by the members at the Registered Office of the Company on any working day between 10:00 A.M to 1:00 P.M.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Adesh Kumar Gupta, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal and Sh. Adeesh Kumar Gupta, Executive Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 17

Post facto approval in terms of the Central Government approval no. 4/102/T-1/2013/ D/143, dated 3rd April, 2013 for entering in to contract by the Company with M/s Liberty Group Marketing Division (LGMD) for use of services of their Fixed Assets for manufacturing of footwear and registered trademarks and domestic sales networks for sale of footwear by the Company

The Company, with due consent of the Board of Directors of the Company and prior approval of the Central Government as required under section 297 of the Companies Act, 1956, has entered in to the contract or arrangement (the contract) with LGMD for use of services of Fixed Assets for manufacturing of footwear, registered Trademarks and Domestic Sales Network for sale of footwear for a period of 2 (Two) years commencing from 1st April, 2013 on such terms and conditions incorporated in the said contract. The Central Government in its approval has, inter-alia, prescribed that the said contract shall be placed in the General Meeting of the Shareholders of the Company for taking their post-facto approval along with other terms and conditions as stipulated in the Central Government's approval which has been set out in the proposed resolution. The Board of Directors of the Company have observed and ensured the compliance of other terms and conditions as stipulated in the Central Government's approval.

The said contract and the Central Government's approval referred to in this resolution no. 17 would be available for inspection by the members at the Registered Office of the Company on any working day between 10:00 A.M to 1:00 P.M.

Memorandum of Interest or Concern of Directors of the Company:

None of the Directors of the Company except Sh. Adesh Kumar Gupta, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal and Sh. Adeesh Kumar Gupta, Executive Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the resolution as set out at item No. 15 to 17of the Notice for your approval.

By order of the Board
For Liberty Shoes Ltd.

Munish Kakra
Vice President & Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Annexure-A of Annexure to the Notice

A BRIEF PROFILE ALONGWITH THE NECESSARY INFORMATION OF THE DIRECTORS SEEKING THEIR APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING IN PURSUANCE OF CLAUSE 49 (IV) (G) OF LISTING AGREEMENT.

Name of the Director	Sh. Amitabh Taneja	Sh. Shammi Bansal	Sh. Vivek Bansal	Sh. Adeesh Kumar Gupta
Date of Birth	11th September, 1967	27th March, 1961	25th August, 1968	11th January, 1964
Age	46 Years	52 Years	45 Years	49 Years
Date of Appointment as Director	17th December, 2005	28th September, 1990	17th December, 2005	12th August, 2011
Qualifications	Graduate and various certifications in retail & fashion.	Graduate	• Software Engineer from MS University, Baroda • Master Degree in Computer Science from Kanas State University, US	Graduate
Experience/Functional Areas	Leading fashion journalist with rich experience in retail & Fashion. He is, currently, the editor-in-Chief of Images Multimedia (P) Ltd., a renowned Media Group in retail & fashion industry.	• Experience of over three decades in different facets of footwear manufacturing witnessed by various initiatives in leather and footwear technology. • Responsible for Company's overall footwear manufacturing and complete designing & development.	A dynamic investor and entrepreneur. Founder of Plus Venture, an investment fund.	Has been associated with the Company in the different capacity for last several years and having vast experience in his field of human resource management and the supervision of leather finishing unit.
List of Directorship held in other Companies	• Liberty Retail Revolutions Ltd. • Images Multimedia (P) Ltd. • Images Consumer Media (P) Ltd. • Provogue (India) Ltd. • IM Entertainment (P) Ltd. • Shopping Centres Association of India • River Water Retail Management and Design (P) Ltd. • Pink Digital (P) Ltd.	Little World Construction (P) Ltd.	• Plus Capital Advisors (P) Ltd.	• Geofin Investments (P) Ltd. • Liberty Retail Revolutions Ltd.
List of Membership/ Chairmanship in Committees of other Companies	• Remuneration Committee, Compensation Committee and Shareholders/ Investors' Grievance Committee of Provogue (India) Ltd. • Audit Committee and Remuneration Committee of Liberty Retail Revolutions Ltd.	None	None	None
Shareholding of Executive/Non-Executive Director (s)	NIL	2,26,000 Equity Shares	NIL	1,50,360 Equity Shares

Information in Terms of Schedule XIII to the Companies Act, 1956

I. General Information

a) Nature of Industry: The Company is engaged in the business of manufacturing and trading of all types of footwear and other fashion accessories under the brand name "Liberty" and falls under the single segment of Footwear Industry.

b) Date or expected date of commencement of commercial production: The Company has been in the business since 1986.

c) Financial performance based on given indicators:-

(For the Financial ended March 31, 2013) Profit/(Loss) before depreciation, interest, tax and exceptional items: ₹27.60 Cr.

Profit after tax and Exceptional item: ₹7.17 Cr.

Net Worth (excluding Capital reserve): ₹156.38 Cr.

Book Value per share of ₹10 each: ₹91.80

d) Export Performance and net foreign exchange earnings:

Financial year	Export (FOB Value) (₹in Crores)	Net Foreign Exchange Earnings (₹in Crores)
2012-13	37.89	21.42
2011-12	47.36	28.63
2010-11	42.99	28.29

e) Foreign Investments and Collaboration, if any, as on 31st March 2013: The Company has no foreign collaboration but has done foreign investment in wholly owned overseas subsidiary namely Liberty Foot Fashion Middle East, FZE and invested a sum of AED: 25,39,376 by way of its equity contribution.

II. Information about the Appointee/Director

A. Background Details of Sh. Adesh Kumar Gupta, CEO and Executive Director

Sh. Adesh Kumar Gupta, aged 53 years, is a Graduate in B.Sc. Engineering (Mechanical) and has been associated with the Company as Director since 1990 and later on appointed as Executive Director of the Company in the year 2001. He was subsequently appointed as CEO & Executive Director of the Company in January, 2004 and since then he has been holding this position with re-appointment made w.e.f. 1st April, 2010 for a further period of five years.

Ever since his association with the Company, he has been actively involved in formulating business strategies and providing his vital contribution for the effective functioning of the Company and took various initiatives in the overall growth of the Company. With the help of enough global experience acquired, he has been providing timely solution to the issues relating to export markets and in securing success in the export markets. During his career, he has been embraced with many awards & few of the prestigious awards include, Best CEO of the Year 2005 FIIE, Udyog Rattan 2005 award (PHDDCI), WORLDCOB, Amity Corporate Excellence Award 2007 & Haryana Rattan award.

Past Remuneration

Sh. Adesh Kumar Gupta, CEO and Executive Director was being paid salary of ₹12,00,000/- p.a. with perquisites as per the rules of the Company for the time being in force and within the limits of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Job Profile and his suitability

Sh. Adesh Kumar Gupta is a CEO & Executive Director and looking after overall strategic matters and policies of the Company. The Board of Directors of the Company is of the opinion that Sh. Gupta has requisite qualifications and experience for the position he is holding.

Remuneration proposed

The remuneration proposed to be paid to Sh. Gupta, CEO & Executive Director is ₹48,00,000/- p.a. including perquisites as per the rules of the Company within the limits of schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Pecuniary and other relationships with the Company and Managerial personnel

Sh. Adesh Kumar Gupta is receiving remuneration as CEO & Executive Director and belongs to the Promoters Group of the Company. He is relative of Sh. Adarsh Gupta, Promoter and Executive Director of the Company in terms of the definition of relative under the Companies Act, 1956.

B. Background Details of Sh. Adarsh Gupta, Executive Director

Sh. Adarsh Gupta, aged 52 years, is a Graduate and diploma holder in shoe designing from one of the best global institute. He has been associated with the Company since 1990 as Director of the Company and later on appointed as Executive Director in the year 1995 with re-appointment from time to time including re-appointment as Executive Director for a period of five years w.e.f. 1st April, 2010.

Sh. Adarsh Gupta spends substantial time in overseeing the overall management of the Company and has been spoke person of the Company. He has been mentor of the Company for expansion in retail and has been acting as Chairman of the Retail Subsidiary of the Company. Besides this, he has been over three decades of experience of corporate planning, product & brand promotions and retailing activities. He has got prestigious recognition and appreciation in the industry for his contribution to the overall growth of the footwear market.

Past Remuneration

The members had approved salary of ₹12,00,000/- p.a. with perquisites as per the rules of the Company for the time being in force and within the limits of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Job Profile and his suitability

Sh. Adarsh Gupta is an Executive Director and with his expertise, managing the overall affairs of the Company. The Board of Directors of the Company is of the opinion that Sh. Gupta has requisite qualifications, expertise and experience for the position he is holding.

Remuneration proposed

The remuneration proposed to be paid to Sh. Adarsh Gupta, Executive Director is ₹48,00,000/- p.a. including perquisites as per the rules of the Company within the limits of schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Pecuniary and other relationships with the Company and Managerial personnel, if any

Sh. Adarsh Gupta is receiving remuneration as an Executive Director and belongs to the Promoters Group of the Company. He is relative of Sh. Adesh Kumar Gupta, Promoter and CEO & Executive Director of the Company in terms of the definition of relative under the Companies Act, 1956.

C. Background Details of Sh. Shammi Bansal, Executive Director

Sh. Shammi Bansal, aged 52 years, is a Graduate and has been associated with the Company since 1990 as Director of the Company and later on appointed as Executive Director in the year 1995 with re-appointment from time to time including re-appointment as Executive Director for a period of five years w.e.f. 1st April, 2010.

He has over three decades of experience in the overall management & managing different facets of footwear manufacturing. During his long association with the Company, he has taken various initiatives for successful implementation of various technologies and process for footwear manufacturing. During his career, he has been awarded with many recognitions, the most prominent one is "National Productivity Award" in the year 1997-98 for his outstanding achievement.

Past Remuneration

Sh. Shammi Bansal, Executive Director, was being paid salary of ₹12,00,000/- p.a. with perquisites as per the rules of the Company for the time being in force and within the limits of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Job Profile and his suitability:

Sh. Shammi Bansal is an Executive Director and overall responsible for the footwear manufacturing for the Company, the core strength of the Company. The Board of Directors of the Company is of the opinion that Sh. Shammi Bansal has requisite qualifications, expertise and experience for the position he is holding.

Remuneration proposed

The remuneration proposed to

be paid to Sh. Shammi Bansal, Executive Director is ₹48,00,000/- p.a. including perquisites as per the rules of the Company within the limits of schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Pecuniary and other relationships with the Company and Managerial personnel, if any

Sh. Shammi Bansal is receiving remuneration as an Executive Director and belongs to the Promoters Group of the Company. He is relative of Sh. Sunil Bansal, Promoter and Executive Director of the Company in terms of the definition of relative under the Companies Act, 1956.

D. Background Details of Sh. Sunil Bansal, Executive Director

Sh. Sunil Bansal, aged 53 years, is a Graduate and has been associated with the Company since 1990 as Director of the Company and later on appointed as Executive Director for a period of five years w.e.f. 1st January, 2009. He has been looking after the international business of the Company and also guiding leather shoes production team with his expertise. He has over three decades of experience in footwear industry.

Past Remuneration

Sh. Sunil Bansal, Executive Director, was being paid salary of ₹12,00,000/- p.a. with perquisites as per the rules of the Company for the time being in force and within the limits of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Job Profile and his suitability

Sh. Sunil Bansal is an Executive Director and associated with the Company since 1990. The Board of Directors of the Company is of the opinion that Sh. Sunil Bansal has requisite qualifications and experience for the position he is holding.

Remuneration proposed

The remuneration proposed to be paid to Sh. Sunil Bansal, Executive Director is ₹48,00,000/- p.a. including perquisites as per the rules of the Company within the limits of schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Pecuniary and other relationships with the Company and managerial personnel, if any

Sh. Sunil Bansal is receiving remuneration as an Executive Director and belongs to the Promoters Group of the Company. He is relative of Sh. Shammi Bansal, Promoter and Executive Director of the Company in terms of the definition of relative under the Companies Act, 1956.

E. Background Details of Sh. Adeesh Kumar Gupta, Executive Director

Sh. Adeesh Kumar Gupta, aged 49 years, is having experience of over two decades in the field of Human Resource Management as well as of leather finishing unit. He was earlier associated with the Company as Director during the period of 1990 to 2001 and then rejoined the Board as Additional Director in the year 2011 and then appointed as Executive Director for a period of five years w.e.f. 1st October, 2011.

Past Remuneration

Sh. Adeesh Kumar Gupta, Executive Director, was being paid salary of ₹12,00,000/- p.a. with perquisites as per the rules of the Company for the time being in force and within the limits of Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Job Profile and his suitability

Sh. Adeesh Kumar Gupta is an Executive Director and looking after Human Resource Development of the Company and provides overall supervision of leather finishing unit. The Board of Directors of the Company is of the opinion that Sh. Adeesh Kumar Gupta has requisite qualifications and experience for the position he is holding.

Remuneration proposed

The remuneration proposed to be paid to Sh. Adeesh Kumar Gupta, Executive Director is ₹48,00,000/- p.a. including perquisites as per the rules of the Company within the limits of schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act, if any.

Pecuniary and other relationships with the Company and Managerial personnel, if any

Sh. Adeesh Kumar Gupta is receiving remuneration as an Executive Director and belongs to the Promoters Group of the Company.

E. Comparative remuneration profile as per published information

Sr. No.	Particulars	(1)	(2)	(3)
1	Name of Company	Bata India Ltd.	Relaxo Footwears Ltd.	Mirza International Ltd.
2	Type of Industry	Footwear	Footwear	Footwear
3	Financial Year Ended	December, 2012	March, 2012	March, 2012
4	Annual Turnover	₹1842.40 Crores	₹865.73 Crores	₹556.53 Crores
5	Designation, Personal and Remuneration Profile (2012)	(i) Managing Director, B.E. (Mechanical), 48 years old having 22 years of experience in similar field at a remuneration comprising Salary, Allowances and Perquisites totaling to ₹285.70 Lacs p.a. (ii) Executive Director, Commerce Graduate, Chartered Accountants, 44 years old, having more than 21 years of experience in similar field at a remuneration comprising Salary & Allowances and Perquisites totaling to ₹80.90 Lacs p.a.	(i) CEO& Managing Director, 59 years old having more than 30 years of experience in similar field at a remuneration comprising Salary & Commission totaling to ₹185.32 Lacs p.a. (ii) Whole Time Director, 58 years old, having more than 30 years of experience in similar field at a remuneration comprising Salary & Commission totaling to ₹185.32 Lacs p.a.	(i) Managing Director, diploma in Leather technology, London, 57 years old having 37 years of experience in similar field at a remuneration comprising Salary & Perquisites totaling to ₹125.24 Lacs p.a. (ii) Whole Time Director, diploma in Leather Goods Technology, U.K., 56 years old having 34 years of experience in similar field at a remuneration comprising Salary & Perquisites totaling to ₹98.53 Lacs p.a.

III. Other Information

(i) Reasons of inadequate profits:

- Global slowdown & sluggishness in the Indian economy
- Slow development of the organized retailing than expected
- Rise in the cost of input, administrative and employees cost resulting in to decline in profitability
- Upward revision in various indirect taxes
- Increase in the finance cost due to higher utilization of borrowed funds and the higher interest rates

(ii) Steps taken or proposed to be taken for improvement:

- Expanding the reach in untapped areas/cities for increasing the sales from the existing set up
- To further strengthen the brand perception & pass on impact of higher costs to consumer
- Outsourcing of trendy footwear on selective basis
- Introduction of strict discipline for reducing working capital cycle
- Restructuring of the retail operations of the Company by consolidating its retail subsidiary

(iii) Expected increase in productivity and profits in measurable terms:

It is difficult at this stage to quantify the effect of the measures taken/being taken by the Company to improve the overall performance in financial terms. However, the measures being taken/to be taken by the Company will add on to the overall value of the Company which will be reflecting through the increase in the profitability of the Company.

IV. Disclosure

1. Information on the remuneration package of the managerial personnel:

   The proposed remuneration package for payment to the Executive Directors of the Company have been informed to the Members by way of disclosures in terms of section 302 of the Companies Act, 1956 mentioned in the explanatory statements annexed to the Notice of this Annual General Meeting.

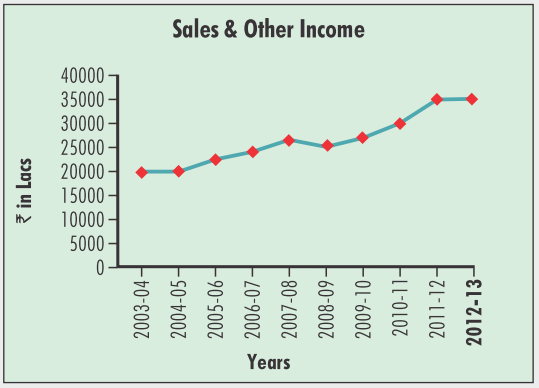
2. Disclosure under 'Corporate Governance' Report attached to the Annual Report:

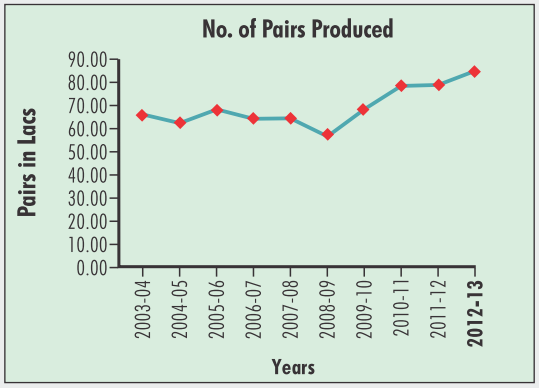
   The requisite details, as required to be disclosed under Corporate Governance' Report attached to the Annual Report to the extent applicable to the Company and the Directors, have been disclosed therein.

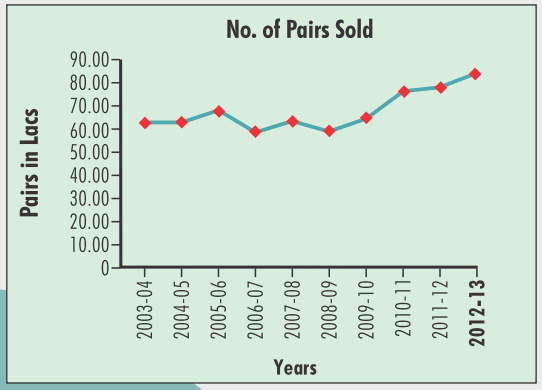
Ten Years' Figures at a Glance

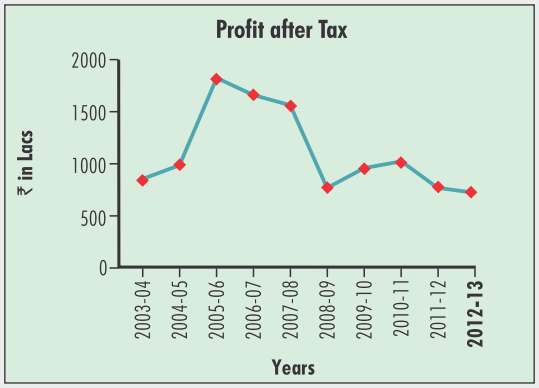
(₹ In Lacs)

S. No.	Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Sales & Other Income	19962.64	19609.85	22223.09	23921.76	26296.46	24863.46	26684.94	30658.18	34726.67	**35455.04**
2	No. of Pairs Produced (Pairs in Lacs)	65.98	62.41	67.73	63.85	63.86	56.32	66.50	77.34	77.24	**82.61**
3	No. of Pairs sold (Pairs in Lacs)	63.13	62.64	67.91	58.87	64.31	59.12	64.31	76.57	78.15	**85.34**
4	Profit after tax	839.57	979.46	1849.28	1701.95	1605.14	754.52	967.21	1028.95	757.85	**717.29**







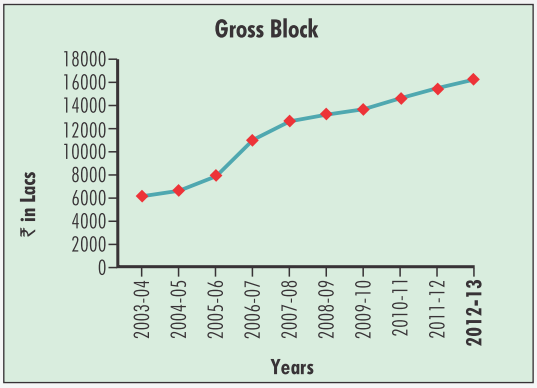


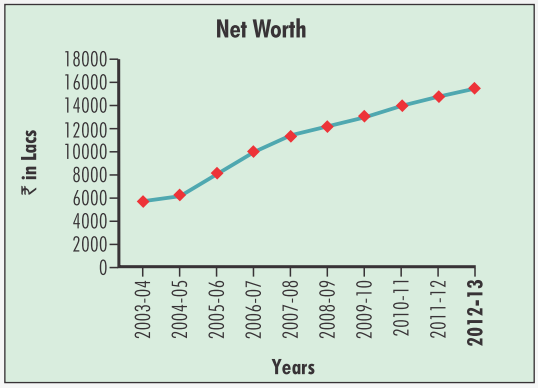
Ten Years' Key Financial Figures at a Glance

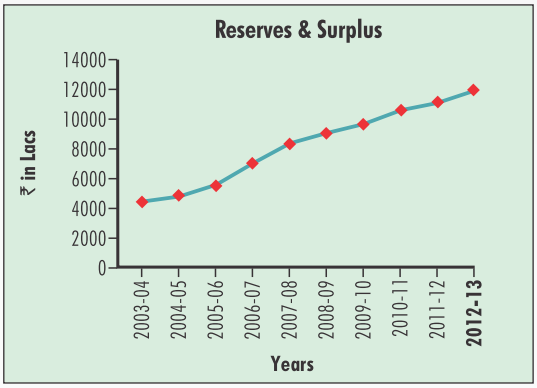
(₹ In Lacs)

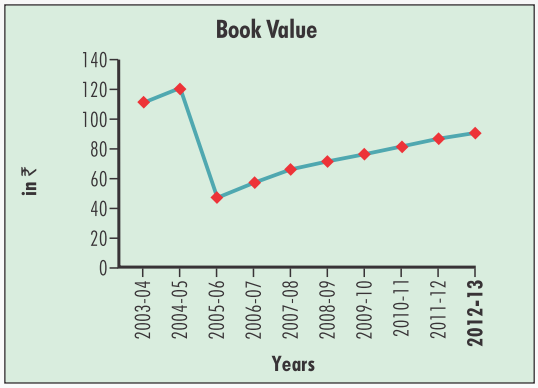
S. No.	Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Gross Block	6064.98	6650.42	7970.30	11055.30	12606.40	13172.97	13653.25	14595.28	15343.40	**16150.64**
2	Net Worth	5597.31	6219.61	8167.40	9885.73	11481.89	12233.99	13154.30	14162.57	14925.20	**15642.50**
3	Book Value (In ₹ per share)	110.40	122.67	47.93*	58.01	67.38	71.80	77.20	83.11	88.00	**91.80**
4	Reserves & Surplus	5090.31	5712.61	6463.40	8181.73	9777.89	10529.99	11450.30	12458.57	13221.20	**13938.50**

* In the year 2005-06, the same has been decreased due to capitalisation of share premium by way of bonus shares, conversion of Fully Convertible Debentures into Equity Shares and consequent issue of bonus shares.









Key Revenue Statement

Statement of Value Addition

(₹ In Lacs)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Income from Production	17715.11	17751.93	20473.18	22214.56	24785.08	24044.38[1]	26066.87	29694.02	33228.52	**33752.28**
Other Income	42.38	126.32	111.11	167.28	507.11	140.79	73.46	128.16	103.84	**182.12**
Total Corporate Output	17757.49	17878.25	20584.29	22381.84	25292.19	24185.17	26140.33	29822.18	33332.36	**33934.40**
Less: Cost of Materials	8133.63	8191.48	9017.53	10109.70	12497.39	12821.95[1]	13691.90	15400.19	17119.62	**17088.72**
Less: Manufacturing Expenses	5914.92	5621.27	6315.46	6852.68	6944.59	6626.81	7234.68	8344.47	9898.89	**10140.24**
Gross Value Addition	3708.94	4065.50	5251.30	5419.46	5850.21	4736.40	5213.75	6077.52	6313.85	**6705.44**
Less: Depreciation	364.37	371.09	399.99	463.35	637.97	659.46	679.25	680.94	738.91	**805.11**
Net Value Addition	3344.56	3694.41	4851.31	4956.11	5212.24	4076.94	4534.50	5396.58	5574.94	**5900.33**
Allocation Amongst Employees	1523.50	1641.11	1991.56	2123.27	2260.92	2091.86	2703.17	3567.90	3679.42	**3965.21**
Taxes	457.41	417.80	571.84	249.22	11.62	(25.84)	(35.06)	(21.16)	(34.93)	**18.13**
Interest & Financial Charges	559.81	698.71	474.18	881.69	1334.57	1256.41	899.19	820.89	1172.60	**1230.09**
Dividend	278.85	304.20	253.50	-	-	-	-	-	-	**-**
Previous year adjustments	25.79	10.29	(42.57)	(16.38)	8.97	2.43	46.90	20.68	(4.79)	**(30.39)**
Retained Earnings	499.20	622.30	1602.80	1718.32	1596.16	752.08	920.30	1008.27	762.64	**717.29**

[1] The Impact of Provision for Excise Duty against finished goods lying in Stocks has not been considered. For Retained earnings previous year adjustment, if any, has been considered.

Statement of Import/Export

(₹ In Lacs)

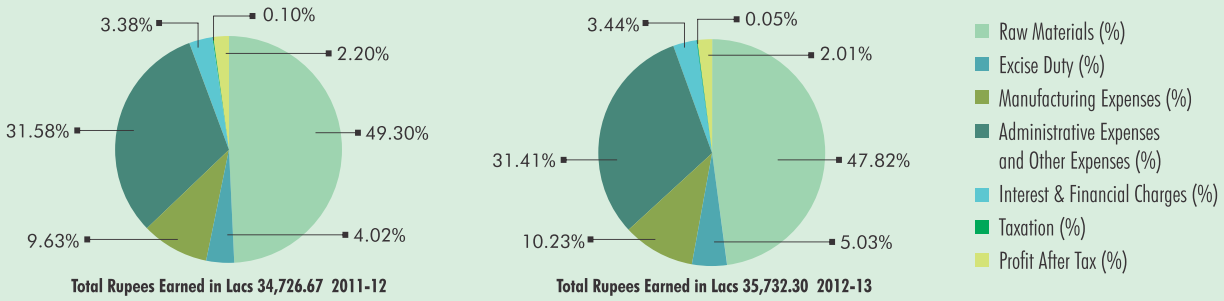
Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
CIF value of Imports & other Expenses	2041.82	1158.85	2168.63	3819.94	1407.26	872.67	876.02	1469.66	1872.63	**1646.94**
FOB Value of Exports	5385.45	5448.20	6135.64	4624.39	4478.04	3779.78	3678.98	4298.82	4735.73	**3789.09**
Net Gain/Loss	3343.63	4289.35	3967.01	804.45	3070.78	2907.11	2802.96	2829.16	2863.10	**2142.15**

Statement of Contribution to Public Exchequer

(₹ In Lacs)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Income Tax	381.37	325.13	523.31	281.71	220.78	149.40	210.05	235.92	207.57	**142.65**
Custom Duty	159.89	217.48	566.42	866.43	435.66	257.09	216.95	356.75	422.17	**642.74**
Excise Duty	2205.15	1828.52	1638.81	1539.93	1004.27	708.29	544.62	836.00	1394.31	**1797.90**
Sales Tax/VAT	1047.50	929.11	1196.19	1232.98	1112.60	820.58	915.18	977.30	991.94	**1207.74**
Total	**3793.91**	**3300.24**	**3924.73**	**3921.05**	**2773.31**	**1935.36**	**1886.80**	**2405.97**	**3015.99**	**3791.03**

Distribution of Rupee Earned (in%) for 2011-12 & 2012-13



Directors' Report

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Annual Accounts for the financial year ended 31st March, 2013.

In addition to the Audited Annual Accounts for the financial year ended 31st March, 2013, your Company has also presented its consolidated financial statements after considering the Audited Annual results of its retail subsidiary Liberty Retail Revolutions Limited and overseas wholly owned subsidiary Liberty Foot Fashion Middle East FZE in accordance with the requirements of the applicable Accounting Standards and provisions of the Listing Agreement with the Stock Exchanges.

Financial Highlights (Standalone):

The highlights of the financial statements are as under:-

(₹ In Lacs)

Particulars	2012-13	2011-12
Gross Sales	35,272.92	34,622.82
Less: Excise Duty	1,520.64	1,394.30
Net Sales	33,752.28	33,228.52
Add: Other Income	182.12	103.84
Revenue from Operations and Other Income	33,934.40	33,332.36
Profit before Depreciation, Finance Costs and Tax	2,759.73	2,958.25
Less: Finance Costs	1,230.09	1,172.60
Less: Depreciation & Amortisation	805.12	738.91
Profit Before Exceptional Items	724.52	1,046.74
Less: Exceptional Items	19.49	323.83
Profit Before Tax Expense	705.03	722.92
Less: Tax Expenses	(12.26)	(39.72)
Net Profit for the year	717.29	762.64
Add: Opening Balance	4,329.91	4,167.27
Profit Available for Appropriation(s)	**5,047.20**	**4,929.91**
Less: Transfer to General Reserve	600.00	600.00
Surplus carried to Balance Sheet	4,447.20	4,329.91

Review of the operations of the Company:

Your Directors are always of the view that Indian footwear industry has huge potential due to its intrinsic strengths and this industry would further grow because of change in consumption habits and consumer awareness. In its efforts to exploit the available potential, your Company has been working to improve its presence in the footwear market where it has always been considered as a leader and known for its fashion consciousness.

Your Company, during the year under consideration, has achieved Gross Sales of ₹35,272.92 Lacs (Previous year ₹34,622.82 Lacs) and Net Sales of ₹33,752.28 Lacs (Previous year ₹33,228.52 Lacs). During the year, under review the domestic sales performance has improved as against the previous year but on the exports side the sales have declined due to global economic slowdown.

Your Company, during the year under review, registered a profit after tax of ₹717.29 Lacs as against ₹762.64 Lacs in the corresponding previous year. The rising input cost has been the concern area for which the Company is taking effective steps to control and to suitably pass it on to the consumers. The expansion of reach, frequent fashionable launch to attract customers and selective outsourcing of footwear

with quality compliance are the few steps the Company has implemented to improve the overall efficiency of the Company.

Your Directors, in view of the benefits available to the Company and after obtaining the requisite approval from the Central Government in terms of applicable provisions of the Companies Act, 1956, have authorized and approved the agreement(s) entered in to by the Company with (i) Liberty Group Marketing Division (LGMD) for use of services of Fixed Assets for manufacturing at Karnal (Haryana), registered Trademarks and Domestic Sales Network for sale of footwear for a period of 2 (two) years (ii) Liberty Enterprises (LE) for use of footwear manufacturing facilities at Karnal and export sales network for a period of 2 (two) years and (iii) Liberty Footwear Co. (LFC) for use of trademark "LIBERTY" and other marks on exclusive basis for a period of 15 (Fifteen) years, against payment of minimum guaranteed obligation. Your Company, in future, has plans to restructure these arrangements with emphasis to unlock shareholders value, the details of which shall be placed before the members appropriately.

Your Company, during the year under review, registered consolidated turnover of ₹37,806.65 Lacs as compared to ₹37,033.59 Lacs in the previous year. The net profits on consolidated basis are ₹538.78 Lacs as compared to ₹438.40 Lacs in the previous year.

Your Directors are constantly making their efforts to improve the working of the Company with optimal utilization of available resources and have also intended to further consolidate the business including amalgamation of its retail subsidiary with the Company.

Corporate Social Responsibility:

Liberty, considering its responsibility, has identified the following areas to make its contribution towards society:

- Medical care for the community at large in the areas close to the Company's plants.
- Supporting education of the workers' children.
- Charitable donations and the maintenance of the public amenities.
- Green initiatives through tree plantations at plants of the Company.

Subsidiary Companies:

Liberty Retail Revolutions Ltd (LRRL), Retail Subsidiary

For the year under consideration, LRRL's performance has been satisfactory and it has recorded a cash profit as against the cash loss during the corresponding previous year. During the year under consideration, LRRL has achieved turnover of ₹5,975.73 Lacs (Previous year ₹5,786.51 Lacs).

Your Company, as on 31st March, 2013, holds 1,06,50,000 Equity Shares constituting 100% stake in Retail Subsidiary in addition to 5,00,000 Fully Convertible Debentures of the face value of ₹100 each aggregating to ₹500 Lacs.

Your Directors, as reported earlier also, have approved the Scheme of Amalgamation of M/s Liberty Retail Revolutions Ltd. (LRRL) with the Company to be effective from 1st April, 2013 subject to sanction from the respective Hon'ble High Court(s) and approval from the Members of the Company. The necessary formalities as required to effect the above said amalgamation have already been initiated. Your Directors are of a view that the scheme is consistent with the objective of consolidating the business leading to operational efficiencies.

Liberty Foot Fashion Middle East FZE (LFF), Dubai (Wholly Owned Overseas Subsidiary)

Your Company till 31st March, 2013 has invested a sum of ₹302.42 Lacs (Previous Year ₹302.42 Lacs) in LFF as its capital contribution. The financial results of LFF have been consolidated with the Company in compliance with AS-21 of the Accounting Standard issued by the Institute of Chartered Accountants of India.

General Approval for not attaching the Annual Accounts of the Subsidiary Companies

Your Board of Directors have accorded their consent vide Resolution passed in their Meeting held on 29th May, 2013 for not attaching a copy of the Balance Sheet, Statement of Profit & Loss, Reports of Directors and Auditors of the Subsidiary Companies with the Audited Annual Accounts of the Company pursuant to Section 212 of the Companies Act, 1956 read with General Circular No. 2/2011 dated February 8, 2011 issued by Ministry of Corporate Affairs. Accordingly, the

copies of Balance Sheet, Statement of Profit & Loss, Reports of Directors and Auditors of the two Subsidiary Companies have not been attached with the Annual Accounts of the Company. However, these documents shall be made available to the shareholders of the Company and of Subsidiary Companies on any working day from 10.00 A.M. till 1.00 P.M. The Annual Accounts of the Subsidiary Companies are open for inspection by any shareholder at the Registered Office of the Company and of the Subsidiary Companies. Any shareholder of the Company, who wishes to obtain a copy of the said Annual Accounts of the Subsidiary Companies, may send a request in writing to the Company Secretary at the Registered Office of the Company.

However, a statement containing the brief financial details of the subsidiary Companies for the financial year ended 31st March, 2013 is included in the financial statements of the Company as required under the provisions of Section 212 of the Companies Act, 1956. The aggregate amount of a) Capital b) Reserves c) Total Assets d) Total Liabilities e) Detail of Investment (except investment in subsidiaries) f) Turnover g) Profit Before Taxation h) Provision For Taxation i) Profit After Taxation j) Proposed Dividend in respect of two Subsidiary Companies are included in the Consolidated Balance sheet of the Company. Further, the Consolidated Financial Statements pursuant to the Accounting Standard-21 as issued by the Institute of Chartered Accountants of India and Clause 32 of the Listing Agreement have been presented by the Company elsewhere in this Annual Report including the financial results of its subsidiaries.

Appropriations:

Dividend

Your Directors, in view of financial requirements for the Company, do not recommend dividend on Equity Share Capital of the Company to the shareholders for the financial year ended 31st March, 2013.

Transfer to Reserves

Your Directors proposed to transfer ₹600.00 Lacs (Previous Year ₹600.00 Lacs) to the General Reserves out of the profits available with the Company for appropriations. Accordingly, an amount of ₹117.29 Lacs (Previous Year ₹162.64 Lacs) has been proposed to be retained in the Profit & Loss Account of the Company.

Employees Stock Option Scheme(s):

During the year ended 31st March, 2013, your Company has not floated any scheme in relation to Employees Stock Option(s) and no such further plans have been initiated at present in this regard.

Risk Management:

The Management of the Company has formulated and established the process and procedure of assessing the risk to control at early stage. The Management of the Company has always been consciously reviewing its business operations in accordance with set rules and procedure and if any deviation or risk is found, remedial and effective steps are being taken to minimize the deviation and risk.

Buy Back of Equity Shares:

Your Company has not undertaken any exercise to buy back its Equity Shares from the shareholders during the year under review.

Public Deposit(s):

In terms of the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975, the Company has not accepted any public deposits during the year under consideration.

Board of Directors:

Retirement by rotation

Sh. Amitabh Taneja, Sh. Shammi Bansal, Sh. Vivek Bansal and Sh. Adeesh Kumar Gupta, Directors of the Company, retire by rotation in pursuance of the provisions of Section 256 of the Companies Act, 1956 and being eligible offer themselves for the re-appointment at the ensuing Annual General Meeting.

A brief profile along with the necessary details including memorandum of interest of Directors seeking their appointment/ re-appointment thereof has been provided in Annexure - A of Annexure to the Notice of the Annual General Meeting as

required under Clause 49 of the Listing Agreement entered into with Stock Exchange(s) and the provisions of section 302 of the Companies Act, 1956.

Expiry of tenure of Director (Law & Taxation)

The Members of the Company, in their meeting held on 28th September, 2011 had approved the appointment of Sh. Satish Kumar Goel as "Director (Law & Taxation)"with remuneration w.e.f. 1st April, 2011 for a period of two years and accordingly, his appointment as "Director (Law & Taxation)" expired on 31st March, 2013. However, Sh. Satish Kumar Goel shall be continuing as Director of the Company subject to retirement by rotation pursuant to the provisions of Section 256 of the Companies Act, 1956.

Increase in Remuneration of Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal and Sh. Adeesh Kumar Gupta, Executive Directors of the Company

Sh. Adesh Kumar Gupta, CEO & Executive Director, Sh. Adarsh Gupta, Sh. Shammi Bansal, Sh. Sunil Bansal and Sh. Adeesh Kumar Gupta, Executive Directors of the Company have been associated with the Company since very long period and devoting their time, experience and efforts in the day to day operations and management of the Company. The respective Executive Directors are being paid remuneration of ₹1,00,000/- p.m. which does not commensurate with the services they rendered for the Company and remuneration being paid for this position in the similar industry. Your Directors have, therefore, proposed to increase their remuneration from ₹1,00,000/- p.m. to ₹4,00,000/- p.m. including perquisites as per Company's rules w.e.f. 1st April, 2013 subject to the approval of the Members of the Company in the forthcoming Annual General Meeting. The remuneration payable to the aforesaid executive directors has also been approved by the Remuneration Committee. The enabling resolution(s) with explanatory statement incorporating all the requisite details including their tenure are included elsewhere in this Annual Report.

Directors' Responsibility Statement:

Pursuant to section 217(2AA) of the Companies Act 1956, the Directors to the best of their knowledge and belief confirm that:

i) in preparation of the Annual Accounts as on 31st March 2013, of the Company, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;

ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

iii) they have taken proper and sufficient care for maintenance of adequate accounting records with in the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

iv) they have prepared the annual accounts on a going concern basis.

Recommendations / Observations of Audit Committee:

The recommendations / observations of the Audit Committee placed before the Board during the financial year ended 31st March, 2013 in respect of matters pertaining to the financial management or any other matter related thereto, were considered and duly accepted by the Board of Directors of the Company.

Statutory Auditors and their Report:

M/s Pardeep Tayal & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility for re- appointment.

Your Company's Directors have examined the Statutory Auditors' Report on Annual Accounts of the Company and observed that no reservation, qualification or adverse remark was made by the Statutory Auditors in their Report and their clarifications, wherever necessary, have been

included in the Notes to the Accounts section as mentioned elsewhere in this Annual Report.

Cost Auditors:

The Central Government vide its Order F. No. 52/26/CAB-2010 dated 24/01/2012 read with the Companies (Cost Accounting Records) Rules, 2011 dated 03/06/2011 has made optional the Audit of cost records in respect of certain industries including footwear for the financial year 2012-13. Under the applicable rules, the Companies not covered for mandatory Cost Audit are required to file compliance report in respect of Cost records with the Central Government for the financial year 2012-13.

Your Directors have appointed M/s K. L. Jaisingh & Co., Cost Accountants for carrying out due diligence and issuance of the requisite compliance report for the financial year 2012-13 in compliance with the applicable provisions.

The Cost Audit Report for the preceding Financial Year ended March 31, 2012 with requisite form(s) duly filled and signed has been filed with the Central Government within the statutory due date as prescribed under the applicable provisions.

Particulars of Employees:

During the year, no employee, whether employed for the whole or part of the year, was drawing remuneration exceeding the limits mentioned under Section 217(2A) of the Companies Act, 1956 and rules framed there under.

Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and outgo:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in relation to conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo is given in the "Annexure A" forming part of this report.

Management Discussion and Analysis Report:

In terms of provisions of Clause 49(IV)(F) of the Listing Agreement with Stock Exchange, a Management Discussion and Analysis Report, stating the required matters in respect of the developments in footwear Industry and risks etc., has been attached to this report.

Corporate Governance Report:

In accordance with the provisions under the Clause 49 of Listing Agreement and as amended by the SEBI from time to time, the Board of Directors have prepared the Corporate Governance Report detailing the compliance report of Corporate Governance. Accordingly, a separate section on Corporate Governance along with Statutory Auditors' certificate confirming the compliance is annexed and forms part of this report.

Outstanding Share Capital and its Listing:

Your Company has outstanding Share Capital of ₹17,04,00,000/-(Previous Year ₹17,04,00,000/-) consisting of 1,70,40,000 (Previous Year 1,70,40,000) Equity Shares of ₹10/- each and these Equity Shares are presently listed and available for trading at National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE).

Acknowledgements:

Your Directors place on record their sincere appreciation for the cooperation and support received from the shareholders, Bankers, Channel Partners and the Government Authorities.

Your Directors also place on record their deep appreciation to the employees at all levels for their hard work and dedication.

For and on behalf of the
Board of Directors

Adesh Kumar Gupta
Chairman of the Meeting

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Annexure to Directors' Report

Annexure 'A'

Disclosure of particulars under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the financial year ended 31st March, 2013, are given as under:

A) CONSERVATION OF ENERGY:

a) Energy Conservation measures taken

Liberty continued to emphasize on the conservation and optimal utilization of energy at its all manufacturing units. The energy conversation measures implemented during the financial year 2012-13 are given below:

i. Regular monitoring of the energy requirements and cultivating discipline for switching off the lights and machines in case of no use.

ii. Use of energy savings equipments including lights and CFL and initiative for making use of natural lighting.

iii. Taking steps to enhance the efficiency of the equipments and machines by getting its regular check up, overhauling and replacing the defective parts for conservation of energy sources.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy

i. Liberty would continue with its efforts towards effective utilization of energy across its manufacturing units.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact in the cost of production of goods

The measures listed above have resulted in saving in consumption without hampering the process.

The savings are as under:

i. Total energy saving in the year 2012-13: ₹8,94,730/-

ii. Energy saving per pair during the year 2012-13 : ₹0.09 per pair

iii. Energy saving against total cost of consumption of energy in the year 2012-13 : 1.44%

d) Total energy consumption and energy consumption per unit of production as per Form - A of Annexure to the Rules in respect of industries specified in the schedule thereto

Not Applicable

B) TECHNOLOGY ABSORPTION:

e) Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B

Form for disclosure of particulars with respect to absorption

Research and development (R&D)

i. Specific areas in which R & D carried out by the Company and Benefits derived as a result of R & D

- Introduction of fashionable footwear considering consumer insights.
- Exploring the introduction of new technology set ups to meet consumer aspiration.
- Benchmarking of footwear quality.

ii. The future plan of action

The Company will be making its endeavor to launch and innovate the new products with various processes at affordable price and to offer consumer value for money.

iii. Expenditure in R & D

The Company has not incurred any capital expenditure towards its research and development activities, however, has spent ₹23.45 Lacs as recurring expenditures towards its development activities.

This expenditure constitutes 0.06.% of the turnover of the Company for the year under consideration.

Technology absorption, adaptation and innovation Efforts & benefits to the Company

The efforts were made to identify new technology and new process for increasing consumer benefits. The implementation of innovative technologies in various manufacturing processes has helped Liberty to improve quality of footwear and also reduce development time for new launches.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

f) Efforts and initiative in relation to the exports:

The Company has further supported its efforts to penetrate export market commitments.

g) Total foreign exchange used and earned:

During the year, the Company has earned foreign exchange of ₹3,789.09 Lacs (previous year ₹4,735.73 Lacs) and used foreign exchange of ₹1,793.94 Lacs (previous year ₹2,087.89 Lacs)

For and on behalf of the
Board of Directors

Adesh Kumar Gupta
Chairman of the Meeting

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Corporate Governance Report

1. Company's philosophy on Code of Governance

Liberty always strive for creating value for all stakeholders in a ethical & legal manner. For Liberty, Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions and meet its stakeholders' aspirations.

The Company has undertaken initiatives to maintain the highest standards of Governance in order to achieve its objectives and also to build stakeholders confidence.

2. Board of Directors

The Board of Directors is entrusted with the overall responsibility of the management, affairs and performance of the Company and has been authorised with the requisite powers.

Your Company retains an experienced professionals and entrepreneurs on its Board having understanding of diversified Industries and the overall administration. Such distinctive combination has benefited the Company for managing its affairs in the interest of its stakeholders.

As on March 31, 2013, the Board of Directors of the Company comprises of 12 (Twelve) Directors, out of which 6 (Six) are Executive Directors and 6 (Six) are Non-Executive Independent Directors. Further, we have Audit, Remuneration/Selection, Management and Share transfer & Shareholders/Investors' grievance committees, which comprise Non Executive-Independent Directors and Executive Directors in compliance with applicable Listing Guidelines. Sh. Adesh Kumar Gupta, CEO & Executive Director of the Company, is the Chairman of the Board and promoter of the Company.

Executive Directors perform their duties within the powers and key role areas fixed under respective Service Contracts and discharge their responsibilities in the manner approved by the Members of the Company in terms of the Corporate Governance practices followed by the Company to conduct the authorized business. Accordingly, Board of the Company draws the annual operating plans, budgets / policies in accordance with the Company's vision to its productivity and profitability.

None of the Directors of the Company has any other material pecuniary relationship with the Company or its subsidiaries and associates.

(a) Composition

As on date of this report, the composition of Board of Directors of the Company is as under:

Category	Number of Directors
Executive Director(s) representing Promoters	5
Non - Executive Director	1
Non - Executive Independent Director(s)	6
Total	**12**

(b) Board's Process

In accordance with the legal requirements and to review / analyze the performance of the Company at regular intervals, the Board of Directors frequently meet for a minimum of four pre scheduled Meetings during each year as per the directions of the management of the Company. Additional Meetings of the Board are held when deemed necessary by the Board to address the specific needs of the Company, if any. Apart from the Board of Directors, the various Heads of Departments, Internal Auditors and Statutory Auditors of the Company are also invited at the Board Meeting to oversee the related matters requiring discussion/ approval/decision of the Board.

Detailed agenda papers together with explanatory notes, in defined Agenda format, are timely circulated to the Board of Directors in advance for facilitating meaningful and focused decision at the Meeting. All material information is incorporated in the Agenda papers in order to have an overview of the business proposed to be considered at the Meeting. If it is not feasible to send the each and every document alongwith the Agenda, the same are placed before Members present at the Meeting with specific reference to this effect in Agenda. All the additional or supplementary item(s), not referred in Agenda, are considered after obtaining the due permission at the Meeting.

Apart from statutory matters, all major policy decisions, evaluation of internal management procedures, budgetary decisions, business strategies and risk management practices are placed before the Board. Further, the

information as required under Annexure IA to Clause 49 of the Listing Agreement with Stock Exchanges is periodically placed before the Board / Board Committees. The Board has also constituted four standing committees namely Audit Committee, Management Committee, Remuneration/ Selection Committee and Share Transfer & Shareholders/Investors' Grievance Committee, which function as per the terms of references decided by the Board from time to time.

Company Secretary & Compliance Officer of the Company conducts all the Meetings of Board / Board Committees and records the Minutes of the proceedings of each Board and Committee Meeting and final Minutes are entered in the respective Minutes Book(s) within the stipulated period, if any, in compliance with the provisions of the Companies Act, 1956 and other regulatory enactments.

In addition to above, all the actions taken in respect of important matter(s) discussed in the previous Meetings are placed at the immediately succeeding Meetings for the purpose of follow up and reviews.

c) Board Meetings

During the financial year 2012-13, 6 (Six) Board Meetings were held viz. on 11th May, 9th July, 28th August, 6th November, 2012, 13th February, and 18th March, 2013. The maximum interval between any two Board Meeting(s) was not more than four months. The Board periodically reviews the compliance reports of all laws applicable to the Company.

The name and categories of the Directors, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) together with particulars of their Directorship and Chairmanship / Membership of Board Committees in various other Companies as on 31st March, 2013 are given as under:

Sr. No.	Name of the Director(s)	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship as on 31st March, 2013	No. of Committee	
						Member-ship	Chairman-ship
1.	Sh. Adesh Kumar Gupta	Promoter & ED	6	Yes	5	-	-
2.	Sh. Adarsh Gupta	Promoter & ED	4	Yes	6	-	-
3.	Sh. Shammi Bansal	Promoter & ED	5	Yes	1	-	-
4.	Sh. Sunil Bansal	Promoter & ED	6	Yes	2	1	1
5.	Sh. Adeesh Kumar Gupta	Promoter & ED	6	Yes	3	-	-
6.	Sh. Satish Kumar Goel	ED	6	Yes	-	-	-
7.	Sh. Raghubar Dayal	NED (I)	6	Yes	-	-	-
8.	Sh. Amitabh Taneja	NED (I)	2	No	8	4	1
9.	Sh. Prem Chand Garg	NED (I)	6	No	7	1	-
10.	Sh. Vivek Bansal	NED (I)	**	No	1	-	-
11.	Sh. Ramesh Chandra Palhan	NED (I)	6	Yes	-	-	-
12.	Sh. Pushpinder Singh Grewal*	NED (I)	**	No	-	-	-

*Appointed as Director w.e.f. 28th August, 2012.

**Granted leave of absence.

ED: Executive Director and NED (I): Non - Executive Independent Director

As per the information provided by the Directors of the Company, none of the Directors was holding Membership in more than Ten Board Committees and Chairmanship in not exceeding five Board Committees as specified under Clause 49 of the Listing Agreement.

(d) Independent Directors

All the Independent Directors of the Company are satisfying the requirements as specified in the clause 49(1) (A)(iii) of the Listing Agreements to qualify to act as Independent Directors of the Company and actively participate in the Meetings held from time to time for providing the necessary guidance/ suggestions for protecting the interest of investors/stakeholders. The suggestions received from the Independent Directors are suitably observed by the management for its beneficial implementation.

(e) Non - Executive Directors' compensation and disclosures

Non - Executive Independent Directors are eligible for sitting fees & commission

not exceeding the limits prescribed under the Companies Act 1956. The members of the Company had accorded their approval for the payment of sitting fees to Non- Executive Directors @₹2500/-for attending every meeting of the Board/Board Committees. During the financial year 2012-13, no sitting fees has been paid to Non-executive independent Directors (previous year ₹20,000/-). Further, no sitting fees has been paid to Executive Directors for attending the Board / Committee thereof, in accordance with the respective Service Agreement entered in to with them. Further, the Company till date has not offered Equity Shares under stock option scheme to the Directors/ Employees of the Company.

(f) Code of Conduct

Liberty has a well defined Code of Conduct, which has been laid down by the Board of Directors of the Company for all its Directors, Senior Management Personnel and staff of the Company in compliance with the provisions of Clause 49 of the Listing Agreement. All Directors and Members of the Senior Management including company executives, who directly report to the CEO of the Company, have affirmed their compliance with the Code of Conduct. A copy of the said Code of Conduct is available on the website of the Company at www.libertyshoes.com.

(g) Brief particulars of the Directors, whose candidature are proposed for appointment/re-appointment in the Annual General Meeting

- **Sh. Amitabh Taneja (Independent Director)**

  Sh. Amitabh Taneja is a leading Fashion Journalist and heading the renowned Images Media Group as its Editor-In-Chief. He has also been on the management of International Council of Shopping Centers, India. He is having vast experience in the retail and fashion Industry. He is also on the Board of the Company's wholly owned Subsidiary Liberty Retail Revolutions Ltd. (LRRL). He was initially appointed as Additional Director on 17th December, 2005 and subsequently, re-appointed as Director liable to retire by rotation on 20th September, 2006. He will be retiring by rotation from the Company and being eligible offers himself for re-appointment in the ensuing Annual General Meeting. Sh. Amitabh Taneja is not holding any Equity Shares in the Company.

- **Sh. Shammi Bansal (Executive Director)**

  Sh. Shammi Bansal, aged 52 years, is a Graduate and has been associated with the Company since 1990 as Director of the Company and later on appointed as Executive Director in the year 1995 with re-appointment from time to time including re-appointment as Executive Director for a period of five years w.e.f. 1st April, 2010. He has over three decades of experience in the overall management & managing different facets of footwear manufacturing. During his long association with the Company, he has taken various initiatives for successful implementation of various technologies and process for footwear manufacturing. He will be retiring by rotation and being eligible offers himself for re-appointment in the ensuing Annual General Meeting. Sh. Shammi Bansal is holding 2,26,000 Equity Shares of the Company.

- **Sh. Vivek Bansal (Independent Director)**

  Sh. Vivek Bansal is a Software Engineer and having the Master Degree in Computer Science from Kansas State University, US. He was initially appointed as an Independent Director on 17th December, 2005 and subsequently, re-appointed as Director liable to retire by rotation on 20th September, 2006. He will be retiring by rotation from the Company and being eligible offers himself for re-appointment in the ensuing Annual General Meeting. Sh. Vivek Bansal is not holding any Equity Shares in the Company.

- **Sh. Adeesh Kumar Gupta (Executive Director)**

  Sh. Adeesh Kumar Gupta has been associated with the Company for past several years and contributing to the growth of the Company with his vast experience. He joined the Board in August, 2011 as an Additional Director of the Company and appointed as Director liable to retire by rotation and also Executive Director in the 25th Annual General Meeting of the Company w.e.f. 1st October, 2011. He will be retiring by rotation from the Company and being eligible offers himself for re-appointment in the ensuing Annual General Meeting. Sh. Adeesh Kumar Gupta is holding 1,50,360 Equity Shares of the Company.

3. Committee(s) of the Board

The Board of the Company has constituted different Committees of the Board to have the focused attention on the business of each aspect of the Company's working. In terms of the requirements of Listing Agreement, all Minutes of the Meetings of respective Committees are timely placed before the Members of the Committees and before the Members of the Board of Directors of the Company for their information and consideration. The Company presently has the following Board Committees:

(a) Audit Committee

The Board of Directors of the Company has constituted an Audit Committee in year 2001 in compliance with the provisions of Listing Agreement & Section 292A of the Companies Act, 1956. The brief description of the terms of reference of the Audit Committee is as under:

- Review of the quarterly and annual financial results/statements before submission to the Board together with quarterly and annual financial results of the subsidiary companies.
- Review and assessment of the effectiveness of systems of internal financial control, risk management and compliance control with management and auditors.
- Recommendation of appointment and change in internal auditors, cost auditors and statutory auditors of the Company.
- Assessment of the independence of the auditors.
- Fixing of remuneration of the statutory auditors.
- Review of the management discussions and analysis of financial conditions and results of the operations.
- Review of the reports of statutory and internal auditors and discussion about their findings with the management and suggesting corrective measures wherever necessary.
- Look into the reasons for substantial defaults, if any, in the payment of creditors of the Company and any substantial defaults, if any, made by the debtors of the Company along with the reasons thereof.
- Review of prevailing accounting policies and compliances with regard to statutory requirements.
- Periodical review of related party transactions carried out by the Company.
- Any other matter referred to the Audit Committee by the Board of Directors of the Company.

Composition, Name of Members and Chairman and Attendance during the year

The Members of Audit Committee of the Board comprise of one Executive Director and three Non-Executive Independent Directors. Sh. Raghubar Dayal, Independent Director, acts as Chairman of the Audit Committee Meetings held during the year. Sh. Munish Kakra, Vice President & Company Secretary is appointed as Secretary of the Audit Committee in pursuance to provisions of Clause 49 of the Listing Agreement. All the Members of the Audit Committee are "financially literate" as defined under Clause 49(II)(A)(ii) of the Listing Agreement.

Present composition of the Audit Committee and attendance at the meeting(s) held during the year are as under:-

Sr. No	Name of the Committee Member(s)	Position	Category	No. of Meeting(s) held and (attended)
1.	Sh. Raghubar Dayal	Chairman	NED (I)	5(5)
2.	Sh. Sunil Bansal	Member	ED	5(5)
3.	Sh. Prem Chand Garg	Member	NED (I)	5(5)
4.	Sh. Vivek Bansal	Member	NED (I)	5(-)*
5.	Sh. Munish Kakra	Secretary	Company Secretary	5(5)

*granted leave of absence.

Meetings held during the year

During the financial year 2012-13, 5 (Five) Audit Committee meetings were held on 11th May, 9th July, 28th August, 6th November, 2012 and 13th February, 2013. The gap between two committee meetings was not more than four months. The Annual Audited Financial Results of the Company for the year ended 31st March, 2013 were reviewed by the Audit Committee in its Meeting held on 29th May, 2013. Necessary Quorum was present in the Audit Committee Meetings.

The Statutory Auditors, Internal Auditors & Cost Auditors of the Company were invariably invited to attend the Meetings and also to participate in the deliberation(s) on the crucial issues wherever required.

(b) Remuneration / Selection Committee

Sh. Raghubar Dayal, Independent Director, has been heading the Remuneration / Selection Committee of the Board as its Chairman. The Remuneration / Selection Committee has been formed to regulate the Company's policies regarding payment of remuneration to the Senior Officers / Executive Directors of the Company, which involves the formulation and implementation of such policies in terms of requirements of Listing Agreement and Companies Act, 1956. Further, the Company seeks the expertise of the outside consultants as and when needed for analyzing the policies of the Company in relation to appointment and payment of remuneration to Senior Level Executive(s) and Staff.

The terms of reference of the Remuneration/ Selection Committee are in line with the Listing Agreement and the provisions of the Companies Act, 1956.

Composition, Name of Members & Chairman and Attendance during the year

The following is the Constitution of the Remuneration/Selection Committee:-

Sr. No	Name of the Committee Member(s)	Position	Category	Meetings Held (Attended)
1.	Sh. Raghubar Dayal	Chairman	Independent	1(1)
2.	Sh. Prem Chand Garg	Member	Independent	1(1)
3.	Sh. Ramesh Chandra Palhan	Member	Independent	1(1)
4.	Sh. Munish Kakra	Secretary	Company Secretary	1(1)

Meetings held during the year

During the financial year 2012-13, a meeting of Remuneration Committee of the Board was held on 28th August, 2012.

Remuneration policy

The remuneration policy of the Company is recommended by the Remuneration/Selection Committee to the Board of Directors of the Company and reviewed by it as and when the need arises. Remuneration policy is formulated by the Committee by taking into account the financial position of the Company, trend in the Footwear Industry, appointee's qualification & experience including past performance & remuneration paid to the appointee.

Remuneration of Directors

- **Pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company:-**

  The Company has not carried out any transactions, whether material in nature or not, with the Non - Executive Directors of the Company. Accordingly, no remuneration has been paid to Non-Executive Directors during the year.

- **All elements of remuneration package of individual Director:-**

  All the Executive Directors have been paid by way of remuneration on the basis of Company's policy in respect of payment of remuneration which involves the following elements of remuneration package:

  - Salary:

    Consolidated monthly remuneration of ₹1,00,000/- per month to four Executive Directors & ₹75,000/- per month to Director (Law & Taxation) till 30th September, 2012 and thereafter ₹1,50,000/- per month.

- Perquisites:

  In addition to the aforesaid salary, Executive Directors are also entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self in accordance with the rules of the Company. However, the monitory value of such perquisites being limited to the annual salary or ₹2,25,000/- per annum, whichever is less for the purpose of which:

  Perquisites are evaluated as per Income Tax Act Rules, 1962 wherever applicable, and in the absence of any such rules, perquisites are evaluated at actual cost;

  And

  Use of chauffer driven car for official purpose and telephone at residence (including payment for local calls and long distance calls on telephone) and use of car for private purpose are billed by the company to the Executive Directors.

- Company's contribution to the provident fund and superannuation fund in accordance with the rules of the Company.

  Accordingly, during the financial year 2012-13, the following remuneration was paid to the Executive Directors of the Company:-

S. No.	Name of the Director	Designation	Salary (In ₹)	Perquisites (In ₹)	Others (In ₹)	Sitting Fees Paid (In ₹)
1	Sh. Adesh Kumar Gupta	CEO & Executive Director	12,00,000	NIL	NIL	NIL
2	Sh. Shammi Bansal	Executive Director	12,00,000	NIL	NIL	NIL
3	Sh. Sunil Bansal	Executive Director	12,00,000	NIL	NIL	NIL
4	Sh. Satish Kumar Goel	Executive Director	13,50,000	NIL	NIL	NIL
5	Sh. Adeesh Kumar Gupta	Executive Director	12,00,000	NIL	NIL	NIL
6	Sh. Adarsh Gupta	Executive Director	NIL	NIL	NIL	NIL

Notes:

- No incentives, whether fixed or performance linked, were given to the Executive Directors during the year under consideration.
- The Service Contract(s) may be terminated by either party after giving three months' notice in writing duly served on the other party. There is no separate provision(s) for payment of any severance fees.
- The Company has so far not offered Equity Shares under stock option scheme to its Director(s) / Employee.
- None of the Non - Executive Directors of the Company holds any Equity Shares in the Company except Sh. Ramesh Chandra Palhan who is holding 200 Equity Shares of the Company.

c) Share Transfer and Shareholders/ Investors' Grievance Committee

Share Transfer and Shareholders'/ Investors' Grievance Committee has been delegated by the Board of the Company with the powers to handle all the shares related issues including timely redressal of shareholders' and investors' complaints like non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee performs all its duties and discharges its responsibilities as per its charter fixed by the Board, which includes review of the performance of the Registrar and Share Transfer Agent of the Company and recommendation of measures to the Board for overall improvements in the quality of investors' services wherever required.

During the year, the Committee met Four times on 11th May, 9th July, 6th November, 2012, and 13th February, 2013.

The details of the Share Transfer requests processed during last three financial year(s) are as under:

Particulars	2010-11	2011-12	2012-13
No. of Transfers & Transmission	30	9	9
No. of Shares Trfd / transmitted	2000	112	1100
No. of STC meetings held	15	6	4

There are 8 (eight) cases (involving 1000 Equity Shares) concerning dispute over titles to Shares, are pending with the Company as on 31st March, 2013.

Composition & Name of Non-Executive Director heading the Committee

Sr. No	Name of the Committee Member(s)	Position	Category
1.	Sh. Prem Chand Garg	Chairman	NED(I)
2.	Sh. Sunil Bansal	Member	ED
3.	Sh. Adarsh Gupta	Member	ED

Name and designation of Compliance Officer

Sh. Munish Kakra, Vice President & Company Secretary is the Compliance Officer of the Company and he acts as Secretary of the Committee.

Status of investor reference/complaints/requests received by the Company during the year ending 31st March, 2013 stood as under:

Nature of References / Requests	No. of Grievances/ Requests Received	No. of Grievances/ Requests Resolved	No. of Grievances/ Requests Pending
Non receipt of Share Certificate(s) & Non receipt of electronic Credit	NIL	NIL	NIL
Non receipt of Bonus, Dividend & Annual Report	3	3	NIL
Issue of duplicate / Loss of Certificate(s)	3	3	NIL
Revalidation of Dividend	NIL	NIL	NIL
Issue of Physical Annual Report	1	1	NIL
Change of address, Name correction Transmission & others	5	5	NIL
Total	**12**	**12**	**NIL**

All the references received from the shareholder(s) during the year were resolved to their entire satisfaction.

(d) Management Committee

For facilitation of various decisions relating to day-to-day operational matters and matters relating to finance, the Management Committee of the Board was constituted by the Board of Directors in 2007.

The following is the constitution of the Committee:-

Sr. No.	Name of the Committee Member(s)	Position	Category	Meetings Held (Attended)
1.	Sh. Adesh Kumar Gupta	Member	Promoters	4(4)
2.	Sh. Adarsh Gupta	Member	Promoters	4(3)
3.	Sh. Shammi Bansal	Member	Promoters	4(4)
4.	Sh. Prem Chand Garg	Member	Independent	4(4)
5.	Sh. Raghubar Dayal	Member	Independent	4(4)

During the year under consideration, four Meetings of the Management Committee were held on 4th May, 28th September, 17th December, 2012 and 31st January, 2013.

Subsidiary Companies

At present, the Company is having two subsidiary Companies namely Liberty Retail Revolutions Ltd. and Liberty Foot Fashion Middle East FZE and both are unlisted Companies. As required under the provisions of Clause 49 of the Listing Agreement and management practices adopted by the Company and its subsidiary Companies, the Company monitors the performance of its subsidiary Companies, inter alia, by the (a) Financial statements (b) Minutes of the Board Meetings and/or requisite information of the subsidiary Companies (c) Periodic review by the Audit Committee of the statement of all significant transactions & an arrangement entered into by the subsidiary Companies.

Sh. Amitabh Taneja, Independent Director of the Company, has been appointed as an Independent Director on the Board of Liberty Retail Revolutions Limited, being the material non listed Indian Subsidiary of the Company.

4. General Body Meetings

i) Location and time, where the last three Annual General Meetings were held

The required particulars are as under:

Meeting	Year	Venue	Day & Date	Time
26th Annual General Meeting	2012	Registered Office	Friday, 28th September, 2012	11.00 AM
25th Annual General Meeting	2011	Registered Office	Wednesday, 28th September, 2011	11.00 AM
24th Annual General Meeting	2010	Registered Office	Monday, 27th September, 2010	11.00 AM

ii) Special Businesses transacted at the last three Annual General Meetings

26th Annual General Meeting on 28th September, 2012	25th Annual General Meeting on 28th September, 2011	24th Annual General Meeting on 27th September, 2010
Nos. of Special Business: 3	**Nos. of Special Business: 4**	**Nos. of Special Business: 3**
1. Appointment of Sh. Ramesh Chandra Palhan as Director of the Company. 2. Appointment of Sh. Pushpinder Singh Grewal as Director of the Company. 3. Increase in Salary of Sh. Satish Kumar Goel, Director (Law & Taxation)	1. Appointment of Sh. Adeesh Kumar Gupta as Director of the Company. 2. Appointment of Sh. Adeesh Kumar Gupta as an Executive Director of the Company. 3. Re-appointment of Sh. Satish Kumar Goel as Director (Law & Taxation). 4. Amendment to the Articles of Association of the Company for increasing the strength of the Board of Directors of the Company from 12 (Twelve) to 18 (Eighteen).	1. Re-appointment of Sh. Adesh Kumar Gupta as the Chief Executive Officer of the Company. 2. Re-appointment of Sh. Adarsh Gupta as an Executive Director of the Company. 3. Re-appointment of Sh. Shammi Bansal as an Executive Director of the Company

iii) Resolution passed or proposed to be conducted through Postal Ballot

No resolution has been passed by the Company through postal ballot during the year under consideration and no resolution, as mentioned in the Notice of the ensuing Annual General Meeting, has been proposed to be conducted through postal ballot.

iv) Group As on 31st March, 2013:

Sh. D. K. Gupta, D. K. Gupta (Karta), Sh. Arpan Gupta, Sh. Adesh Kumar Gupta, Adesh Kumar Gupta (Karta), Sh. Adarsh Gupta, Sh. Anmol Gupta, Sh. Adeesh Kumar Gupta, Adeesh Kumar Gupta (Karta), Sh. Pranav Gupta, Sh. Akshat Gupta, Smt. Kamlavati, Sh. Sunil Bansal, Smt. Rehti Devi, Sh. Ayush Bansal, Sh. Shammi Bansal, Sh. Manan Bansal, Sh. Vaibhav Bansal, Sh. Raman Bansal, Sh. Ruchir Bansal, Sh. Vivek Bansal, Sh. Pulkit Bansal u/g/o Sh. Vivek Bansal, Sh. Anupam Bansal and Geofin Investments Pvt. Ltd.

5. Disclosures

i) Disclosure on materially significant related party transactions

None of the transactions entered into with related party were in conflict with the interest of the Company. All the details of related party transactions carried out by the Company during the year under review can be observed from the disclosures made in Notes on Accounts to the

financial statements for the year ended 31st March, 2013 as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006. Further, all the related party transactions are carried out in the normal course of business and on arms length basis. Audit Committee periodically reviews the transactions with the related parties in terms of Company's strategies in operations.

ii) **Disclosure of Accounting Treatment**
The Company has continued to follow the treatments as prescribed in the Accounting Standards notified in Companies (Accounting Standards) Rules, 2006 and as such, no instances were come across during the year, which led to any deviations from Accounting Standards.

iii) **Details of non-compliance during last three years**
The Company has complied with the requirements of Stock Exchange(s), SEBI and other statutory authorities during the preceding three financial year(s) on all matters related to Capital Market and no penalty / strictures have been imposed on the Company in any matter.

iv) **Whistle Blower Policy**
The Company has not yet established any mechanism pertaining to Whistle Blower Policy for its employees and staff.

v) **Details of compliance with mandatory requirements and adoption of non mandatory requirements of Clause 49**
The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with Stock Exchanges. As far as non mandatory requirements are concerned, to look after the Company's remuneration policy for Directors, Senior Personnel and staff, the Board of the Company has set up a Remuneration Committee in compliance with the requirements of Companies Act, 1956 and other statutes, if any.

6. Means of Communication

Quarterly, half - yearly and annual results of the Company are published in leading English and vernacular newspapers viz. Business Standard, English daily and in Janasatta, Hindi Daily. Additionally, the results and other important information is also periodically updated on the Company's website viz. www.libertyshoes.com, which also contains a separate dedicated section "Investor Relations".

Corporate Filing and Dissemination System (CFDS)

The Stock Exchanges have the CFDS which is a portal jointly owned, managed and maintained by the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). It is a single source to view information filed by listed companies. All disclosures and communication to the BSE and NSE are filed electronically through the CFDS portal www.corpfiling.co.in and hard copies of the said disclosures and correspondence are also filed with the BSE and NSE.

NSE Electronic Application Processing System (NEAPS)

The Company also files information through NEAPS-a web based application provided by NSE which facilitates online filing of Corporate Governance Report & the Shareholding Pattern by Companies.

Extensive Business Reporting Language (XBRL)

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular No. 37/2011 dated June 7, 2011 had mandated certain companies to file their Annual Accounts vide this mode. The Company, in compliance, has filed its Annual Accounts on MCA thorough XBRL for the previous financial year ended on 31st March, 2012.

Ministry of Corporate Affairs (MCA)

The Company has periodically filed all the necessary documents with the MCA.

SEBI Complaints Redress System (SCORES)

A centralized web based complaints redress system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ATRs) by the concerned Companies and online viewing by the investors of action taken on the complaint and its current status.

Annual Report

The Annual Report containing inter alia the Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to the investors. Management Discussion and Analysis Report form part of the Annual Report. Pursuant to the Green Initiative launched by the MCA, the Company also sends e-copies of the Annual Report to Members who have registered for the same.

The Annual Reports are also available in the Investor Relations section on the Company's web site www.libertyshoes.com.

7. General Shareholder Information:

i. Annual General Meeting:

Day, Date & Time	:	Friday, 20th September, 2013 at 11.00 A.M.
Venue	:	Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail P.O. Bastara, Dist. Karnal - 132 114 (Haryana).

ii. Financial Year (Tentative):

Financial Results for the Quarter ended 30th June, 2013	:	By 14th August, 2013
Financial Results for the Quarter ended 30th September, 2013	:	By 14th November, 2013
Financial Results for the Quarter ended 31st December, 2013	:	By 14th February, 2014
Financial Results for the Quarter ended 31st March, 2014	:	By 15th May, 2014
Annual General Meeting for the year ended 31st March, 2014	:	By August / Sept. 2014

iii. Book Closure Dates:

Friday, 13th September, 2013 to Friday, 20th September, 2013 (both days inclusive).

iv. Dividend Payment Date:

During the year under consideration, the Board of Directors of the Company have not recommended any dividend on equity share capital of the Company for the financial year ended 31st March, 2013.

v. Listing on Stock Exchanges with their Trading Codes:

At present the Equity Shares of the Company are listed on the following Stock Exchange(s):

National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai- 400 051

NSE: LIBERTSHOE.

Bombay Stock Exchange Limited, Phiroze JeeJeebhoy Towers, Dalal Street, Mumbai - 400 001

BSE: 526596

ISIN of Equity Shares of the Company: INE557B01019

The Annual Listing fee for the financial year 2013-14 has since been paid to both the Stock Exchange(s).

vi. Stock Market Data:

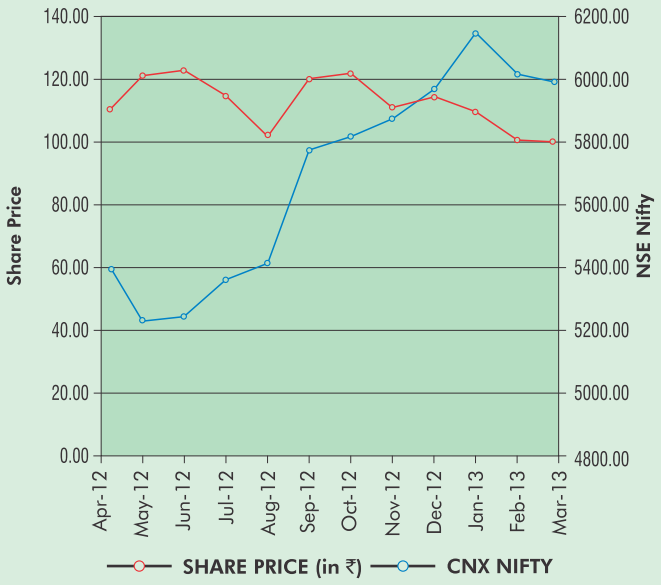
The Comparison of the share price of the Company with the broad based indices are provided herein under:

Performance in Comparison to S & P Nifty

Index vs. Share Price

S. No.	YEAR (2012-13)	S&P CNX Nifty	SHARE PRICE (IN ₹)
1	Apr-12	5378.75	109.50
2	May-12	5279.60	122.50
3	Jun-12	5286.25	125.80
4	Jul-12	5348.55	113.70
5	Aug-12	5448.60	102.40
6	Sep-12	5735.15	121.00
7	Oct-12	5815.35	124.60
8	Nov-12	5885.25	114.85
9	Dec-12	5965.15	113.85
10	Jan-13	6111.80	110.35
11	Feb-13	6052.95	102.70
12	Mar-13	5971.20	99.90

Liberty Share Price on NSE Vs. NSE Nifty

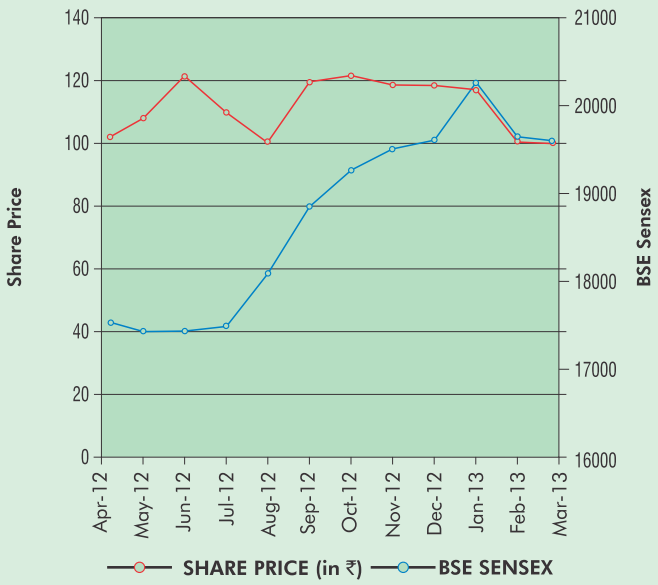


Performance in Comparison to Sensex

Index vs. Share Price

S. No.	YEAR (2012-13)	BSE SENSEX	SHARE PRICE (IN ₹)
1	Apr-12	17664.10	106.05
2	May-12	17432.33	110.20
3	Jun-12	17448.48	125.95
4	Jul-12	17631.19	111.40
5	Aug-12	17972.54	101.50
6	Sep-12	18869.94	121.50
7	Oct-12	19137.29	125.00
8	Nov-12	19372.70	114.85
9	Dec-12	19612.18	114.20
10	Jan-13	20203.66	110.50
11	Feb-13	19966.69	102.75
12	Mar-13	19754.66	100.00

Liberty Share Price on BSE Vs. BSE SENSEX



The monthly high low quotations as well as the volume of shares traded at National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE) for the financial year ended 31st March, 2013 are as under:

KEY INDICATORS

EQUITY SHARE PRICE MOVEMENT ON NSE & BSE (April 2012 - March 2013)

	(Price in ₹)				Volume (In No. of Shares)	
	High		Low			
Year (2012-13)	NSE	BSE	NSE	BSE	NSE	BSE
April	109.50	106.05	101.20	88.15	1459354	679426
May	122.50	110.20	102.15	81.20	4075879	1908423
June	125.80	125.95	119.60	94.60	8175200	3772236
July	113.70	111.40	108.00	92.50	135821	84285
August	102.40	101.50	98.10	92.40	107918	62501
September	121.00	121.50	113.70	95.70	1615083	722988
October	124.60	125.00	117.20	100.05	1401398	758639
November	114.85	114.85	108.00	95.50	1928780	645613
December	113.85	114.20	109.00	100.10	1045881	378912
January	110.35	110.50	106.15	94.70	797109	304345
February	102.70	102.75	94.00	82.00	1767475	594981
March	99.90	100.00	93.50	81.05	1237517	433472
Total					**23747415**	**10345821**

vii. Registrar and Share Transfer Agent:

Link Intime India Private Limited
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

viii. Share Transfer System:

The Company has made arrangements with M/s Link Intime India Private Limited, the Common Agency for Share Transfer and the Depository Services. After completion of preliminary formalities of transfer /transmission by the Share Transfer Agent, the approval of transfer of shares in the physical form is done by the Shareholders' / Investors' Grievance Committee.

In terms of SEBI Circular SEBI/MRD/CIR 10/2004 dated 10th February 2004, the Company returns the duly transferred Share Certificate(s) to the transferee in physical form. Pursuant to Clause 47 (c) of the Listing Agreement, Certificate(s) on half yearly basis have been issued by the Company Secretary in Practice for due Compliance of Share Transfer formalities by the Company. As per SEBI (Depositories & Participants) Regulations, 1996, certificate(s) have been received from a Company Secretary in practice for timely dematerialization of shares and in respect of Secretarial Audit on quarterly basis for reconciliation of the Share Capital of the Company.

viii. Distribution of Shareholding:

Distribution Summary as on 31st March, 2013

Shareholding of nominal value	Number of Shareholders		Number of Shares		Amount (in ₹)
	Number	% of total	Number	% of total	
Up to 2500	12,654	86.246	11,81,047	6.931	1,18,10,470
2501 - 5000	1,160	7.906	4,57,426	2.684	45,74,260
5001- 10000	513	3.496	4,10,818	2.411	41,08,180
10001 - 20000	167	1.138	2,53,994	1.491	25,39,940
20001 - 30000	56	0.382	1,39,454	0.818	13,94,540
30001 - 40000	19	0.129	70,482	0.414	7,04,820
40001 - 50000	16	0.109	75,712	0.444	7,57,120
50001 - 100000	34	0.232	2,37,001	1.391	23,70,010
100001 & Above	53	0.361	1,42,14,066	83.416	14,21,40,660
Total	**14,672**	**100.00**	**1,70,40,000**	**100.000**	**17,04,00,000**

Category wise List of Shareholders as on 31st March, 2013

Category	No. of Shares held	Voting Strength (%)
Promoters Holding		
A Individual Promoters	66,76,990	39.18
B Bodies Corporate(s)	44,72,517	26.25
Total Promoters Holding	**1,11,49,507**	**65.43**
Public Holdings		
A FII's, NRIs & Banks etc	49,248	0.29
B Indian Public including Private Corporate Bodies	58,41,245	34.28
Total Public Holding	**58,90,493**	**34.57**
Grand Total	**1,70,40,000**	**100.00**

ix. Shares held in physical and dematerialized form:

The Company's Shares are traded compulsorily in dematerialized form and are available for trading in depository system of both NSDL and CDSL through their depository participants. As on 31st March, 2013, the status of Shares in physical and dematerialized form stood as under:

S. No.	Mode of Equity Share Holding(s)	Number of Shares	Percentage of total capital
1	Demat	1,67,12,220	98.08
2	Physical	3,27,780	1.92
	Total	**1,70,40,000**	**100.00**

x. Plant Locations:

The Company's plants are located at Karnal at Haryana, Dehradun and Roorkee at Uttrakhand and in Ponta Sahib at Himachal Pradesh.

xi. Address for Correspondence

For any query related to Annual report, transfer /dematerialization of shares, dividend, and any other matter related to shares, please contact at either of the following address

Link Intime India Pvt. Ltd.
(Registrar and Share Transfer Agent)
44, Community Centre,
Naraina Industrial Area Phase- I
New Delhi – 110 028
Tel : (91) 11-41410592~94
Fax : (91) 11-41410591
Email: delhi@linkintime.co.in

Liberty Shoes Ltd.
Department of Investors' Relations
2nd Floor, Tower B, Building No: 8
DLF Cyber City, Phase-II
Gurgaon - 122 022
Tel : (91) 124-4616200
Fax : (91) 124-4616222
Email: investorsgrievancecell@libertyshoes.com

DECLARATION BY CHIEF EXECUTIVE OFFICER ON CODE OF CONDUCT UNDER CLAUSE 49(I)(D)(II) OF THE LISTING AGREEMENT

To
The Members
Liberty Shoes Ltd.

I hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed in writing their adherence with the code of conduct adopted by the Company during the financial year ended 31st March, 2013.

Adesh Kumar Gupta
Chief Executive Officer

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Auditors' Certificate

To the Members of **Liberty Shoes Ltd.**

We have examined the compliance of conditions of Corporate Governance by Liberty Shoes Ltd. for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The Compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the amended Clause 49 of the Listing Agreement. We have been explained that no investor grievances are pending for a period exceeding one month as at 31st March, 2013 against the Company as per the records maintained by the Company, except those cases which are constrained by disputes or legal proceedings.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pardeep Tayal & Co.
Firm Registration No. 002733N
Chartered Accountants

Pardeep Tayal
Partner
Membership No. 081643

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Certification Pursuant to Clause 49 of the Listing Agreement

To the Board of Directors

Liberty Shoes Ltd.

We, the undersigned, in the representative capacity of Chief Executive Officer and Vice President & Company Secretary respectively, hereby certify to the best of our knowledge and belief that :

a. We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2013 and that :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

b. During the year, no transactions were entered into by the Company, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee that

   I. there have not been any significant changes in internal control over financial reporting during the year under reference;

   II. there has not been any significant changes in accounting policies as disclosed in the financial statements of the Company; and

   III. there are no instances of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Adesh Kumar Gupta
Chief Executive Officer

Munish Kakra
Vice President &
Company Secretary

Place : Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Management Discussion and Analysis Report

Economy & Market- Outlook

At domestic front, growth slowed much more than anticipated, with the GDP growth during the year 2013 being estimated at 5%, the lowest in the decade. Inflation which remained high through most of the year curtailed consumption resulting in slowing market growth besides giving negative feelings amongst consumers. The global economy continued to be slow with the continuation of European Union crises and the USA worlds' largest economy not showing clear sign of economic recovery.

Liberty's performance for the year under consideration has to be viewed in the above given economic environment.

The Indian Footwear Industry - Structure and Development

During the year 2012-13, the export of leather and leather products, where footwear has a foremost contribution, registered a positive growth of over 16% and reached at ₹27,188 Crores as against its level of ₹23,332 Crores in the last year.

India is a second largest producer of footwear & the leather garments in the world, but contributing just 3% (approx.) in the global leather trade. Export of different categories of footwear alone holds a major share of 41.14% in India's total Leather & Leather Products. This entire sector over the years, is consistently earning valuable foreign exchange for the Country and for this very reason holds a prominent place in the Indian economy. Footwear Industry, besides its export earnings, has also got tremendous potential in the domestic market due to change in the consumption habits and fast growing market for footwear and leather articles.

In addition to the managerial capabilities and competence of the entrepreneurs, the following inherent strengths available to the footwear industry also help in augmenting its pivotal position in Indian economy.

- Abundance and easy availability of raw material
- Strong and eco-compliant tanning base
- Sufficient modernized manufacturing capacities
- Availability of skilled manpower at competitive wage levels
- Dedicated support from allied industry
- Presence in major overseas markets and growing domestic market for footwear and leather articles

The economic liberalization, the de-reservation process of the leather industry implemented in phases, the enactment of Micro, Small and Medium Enterprises Development Act, major policy initiatives announced in the Foreign Trade Policy 2010-14, allowing 100% FDI through automatic route, and Indian Leather Development Programme (ILDP), have all played a crucial role in the development of the leather Industry. Due to above industry friendly policies and pro-active efforts of the Government of India, the potential of the industry has further increased not only for sourcing but also for foreign investments.

Opportunities / Threats, Risk and Concern

In spite of the various challenges, Indian economy continued to be amongst the fastest growing economies and considered to be the better amongst many countries in the recent past. India, as per the estimates available, by the end of decade estimated to be 3rd largest economy after China and USA based on consumption levels and increase in income besides other factors.

The increase in house hold income, change in consumption habits, rapid urbanization, accessibility and availability of leading international brands, organized retailing and emergence of on line market provides plenty of opportunities for the footwear industry. The recent policies of Government of India opening FDI in retail would also create opportunities for the development and growth of Footwear industry.

The rising input cost, inflationary trends and high financing costs, competition and curtailment of discretionary spends are the few risks associated with the business in which Company operates. Liberty has a presence in overseas countries also and therefore exposed to foreign currency risk also.

Liberty believes with the strong perception of brand, its penetration in the growing footwear market would be strengthened further and more and more consumers will find Liberty to their level of satisfaction.

Internal Control System and its Adequacy

Liberty has an adequate internal control system and comprehensive procedures covering all the financial and operational functions in order to ensure that Company's assets are safeguarded and protected; transactions are authenticated and reported correctly confirming that the operations

are performed in an efficient and cost effective manner. Internal audit are conducted on continuous basis and the audit programme and their report are regularly reviewed by the audit committee.

The CEO/VP certification provided elsewhere in the Annual Report confers the adequacy of internal control systems and procedures followed by the Company.

Financial Performance:

The highlights of the financial performance of the Company during the year ended 31st March, 2013 have been stated in the Directors' Report for the year ended 31st March, 2013, which appears separately in the Annual Report. Brief details of the performance of the Company during the year under consideration are given as under:

Capital Structure: During the year, there has been no change in the Capital Structure of the Company and Paid up Capital of the Company was ₹1704 lacs as on 31st March, 2013. Consequent upon the Amalgamation of Liberty Retail Revolutions Limited, a wholly owned retail subsidiary, with the Company, there would not be any change in the Capital structure of the Company.

Reserves & Surplus: The Company's reserves and surplus increased from ₹13221.21 lacs to ₹13938.50 lacs in 2012-13. Free reserves accounted for 99.97% of the total reserves as on 31st March, 2013.

Long Term Borrowings: During the year under review, the Company availed Term Loan of ₹727.86 Lacs (as against previous year's ₹97.49 Lacs). The outstanding amount of the Term Loan (Non Current and Current maturities) as on 31st March, 2013 was ₹1300.26 Lacs (as against previous year's ₹872.25 Lacs).

Other Long Term Liabilities: During the year under review, the other long term liabilities, which consists of securities received from channel partners, increased by ₹8.71 Lacs and stood at ₹427.32 Lacs (Previous year ₹418.61 Lacs).

Short Term Borrowings: The amount of working Capital loan secured through the Company's current assets stood at ₹9086.60 Lacs as compared to ₹8387.17Lacs in the previous year. Further the Company has reduced its unsecured short term loans, availed from the related parties, by ₹78.40 Lacs and the outstanding balance was ₹82.28 Lacs (Previous year ₹160.68 Lacs).

Trade Payables: The Trade Payable of ₹6999.17 Lacs (Previous year ₹6729.23 Lacs) included an amount of ₹63.30 Lacs (as against the previous year's ₹736.44 Lacs) due towards M/s Liberty Enterprises, Liberty Group Marketing Division, Liberty Footwear Co., the partnership firms in which few of the Directors and their relatives are interested, under the terms of the respective agreements dated 31st March, 2003. During the year, the security deposit paid by the Company to the said partnership firms pursuant to the respective agreement has been adjusted against their payment towards Royalty and Franchise fees.

Other Current Liabilities & Provisions: Other current liabilities & provisions amounting to ₹1781.36 Lacs (Previous year ₹1585.22 Lacs) consists of long term debts from banks and others due within 12 months from the date of reporting, advances from customers, expenses payables, other liabilities, provision for taxation (net of MAT credit entitlement) and provision for excise duty.

Fixed Assets: In the year 2012-13, Liberty's Fixed Assets Block (including tangible and intangible assets) increased by ₹891.78 Lacs. The said increase was mainly on account of normal capital expenditure required for the running of business.

Non-Current Investments: At the year end, Liberty's non-current investments in its Subsidiaries stood at ₹2,602.32 Lacs (previous year ₹1,621.55 Lacs). During the year, considering the subsequent amalgamation, the Company has increased its stake to 100% (previous year 93.86%) in its retail subsidiary M/s Liberty Retail Revolutions Limited by investing ₹980.77 Lacs (previous year ₹Nil).

Long Term Loans & Advances: Long term loans & advances amounting to ₹2068.03 Lacs (Previous year ₹3257.78 Lacs) consists of security deposits of ₹246.95 Lacs (Previous year ₹1575.23 Lacs), Share Application Money (pending allotment) paid to Subsidiary of ₹180.49 Lacs (Previous year ₹180.49 Lacs), Loans to Subsidiary ₹950.00 Lacs (Previous year 950.00) and MAT Credit Entitlement ₹696.33 Lacs (Previous year ₹559.00 Lacs). During the year, the security deposits paid to Liberty Enterprises, Liberty Group Marketing Division & Liberty Footwear Co., has been adjusted against their respective dues. Further for the year, the Company has made a provision of ₹Nil Lacs (Previous year ₹16.16 Lacs) for the security deposits considered as doubtful.

Other Non-current Assets: This represents fixed deposit with banks and kept as margin money deposits for obtaining of Letter of Credits and Bank Guarantees on behalf of the Company.

Inventories: Inventories, comprising finished goods, raw materials, work in process etc. as at

31st March, 2013, stood at ₹9068.69 Lacs (as against previous year's ₹8283.32 Lacs).

The Inventory turnover ratio for the year ended 31st March, 2013 was 94 days as against 87 days in the previous year. The inventory levels were higher mainly due to the requirement of major bulk order secured by the Company towards the end of the year under consideration.

Trade Receivables: Trade Receivables, with an average realization period of 100 days stood at ₹9675.29 Lacs in 2012-13 (as against the previous year's ₹8778.50 Lacs). Out of the trade receivables, ₹1266.52 Lacs (as against the previous year's ₹1350.06 Lacs) were due from overseas customers.

The Company after considering the recovery process has made a provision of ₹Nil (as against previous year's ₹340.48) for doubtful debts. During the year, the Company has written off its book debts of ₹62.01 Lacs (as against previous year's ₹371.57 Lacs).

Short Term Loans & Advances: The Short Term Loans and Advances given by the Company included an advance Income Tax (including Minimum Alternate Tax) of ₹142.66 Lacs in 2012-13 (as against the previous year's ₹207.57 Lacs), export benefit receivables of ₹171.68 Lacs (as against the previous year's ₹178.85 Lacs) and prepaid expenses of ₹59.97 Lacs (as against the previous year's ₹50.50 Lacs).

Revenue from Operations and Profits:

Liberty's total Income, comprising sales and other Income, increased from ₹34726.67 Lacs to ₹35455.05 Lacs in 2012-13. Profit before tax, after making a provision for depreciation, decreased from ₹722.92 Lacs to ₹705.04 Lacs in 2012-13. The Company's net profit, after considering a tax provision of ₹129.15 Lacs (as against the previous year's ₹144.88 Lacs), MAT Credit Entitlement of ₹116.36 Lacs (Previous year's ₹131.19 Lacs), a deferred tax liability of ₹5.34 Lacs (as against previous year's deferred tax assets of ₹48.63 Lacs) and prior period income on account of Income tax for earlier years of ₹30.39 Lacs (as against prior period income on account of income tax for earlier years of ₹4.79 Lacs) stood at ₹717.30 Lacs in 2012-13 (as against the Previous year's ₹762.64 Lacs).

Finance Costs: Liberty's finance costs stood at ₹1230.09 Lacs in 2012-13 (Previous year's ₹1172.60 Lacs), comprising interest on term loans, working capital loans, other loans and bank charges. The increase in finance costs was due to increase in interest rates during the year and availment of additional term loans and working capital.

Human Resource Developments: Liberty has been working towards creating a organization which empowers people, fix their responsibilities and developing a sense of ownership amongst them for successful and sustainable business. To accomplish this objective, Human Resource department has supplemented its process and policies wherever required.

During the year several workshops/ symposiums were also organized to improve employee talents and create awareness about their responsibilities. The relationship with the employees remained cordial and they have extended their support to the financial performance of the Company.

As on 31st March, 2013, the total employees' strength of the Company stood at 1940 as compared to previous year's 1578. The Company consistently complies with terms and conditions with respect to HR under the franchise agreements including the reimbursement of workers' expenses.

Cautionary Statement: Statements in the Management's discussion and analysis, describing the Company's objectives, expectations and industrial outlook, may constitute forward looking statement within the meaning of applicable laws. The actual results might differ materially from those either expressed or implied.

Independent Auditors' Report

To
The Members of
Liberty Shoes Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Liberty Shoes Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Pardeep Tayal & Co.
Firm Registration No. 002733N
Chartered Accountants

Pardeep Tayal
Partner
Membership No. 081643

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Annexure to Independent Auditors' Report

(Referred to in paragraph 7 of our report of even date)

I. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) During the year, there exists a regular programme of verification of fixed assets and which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

c) During the year, the Company has not disposed off any major part of the fixed assets. Thus, the going concern status of the Company is not affected.

II. a) As explained to us, the physical verification of the inventory was carried out at reasonable intervals by the management during the year.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on verification between the physical stock and book records were not material in relation to the operation of the Company and the same have been properly dealt with in the books of accounts.

III. a) The Company has not granted any loan to any Company, firm or parties listed in the register maintained under section 301 of the Act.

b) The provisions of clause 4 (iii) (b) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

c) The provisions of clause 4 (iii) (c) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

d) The provisions of clause 4 (iii) (d) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

e) The Company had taken short term loan from one Company, M/s Geofin Investments Private Ltd. This Company is listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹1,60,67,709/- and the year-end balance of loan taken from such party was ₹82,27,930/-.

f) In our opinion, the rate of interest and other terms and condition on which loan has been taken from the above said Company listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company.

g) The Company has been regular in repaying the principal amount and payment of interest as stipulated.

IV. In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have neither come across, nor have been informed of, any major weaknesses in the aforesaid internal control system.

V. a) According to information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 have been entered into the register maintained under section 301 of the Companies Act, 1956.

b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 during the year have been made at prices which are reasonable.

VI. The Company has not accepted any deposit from the public as per the directives issued by Reserve Bank of India and the provisions of Section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.

VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

VIII. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

IX. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

b) There are no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Investor Education Protection Fund, Income Tax, Sales Tax/VAT, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues as at 31st March, 2013 which are outstanding for a period more than six months from the date they become payable.

c) As at 31st March, 2013, according to the records of the Company and the information and explanations given to us, following are the particulars of disputed dues on account of Excise Duty, Service Tax, Income Tax and VAT which have not been deposited:

Nature of Statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise Duty	2,99,75,448	November 2004 to June 2005 and May 2006 to June 2006	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
Service Tax Act, 1994	Service Tax on GTA Services	2,33,486	January 2005 to March 2007	Commissioner Appeals (Delhi – II), New Delhi
Service Tax Act, 1994	Service Tax on GTA Services	2,95,112	April 2005 to March 2007	Commissioner Appeals (Delhi – II), New Delhi
Punjab Value Added Tax, 2005	Value Added Tax on account of classification of goods at different rate of tax	19,13,016	Financial Year 2006-07	Deputy Commissioner (Appeals)
Punjab Value Added Tax, 2005	Value Added Tax on account of classification of goods at different rate of tax	22,30,998	Financial Year 2007-08	Deputy Commissioner (Appeals)
J&K Value Added Tax, 2005	Value Added Tax on account of classification of goods at different rate of tax	31,76,868	Financial Year 2007-08 and 2008-09	Commissioner (Appeals)

X. The Company has no accumulated losses as at 31st March, 2013 and it has not incurred cash losses in the current and immediately preceding financial year.

XI. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

XII. The Company has not granted any loans and advances on the basis of security, by way of pledge of shares, debentures and other securities.

XIII. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.

XV. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by the subsidiary from bank during the year are not prejudicial to the interest of the Company.

XVI. According to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

XVII. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.

XVIII. According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.

XIX. According to the information and explanations given to us, the Company has not issued any secured debentures during the year.

XX. The Company has not raised any money through public issue during the year.

XXI. According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Pardeep Tayal & Co.
Firm Registration No. 002733N
Chartered Accountants

Pardeep Tayal
Partner
Membership No. 081643

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Balance Sheet

as at 31st March, 2013

(Amount in ₹)

PARTICULARS	NOTE NO.		31.03.2013		31.03.2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	17,04,00,000		17,04,00,000	
Reserves & Surplus	2.2	1,39,38,50,097	1,56,42,50,097	1,32,21,20,570	1,49,25,20,570
Non-Current Liabilities					
Long Term Borrowings	2.3	9,51,77,037		6,14,45,763	
Deferred Tax Liability (Net)	2.4	5,10,38,910		5,05,04,590	
Other Long Term Borrowings	2.5	4,27,31,901		4,18,61,001	
			18,89,47,848		15,38,11,354
Current Liabilities					
Short Term Borrowings	2.6	91,68,88,212		85,47,85,234	
Trade Payables	2.7	69,99,17,109		67,29,23,388	
Other Current Liabilities	2.8	16,33,26,056		13,90,96,900	
Short Term Provisions	2.9	1,48,09,806	1,79,49,41,183	1,94,25,011	1,68,62,30,533
Total			**3,54,81,39,128**		**3,33,25,62,457**
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	2.10	86,18,94,598		86,17,67,701	
Intangible Assets	2.10	1,02,52,291		72,70,044	
Capital Work in Progress	2.10	23,02,363		5,43,488	
Non-Current Investments	2.11	26,02,32,257		16,21,54,757	
Long Term Loans & Advances	2.12	20,68,02,930		32,57,77,775	
Other Non-Current Assets	2.13	2,22,44,416	1,36,37,28,855	2,15,97,466	1,37,91,11,231
Current Assets					
Inventories	2.14	90,68,68,622		82,83,31,863	
Trade Receivables	2.15	96,75,29,064		87,78,50,883	
Cash and Bank Balances	2.16	10,93,97,848		9,56,25,016	
Short Term Loans & Advances	2.17	20,06,14,739	2,18,44,10,273	15,16,43,464	1,95,34,51,226
Total			**3,54,81,39,128**		**3,33,25,62,457**
Significant Accounting Policies	1				
Notes forming part of the Financials Statements	2 to 2.26				

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal
Partner
Membership No. 081643

Adesh Kumar Gupta
CEO & Executive Director
DIN-00143192

Shammi Bansal
Executive Director
DIN-00138792

Raghubar Dayal
Director
DIN-00481803

Munish Kakra
Vice President & Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Statement of Profit and Loss

for the year ended 31st March, 2013

(Amount in ₹)

PARTICULARS	NOTE NO.		31.03.2013		31.03.2012
REVENUES					
Revenue from Operations					
Sales		3,52,72,92,261		3,46,22,82,807	
Other Operating Revenues	2.18	1,58,60,993		79,32,772	
		3,54,31,53,254		3,47,02,15,579	
Less: Excise Duty		15,20,64,170	3,39,10,89,084	13,94,30,990	3,33,07,84,589
Other Income	2.19		23,51,322		24,51,242
Total Revenue			**3,39,34,40,406**		**3,33,32,35,831**
EXPENSES					
Cost of Materials Consumed	2.20	1,78,23,26,045		1,68,62,30,949	
Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade	2.21	(7,34,53,965)		2,57,31,020	
Employee Benefits Expenses	2.22	39,65,20,886		36,79,42,442	
Finance Costs	2.23	12,30,08,963		11,72,59,879	
Depreciation & Amortisations	2.10	8,05,11,523		7,38,90,754	
Other Expenses	2.24	1,01,65,99,065		95,20,93,283	
Excise Duty		(45,24,453)		54,13,245	
Total Expenses			**3,32,09,88,064**		**3,22,85,61,572**
Profit before exceptional and extraordinary items and tax			**7,24,52,342**		**10,46,74,259**
Exceptional Items	2.25		19,48,839		3,23,82,649
Profit before Tax			**7,05,03,503**		**7,22,91,610**
Tax Expense					
Current tax		1,29,14,840		1,44,88,392	
MAT Credit Entitlement		(1,16,36,120)		(1,31,18,920)	
Income tax for earlier years		(30,39,064)		(4,78,906)	
Deferred Tax		5,34,320	(12,26,024)	(48,62,647)	(39,72,081)
Profit for the year			**7,17,29,527**		**7,62,63,691**
Earning Per Share of ₹10/- each					
Basic & Diluted			4.21		4.48
Basic & Diluted (Before Exceptional Items)			4.32		6.38
Significant Accounting Policies	1				
Notes forming part of the Financials Statements	2 to 2.26				

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal	Adesh Kumar Gupta	Shammi Bansal	Raghubar Dayal	Munish Kakra
Partner	*CEO & Executive Director*	*Executive Director*	*Director*	*Vice President & Company Secretary*
Membership No. 081643	DIN-00143192	DIN-00138792	DIN-00481803	

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Cash Flow Statement

for the year ended 31st March, 2013

(Amount in ₹)

PARTICULARS	31.03.2013	31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Interest and extra ordinary items	18,87,43,823	18,39,78,548
Adjustments for:		
Unrealised Foreign Exchange Difference	(41,81,905)	(13,62,943)
Depreciation	8,05,11,523	7,38,90,754
Loss/(Gain) on sale of Fixed Assets (net)	19,48,839	4,36,751
Bank & Other Interest	(23,51,322)	(24,51,242)
Provision for doubtful debts	(72,75,172)	(10,78,251)
Operating Profit before working capital changes	25,73,95,786	25,34,13,617
Adjustments for:		
Trade & Other Receivables	(8,24,03,009)	(10,01,02,006)
Inventories	(7,85,36,759)	(1,55,44,403)
Loans & Advances	8,46,31,109	(7,94,25,274)
Trade & Other Payables	9,92,32,812	6,97,07,793
Cash generated from Operations	28,03,19,939	12,80,49,727
Direct Taxes Paid (Net)	(1,15,88,475)	(2,02,78,586)
Cash Flow before extra ordinary items	26,87,31,464	10,77,71,141
Extra Ordinary Items	-	-
Net Cash Flow from Operating Activities	**26,87,31,464**	**10,77,71,141**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,91,77,702)	(7,13,39,919)
Sale of Fixed Assets	18,49,320	27,56,837
Bank and Other Interest	23,51,322	24,51,242
(Increase)/Decrease in Fixed Deposits with Banks for Margin Money against LCs/BGs	(6,46,950)	(32,64,701)
(Increase)/Decrease in Investments	(9,80,77,500)	-
Net Cash used in Investing Activities	**(18,37,01,510)**	**(6,93,96,541)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	7,27,86,200	97,48,800
Repayment of long term borrowings	(2,99,84,908)	(1,75,77,194)
Interest paid	(11,82,40,319)	(11,16,86,938)
Net Cash used in Financing Activities	**(7,54,39,027)**	**(11,95,15,332)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**95,90,927**	**(8,11,40,732)**
Cash & Cash Equivalents (Opening Balance)	**9,56,25,016**	**17,54,02,805**
Unrealised Foreign Exchange Difference	**41,81,905**	**13,62,943**
Cash & Cash Equivalents (Closing Balance)	**10,93,97,848**	**9,56,25,016**
Components of Cash & Cash Equivalents		
Cash in hand including imprest	70,55,780	87,53,110
Balance with Scheduled Banks		
Current Accounts	1,96,83,467	59,85,306
Cheques on hand	8,26,58,601	8,08,86,600
Total	**10,93,97,848**	**9,56,25,016**

Notes: 1) Cash & Cash Equivalents represent cash & bank balances. 2) Purchase of Fixed Assets include movements of capital work in progress between the beginning and at the end of the year.

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal	Adesh Kumar Gupta	Shammi Bansal	Raghubar Dayal	Munish Kakra
Partner	*CEO & Executive Director*	*Executive Director*	*Director*	*Vice President & Company Secretary*
Membership No. 081643	DIN-00143192	DIN-00138792	DIN-00481803	

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Notes to the Financial Statements for the year ended 31st March, 2013

Note 1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial Statements.

- The accompanying Financial Statements have been prepared in accordance with the Historical Cost Conventions.
- Accounting Policies not specifically referred to otherwise are consistent with generally accepted Accounting Principles followed by the Company, applicable accounting standards prescribed by Companies (Accounting Standards) Rules, 2006, accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- The items of income & expenditure are recognized on accrual basis.

b) Revenue Recognition

- Sales revenue is recognized on dispatch of goods, net of sales returns, trade discount and VAT/Sales tax but inclusive of excise duty and do not include the cost of materials used for captive consumption.
- Export Incentives are accounted on accrual basis and include the estimated value of incentives receivable under the DEPB Scheme, the Duty Drawback Scheme and the Focus Product Scheme. Any difference at the time of actual receipt is accounted for in the year of receipt. The amount of export incentives has been adjusted with the cost of raw materials consumed.
- Gain/Loss on transfer of Duty Credit Entitlements received under the DEPB Scheme is accounted for in the year of transfer.

c) Inventory Valuation

Inventories are valued at the lower of cost and net realisable value. Cost of inventories, other than for manufactured finished goods and goods in process, is determined on Weighted Average Cost Method (net of CENVAT credit availed) of stock accounting. Cost of manufactured finished goods and goods in process include cost of raw materials consumed on weighted average basis and appropriate portion of allocable overheads and Excise Duty wherever applicable. Scrap, if any, at the year end does not form part of the closing inventory.

d) Fixed Assets and Capital work in progress

Fixed assets are stated at original cost (net of CENVAT credit availed) but including freight inward, duties, taxes and other incidental expenses relating to acquisition and installation thereof. Capital work in progress includes cost of fixed assets under installation and other incidental expenses.

e) Depreciation

Depreciation on Fixed assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

f) Valuation of Investments

Long term Investments are valued at cost. Short Term Investments are valued at lower of cost and fair value, calculated individually for each investment.

g) Excise Duty

Excise Duty, wherever applicable, is accounted for at the time of manufacture of finished goods.

h) Contingent Liabilities

All known liabilities wherever material are provided for and liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

i) Employee Benefits

(i) Short-term employee benefits are recognized as an expense in the Statement of Profit & Loss of the year in which the related service is rendered.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected method made at the

Notes to the Financial Statements for the year ended 31st March, 2013

end of the financial year. The Company has created a trust under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) and amount paid/payable in respect of the present value of liability for past services is charged to the Statement of Profit & Loss every year. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books.

j) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue in the period in which they are incurred.

k) Foreign Exchange Transactions

(i) Assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are converted into Indian rupees at closing rates and any gain or loss arisen is adjusted in Statement of Profit and Loss.

(ii) Gains/losses arising out of fluctuations in foreign exchange rates between the transaction date and settlement date are recognized in the Statement of Profit and Loss under the head "Exchange Rate Fluctuation".

(iii) The difference between the forward rate and the exchange rate on date of inception of a forward contract in respect of forward contracts with underlying assets or liabilities is recognised as income or expense and is amortized over the life of the contract.

(iv) Forward exchange contracts entered to hedge the foreign currency risk are marked to market as at the year end and the resultant exchange gain or loss is recognised in the Statement of Profit & Loss.

(v) Non monetary foreign currency items are carried at cost and accordingly the investment in foreign subsidiary is expressed in Indian Currency at the exchange rate prevailing at the date of the transaction.

l) Provision for Taxation

Provision for taxation is made taking into consideration the provisions of Income Tax Act, 1961 and Wealth Tax Act, 1957. Adjustment, if any, arising out of the assessment is made in the year the assessment is completed.

m) Provision for Deferred Taxation

Deferred tax has been provided for all timing differences as required under the provisions of Accounting Standards issued by the Institute of Chartered Accountants of India.

n) Impairment of Assets

The Company reviews the carrying value of assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

(Amount in ₹)

	As at 31st March, 2013	As at 31st March, 2012
Note 2.1 Share Capital		
Authorised Share Capital		
51000000 (Previous year 51000000 Equity Shares) of ₹10/- each	51,00,00,000	51,00,00,000
Issued, Subscribed & Fully Paid Up Capital		
17040000 (Previous year 17040000) Equity Shares of ₹10/- each fully paid up	17,04,00,000	17,04,00,000
	17,04,00,000	**17,04,00,000**

Notes to the Financial Statements for the year ended 31st March, 2013

2.1.1 Reconciliation of Equity Shares outstanding at the beginning and end of the reporting year

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
Equity Shares	**No. of Shares**	**Amount (in ₹)**	**No. of Shares**	**Amount (in ₹)**
Equity Shares at the beginning of the year	1,70,40,000	17,04,00,000	1,70,40,000	17,04,00,000
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	**1,70,40,000**	**17,04,00,000**	**1,70,40,000**	**17,04,00,000**

2.1.2 Terms/Rights attached to Equity Shares

The Company has one class of Equity Shares having a par value of ₹10/- each. Each shareholder is eligible for one vote per share held in the Company. The dividend proposed by the Board of Directors of the Company, if any, is subject to approval of the members in the ensuing general meeting, except in the case of interim dividend, if declared. In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive the remaining assets, after distribution of all preferential amounts, if any, in proportionate of their shareholding.

2.1.3 Detail of shareholders holding more than 5% shares in the Company

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	**% of holding**	**No. of Shares**	**% of holding**
Equity Shares of ₹10 each fully paid				
Geofin Investments Private Limited	44,72,517	26.25	44,72,517	26.25
Sh. Harish Kumar Gupta (Karta)	8,29,296	4.87	8,69,296	5.10
Sh. Satish Kumar Gupta (Karta)	8,88,584	5.21	8,88,584	5.21

		As at 31st March, 2013	As at 31st March, 2012
Note 2.2	**Reserves & Surplus**		
2.2.1	**Capital Reserve**	3,99,500	3,99,500
2.2.2	**Securities Premium Account**		
	Balance at the beginning of the year	2,17,20,644	2,17,20,644
	Add: Additions/(Utilisations) during the year	-	-
	Balance at the end of the year	2,17,20,644	2,17,20,644
2.2.3	**General Reserve**		
	Balance at the beginning of the year	86,70,09,364	80,70,09,364
	Add: Transfer from surplus in the Statement of Profit & Loss	6,00,00,000	6,00,00,000
	Balance at the end of the year	92,70,09,364	86,70,09,364
2.2.4	**Surplus in the Statement of Profit & Loss**		
	Balance at the beginning of the year	43,29,91,062	41,67,27,371
	Add: Profit for the year	7,17,29,527	7,62,63,691
	Amount available for appropriations	50,47,20,589	49,29,91,062
	Less: Transfer to General Reserve	6,00,00,000	6,00,00,000
	Balance at the end of the year	44,47,20,589	43,29,91,062
	Total Reserves & Surplus	**1,39,38,50,097**	**1,32,21,20,570**

Note 2.3 Long Term Borrowings

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Non Current	**Current Maturities**	**Non Current**	**Current Maturities**
2.3.1 **Secured**				
Term Loans				
(i) from Banks:				
Rupee Term Loans from Bank	9,05,37,410	3,15,23,543	5,48,87,641	2,27,36,914
(ii) from Others:				
Rupee Term Loans from Others	46,39,627	33,25,444	65,58,122	30,42,055
Total	**9,51,77,037**	**3,48,48,987**	**6,14,45,763**	**2,57,78,969**
Less: Amount disclosed under other Current Liabilities (Refer Note 2.8.1)	-	3,48,48,987	-	2,57,78,969
Net Long Term Borrowings	**9,51,77,037**	**-**	**6,14,45,763**	**-**

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

Repayment terms and security for the outstanding long term borrowings (Including current maturities) as at 31st March, 2013

(i) From Banks

Sr. No.	Particulars of Loan	Details of Security	Outstanding Balance as at 31.03.2013	Repayment terms
1	Term Loan from HDFC Bank	Equitable mortgage of land situated at Village Bhagwanpur, Roorkee, Uttarakhand and by way of 1st charge on building situated at Libertypuram and whole of the movable & immovable Plant & Machinery, machinery spares, tools & accessories etc.	10,33,33,333	12 Quarterly installments of ₹44.44 Lacs each and 18 Quarterly installments of ₹27.78 Lacs each
2	Vehicle Loans from HDFC Bank	Hypothecation of Vehicles	1,87,27,620	44% in Monthly Installments in 2013-14 40% in Monthly Installments in 2014-15 15% in Monthly Installments in 2015-16 1% in Monthly Installments in 2016-17
	Total		**12,20,60,953**	
(ii) From Others				
1	Vehicle Loans from BMW Financial Services	Hypothecation of Vehicles	60,10,372	42% in Monthly Installments in 2013-14 24% in Monthly Installments in 2014-15 27% in Monthly Installments in 2015-16 7% in Monthly Installments in 2016-17
2	Vehicle Loans from Tata Capital Ltd.	Hypothecation of Vehicle	19,54,699	41% in Monthly Installments in 2013-14 13% in Monthly Installments in 2014-15 14% in Monthly Installments in 2015-16 16% in Monthly Installments in 2016-17 16% in Monthly Installments in 2017-18
	Total		**79,65,071**	

		As at 31st March, 2013	As at 31st March, 2012
Note 2.4	**Deferred Tax Liability (Net)**		
	Balance at the beginning of the year	5,05,04,590	5,53,67,237
	Add: for the year	5,34,320	(48,62,647)
	Balance at the end of the year	**5,10,38,910**	**5,05,04,590**
Note 2.5	**Other Long Term Liabilities**		
	Security Deposits	4,27,31,901	4,18,61,001
	Total	**4,27,31,901**	**4,18,61,001**
Note 2.6	**Short Term Borrowings**		
2.6.1	**Secured**		
	Loans repayable on demand from Banks:	90,86,60,282	83,87,17,525
	(Secured against hypothecation of Company's entire stock of raw materials, stock in process, finished goods, consumables, stores and spares, finished goods in stores, in transit and with shippers at port awaiting shipment for exports, receivables, cheques, bank drafts and all other current assets and 2nd paripassu charge on Plant & Machinery.)		
	Total Secured Loans	**90,86,60,282**	**83,87,17,525**
2.6.2	**Unsecured**		
	Loans and Advances from Related Parties		
	Short Term Loans	82,27,930	1,60,67,709
	Total Unsecured Loans	**82,27,930**	**1,60,67,709**
	Total Short Term Borrowings	**91,68,88,212**	**85,47,85,234**
Note 2.7	**Trade Payables**		
	Trade Payables for goods & services	69,99,17,109	67,29,23,388
	Total Trade Payables	**69,99,17,109**	**67,29,23,388**
Note 2.8	**Other Current Liabilities**		
2.8.1	**Current Maturities of Long Term Borrowings (Refer Note 2.3.1)**		
	from Banks	3,15,23,543	2,27,36,914
	from Others	33,25,444	30,42,055
	Total	**3,48,48,987**	**2,57,78,969**

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		As at 31st March, 2013	As at 31st March, 2012
2.8.2	**Other Payables**		
	Advances from Customers	4,21,91,433	3,56,32,616
	Expenses Payable	6,16,14,167	4,92,80,270
	Other Liabilities	2,46,71,469	2,84,05,045
	Total	**12,84,77,069**	**11,33,17,931**
	Total Other Current Liabilities	**16,33,26,056**	**13,90,96,900**
Note 2.9	**Short Term Provisions**		
	Provision for taxation (Net of MAT Credit Entitlement)	12,78,720	13,69,472
	Provision for Excise Duty	1,35,31,086	1,80,55,539
	Total Short Term Provisions	**1,48,09,806**	**1,94,25,011**

(Amount in ₹)

Note 2.10 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Total as on 01.04.2012	Additions during the period	Sales/Adj. during the period	Total as on 31.03.2013	Total as on 01.04.2012	for the period	Sales/Adj. during the period	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets (Not under Lease)										
Land	13,09,87,805	-	-	13,09,87,805	-	-	-	-	13,09,87,805	13,09,87,805
Building	23,30,14,593	18,77,426	-	23,48,92,019	6,20,17,977	77,92,795	-	6,98,10,772	16,50,81,247	17,09,96,616
Plant & Equipments	71,44,47,794	2,61,03,650	31,74,973	73,73,76,471	33,68,57,598	3,87,84,316	9,16,282	37,47,25,632	36,26,50,839	37,75,90,196
Furniture & Fixture	4,85,12,547	63,54,155	-	5,48,66,702	1,87,70,247	30,23,350	-	2,17,93,597	3,30,73,105	2,97,42,300
Vehicles	9,80,69,962	2,78,40,589	50,68,826	12,08,41,725	3,45,21,860	1,09,90,471	36,65,340	4,18,46,991	7,89,94,734	6,35,48,102
Office Equipments	7,73,89,401	58,97,863	2,09,581	8,30,77,683	3,22,01,421	50,58,128	73,599	3,71,85,950	4,58,91,733	4,51,87,980
Moulds	22,34,11,247	1,53,53,242	-	23,87,64,489	17,96,96,545	1,38,52,809	-	19,35,49,354	4,52,15,135	4,37,14,702
Total Tangible Assets	**1,52,58,33,349**	**8,34,26,925**	**84,53,380**	**1,60,08,06,894**	**66,40,65,648**	**7,95,01,869**	**46,55,221**	**73,89,12,296**	**86,18,94,598**	**86,17,67,701**
Previous Year	**1,45,75,75,851**	**7,53,02,107**	**70,44,609**	**1,52,58,33,349**	**59,46,95,207**	**7,32,21,462**	**38,51,021**	**66,40,65,648**	**86,17,67,701**	**86,28,80,644**
Intangible Assets										
Patents	15,500	-	-	15,500	3,838	-	-	3,838	11,662	11,662
Softwares	79,47,350	39,91,902	-	1,19,39,252	6,88,968	10,09,655	-	16,98,623	1,02,40,629	72,58,382
Total Intangible Assets	**79,62,850**	**39,91,902**	**-**	**1,19,54,752**	**6,92,806**	**10,09,655**	**-**	**17,02,461**	**1,02,52,291**	**72,70,044**
Previous Year	**19,52,350**	**60,10,500**	**-**	**79,62,850**	**23,514**	**6,69,292**	**-**	**6,92,806**	**72,70,044**	**19,28,836**
Capital work in progress:										
a) Building under construction	-	17,58,875	-	17,58,875	-	-	-	-	17,58,875	-
b) Assets under installation	5,43,488	-	-	5,43,488	-	-	-	-	5,43,488	5,43,488
Total Capital work in progress	**5,43,488**	**17,58,875**	**-**	**23,02,363**	**-**	**-**	**-**	**-**	**23,02,363**	**5,43,488**
Previous year	**1,05,16,176**	**48,08,311**	**1,47,80,999**	**5,43,488**	**-**	**-**	**-**	**-**	**5,43,488**	**1,05,16,176**

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		As at 31st March, 2013	As at 31st March, 2012
Note 2.11	**Non-Current Investments (Non-Trade)**		
	Equity Share (Unquoted, Fully Paid up)		
	In Subsidiaries (Valued at cost)		
	Liberty Retail Revolutions Limited		
	10650000 (Previous year 9996150) Equity Shares of ₹10/- each fully paid	19,80,39,000	9,99,61,500
	500000 (Previous year Nil) Fully Convertible Debenture of ₹100/- each fully paid	5,00,00,000	5,00,00,000
	Liberty Foot Fashion Middle East FZE		
	1 (Previous year 1) Equity Share of UAE Dirham 10,00,000 fully paid	1,21,93,257	1,21,93,257
	Total Non-current Investments	**26,02,32,257**	**16,21,54,757**
	Aggregate amount of Quoted Investments	-	-
	Aggregate amount of Unquoted Investments	26,02,32,257	16,21,54,757
	Aggregate Market Value of Quoted Investments	-	-
Note 2.12	**Long term Loans & Advances**		
	(Unsecured and considered good unless stated otherwise)		
	Capital Advance	10,41,431	9,21,865
	Security Deposits		
	- to Related Parties	-	13,75,00,000
	- to Others	2,46,95,433	2,00,22,948
	Share Application Money paid to Subsidiary (Pending Allotment)	1,80,48,696	1,80,48,696
	Unsecured Loans to Subsidiary	9,50,00,000	9,50,00,000
	MAT Credit Entitlement	6,96,33,368	5,59,00,264
	Total	20,84,18,928	32,73,93,773
	Less: Provision for doubtful security deposits to others	16,15,998	16,15,998
	Total Long term Loan & Advances	**20,68,02,930**	**32,57,77,775**
Note 2.13	**Other Non-current Assets**		
	(Unsecured and considered good unless stated otherwise)		
	Fixed Deposits with Banks (Margin Money deposit for LC/Bank Guarantees)	2,22,44,416	2,15,97,466
	Total Other Non-current Assets	**2,22,44,416**	**2,15,97,466**
Note 2.14	**Inventories (As valued and certified by the Management)**		
	Raw Materials	26,29,26,455	26,50,11,182
	Goods in Process	13,93,05,371	11,65,24,877
	Finished Goods		
	Manufactured	42,15,09,401	38,77,99,420
	Traded	3,84,66,788	2,15,03,298
	Packing Materials	1,65,43,841	1,15,43,400
	Stores & Spares	2,68,87,070	2,48,23,442
	Oil & Lubricants	12,29,696	11,26,244
	Total Inventories	**90,68,68,622**	**82,83,31,863**
Note 2.15	**Trade Receivables**		
	(Unsecured and considered good unless stated otherwise)		
	Debts outstanding for a period exceeding six months from the due date		
	Considered good	6,70,18,105	5,85,07,290
	Considered doubtful	2,67,72,536	3,40,47,708
	Other Debts		
	Considered good	90,05,10,959	81,93,43,593
	Total	99,43,01,600	91,18,98,591
	Less: Provision for doubtful debts	2,67,72,536	3,40,47,708
	Total Trade Receivables	**96,75,29,064**	**87,78,50,883**
Note 2.16	**Cash and Bank Balances**		
	Cash and Cash equivalents		
	Balances with banks:		
	In Current Accounts*	1,96,83,467	59,85,306
	Cheques on hand	8,26,58,601	8,08,86,600
	Cash in hand including imprest	70,55,780	87,53,110
	Total Cash and Bank Balances	**10,93,97,848**	**9,56,25,016**

* Includes Unclaimed Dividend of ₹Nil/- (Previous year ₹15,15,410/-)

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		31.03.2013	31.03.2012
Note 2.17	**Short-Term Loans & Advances**		
	(Unsecured and considered good unless stated otherwise)		
	Advances recoverable in cash or in kind or for the value to be received	13,54,24,548	10,74,75,417
	Balance with Excise and other Statutory Authorities	5,01,51,235	3,41,93,334
	(including service tax, VAT recoverable and taxes paid under protest)		
	Prepaid Expenses	59,97,430	50,49,915
	Loans and advances to employees	90,41,526	49,24,798
	Total Short-term Loans & Advances	**20,06,14,739**	**15,16,43,464**
Note 2.18	**Other Operating Income**		
	Freight	1,29,573	9,04,307
	Miscellaneous Income	78,85,020	69,73,011
	Gain on Exchange Rate Fluctuations	76,70,400	-
	Bad Debts Recovered	1,76,000	55,454
	Total Other Operating Income	**1,58,60,993**	**79,32,772**
Note 2.19	**Other Income**		
	Bank and Other Interest (Tax deducted at Source ₹1.94 Lacs [Previous Year ₹1.50 Lacs])	23,51,322	24,51,242
	Total Other Income	**23,51,322**	**24,51,242**
Note 2.20	**Cost of Materials consumed and Finished Goods Purchased**		
	(a) Raw Materials (Refer to Note 2.26.23)		
	Stock at the beginning of the year	26,50,11,182	22,55,21,142
	Add: Purchases	1,52,90,15,655	1,46,37,32,973
		1,79,40,26,837	1,68,92,54,115
	Less: Stock at the end of the year	26,29,26,455	26,50,11,182
	Raw Materials Consumed	**1,53,11,00,382**	**1,42,42,42,933**
	(b) Finished Goods Purchased	**25,12,25,663**	**26,19,88,016**
	Total Cost of Materials consumed and Finished Goods Purchased (a+b)	**1,78,23,26,045**	**1,68,62,30,949**
Note 2.21	**Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade**		
	(a) Inventories at the end of the year		
	Finished Goods/Stock-in-Trade	45,99,76,189	40,93,02,718
	Goods in Process	13,93,05,371	11,65,24,877
	Total.. a	59,92,81,560	52,58,27,595
	(b) Inventories at the beginning of the year		
	Finished Goods/Stock-in-Trade	40,93,02,718	42,34,59,606
	Goods in Process	11,65,24,877	12,80,99,009
	Total .. b	52,58,27,595	55,15,58,615
	(Increase)/Decrease in Inventories (b - a)	**(7,34,53,965)**	**(2,57,31,020)**
Note 2.22	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	36,39,11,066	34,11,85,097
	Directors' Remuneration	61,50,000	51,00,000
	Contribution to Provident and Other Funds (Refer to Note 2.26.18)	2,16,97,943	1,56,74,795
	Staff Welfare Expenses	47,61,877	59,82,550
	Total Employee Benefits Expense	**39,65,20,886**	**36,79,42,442**
Note 2.23	**Finance Costs**		
	Interest Expense		
	to Banks	11,62,37,847	10,87,39,709
	to others (Refer to Note 2.26.5)	20,02,472	29,47,229
	Bank Charges	47,68,644	55,72,941
	Total Finance Costs	**12,30,08,963**	**11,72,59,879**

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		31.03.2013	31.03.2012
Note 2.24	**Other Expenses**		
	(a) Manufacturing Expenses		
	Freight Inwards	86,65,408	82,78,371
	Upper Production Charges	8,23,18,418	7,60,43,091
	Oil & Lubricants	2,52,03,922	2,10,00,546
	Electricity Charges	6,18,56,313	4,75,32,522
	Repairs to Machinery	2,78,56,705	2,85,40,560
	Land Lease Rent	1,49,392	1,35,807
	Franchise Fee	7,90,00,000	7,90,00,000
	Total	**28,50,50,158**	**26,05,30,897**
	(b) Administration, Selling and Other Expenses		
	Packing Materials Consumed	13,10,86,522	12,04,57,914
	Printing & Stationery	54,10,206	56,09,537
	Claims	3,06,63,062	2,20,73,961
	Tour, Travelling and Conveyance	5,43,75,002	4,87,50,277
	Insurance Charges	57,52,654	54,10,009
	Fees and Taxes	5,20,08,803	1,98,70,911
	Postage, Telegram, Telephone and Telex	1,09,70,048	1,10,14,880
	Subscriptions	4,45,152	4,47,361
	Advertisements	12,60,58,908	11,00,28,653
	Rent	2,32,98,955	2,02,86,834
	Donations	6,38,400	7,91,373
	Export CIF Expenses	1,71,92,515	1,69,01,394
	Freight Outward	5,18,24,135	4,13,57,925
	Samples	1,74,661	69,183
	Auditors' Remuneration:		
	Statutory Audit Fee	6,00,000	2,50,000
	Tax Audit Fee	80,000	80,000
	Certification Fee	20,000	20,000
	Cost Audit Fee	1,00,000	1,00,000
	Miscellaneous Expenses	29,49,365	44,89,662
	Royalty	9,82,50,000	9,82,50,000
	Entertainment Expenses	62,17,284	48,61,271
	Commission	2,93,11,225	3,62,13,670
	Sales Promotion Expenses	4,64,08,581	4,39,19,230
	Newspapers & Periodicals	1,89,348	1,86,428
	Debts written off	62,01,037	3,71,56,800
	Provision for doubtful debts (refer to Note 2.26.13)	(72,75,172)	(10,78,251)
	Consultancy & Professional Charges	1,66,50,008	2,58,08,467
	Repairs & Maintenance Expenses-Building	73,15,122	38,59,071
	Repairs & Maintenance Expenses-Others	1,11,82,946	1,06,21,550
	Exchange Rate Fluctuations	-	30,39,972
	Loss on transfer of Duty Credit	34,50,140	7,14,304
	Total Administration, Selling and other Expenses	**73,15,48,907**	**69,15,62,386**
	Total Other Expenses (a + b)	**1,01,65,99,065**	**95,20,93,283**
Note 2.25	**Exceptional Items (Net)**		
	Profit on Sale of Fixed Assets	(3,27,525)	(1,75,866)
	Loss on Sale of Fixed Assets	22,76,364	6,12,617
	Write off on a/c of payment on behalf of Joint Venture Co.	-	3,19,45,898
	Total	**19,48,839**	**3,23,82,649**

Notes to the Financial Statements for the year ended 31st March, 2013

Note 2.26 NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

2.26.1 Details of Managerial Remuneration:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
Payment and provision for remuneration to:		
• Executive Director(s)	61,50,000	51,00,000

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956, for calculation of commission paid/payable to directors:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
Profit before tax as per Statement of Profit & Loss	7,05,03,503	7,22,91,610
Add:		
Directors' Remuneration	61,50,000	51,00,000
(Profit)/Loss on sale of Fixed Assets (Net)	19,48,839	4,36,751
Directors' Sitting Fees	-	25,000
(Profit)/Loss on sale of Investments	-	-
Net Profit as per Section 349 of the Companies Act, 1956	**7,86,02,342**	**7,78,53,361**
Commission paid/payable to Directors	**-**	**-**

During the year, no remuneration has been paid to Non-Executive Directors (Previous Year ₹25,000/- paid as sitting fees).

2.26.2 In the opinion of the Board and to the best of its knowledge, the value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they have been stated in the Balance Sheet.

2.26.3 The assessment of the Company in respect of Income Tax & Wealth Tax is completed up to Assessment Year 2010-11.

2.26.4 Liberty Enterprises (LE) & Liberty Group Marketing Division (LGMD), the two partnerships firms, having established footwear business, consisting of fixed assets, personnel, trademarks, technical knowhow & distribution network, made available their business exclusively to the Company on franchise basis for the period of 10 years, against payment of the annual franchise fees vide respective agreements dated 31st March, 2003. Liberty Footwear Co. (LFC), another partnership firm and owner of the Trademark "LIBERTY", licensed exclusive rights to the Company for use of the Trademark "LIBERTY" on payment of Annual License Fees vide agreement dated 31st March, 2003. The aforesaid agreements have since expired on 31st March, 2013. Few of the Directors of the Company were interested as Partners in the said Partnership Firm.

The Company, after analyzing the benefits and its requirements for the arrangements, has entered into agreement(s) with LGMD for use of their fixed assets for manufacturing of footwear, registered Trademarks and domestic sales network for sale of footwear for a period of 2 (two) years and with LE for use of their fixed assets and export sales network for further period of 2 (Two) years and with LFC for use of trademark "LIBERTY" on exclusive basis for further period of 15 (Fifteen) years effective from 1st April, 2013 against payment of minimum guaranteed obligation with requisite approval from the Central Government in terms of the applicable provisions of the Companies Act, 1956. The approval stipulates that the Company should seek post facto approval of the shareholders of the Company in General Meeting and therefore, the enabling resolutions seeking their approval with explanatory statements have been placed in the notice of the ensuing Annual General Meeting.

With regard to the dispute amongst the partners of LE relating to the earlier agreement, the Company has obtained expert legal opinion confirming the validity of the above arrangements executed by the Company.

During the year under consideration, in terms of the agreements and in conformity with the requisite approvals of the Central Government, the Company has made the payments (including provisions), after

Notes to the Financial Statements for the year ended 31st March, 2013

adjustments of the securities paid to the respective firms, amounting to ₹6,00,00,000/- (Previous year ₹6,00,00,000/-), ₹7,00,00,000/- (Previous year ₹7,00,00,000/-) and ₹4,72,50,000/- (Previous year ₹4,72,50,000/-) respectively.

2.26.5 Interest to others include ₹11,50,246/- (Previous year ₹20,30,788/-) against short term loan @ 12% p.a. from M/s Geofin Investments Private Ltd.

2.26.6 During the year, the Company has capitalized the borrowing cost of ₹Nil (Previous year ₹Nil) as part of the cost of the qualifying assets.

2.26.7 The Company has paid the excise duty amounting to ₹15,20,64,170/- (Previous year ₹13,94,30,990/-) against the sales executed during the year.

Also, the Company has made the provision of excise duty of ₹1,35,31,086/- (Previous Year ₹1,80,55,539/-) against finished goods lying in stocks as on 31st March, 2013 and the difference of two has been recognized separately in the Statement of Profit & Loss.

2.26.8 The registration relating to certain portion of land at Libertypuram, Karnal are still in process because of some administrative compliance but the possession of the same is with the Company since beginning. Further the sellers have also given their confirmation ratifying the earlier sale process.

2.26.9 During the year under consideration, the Company has increased its stake to 100% (previous year 93.86%) in Liberty Retail Revolutions Ltd (LRRL), its retail subsidiary, by investing ₹980.77 Lacs (Previous year ₹NIL). As reported earlier also and in pursuance of the decision taken to amalgamate LRRL with the Company, the Board of Directors have approved the scheme of Amalgamation of its Wholly Owned Retail Subsidiary LRRL with the Company to be effective from 1st April, 2013 subject to sanction from the respective Hon'ble High Court(s) and approval from the Members of the Company. The necessaries formalities as required to effect the above said amalgamation have already been initiated by the Company. The Scheme is consistent with the objective of consolidating the business leading to operational synergies and efficiencies.

2.26.10 The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small & Medium Enterprise Development Act, 2006) claiming their status as on 31st March, 2013 as Micro, Small or Medium Enterprise. Consequently the amount paid/payable to these parties during the year is nil.

2.26.11 **Contingent Liabilities**

(Amount in ₹)

Particulars		2012-2013	2011-2012
I)	Bank Guarantees issued on behalf of the Company submitted with various institutional customers in terms to their orders.	4,74,76,991	3,34,78,945
II)	Letter of Credits	6,49,65,379	4,51,02,780
III)	On account of disallowance of legitimate credit of CENVAT against Excise Duty/Education Cess[1] for the period from November 2004 to June 2005, May 2006 to June 2006, Financial year 2002-03 and 2004-05. CESTAT while admitting Company's appeal directed to deposit ₹39 Lacs under protest and has granted stay.	3,38,75,448	3,70,27,048
IV)	Invoice Funding facility	2,50,89,315	2,50,27,539
V)	Corporate Guarantees given to bank for securing working capital limits of retail subsidiary	10,00,00,000	10,00,00,000
VI)	Income Tax on account of routine assessment for the assessment years 1998-99 & 2003-04	-	35,03,426
VII)	Value Added Tax[2] for the financial year 2005-06, 2006-07, 2007-08 & 2008-09 on account of classification of goods at different rate of tax	1,22,03,204	82,81,568
VIII)	Service Tax on GTA Services for the period from January 2005 to March 2007	5,28,598	5,28,598
IX)	On account of compliance relating to EPCG licences.	4,42,00,783	4,42,00,783

[1] Including amount deposited under protest ₹39,00,000/- (Previous year ₹39,00,000/-)

[2] Including amount deposited under protest ₹48,82,322/- (Previous year ₹41,37,554/-).

Notes to the Financial Statements for the year ended 31st March, 2013

2.26.12 Capital commitments not provided for are estimated at ₹30 Lacs (Previous year ₹20 Lacs).

2.26.13 Provision for doubtful debts: During the year, the Company has considered debts for ₹Nil (Previous year ₹3,13,51,083/-) as doubtful debts/securities and also has withdrawn ₹72,75,172/- (Previous year ₹3,24,29,334/-) out of the provisions made in the earlier years for the same and written off as bad debts ₹39,27,110/- (Previous year ₹3,24,29,334/-). Further the differential of the provision made and amount withdrawn during the year, detailed as under, has been charged to Statement of Profit & Loss for the year and the balance has been carried in the balance sheet:

Statement of Profit & Loss

(Amount in ₹)

Particulars	2012-2013	2011-2012
Provision for the year	--	3,13,51,083
Less: Amount withdrawn from the provision made for doubtful debts in the earlier years	72,75,172	3,24,29,334
Net debited/(credited) to Statement of Profit & Loss	(72,75,172)	(10,78,251)

Balance Sheet

(Amount in ₹)

Particulars	2012-2013	2011-2012
Opening Balance	3,56,63,706	3,67,41,957
Add: Provision for the year	--	3,13,51,083
Total	3,56,63,706	6,80,93,040
Less: Amount withdrawn during the year	72,75,172	3,24,29,334
Closing balance	2,83,88,534	3,56,63,706
Trade Receivables (Refer to Note No. 2.15)	2,67,72,536	3,40,47,708
Security Deposits to Others (Refer to Note No. 2.12)	16,15,998	16,15,998

2.26.14 During the year, considering the non recoverability of some of the debts, the Company has written of the debts amounting to ₹22,73,927/- (Previous year ₹47,27,466/-).

2.26.15 The Board of Directors of the Company considers and maintains "Footwear" as the only business segment of the Company.

2.26.16 **Basic and Diluted Earning per share:** The Basic and diluted earning per share of the Company is as under: -

(Amount in ₹)

Description	2012-2013	2011-2012
Basic & Diluted		
Profit after Taxation (A)	7,17,29,527	7,62,63,691
Weighted average number of Equity Shares (B)	1,70,40,000	1,70,40,000
Nominal value per Equity Share	10.00	10.00
Basic & Diluted Earnings per share (A/B)	4.21	4.48

2.26.17 **Related Party Transactions**

The Company has made the following transactions with related parties as defined under the provisions of Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

A) Transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2013:

Notes to the Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

Description	Subsidiary	Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
Transactions					
Receiving of Services	27,62,985	1,20,83,583	31,960	1,17,432	1,49,95,960
	(30,04,625)	(1,20,49,775)	(29,055)	(1,06,752)	(1,51,90,207)
Sale of Goods	35,27,93,430	2,36,86,127	-	-	37,64,79,557
	(34,66,28,593)	(64,07,096)	(-)	(-)	(35,62,75,448)
License Agreements	-	19,91,58,100	-	-	19,91,58,100
	(-)	(19,55,06,750)	(-)	(-)	(19,55,06,750)
Payment of Salary, Wages and other benefits to employees	- (-)	3,08,33, 929 (5,60,09,458)	61,50,000 (51,00,000)	30,15,000 (28,05,000)	3,99,98,929 (6,39,14,458)
Equity Contribution (including Share Application Money)	- (7,66,800)	- (-)	- (-)	- (-)	- (7,66,800)
Purchase of Shares	-	9,80,68,500	4,500	3,000	9,80,76,000
	(-)	(-)	(-)	(-)	(-)
Loans given	-	-	-	-	-
	(9,50,00,000)	(-)	(-)	(-)	(9,50,00,000)
Loans taken	-	28,88,25,000	-	-	28,88,25,000
	(-)	(17,41,90,000)	(-)	(-)	(17,41,90,000)
Repayment of Loans	-	29,77,00,000	-	-	29,77,00,000
	(-)	(20,44,50,000)	(-)	(-)	(20,44,50,000)
Interest Paid	-	11,50,246	-	-	11,50,246
	(-)	(20,30,788)	(-)	(-)	(20,30,788)
Outstanding balances					
Trade Receivables	18,47,95,759	50,26,751	-	-	18,98,22,510
	(17,39,27,644)	(37,41,825)	(-)	(-)	(17,76,69,469)
Trade Payables	-	63,30,221	1,33,628	-	64,63,849
	(-)	(7,36,71,886)	(-)	(-)	(7,36,71,886)
Short Term Loans	-	82,27,930	-	-	82,27,930
	(-)	(1,60,67,709)	(-)	(-)	(1,60,67,709)
Long Term Loans & Advances	9,50,00,000	-	-	-	9,50,00,000
	(9,50,00,000)	(-)	(-)	(-)	(9,50,00,000)
Non-Current Investments (Non-Trade)	5,00,00,000	-	-	-	5,00,00,000
	(5,00,00,000)	(-)	(-)	(-)	(5,00,00,000)
Corporate Guarantees	10,00,00,000	-	-	-	10,00,00,000
	(10,00,00,000)	(-)	(-)	(-)	(10,00,00,000)

Previous year figures are in brackets

B) Detail of Related Parties and description of relationship:

i) Subsidiary Companies:

Liberty Retail Revolutions Limited, Liberty Foot Fashion Middle East FZE

ii) Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence:

Geofin Investments Private Ltd., Liberty Group Marketing Division, Liberty Enterprises, Liberty

Notes to the Financial Statements for the year ended 31st March, 2013

Footwear Co., Sanjeev Bansal Charitable Trust, Liberty Innovative Outfits Ltd.

iii) Key Management Personnel:
1) Sh. Adesh Kumar Gupta 2) Sh. Adarsh Gupta 3) Sh. Shammi Bansal 4) Sh. Satish Kumar Goel 5) Sh. Sunil Bansal 6) Sh. Adeesh Kumar Gupta

iv) Relatives of Key Management Personnel:
S/Sh. Harish Kumar Gupta, Raman Bansal, Vivek Bansal, Anupam Bansal (Brothers of Directors)
Sh. Ayush Bansal, Sh. Manan Bansal, Sh. Pranav Gupta, Sh. Anmol Gupta (Sons of Directors)

C) Disclosure of significant transactions with related parties:

Note: Receiving the services from Key Management Personnel and their relatives includes rent and land lease charges.

(Amount in ₹)

Type of Transaction	Type of Relationship	Name of the Entity/Person	Nature	Financial Year (₹)	
				2012-13	2011-12
Receiving of Services	Subsidiary	Liberty Retail Revolutions Limited	Shoe Upper Production Charges	27,62,985	30,04,657
	Entities where Key Management Personnel / Relative of Key Management Personnel has significant influence	Geofin Investments Private Limited	Rent for Office Premises	1,01,12,400	99,27,000
		Liberty Footwear Co.	Rent for Office Premises	6,33,708	7,38,276
		Sanjeev Bansal Charitable Trust	Rent for Office Premises	4,50,000	4,50,000
			Medical Facilities for employees	8,87,475	9,34,500
	Key Management Personnel	Sh. Adesh Kumar Gupta	Rent	31,960	29,055
		Sh. Harish Kumar Gupta	Rent	1,17,432	1,06,752
Sale of Goods	Subsidiary	Liberty Retail Revolutions Limited	Sale of goods manufactured and deal in by the Company	35,27,93,430	34,66,28,593
	Entities where Key Management Personnel / Relative of Key Management Personnel has significant influence	Liberty Innovative Outfits Limited	Sale of goods manufactured and deal in by the Company	2,36,86,127	64,07,096
License Agreements	Entities where Key Management Personnel / Relative of Key Management Personnel has significant influence	Liberty Enterprises	Franchise Fee (including Service Tax)	6,74,16,000	6,61,80,000
		Liberty Group Marketing Division	Franchise Fee (including Service Tax)	7,86,52,000	7,72,10,000
		Liberty Footwear Co.	Licence Fee (including Service Tax)	5,30,90,100	5,21,16,750
Payment of Salary, Wages and other benefits to Employees	Entities where Key Management Personnel / Relative of Key Management Personnel has significant influence	Liberty Group Marketing Division	Salary, Wages and other Benefits	3,08,33,929	5,60,73,574
	Key Management Personnel	Sh. Adesh Kumar Gupta	Salary, Wages and other Benefits	12,00,000	12,00,000
		Sh. Sunil Bansal	Salary, Wages and other Benefits	12,00,000	12,00,000
		Sh. Shammi Bansal	Salary, Wages and other Benefits	12,00,000	12,00,000
		Sh. Adeesh Kumar Gupta	Salary, Wages and other Benefits	12,00,000	6,00,000
		Sh. Satish Kumar Goel	Salary, Wages and other Benefits	13,50,000	9,00,000

Notes to the Financial Statements for the year ended 31st March, 2013

Payment of Salary, Wages and other benefits to Employees	Relatives of Key Management Personnel	Sh. Raman Bansal	Salary, Wages and other Benefits	11,40,000	11,40,000
		Sh. Vivek Bansal	Salary, Wages and other Benefits	11,40,000	11,40,000
		Sh. Ayush Bansal	Salary, Wages and other Benefits	2,10,000	2,10,000
		Sh. Manan Bansal	Salary, Wages and other Benefits	2,10,000	2,10,000
		Sh. Pranav Gupta	Salary, Wages and other Benefits	2,10,000	1,05,000
		Sh. Anmol Gupta	Salary, Wages and other Benefits	1,05,000	-
Equity Contribution	Subsidiary	Liberty Foot Fashion Middle East FZE	Share Application Money	-	7,66,800
Purchase of Shares	Key Management Personnel/ Relative of Key Management Personnel has Significant influence	Geofin Investment Private Limited	Purchase of Shares of Liberty Retail Revolutions Limited	9,80,68,500	-
	Key Management Personnel	Sh. Adesh Kumar Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Adeesh Kumar Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Adarsh Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
	Key Management Personnel/ Relative of Key Management Personnel has Significant influence	Sh. Raman Bansal	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Anupam Bansal	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
Loans Given	Subsidiary	Liberty Retail Revolutions Limited	Unsecured Loans	-	9,50,00,000
Loans Taken	Key Management Personnel /Relative of Key Management Personnel has significant influence	Geofin Investments Private Limited	Unsecured Loans	28,88,25,000	17,41,90,000
Repayment of Loans				29,77,00,000	20,44,50,000
Interest Paid/Payable				11,50,246	20,30,788
Outstanding balances					
Trade Receivables	Subsidiary	Liberty Retail Revolutions Limited	Against Sale of Goods Manufactured and Deal in by the Company	18,47,95,759	17,39,27,644
	Key Management Personnel /Relative of Key Management Personnel has significant influence	Liberty Innovative Outfits Limited	Against Sale of Goods Manufactured and Deal in by the Company	50,26,751	37,41,825

Notes to the Financial Statements for the year ended 31st March, 2013

Trade Payables	Key Management Personnel /Relative of Key Management Personnel has significant influence	Liberty Enterprises	Franchise Fee (including Service Tax)	26,13,245	2,23,45,272
		Liberty Group Marketing Division	Franchise Fee & Salary, Wages and other benefits (including Service Tax)	-	2,92,24,159
		Liberty Footwear co.	License Fee (including Service Tax)	37,16,976	2,20,75,050
		Sanjeev Bansal Charitable trust	Medical Facilities for Employees	-	27,405
Short Term Loans	Key Management Personnel/ Relative of Key Management Personnel has significant influence	Geofin Investments Private Limited	Short Term Loans	82,27,930	1,60,67,709
Long Term Loans & Advances	Subsidiary	Liberty Retail Revolutions Limited	Loans	9,50,00,000	9,50,00,000
Non-Current Investments (Non-Trade)	Subsidiary	Liberty Retail Revolutions Limited	Non-Current Investments (Non-Trade)	5,00,00,000	5,00,00,000
Corporate Guarantees	Subsidiary	Liberty Retail Revolutions Limited	Given to Banks	10,00,00,000	10,00,00,000

2.26.18 **Detail of Employee Benefits - Gratuity**

The Company has a defined gratuity plan (Defined Benefit). Every employee, on completion of continuous service of five years or more with the Company, is entitled to get the gratuity on 15 days salary, on the basis of last drawn salary, for each completed year of service. The scheme is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans:

Profit and Loss

a) Net Employee Benefit Expense (recognized in Employee Cost):

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Current Service Cost	66,90,731	32,35,421
2.	Interest Cost on benefit obligation	18,77,682	16,81,646
3.	Expected return on Plan Assets	(19,12,638)	(15,31,089)
4.	Actuarial Loss/(Gain)	(8,19,319)	(4,58,689)
5.	Net Benefit Expenses	58,36,456	29,27,289

Balance Sheet

b) Details of Provision for Gratuity

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Present Value of Defined Benefit Obligation	2,88,79,051	2,32,09,601
2.	Fair value of Plan Assets	2,41,07,084	2,03,74,090
3.	Surplus/(Deficit)	(47,71,967)	(28,35,511)
4.	Net Asset/(Liability)	(47,71,967)	(28,35,511)

Notes to the Financial Statements for the year ended 31st March, 2013

c) Changes in Present Value of the Defined Benefit Obligation are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Defined Benefit Obligation at the beginning of the year	2,32,09,601	2,10,06,932
2.	Current Service Cost	66,90,731	32,35,421
3.	Interest Cost	18,77,682	16,81,646
4.	Actuarial (Gain)/Loss on obligations	(8,19,319)	(4,58,689)
5.	Benefits paid	(20,79,644)	22,55,709
6.	Defined benefit obligation at the end of the period	2,88,79,051	2,32,09,601

d) Changes in Fair Value of Plan Assets are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Opening Fair Value of Plan Assets	2,03,74,090	1,63,00,334
2.	Expected Return	19,12,638	15,31,089
3.	Contributions by employer	39,00,000	47,98,376
4.	Benefits paid	(20,79,644)	22,55,709
5.	Actuarial Gains/(Losses)	-	-
6.	Closing Fair Value of Plan Assets	2,41,07,084	2,03,74,090

e) The principle assumptions used in determining Gratuity obligations are as follows:

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Discount rate	8.00%	8.00%
2.	Expected rate of return on Plan Assets	8.00%	8.00%
3.	Salary escalation rate	7.00%	7.00%
4.	Attrition rate	1% to 3% depending upon age	1% to 3% depending upon age

f) Amount for the current and previous periods are as follows:

(Amount in ₹)

Sr. No.	Particulars	March 2013	March 2012
1.	Defined Benefit Obligation	(2,88,79,051)	(2,32,09,601)
2.	Plan Assets	2,41,07,084	2,03,74,090
3.	Surplus/(Deficit)	(47,71,967)	(28,35,511)
4.	Experience adjustments on plan liabilities	(8,19,319)	(4,58,689)
5.	Experience adjustments on plan assets	-	-

2.26.19 For the current year Deferred Tax liability has been calculated after considering the cumulative timing differences of ₹15,73,09,015/- (Previous year ₹15,56,62,180/-) on account of depreciation.

2.26.20 There are no dues payable to the Investor Education and Protection Fund as at 31st March, 2013.

Notes to the Financial Statements for the year ended 31st March, 2013

2.26.21 Detail of Materials Consumed

(Amount in ₹)

Description	2012-13	2011-12
PVC Compound	14,44,74,924	11,96,42,413
Laminated Leather Fabric	15,95,88,169	14,18,08,778
PU Chemicals	16,69,47,987	15,71,41,450
Leather	25,67,10,085	21,57,66,993
PU Soles	6,46,52,687	6,44,47,161
EVA Resin	3,47,29,316	2,67,42,761
Shoe Uppers/Components	47,27,40,648	51,85,19,420
Others	26,83,40,157	24,24,62,419
Total	1,56,81,83,973	1,48,65,31,395
Less: Amount of Export Incentives	3,70,83,591	6,22,88,462
Net Consumption	1,53,11,00,382	1,42,42,42,933

2.26.22 Consumption of Imported and Indigenous Materials and percentage thereof

(Amount in ₹)

Description	2012-13		2011-12	
	Value	%age	Value	%age
Raw Materials				
Imported	8,95,21,812	5.85	11,82,86,799	8.31
Indigenous	1,44,15,78,570	94.15	1,30,59,56,134	91.69
Total	1,53,11,00,382	100.00	1,42,42,42,933	100.00
Consumable Stores & Spares				
Imported	28,38,913	10.19	52,71,486	18.47
Indigenous	2,50,17,792	89.81	2,32,69,074	81.53
Total	2,78,56,705	100.00	2,85,40,560	100.00

2.26.23 Expenditure & Earnings in Foreign Currency

(Amount in ₹)

Description	2012-13	2011-12
a) CIF Value of Imports:		
Raw Materials & Others	15,00,40,624	16,40,81,345
Capital Goods	1,20,91,564	1,91,58,377
Stores & Spares	25,61,946	40,23,516
b) Expenditure in Foreign Currency		
Travelling Expenses	41,24,425	36,08,626
Commission	53,52,343	1,40,33,507
Business Promotion	21,96,497	17,06,944
Rent	19,69,200	16,12,705
Technical Consultancy	10,57,070	5,64,881
c) FOB Value of Exports of		
Finished Goods	37,89,08,878	47,35,73,597

2.26.26 During the year ended March 31, 2013, preparation and presentation of financial statements have been made as per the Revised Schedule VI notified under the Companies Act 1956. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has regrouped/reclassified the previous year figures in accordance with the requirements applicable in the current year. The current year and previous year figures have been rounded off to the nearest rupees.

Statement pursuant to section 212(1)(e)

of the Companies Act, 1956

(Amount in ₹)

1	Name of the Subsidiary Company	Liberty Retail Revolutions Ltd.	Liberty Foot Fashion Middle East FZE*
2.	The Period of Subsidiary Company	1st April, 2012 to 31st March, 2013	1st April, 2012 to 31st March, 2013
3.	Extent of interest of the Company in the Subsidiary Company at the end of financial year of Subsidiary Company Equity Shares Capital		
	a) No. of Shares held by Liberty Shoes Ltd. and face value thereof	1,06,50,000 Equity Shares of ₹10/- each, fully paid up	1 (One) Equity Share of AED 10,00,000/- each, fully paid up
	b) Extent of Holding	100.00%	100.00%
4.	Net Aggregate amount of the profit/(loss) of the Subsidiary Company for the period, so far as it concerns the members of Liberty Shoes Ltd.		
	a) not dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2013	(1,64,60,010)	(10,37,351)
	b) dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2013	NIL	NIL
5	Net Aggregate amount of the profit/(loss) of the Subsidiary Company for the previous financial year, so far as it concerns the members of Liberty Shoes Ltd.		
	a) not dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2012	(3,05,63,577)	(8,77,107)
	b) dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2012	NIL	NIL
6	Changes, if any, in the Holding Company's interest in the Subsidiary between the end of the financial year of the Subsidiary and that of the Holding Company	N.A.	N.A.
7	Materials Changes, if any, between the end of financial year of the Subsidiary and that of the Holding Company.	N.A.	N.A.

* The Subsidiary Company has not commenced its operations.

**Fully Convertible Debentures pending for conversion in to Equity Shares of the Company have not been considered while calculating the extent of holding

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal
Partner
Membership No. 081643

Adesh Kumar Gupta
CEO & Executive Director
DIN-00143192

Shammi Bansal
Executive Director
DIN-00138792

Raghubar Dayal
Director
DIN-00481803

Munish Kakra
Vice President &
Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Statement pursuant to section 212(8)

of the Companies Act, 1956

As per the AS 21 issued by the Institute of Chartered Accountants of India, the financial statements of the India, the financial statements of the Company reflecting the consolidation of accounts of its subsidiary companies to the extent of equity holding of the Company in these companies are included in this Annual Report.

In terms of general approval granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, vide its General Circular No. 2/2011, dated February 8, 2011, the Board of Directors has accorded consent in their Meeting held on May 29, 2013 for not attaching the Annual Accounts, Reports of Directors and Auditors of the Subsidiary Companies i.e. Liberty Retail Revolutions Limited and Liberty Foot Fashion Middle East FZE with the Audited Balance Sheet of the Company. The Annual Accounts of the above said Subsidiary companies and related detailed information shall be made available to the shareholders of the Company and of subsidiary companies at any working day from 10.00 A.M. till 1.00 P.M. The Annual Accounts of the above said subsidiary companies are open for inspection by any Shareholder at the Registered Office of the Company and of the subsidiary companies. Apart from above, the additional financial information in respect of Subsidiary Companies as directed under the above said circular is given hereunder:

(Amount in ₹)

Name of the Subsidiary Company	Liberty Retail Revolutions Ltd.	Liberty Foot Fashion Middle East FZE*
Capital	10,65,00,000	1,47,80,000
Share Application Money	-	2,27,51,977
Reserves	(12,75,03,495)	-
Total Assets	47,17,01,480	3,75,31,977
Total Liabilities	47,17,01,480	3,75,31,977
Details of Investments (other than investment in Subsidiaries)	28,000	-
Turnover	59,75,73,310	-
Profit/(Loss) before Taxation	(1,64,60,010)	(10,37,351)
Provision for Taxation	-	-
Profit/(Loss) after Taxation	(1,64,60,010)	(10,37,351)
Proposed Dividend including Dividend declared during the year	-	-

The foreign Exchange rate used for conversion amount in AED to INR is Rs14.78

* The Subsidiary Company has not commenced its operations.

The amount given in the table is from the Annual Accounts made for the financial year ended 31st March, 2013 for Subsidiary Companies.

Undertaking

We undertake that the Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the shareholders who seek such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept available for inspection by the shareholder in the Registered / Head Office of Liberty Shoes Ltd. and that of Subsidiary Companies concerned.

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal
Partner
Membership No. 081643

Adesh Kumar Gupta
CEO & Executive Director
DIN-00143192

Shammi Bansal
Executive Director
DIN-00138792

Raghubar Dayal
Director
DIN-00481803

Munish Kakra
Vice President &
Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Statement pursuant to section 212(8)

of the Companies Act, 1956

As per the AS 21 issued by the Institute of Chartered Accountants of India, the financial statements of the India, the financial statements of the Company reflecting the consolidation of accounts of its subsidiary companies to the extent of equity holding of the Company in these companies are included in this Annual Report.

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(Amount in ₹)

Name of the Subsidiary Company	Liberty Retail Revolutions Ltd.	Liberty Foot Fashion Middle East FZE*
Capital	10,65,00,000	1,47,80,000
Share Application Money	-	2,27,51,977
Reserves	(12,75,03,495)	-
Total Assets	47,17,01,480	3,75,31,977
Total Liabilities	47,17,01,480	3,75,31,977
Details of Investments (other than investment in Subsidiaries)	28,000	-
Turnover	59,75,73,310	-
Profit/(Loss) before Taxation	(1,64,60,010)	(10,37,351)
Provision for Taxation	-	-
Profit/(Loss) after Taxation	(1,64,60,010)	(10,37,351)
Proposed Dividend including Dividend declared during the year	-	-

The foreign Exchange rate used for conversion amount in AED to INR is Rs14.78

* The Subsidiary Company has not commenced its operations.

The amount given in the table is from the Annual Accounts made for the financial year ended 31st March, 2013 for Subsidiary Companies.

Undertaking

We undertake that the Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the shareholders who seek such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept available for inspection by the shareholder in the Registered / Head Office of Liberty Shoes Ltd. and that of Subsidiary Companies concerned.

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal
Partner
Membership No. 081643

Adesh Kumar Gupta
CEO & Executive Director
DIN-00143192

Shammi Bansal
Executive Director
DIN-00138792

Raghubar Dayal
Director
DIN-00481803

Munish Kakra
Vice President &
Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Consolidated Balance Sheet

as at 31st March, 2013

(Amount in ₹)

PARTICULARS	NOTE NO.		31.03.2013		31.03.2012
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	17,04,00,000		17,04,00,000	
Reserves & Surplus	2.2	1,19,69,87,451	1,36,73,87,451	1,14,74,11,451	1,31,78,11,451
Non-Current Liabilities					
Long Term Borrowings	2.3	10,46,31,114		7,87,76,636	
Deferred Tax Liability (Net)	2.4	5,10,38,910		5,05,04,590	
Other Long Term Borrowings	2.5	4,59,19,401		4,48,48,501	
Long Term Provisions	2.6	18,64,381	20,34,53,806	21,60,664	17,62,90,391
Current Liabilities					
Short Term Borrowings	2.7	99,85,57,226		93,49,92,618	
Trade Payables	2.8	70,48,71,435		67,45,90,294	
Other Current Liabilities	2.9	22,63,74,435		19,78,99,474	
Short Term Provisions	2.10	1,48,64,385	1,94,46,67,481	1,94,46,646	1,82,69,29,032
Total			**3,51,55,08,738**		**3,32,10,30,874**
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	2.11	1,00,13,10,903		1,01,92,27,679	
Intangible Assets	2.11	1,08,11,289		80,98,838	
Capital Work in Progress	2.11	23,02,363		5,43,488	
Non-Current Investments	2.12	44,834		44,834	
Long Term Loans & Advances	2.13	15,53,30,287		27,20,52,133	
Other Non-Current Assets	2.14	2,27,71,872	1,19,25,71,548	2,20,88,286	1,32,20,55,258
Goodwill on Consolidation			9,15,39,000		-
Current Assets					
Inventories	2.15	1,11,22,26,047		1,02,79,68,068	
Trade Receivables	2.16	79,20,73,356		71,57,91,091	
Cash and Bank Balances	2.17	12,39,41,967		10,05,45,820	
Short Term Loans & Advances	2.18	20,31,56,820	2,23,13,98,190	15,46,70,637	1,99,89,75,616
Total			**3,51,55,08,738**		**3,32,10,30,874**
Significant Accounting Policies	1				
Notes on Financials Statements	2 to 27				

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal	Adesh Kumar Gupta	Shammi Bansal	Raghubar Dayal	Munish Kakra
Partner	CEO & Executive Director	Executive Director	Director	Vice President &
Membership No. 081643	DIN-00143192	DIN-00138792	DIN-00481803	Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2013

(Amount in ₹)

PARTICULARS	NOTE NO.		31.03.2013		31.03.2012
REVENUE					
Revenue from Operations					
Sales		3,78,06,64,808		3,70,33,58,911	
Other Operating Revenues	2.19	1,74,06,563		1,01,19,284	
		3,79,80,71,371		3,71,34,78,195	
Less: Excise Duty		15,20,64,170	3,64,60,07,201	13,94,30,990	3,57,40,47,205
Other Income	2.20		23,96,954		25,31,209
Total Revenue			**3,64,84,04,155**		**3,57,65,78,414**
Expenses					
Cost of Materials Consumed	2.21	1,79,59,64,011		1,69,04,07,802	
Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade	2.22	(7,91,75,185)		2,53,38,820	
Employee Benefits Expenses	2.23	46,02,27,853		43,73,53,260	
Finance Costs	2.24	14,28,06,554		13,76,66,521	
Depreciation & Amortisations	2.11	10,39,83,354		9,67,86,152	
Other Expenses	2.25	1,17,24,39,162		1,10,72,72,655	
Excise Duty		(45,24,453)		54,13,245	
Total Expenses			**3,59,17,21,296**		**3,50,02,38,455**
Profit before exceptional and extraordinary items and tax			**5,66,82,859**		**7,63,39,959**
Exceptional Items	2.26		40,31,329		3,81,91,399
Profit before Tax			**5,26,51,530**		**3,81,48,560**
Tax Expense					
Current tax		1,29,14,840		1,44,88,392	
Mat Credit Entitlement		(1,16,36,120)		(1,31,18,920)	
Income tax for earlier years		(30,39,064)		(4,78,906)	
Deferred Tax		5,34,320	(12,26,024)	(48,62,647)	(39,72,081)
Profit for the year			**5,38,77,554**		**4,21,20,641**
Add/(Less): Minority Interest			**-**		**17,20,236**
Profit for the year			**5,38,77,554**		**4,38,40,877**
Earning Per Share of ₹10/- each					
Basic & Diluted			3.16		2.57
Basic & Diluted (Before Exceptional Items)			3.40		4.71
Significant Accounting Policies	1				
Notes on Financials Statements	2 to 27				

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal	Adesh Kumar Gupta	Shammi Bansal	Raghubar Dayal	Munish Kakra
Partner	CEO & Executive Director	Executive Director	Director	Vice President &
Membership No. 081643	DIN-00143192	DIN-00138792	DIN-00481803	Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Consolidated Cash Flow Statement

for the year ended 31st March, 2013

(Amount in ₹)

PARTICULARS	31.03.2013	31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, Interest and extra ordinary items	17,90,27,033	16,52,55,041
Adjustments for:		
Unrealised Foreign Exchange Difference	(41,81,905)	(13,62,943)
Depreciation	10,39,83,354	9,67,86,152
Loss/(Gain) on sale of Fixed Assets (net)	40,31,329	11,27,112
Bank & Other Interest	(23,96,954)	(25,31,209)
Provision for doubtful debts	(1,49,64,711)	(16,78,728)
Operating Profit before working capital changes	26,54,98,146	25,75,95,425
Adjustments for:		
Trade & Other Receivables	(6,13,17,554)	(9,40,27,177)
Inventories	(8,42,57,979)	(1,59,36,603)
Loans & Advances	8,29,20,381	2,58,09,351
Trade & Other Payables	10,80,19,173	5,66,35,571
Cash generated from Operations	31,08,62,167	23,00,76,567
Direct Taxes Paid	(1,16,45,654)	(2,02,78,586)
Cash Flow before extra ordinary items	29,92,16,513	20,97,97,981
Extra Ordinary Items	-	-
Net Cash Flow from Operating Activities	**29,92,16,513**	**20,97,97,981**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,65,26,799)	(10,14,26,601)
Sale of Fixed Assets	19,57,565	29,78,030
Bank and Other Interest	23,96,954	25,31,209
(Increase)/Decrease in Fixed Deposits with Banks for Margin Money against LCs/BGs	(6,83,586)	(32,96,832)
Increase in Investments	(9,15,39,000)	-
Decrease in Investments	23,56,812	42,30,840
Net Cash used in Investing Activities	**(18,20,38,054)**	**(9,49,83,354)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Refund of Share Application Money	-	(5,50,00,000)
Proceeds from long term borrowings	7,27,86,200	97,48,800
Repayment of long term borrowings	(3,77,16,549)	(2,25,72,476)
Interest paid	(13,30,33,868)	(12,71,06,481)
Net Cash used in Financing Activities	**(9,79,64,217)**	**(19,49,30,157)**
Net Increase/(Decrease) in Cash & Cash Equivalents	**1,92,14,242**	**(8,01,15,530)**
Cash & Cash Equivalents (Opening Balance)	**10,05,45,820**	**17,92,98,407**
Unrealised Foreign Exchange Difference	**41,81,905**	**13,62,943**
Cash & Cash Equivalents (Closing Balance)	**12,39,41,967**	**10,05,45,820**
Components of Cash & Cash Equivalents		
Cash in hand including imprest	1,14,36,727	1,10,74,238
Balance with Scheduled Banks		
Current Accounts	2,98,46,639	85,84,982
Cheques on hand	8,26,58,601	8,08,86,600
Total	**12,39,41,967**	**10,05,45,820**

Notes: 1) Purchase of Fixed Assets include movements of capital work in progress between the beginning and at the end of the year 2) The Cash Flow Statement has been prepared under the indirect method as set out in AS -3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

Signed in terms of our Audit Report of even date.
For Pardeep Tayal & Co.,
Firm Regn. No. 002733N
Chartered Accountants

for and on behalf of the Board

Pardeep Tayal	Adesh Kumar Gupta	Shammi Bansal	Raghubar Dayal	Munish Kakra
Partner	CEO & Executive Director	Executive Director	Director	Vice President &
Membership No. 081643	DIN-00143192	DIN-00138792	DIN-00481803	Company Secretary

Place: Libertypuram, Karnal
Dated: Wednesday, 29th May, 2013

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Note 1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Consolidated Financial Statements

- The accompanying Consolidated Financial Statements have been prepared in accordance with the Historical Cost Conventions.
- Accounting Policies not specifically referred to otherwise are consistent with generally accepted Accounting Principles followed by the Company, applicable accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- The items of income & expenditure are recognized on accrual basis.

b) Principles of consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21" Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the following basis:

Investments in subsidiary

- The financial statements of the Liberty Shoes Ltd. (Parent Company) and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, profit and loss after fully eliminating intra group balances.
- Goodwill on consolidation is recognized in the consolidated financial statements as cost to Parent Company of its investments in the Subsidiary is in excess to Parent Company's portion of equity in the Subsidiary Company.
- The financial statements of the Subsidiaries used in the consolidation are drawn up to the same reporting date as that of Parent Company i.e. year ended 31st March, 2013.
- Minority interest's share of net assets of Subsidiary is identified and presented in the Consolidated Balance Sheet separate from Liabilities and the Equity of the Company's Shareholders.
- The Subsidiaries considered in the preparation of these consolidated financial statements are Liberty Retail Revolutions Limited (LRRL) and Liberty Foot Fashion Middle East FZE (LFF) in which Parent Company holds 100% (Previous year 93.86%) and 100% (Previous year 100%) of Equity Shares respectively. In this report, wherever Subsidiary Company has been referred, it relates to LRRL and wherever Subsidiaries has been referred it relates to LRRL and LFF, unless specified otherwise.

c) Revenue Recognition

- Parent Company's sales revenue is recognized on dispatch of goods, net of sales returns, trade discount and VAT/ Sales Tax but inclusive of excise duty and does not include the cost of raw materials used for captive consumption. However, the Subsidiary Company's sales revenue is recognized net of sales returns, trade discount and Value Added Tax/Sales Tax.
- In case of Parent Company, export incentives are accounted on accrual basis and include the estimated value of incentives receivable under the DEPB Scheme, the Duty Drawback Scheme and the Focus Product Scheme. Any difference at the time of actual receipt is accounted for in the year of receipt. The amount of export incentives has been adjusted with the cost of raw materials consumed. In case of Subsidiary Companies, there is no such transaction.
- Parent Company has accounted for the Gain/Loss on transfer of Duty Credit Entitlements received under the DEPB Scheme in the year of transfer. In case of Subsidiary Companies, there is no such transaction.
- In case of Subsidiary Company, dividend income is accounted for when the right to receive is established.

d) Inventory Valuation

In case of Parent Company, inventories are valued at the lower of cost and net realisable value. Cost of inventories, other than for manufactured finished goods and goods in process, is determined on Weighted Average Cost Method (net of CENVAT credit availed) of stock accounting. Cost of manufactured finished goods and goods in process include cost of raw materials consumed on weighted average basis and appropriate portion of allocable overheads and Excise Duty wherever applicable. Scrap, if any, at the

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

year end does not form part of the closing inventory.

In case of Subsidiary Company, inventories are valued at the lower of cost and net realisable value determined on Weighted Average Cost Method.

e) Fixed Assets and Capital work in progress

In case of Parent Company, fixed assets are stated at original cost (net of Cenvat credit availed) but including freight inward, duties, taxes and other incidental expenses relating to acquisition and installation thereof.

In case of Subsidiary Company, fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes and duties, freight and other incidental expenses relating to acquisition and installation thereof.

In case of Parent Company and Subsidiary Company, capital work in progress includes cost of fixed assets under installation and other incidental expenses.

f) Depreciation

In case of Parent Company, depreciation on fixed assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

In case of Subsidiary Company, depreciation is provided on pro-rata basis by Straight Line Method (SLM), at the rates determined based on management's estimate of economic useful lives of assets described below or at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956 whichever is higher:

Particulars	Considered Useful Life	Rate of Depreciation as per the Companies Act, 1956
Furniture & Fixtures	10 Years	6.33%
Office Equipments	10 Years	4.75%
Computers & Software	7 Years	16.21%
Vehicles	12 Years	9.50%
Costing less than Rs. 5000/-	1 Year	100%

g) Operating Lease

In case of Subsidiary Company, leases where the lessor effectively retains substantially all the risk and benefits of ownership of the lease term are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit & Loss on straight line basis over the lease term.

h) Investment

In case of Parent and Subsidiary Company, long term Investments are valued at cost. Short Term Investments are valued at lower of cost and fair value, calculated individually for each investment.

i) Excise Duty

In case of Parent Company, the excise duty is accounted for at the time of manufacture of finished goods.

Since the Subsidiary Companies are not in the manufacturing activities, the accounting policy relating to Excise Duty has not been defined.

j) Contingent Liabilities

All known liabilities wherever material are provided for and liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

k) Employee Benefits

1. In case of Parent Company and Subsidiary Company, short-term employee benefits are recognized as an expense in the Statement of Profit & Loss of the year in which the related service is rendered.
2. In case of the Parent Company, Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected method made at the end of the financial year and the Company has created a trust under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) and amount paid/payable in respect of the

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

present value of liability for past services is charged to the Statement of Profit & Loss every year. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books.

In case of the Subsidiary Company, the contribution to defined contribution scheme such as provident fund, superannuation fund etc. is charged to Statement of Profit & Loss as incurred. The Subsidiary Company provides the retirement benefits in the form of gratuity as and when due.

l. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue in the period in which they are incurred.

m. Foreign Exchange Transactions

In case of Parent Company:

(i) Assets and liabilities relating to foreign currency transactions remaining unsettled at the year-end are converted into Indian rupees at closing rates and any gain or loss arisen is adjusted in Statement of Profit and Loss.

(ii) Gains/losses arising out of fluctuations in foreign exchange rates between the transaction date and settlement date are recognized in Statement of Profit and Loss under the head "Exchange Rate Fluctuation".

(iii) The difference between the forward rate and the exchange rate on date of inception of a forward contract in respect of forward contracts with underlying assets or liabilities is recognised as income or expense and is amortized over the life of the contract.

(iv) Forward exchange contracts entered to hedge the foreign currency risk are marked to market as at the year end and the resultant exchange gain or loss is recognised in Statement of Profit & Loss.

(v) Non monetary foreign currency items are carried at cost and accordingly, the investment in foreign subsidiary is expressed in Indian Currency at the exchange rate prevailing at the date of the transaction.

In case of Subsidiaries, the transactions in foreign currency entered during the year are recorded at the exchange rates prevailing on the date of transaction.

n. Provision for Taxation

Provision for taxation is made taking into consideration the provisions of Income Tax Act, 1961 and Wealth Tax Act, 1957, wherever applicable. Adjustments, if any, arising out of the assessment is made in the year the assessment is completed.

o) Provision for Deferred taxation

In the case of Parent Company, deferred tax has been provided for all timing differences as required under the provisions of Accounting Standards issued by the Institute of Chartered Accountants of India.

In case of Subsidiary Company, Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

p) Impairment of assets

The Parent Company reviews the carrying value of assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

In case of Subsidiary Company, the assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		As at 31st March, 2013	As at 31st March, 2012
Note 2.1	**Share Capital**		
	Authorised Share Capital		
	51000000 (Previous year 51000000 Equity Shares) of ₹10/- each	51,00,00,000	51,00,00,000
	Issued, Subscribed & Fully Paid Up Capital		
	17040000 (Previous year 17040000) Equity Shares of ₹10/- each fully paid up	17,04,00,000	17,04,00,000
		17,04,00,000	**17,04,00,000**

2.1.1 **Reconciliation of Equity Shares outstanding at the beginning and end of the reporting year**

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	**Amount (in ₹)**	**No. of Shares**	**Amount (in ₹**
Equity Shares				
Equity Shares at the beginning of the year	1,70,40,000	17,04,00,000	1,70,40,000	17,04,00,000
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	**1,70,40,000**	**17,04,00,000**	**1,70,40,000**	**17,04,00,000**

2.1.2 **Terms/Rights attached to Equity Shares**

The Company has one class of Equity Shares having a par value of ₹10/- each. Each shareholder is eligible for one vote per share held in the Company. The dividend proposed by the Board of Directors of the Company, if any, is subject to approval of the members in the ensuing general meeting, except in the case of interim dividend, if declared. In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive the remaining assets, after distribution of all preferential amounts, if any, in proportionate of their shareholding.

2.1.3 **Detail of shareholders holding more than 5% shares in the Company**

(Amount in ₹)

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	**% of holding**	**No. of Shares**	**% of holding**
Equity Shares of ₹10/- fully paid				
Geofin Investments Private Limited	44,72,517	26.25	44,72,517	26.25
Sh. Harish Kumar Gupta (Karta)	8,29,296	4.87	8,69,296	5.10
Sh. Satish Kumar Gupta (Karta)	8,88,584	5.21	8,88,584	5.21

		As at 31st March, 2013	As at 31st March, 2012
Note 2.2	**Reserves & Surplus**		
2.2.1	**Capital Reserve**	3,99,500	3,99,500
2.2.2	**Securities Premium Account**		
	Balance at the beginning of the year	10,71,33,757	10,71,33,757
	Add: Additions/(Utilisations) during the year	-	-
	Adjustments on Account of acquisition of minority interest	55,86,887	-
	Balance at the end of the year	11,27,20,644	10,71,33,757
2.2.3	**General Reserve**		
	Balance at the beginning of the year	86,70,09,364	80,70,09,364
	Add: Transfer from surplus in the Statement of Profit & Loss	6,00,00,000	6,00,00,000
	Balance at the end of the year	92,70,09,364	86,70,09,364
2.2.4	**Foreign Currency Translation Reserve on Consolidation**		
	Balance at the beginning of the year	48,08,539	5,77,699
	Add: Additions/(Utilisations) during the year	23,56,812	42,30,840
	Balance at the end of the year	71,65,351	48,08,539
2.2.5	**Surplus in the Statement of Profit & Loss**		
	Balance at the beginning of the year	16,80,60,291	18,42,19,414
	Add: Profit for the year	5,38,77,554	4,38,40,877
	Amount available for appropriations	22,19,37,845	22,80,60,291
	Less: Transfer to General Reserve	6,00,00,000	6,00,00,000
	Adjustments on account of acquisition of minority interest	1,22,45,253	-
	Balance at the end of the year	14,96,92,592	16,80,60,291
	Total Reserves & Surplus	**1,19,69,87,451**	**1,14,74,11,451**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Note 2.3 Long Term Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Non Current	Current Maturities	Non Current	Current Maturities
2.3.1 Secured				
Term Loans				
(i) From Banks:				
Rupee Term Loans from Bank	9,95,04,667	3,80,26,532	7,22,18,514	3,04,68,555
(ii) from Others:				
Rupee Term Loans from Others	51,26,447	46,99,251	65,58,122	30,42,055
Total	**10,46,31,114**	**4,27,25,783**	**7,87,76,636**	**3,35,10,610**
Less: Amount disclosed under other Current Liabilities (Refer Note 2.8.1)	-	4,27,25,783	-	3,35,10,610
Net Long Term Borrowings	**10,46,31,114**	**-**	**7,87,76,636**	**-**

Repayment terms and security for the oustanding long term borrowings (Including current maturities) as at 31st March, 2013

Sr. No.	Particulars of Loan	Details of Security	Outstanding Balance as at 31st March, 2013	Repayment terms
(i) (a) From Banks in Case of Parent Company				
1	Term Loan from HDFC Bank	Equitable mortgage of land situated at Village Bhagwanpur, Roorkee, Uttarakhand and by way of 1st charge on building situated at Libertypuram and whole of the movable & immovable Plant & Machinery, machinery spares, tools & accessories etc.	10,33,33,333	12 Quarterly installments of ₹44.44 Lacs each and 18 Quarterly installments of ₹27.78 Lacs each
2	Vehicle Loans from HDFC Bank	Hypothecation of Vehicles	1,87,27,620	44% in Monthly Installments in 2013-14 40% in Monthly Installments in 2014-15 15% in Monthly Installments in 2015-16 1% in Monthly Installments in 2016-17
	Total		**12,20,60,953**	
(b) From Banks in case of Subsidiary Company				
1	Term Loan from INDUSIND Bank	Secured against hypothecation of assets of the Company financed under Term Loan and Corporate Guarantee of Parent Company and Geofin Investments Pvt. Ltd.	1,51,04,167	29 Monthly Installments of ₹5.21 Lacs each
2	Vehicle Loans from HDFC Bank	Hypothecation of Vehicles	3,66,080	69% in Monthly Installment in 2013-14 31% in Monthly Installment in 2014-15
	Total		**1,54,70,247**	
(ii) From Others in case of Parent Company				
1	Vehicle Loans from BMW Financial Services	Hypothecation of Vehicles	60,10,372	42% in Monthly Installments in 2013-14 24% in Monthly Installments in 2014-15 27% in Monthly Installments in 2015-16 7% in Monthly Installments in 2016-17
2	Vehicle Loans from Tata Capital Ltd.	Hypothecation of Vehicle	19,54,699	41% in Monthly Installments in 2013-14 13% in Monthly Installments in 2014-15 14% in Monthly Installments in 2015-16 16% in Monthly Installments in 2016-17 16% in Monthly Installments in 2017-18
	Total		**79,65,071**	
(iii) From Others in case of Subsdiary Company				
1	Vehicle Loans from Kotak Mahindra Prime Ltd.	Hypothecation of Vehicle	18,60,627	74% in Monthly Installment in 2013-14 26% in Monthly Installment in 2014-15
	Total		**18,60,627**	

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		As at 31st March, 2013	As at 31st March, 2012
Note 2.4	**Deferred Tax Liabilities (Net)**		
	Balance at the beginning of the year	5,05,04,590	5,53,67,237
	Add: for the year	5,34,320	(48,62,647)
	Balance at the end of the year	**5,10,38,910**	**5,05,04,590**
Note 2.5	**Other Long Term Liabilities**		
	Security Deposits	4,59,19,401	4,48,48,501
	Total	**4,59,19,401**	**4,48,48,501**
Note 2.6	**Long Term Provisions**		
	Provision for Gratuity	18,64,381	21,60,664
		18,64,381	**21,60,664**
Note 2.7	**Short Term Borrowings**		
2.7.1	**Secured**		
	Loans repayable on demand		
	from Banks:	98,89,62,296	91,88,24,909
	(in case of Parent Company, secured against hypothecation of Company's entire stock of raw materials, stock in process, finished goods, consumables, stores and spares, finished goods in stores, in transit and with shippers at port awaiting shipment for exports, receivables, cheques, bank drafts and all other current assets and 2nd paripassu charge on Plant & Machinery and in case of Subsidiary Company, Secured against hypothecation of Company's entire stock of finished goods in retail stores and in transit, all other current and fixed assets of the Company and Corporate Guarantee of Parent Company & Geofin Investments Pvt. Ltd.		
	Total Secured Loans	**98,89,62,296**	**91,88,24,909**
2.7.2	**Unsecured**		
	Loans and Advances from Related Parties		
	Short Term Loans	82,27,930	1,60,67,709
	from Others	13,67,000	1,00,000
	Total Unsecured Loans	**95,94,930**	**1,61,67,709**
	Total Short Term Borrowings	**99,85,57,226**	**93,49,92,618**
Note 2.8	**Trade Payables**		
	Trade Payables for goods & services	70,48,71,435	67,45,90,294
	(Includes sundry creditors and provision for expenses)		
	Total Trade Payables	**70,48,71,435**	**67,45,90,294**
Note 2.9	**Other Current Liabilities**		
2.9.1	**Current Maturities of Long Term Borrowings (Refer Note 2.3.1)**		
	from Banks	3,80,26,532	3,04,68,555
	from Others	46,99,251	30,42,055
	Total	**4,27,25,783**	**3,35,10,610**
2.9.2	**Other Payables**		
	Advances from Customers	4,26,45,920	3,58,94,850
	Expenses Payable	10,96,54,943	9,40,78,167
	Other Liabilities	3,13,47,789	3,44,15,847
	Total	**18,36,48,652**	**16,43,88,864**
	Total Other Current Liabilities	**22,63,74,435**	**19,78,99,474**
Note 2.10	**Short Term Provisions**		
	Provision for taxation (Net of MAT Credit Entitlement)	12,78,720	13,69,472
	Provision for Gratuity	54,579	21,635
	Provision for Excise Duty	1,35,31,086	1,80,55,539
	Total Short Term Provisions	**1,48,64,385**	**1,94,46,646**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

Note 2.11 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Total as on 01.04.2012	Additions during the period	Sales/Adj. during the period	Total as on 31.03.2013	Total as on 01.04.2012	for the period	Sales/Adj. during the period	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Tangible Assets (Not under Lease)										
Land	13,09,87,805	-	-	13,09,87,805	-	-	-	-	13,09,87,805	13,09,87,805
Building	23,39,23,341	18,77,426	-	23,58,00,767	6,20,17,977	77,92,795	-	6,98,10,772	16,59,89,995	17,19,05,364
Plant & Equipments	71,47,44,889	2,61,03,650	31,74,973	73,76,73,566	33,69,39,320	3,88,14,026	9,16,282	37,48,37,064	36,28,36,502	37,78,05,569
Furniture & Fixture	24,96,92,113	1,32,88,103	27,13,832	26,02,66,384	8,24,62,696	2,31,88,359	8,24,162	10,48,26,893	15,54,39,491	16,72,29,417
Vehicles	10,69,06,852	2,78,88,579	58,12,851	12,89,82,580	3,63,48,407	1,18,19,429	41,16,545	4,40,51,291	8,49,31,289	7,05,58,445
Office Equipments	9,71,22,889	62,65,022	2,36,381	10,31,51,530	4,00,96,512	72,36,486	92,154	4,72,40,844	5,59,10,686	5,70,26,377
Moulds	22,34,11,247	1,53,53,242	-	23,87,64,489	17,96,96,545	1,38,52,809	-	19,35,49,354	4,52,15,135	4,37,14,702
Total Tangible Assets	**1,75,67,89,136**	**9,07,76,022**	**1,19,38,037**	**1,83,56,27,121**	**73,75,61,457**	**10,27,03,904**	**59,49,143**	**83,43,16,218**	**1,00,13,10,903**	**1,01,92,27,679**
Previous Year	**1,66,00,41,935**	**10,53,88,789**	**86,41,588**	**1,75,67,89,136**	**64,62,48,725**	**9,58,49,178**	**45,36,446**	**73,75,61,457**	**1,01,92,27,679**	**1,01,37,93,210**
Intangible Assets										
Patents	15,500	-	-	15,500	3,838	-	-	3,838	11,662	11,662
Softwares	1,03,61,384	39,91,902	-	1,43,53,286	22,74,208	12,79,451	-	35,53,659	1,07,99,627	80,87,176
Total Intangible Assets	**1,03,76,884**	**39,91,902**	**-**	**1,43,68,786**	**22,78,046**	**12,79,451**	**-**	**35,57,497**	**1,08,11,289**	**80,98,838**
Previous Year	**43,66,384**	**60,10,500**	**-**	**1,03,76,884**	**13,41,072**	**9,36,974**	**-**	**22,78,046**	**80,98,838**	**30,25,312**
Capital work in progress:										
a) Building under construction	-	17,58,875	-	17,58,875	-	-	-	-	17,58,875	-
b) Assets under installation	5,43,488	-	-	5,43,488	-	-	-	-	5,43,488	5,43,488
Total Capital work in progress	**5,43,488**	**17,58,875**	**-**	**23,02,363**	**-**	**-**	**-**	**-**	**23,02,363**	**5,43,488**
Previous year	**1,05,16,176**	**48,08,311**	**1,47,80,999**	**5,43,488**	**-**	**-**	**-**	**-**	**5,43,488**	**1,05,16,176**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		As at 31st March, 2013	As at 31st March, 2012
Note 2.12	**Non-Current Investments (Non-Trade)**		
	Investments in Government Securities (Valued at Cost)		
	(6 Years National Saving Certificates VIII Issue)	44,834	44,834
	Total Non-current Investments	**44,834**	**44,834**
	Aggregate amount of Quoted Investments	-	-
	Aggregate amount of Unquoted Investments	44,834	44,834
	Aggregate Market Value of Quoted Investments	-	-
Note 2.13	**Long term Loans & Advances**		
	(Unsecured and considered good unless stated otherwise)		
	Capital Advance	3,91,82,400	3,51,39,559
	Security Deposits		
	- to Related Parties	-	13,75,00,000
	- to Others	4,81,30,517	4,51,28,308
	MAT Credit Entitlement	6,96,33,368	5,59,00,264
	Total	15,69,46,285	27,36,68,131
	Less: Provision for doubtful security deposits to others	16,15,998	16,15,998
	Total Long term Loan & Advances	**15,53,30,287**	**27,20,52,133**
Note 2.14	**Other Non-current Assets**		
	(Unsecured and considered good unless stated otherwise)		
	Fixed Deposits with Banks (Margin Money deposit for LC/Bank Guarantees)	2,27,71,872	2,20,88,286
	Total Other Non-current Assets	**2,27,71,872**	**2,20,88,286**
Note 2.15	**Inventories (As valued and certified by the Management)**		
	Raw Materials	26,29,26,455	26,50,11,182
	Goods in Process	13,93,05,371	11,65,24,877
	Finished Goods		
	Manufactured	62,05,84,350	58,59,15,600
	Traded	4,47,49,264	2,30,23,323
	Packing Materials	1,65,43,841	1,15,43,400
	Stores & Spares	2,68,87,070	2,48,23,442
	Oil & Lubricants	12,29,696	11,26,244
	Total Inventories	**1,11,22,26,047**	**1,02,79,68,068**
Note 2.16	**Trade Receivables**		
	(Unsecured and considered good unless stated otherwise)		
	Debts outstanding for a period exceeding six months from the due date		
	Considered good	6,79,36,284	6,33,11,916
	Considered doubtful	2,67,72,536	4,17,37,246
	Other Debts		
	Considered good	72,41,37,072	65,24,79,175
		81,88,45,892	75,75,28,337
	Less: Provision for doubtful debts	2,67,72,536	4,17,37,246
	Total Trade Receivables	**79,20,73,356**	**71,57,91,091**
Note 2.17	**Cash and Bank Balances**		
	Cash and Cash equivalents		
	Balances with banks:		
	In Current Accounts*	2,98,46,639	85,84,982
	Cheques on hand	8,26,58,601	8,08,86,600
	Cash in hand including imprest	1,14,36,727	1,10,74,238
	Total Cash and Bank Balances	**12,39,41,967**	**10,05,45,820**

* Includes Unclaimed Dividend of ₹Nil/- (Previous year ₹15,15,410/-) in case of Parent Company

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		31.03.2013	31.03.2012
Note 2.18	**Short-Term Loans & Advances**		
	(Unsecured and considered good unless stated otherwise)		
	Advances recoverable in cash or in kind or for the value to be received	13,74,61,151	11,01,47,163
	Balance with Excise and other Statutory Authorities (including service tax, VAT recoverable and taxes paid under protest)	5,01,51,235	3,41,93,334
	Prepaid Expenses	59,97,430	50,49,915
	Loans and advances to employees	95,47,004	52,80,225
	Total Short-term Loans & Advances	**20,31,56,820**	**15,46,70,637**
Note 2.19	**Other Operating Income**		
	Freight	1,29,573	9,04,307
	Miscellaneous Income	94,30,590	91,59,523
	Gain on Exchange Rate Fluctuations	76,70,400	-
	Bad Debts Recovered	1,76,000	55,454
	Total Other Operating Income	**1,74,06,563**	**1,01,19,284**
Note 2.20	**Other Income**		
	Bank and Other Interest (Tax deducted at Source ₹1.94 Lacs [Previous Year ₹1.50 Lacs])	23,96,954	25,31,209
	Total Other Income	**23,96,954**	**25,31,209**
Note 2.21	**Cost of Materials consumed and Finished Goods Purchased**		
	(a) Raw Materials		
	Stock at the beginning of the year	26,50,11,182	22,55,21,142
	Add: Purchases	1,52,90,15,655	1,46,37,32,973
		1,79,40,26,837	1,68,92,54,115
	Less:		
	Stock at the end of the year	26,29,26,455	26,50,11,182
	Raw Materials Consumed	**1,53,11,00,382**	**1,42,42,42,933**
	(b) Finished Goods Purchased	**26,48,63,629**	**26,61,64,869**
	Total Cost of Materials consumed and Finished Goods Purchased (a+b)	**1,79,59,64,011**	**1,69,04,07,802**
Note 2.22	**Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade**		
	(a) Inventories at the end of the year		
	Finished Goods/Stock-in-Trade	66,53,33,614	60,89,38,923
	Goods in Process	13,93,05,371	11,65,24,877
	Total ..a	80,46,38,985	72,54,63,800
	(b) Inventories at the beginning of the year		
	Finished Goods/Stock-in-Trade	60,89,38,923	62,27,03,611
	Goods in Process	11,65,24,877	12,80,99,009
	Total ..b	72,54,63,800	75,08,02,620
	(Increase)/Decrease in Inventories (b - a)	**(7,91,75,185)**	**2,53,38,820**
Note 2.23	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	41,96,22,236	40,20,11,454
	Directors' Remuneration	72,90,000	62,40,000
	Contribution to Provident and Other Funds (Refer to Note 2.26.19)	2,63,05,416	2,06,12,408
	Staff Welfare Expenses	70,10,201	84,89,398
	Total Employee Benefits Expense	**46,02,27,853**	**43,73,53,260**
Note 2.24	**Finance Costs**		
	Interest Expense		
	to Banks	13,04,71,139	12,36,23,488
	to others (Refer to Note 2.27.5)	25,62,729	34,82,993
	Bank Charges	97,72,686	1,05,60,040
	Total Finance Costs	**14,28,06,554**	**13,76,66,521**
Note 2.25	**Other Expenses**		
	(a) Manufacturing Expenses		
	Freight Inwards	86,65,408	82,78,371
	Upper Production Charges	7,95,55,433	7,30,38,434
	Oil & Lubricants	2,52,03,922	2,10,00,546
	Electricity Charges	6,18,56,313	4,75,32,522
	Repairs to Machinery	2,78,56,705	2,85,40,560
	Land Lease Rent	1,49,392	1,35,807
	Franchise Fee	7,90,00,000	7,90,00,000
	Total	**28,22,87,173**	**25,75,26,240**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(Amount in ₹)

		31.03.2013	31.03.2012
	(b) Administration, Selling and Other Expenses		
	Packing Materials Consumed	13,16,51,123	12,10,31,653
	Printing & Stationery	60,88,698	66,52,759
	Claims	3,06,63,062	2,20,73,961
	Tour, Travelling and Conveyance	5,95,47,140	5,39,35,640
	Insurance Charges	68,18,815	62,02,575
	Fees and Taxes	5,31,78,894	2,04,41,874
	Postage, Telegram, Telephone and Telex	1,38,59,202	1,42,52,451
	Subscriptions	4,45,152	4,47,361
	Advertisements	13,91,06,128	12,11,35,140
	Rent	10,36,05,591	10,16,39,802
	Donations	7,74,792	11,58,914
	Export CIF Expenses	1,71,92,515	1,69,01,394
	Freight Outward	5,31,70,605	4,28,26,006
	Samples	1,74,661	69,183
	Auditors' Remuneration:		
	Statutory Audit Fee	7,26,536	3,72,816
	Tax Audit Fee	80,000	80,000
	Certification Fee	20,000	20,000
	Cost Audit Fee	1,00,000	1,00,000
	Miscellaneous Expenses	1,71,53,900	1,88,03,884
	Royalty	9,93,73,600	9,93,53,000
	Entertainment Expenses	62,17,284	48,61,271
	Commission	4,50,46,297	5,50,38,689
	Sales Promotion Expenses	4,64,08,581	4,39,19,231
	Newspapers & Periodicals	1,89,348	1,86,428
	Debts written off	1,86,02,076	3,77,57,277
	Provision for doubtful debts (refer to Note 2.26.14)	(1,49,64,711)	(16,78,728)
	Consultancy & Professional Charges	1,72,53,289	2,65,76,585
	Repairs & Maintenance Expenses-Building	2,30,36,325	2,12,11,423
	Repairs & Maintenance Expenses-Others	1,11,82,946	1,06,21,550
	Exchange Rate Fluctuations	-	30,39,972
	Loss on transfer of Duty Credit	34,50,140	7,14,304
	Total Administration, Selling and other Expenses	**89,01,51,989**	**84,97,46,415**
	Total Other Expenses (a + b)	**1,17,24,39,162**	**1,10,72,72,655**
Note 2.26	**Exceptional Items (Net)**		
	Profit on Sale of Fixed Assets	(3,27,525)	(1,75,866)
	Loss on Sale of Fixed Assets	43,58,854	13,02,978
	Write off on a/c of payment on behalf of Joint Venture Co.	-	3,19,45,898
	Fee & Taxes (Refer to Note 2.27.6)	-	51,18,389
	Total	**40,31,329**	**3,81,91,399**

Note 2.27 NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

2.27.1 Details of Managerial Remuneration of Parent Company:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
Payment and provision for remuneration to:		
Executive Director(s)	61,50,000	51,00,000

During the year under consideration, no remuneration has been paid to Non-Executive Directors (Previous Year ₹25,000/- paid as sitting fees).

Detail of Managerial Remuneration of Subsidiary Company:

(Amount in ₹)

Particulars	31.03.2013	31.03.2012
Payment and provision for remuneration to:		
Managing Director	11,40,000	11,40,000

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.27.2 In the opinion of the Board and to the best of its knowledge, in case of Parent Company & Subsidiaries, the value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they have been stated in the Balance Sheet.

2.27.3 The assessment of the Parent Company in respect of Income Tax & Wealth Tax is completed up to Assessment Year 2010-11.

2.27.4 In case of Parent Company, Liberty Enterprises (LE) & Liberty Group Marketing Division (LGMD), the two partnerships firms of the group, having established footwear business, consisting of fixed assets, personnel, trademarks, technical knowhow & distribution network, made available their business exclusively to the Parent Company on franchise basis for the period of 10 years, against payment of the annual franchise fees vide respective agreements dated 31st March, 2003. Liberty Footwear Co. (LFC), another partnership firm and owner of the Trademark "LIBERTY", licensed exclusive rights to the Parent Company for use of the Trademark "LIBERTY" on payment of Annual License Fees vide agreement dated 31st March, 2003. The aforesaid agreements have since expired on 31st March, 2013. Few of the Directors of the Parent Company were interested as Partners in the said Partnership Firm.

The Company, after analyzing the benefits and its requirements for the arrangements, has entered into agreement(s) with LGMD for use of their fixed assets for manufacturing of footwear, registered Trademarks and domestic sales network for sale of footwear for a period of 2 (two) years and with LE for use of their fixed assets and export sales network for further period of 2 (Two) years and with LFC for use of trademark "LIBERTY" on exclusive basis for further period of 15 (Fifteen) years effective from 1st April, 2013 against payment of minimum guaranteed obligation with requisite approval from the Central Government in terms of the applicable provisions of the Companies Act, 1956. The approval stipulates that the Company should seek post facto approval of the shareholders of the Company in General Meeting and therefore, the enabling resolutions seeking their approval with explanatory statements have been placed in the notice of the ensuing General Meeting.

With regard to the dispute amongst the partners of LE relating to the earlier agreement, the Company has obtained expert legal opinion confirming the validity of the above arrangements executed by the Company.

During the year under consideration, in terms of the agreements and in conformity with the requisite approvals of the Central Government, the Company has made the payments (including provisions), after adjustments of the securities paid to the respective firms, amounting to ₹6,00,00,000/- (Previous year ₹6,00,00,000/-), ₹7,00,00,000/- (Previous year ₹7,00,00,000/-) and ₹4,72,50,000/- (Previous year ₹4,72,50,000/-) respectively.

The Subsidiary Company, in terms of the license user agreement dated 1st March, 2004 with M/s Liberty Footwear Co. a partnership firm in which some of the Directors are interested as partners, has paid ₹11,23,600/- (including Service Tax) (Previous year ₹11,03,000/-) as Royalty.

2.27.5 Interest to others include ₹11,50,246/- (Previous year ₹20,30,788/-) paid by Parent Company against short term loan @12% p.a. from M/s Geofin Investments Private Ltd.

2.27.6 In case of Subsidiary Company, exceptional item of ₹Nil (Previous year ₹51.18 lakh) relates to service tax provision/payment related to earlier years on account of Hon'ble Supreme Court interim order dated 14th October, 2011 with regard to levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1st June 2007, in compliance of which the Company has either paid the service tax or made the provision against the service tax for the period 1st June 2007 to 31st March 2011.

2.27.7 During the year, the Parent Company has capitalized the borrowing cost of ₹Nil (Previous year ₹Nil) as part of the cost of the qualifying assets.

2.27.8 The Parent Company has paid the excise duty amounting to ₹15,20,64,170/- (Previous year ₹13,94,30,990/-) against the sales executed during the year.

Also, the Parent Company has made the provision of excise duty of ₹1,35,31,086/- (Previous Year ₹1,80,55,539/-) against finished goods lying in stocks as on 31st March, 2013 and the difference of two

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

has been recognized separately in the Statement of Profit & Loss.

2.27.9 In case of Subsidiary Company, Sales/ Adjustment of Gross Block amounting to ₹34,84,657/- (Previous year ₹15,96,979/-) is on account of written off of the fixed assets of the stores, which have been closed down during the year. Accordingly, the depreciation in respect of the block has been adjusted with the depreciation reserve.

2.27.10 In case of the Parent Company, the registration relating to certain portion of land at Libertypuram, Karnal are still in process because of some administrative compliance but the possession of the same is with the Parent Company since beginning. Further, the sellers have also given their confirmation ratifying the earlier sale process.

2.27.11 During the year under consideration, the Parent Company has increased its stake to 100% (previous year 93.86%) in Liberty Retail Revolutions Ltd (LRRL), its retail subsidiary, by investing ₹980.77 Lacs (Previous year ₹NIL). As reported earlier also and in pursuance of the decision taken to amalgamate LRRL with the Parent Company, the Board of Directors have approved the scheme of Amalgamation of its Wholly Owned Retail Subsidiary LRRL with the Parent Company to be effective from 1st April, 2013 subject to sanction from the respective Hon'ble High Court(s) and approval from the Members of the Company. The necessaries formalities as required to effect the above said amalgamation have already been initiated by the Parent Company. The Scheme is consistent with the objective of consolidating the business leading to operational synergies and efficiencies.

2.27.12 **Contingent Liabilities**

(Amount in ₹)

Particulars		2012-13	2011-12
I)	Bank Guarantees issued on behalf of the Parent Company submitted with various institutional customers in terms to their orders.	4,74,76,991	3,34,78,945
II)	Letter of Credits in case of Parent Company	6,49,65,379	4,51,02,780
III)	On account of disallowance of legitimate credit of CENVAT against Excise Duty/Education Cess[1] for the period from November 2004 to June 2005, May 2006 to June 2006, Financial year 2002-03 and 2004-05. CESTAT while admitting Parent Company's appeal directed to deposit ₹39 Lacs under protest and has granted stay.	3,38,75,448	3,70,27,048
IV)	Invoice Funding facility in case of Parent Company	2,50,89,315	2,50,27,539
V)	Corporate Guarantee given to bank by the Parent Company for securing working capital limits of retail subsidiary	10,00,00,000	10,00,00,000
VI)	Income Tax in case of Parent Company on account of routine assessment for the assessment years 1998-99 & 2003-04	-	35,03,426
VII)	Income Tax claims disputed by the Subsidiary Company for the financial year 2010-11 against which appeal filed by Subsidiary Company	3,11,878	-
VIII)	Value Added Tax[2] in case of Parent Company for the financial year 2005-06, 2006-07, 2007-08, 2008-09 on account of classification of goods at different rate of tax	1,22,03,204	82,81,568
IX)	Service Tax in case of Parent Company on GTA Services for the period from January 2005 to March 2007	5,28,598	5,28,598
X)	On account of compliance by the Parent Company relating to EPCG licences.	4,42,00,783	4,42,00,783
XI)	Third Party claims in case of Subsidiary Company due to dispute relating to contracts	44,37,479	-

[1]Including amount deposited under protest ₹39,00,000/- (Previous year ₹39,00,000/-)
[2]Including amount deposited under protest ₹48,82,322/- (Previous year ₹41,37,554/-).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.27.13 In case of Parent Company and Subsidiary Companies, Capital commitments not provided for are estimated at ₹30 Lacs (Previous year ₹20 Lacs) and ₹62.22 Lacs (Previous year ₹Nil Lacs) respectively.

2.27.14 Provision for doubtful debts: During the year, the Parent Company has considered debts for ₹Nil (Previous year ₹3,13,51,083/-) as doubtful debts/securities and also has withdrawn ₹72,75,172/- (Previous year ₹3,24,29,334/-) out of the provisions made in the earlier years for the same and written off as bad debts ₹39,27,110/- (Previous year ₹3,24,29,334/-). Further, the differential of the provision made and amount withdrawn during the year, detailed as under, has been charged to Statement of Profit & Loss for the year and the balance has been carried in the balance sheet.

Further, during the year, the Subsidiary Company has considered debts for ₹Nil (Previous year ₹Nil/-) as doubtful debts and has also withdrawn ₹76,89,538/- (Previous year ₹6,00,477/-) out of the provisions made in earlier years for the same and written off as bad debts ₹1,24,01,039/- (Previous year ₹6,00,477/-). Further, the differential of the provision made and amount withdrawn during the year, detailed as under has been charged to the Statement of Profit and Loss for the year and the balance has been carried in the balance sheet:

Statement of Profit & Loss

(Amount in ₹)

Particulars	2012-2013			2011-2012		
	Parent Company	Subsidiary Company	Consolidated	Parent Company	Subsidiary Company	Consolidated
Provision for the year	-	-	-	3,13,51,083	-	3,13,51,083
Less: Amount withdrawn from the provision made for doubtful debts in the earlier years	72,75,172	76,89,538	1,49,64,710	3,24,29,334	6,00,477	3,30,29,811
Net debited/(Credited) to Statement of Profit & Loss	**(72,75,172)**	**(76,89,538)**	**(1,49,64,710)**	**(10,78,251)**	**(6,00,477)**	**(16,78,728)**

Balance Sheet

(Amount in ₹)

Particulars	2012-2013			2011-2012		
	Parent Company	Subsidiary Company	Consolidated	Parent Company	Subsidiary Company	Consolidated
Opening Balance	3,56,63,706	76,89,538	4,33,53,244	3,67,41,957	82,90,015	4,50,31,972
Add: Provision for the year	-	-	-	3,13,51,083	-	3,13,51,083
Total	**3,56,63,706**	**76,89,538**	**4,33,53,244**	**6,80,93,040**	**82,90,015**	**7,63,83,055**
Less: Amount withdrawn during the year	72,75,172	76,89,538	1,49,64,710	3,24,29,334	6,00,477	3,30,29,811
Closing Balance	**2,83,88,534**	**-**	**2,83,88,534**	**3,56,63,706**	**76,89,538**	**4,33,53,244**
Trade Receivables (Refer to Note 2.16)	2,67,72,536	-	2,67,72,536	3,40,47,708	76,89,538	4,17,37,246
Security Deposits to Others (Refer to Note 2.13)	16,15,998	-	16,15,998	16,15,998	-	16,15,998

2.27.15 During the year, considering the non recoverability of some of the debts, the Parent Company has written of the debts amounting to ₹22,73,927/- (Previous year ₹47,27,466/-).

2.27.16 The Board of Directors of the Parent Company considers and maintains "Footwear" as the only business segment of the Parent Company.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.27.17 Basic and Diluted Earning per share: The Basic and diluted earning per share of the Company is as under: -

(Amount in ₹)

Description	2012-2013	2011-2012
Basic & Diluted		
Profit/(Loss) after Taxation (A)	5,38,77,554	4,21,20,641
Weighted average number of Equity Shares (B)	1,70,40,000	1,70,40,000
Nominal value per Equity Share	10.00	10.00
Basic & Diluted Earning per share (A/B)	3.16	2.57

2.27.18 **Related Party Transactions**

The Parent and Subsidiary Companies have made the following transactions with related parties as defined under the provisions of Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

A) Transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2013:

(Amount in ₹)

Description	Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence	Key Management Personnel	Relatives of Key Management Personnel	Total
Receiving of Services	1,75,24,516 (1,76,18,346)	31,960 (29,055)	1,17,432 (1,06,752)	1,76,73,908 (1,77,54,153)
Sale of Goods	2,36,86,127 (64,07,096)	- (-)	- (-)	2,36,86,127 (64,07,096)
Purchase of Goods	1,17,24,793 (11,39,362)	- (-)	- (-)	1,17,24,793 (11,39,362)
License Agreements (Franchise Fee & Licensing Fee including service tax)	20,02,81,700 (19,66,09,750)	- (-)	- (-)	20,02,81,700 (19,66,09,750)
Payment of Salary, Wages and other benefits to employees	3,08,33, 929 (5,60,09,458)	72,90,000 (62,40,000)	30,15,000 (28,05,000)	4,11,38,929 (6,50,54,458)
Purchase of Shares	9,80,68,500 (-)	4,500 (-)	3,000 (-)	9,80,76,000 (-)
Loans taken	28,88,25,000 (17,41,90,000)	- (-)	- (-)	28,88,25,000 (17,41,90,000)
Repayment of Loans	29,77,00,000 (20,44,50,000)	- (-)	- (-)	29,77,00,000 (20,44,50,000)
Interest Paid/Payable	11,50,246 (20,30,788)	- (-)	- (-)	11,50,246 (20,30,788)
Outstanding Balances				
Trade Receivables	50,26,751 (37,41,825)	- (-)	- (-)	50,26,751 (37,41,825)
Trade Payables	1,45,00,609 (7,67,96,648)	1,33,628 (-)	- (-)	1,46,34,237 (7,67,96,648)
Short Term Loans	82,27,930 (1,60,67,709)	- (-)	- (-)	82,27,930 (1,60,67,709)

Previous year figures are in brackets.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

B) Detail of Related Parties and description of relationship:

i) Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence:

Geofin Investments Private Ltd., Liberty Group Marketing Division, Liberty Enterprises, Liberty Footwear Co., Sanjeev Bansal Charitable Trust, Liberty Innovative Outfits Ltd., Liberty Fashion Outfits, Little World Constructions Private Limited

ii) Key Management Personnel:

1) Sh. Adesh Kumar Gupta 2) Sh. Adarsh Gupta 3) Sh. Shammi Bansal 4) Sh. S.K. Goel 5) Sh. Sunil Bansal 6) Sh. Adeesh Kumar Gupta 7) Sh. Anupam Bansal

iii) Relatives of Key Management Personnel:

S/Sh. Harish Kumar Gupta, Raman Bansal, Vivek Bansal, Anupam Bansal (Brothers of Directors)

Sh. Ayush Bansal, Sh. Manan Bansal, Sh. Pranav Gupta, Sh. Anmol Gupta (Sons of Director)

Notes: Receiving the services from Key Management Personnel and their relatives includes rent and land lease charges.

C) Disclosure of significant transactions with related parties:

(Amount in ₹)

Type of Relationship	Type of Transaction	Name of the Entity/Person	Nature	Financial Year	
				2012-13	2011-12
Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence	Receiving of Services	Geofin Investments Private Limited	Rent for Office Premises	1,52,53,200	1,50,67,800
		Little World Constructions Private Limited	Rent	3,00,133	4,27,771
		Liberty Footwear Co.	Rent for Office Premises	6,33,708	7,38,276
		Sanjeev Bansal Charitable Trust	Rent for Office Premises	4,50,000	4,50,000
			Medical facilities for employees	8,87,475	9,34,500
		Sh. Adesh Kumar Gupta	Rent	31,960	29,055
		Sh. Harish Kumar Gupta	Rent	1,17,432	1,06,752
	Sale of Goods	Liberty Innovative Outfits Ltd.	Sale of Goods manufactured and deal in by the Company	2,36,86,127	64,07,096
	Purchase of Goods	Liberty Fashion Outfits	Purchase of Goods	1,17,24,793	11,39,362
	License Agreements	Liberty Enterprises	Franchise Fee (including service tax)	6,74,16,000	6,61,80,000
		Liberty Group Marketing Division	Franchise Fee (including Service Tax)	7,86,52,000	7,72,10,000
		Liberty Footwear Co.	Licence fee (including Service Tax)	5,42,13,700	5,32,19,750
	Payment of Salary, Wages and other benefits to employees	Liberty Group Marketing Division	Salary, Wages and other benefits	3,08,33,929	5,60,73,574
	Purchase of Shares	Geofin Investments Private Limited	Purchase of Shares of Liberty Retail Revolutions Limited	9,80,68,500	-
	Loans Taken	Geofin Investments Pvt. Ltd.	Unsecred Loans	28,88,25,000	17,41,90,000
	Repayment of Loans			29,77,00,000	20,44,50,000
	Interest Paid/Payable			11,50,246	20,30,788
Key Management Personnel	Payment of Salary, Wages and other benefits to employees	Sh. Adesh Kumar Gupta	Salary, Wages and other benefits	12,00,000	12,00,000
		Sh. Sunil Bansal	Salary, Wages and other benefits	12,00,000	12,00,000

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Key Management Personnel	Payment of Salary, Wages and other benefits to employees	Sh. Shammi Bansal	Salary, Wages and other benefits	12,00,000	12,00,000
		Sh. Adeesh Kumar Gupta	Salary, Wages and other benefits	12,00,000	6,00,000
		Sh. Satish Kumar Goel	Salary, Wages and other benefits	13,50,000	9,00,000
		Sh. Anupam Bansal	Salary, Wages and other benefits	11,40,000	11,40,000
	Purchase of Shares	Sh. Adesh Kumar Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Adeesh Kumar Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Adarsh Gupta	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
Relatives of Key Management Personnel	Payment of Salary, Wages and other benefits to employees	Sh. Raman Bansal	Salary, Wages and other benefits	11,40,000	11,40,000
		Sh. Vivek Bansal	Salary, Wages and other benefits	11,40,000	11,40,000
		Sh. Ayush Bansal	Salary, Wages and other benefits	2,10,000	2,10,000
		Sh. Manan Bansal	Salary, Wages and other benefits	2,10,000	2,10,000
		Sh. Pranav Gupta	Salary, Wages and other benefits	2,10,000	1,05,000
		Sh. Anmol Gupta	Salary, Wages and other benefits	1,05,000	-
	Purchase of Shares	Sh. Raman Bansal	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
		Sh. Anupam Bansal	Purchase of Shares of Liberty Retail Revolutions Limited	1,500	-
Outstanding balance					
Entities where Key Management Personnel/ Relative of Key Management Personnel has significant influence	Trade Receivables	Liberty Innovative Outfits Ltd.	Against sale of goods manufactured and dealt in by the Company	50,26,751	37,41,825
	Trade Payables	Liberty Enterprises	Franchise Fee (Including Service Tax)	26,13,245	2,23,45,272
		Liberty Group Marketing Division	Franchise Fee Salary, Wages and Other benefits (Including Service Tax)	-	2,92,24,159
		Liberty Footwear Co.	Licence fee (Including Service Tax)	67,13,616	2,40,60,450
		Sanjeev Bansal Charitable Trust	Medical Facilities to employees	-	27,405
		Liberty Fashion Outfits	Purchase of Goods	46,87,205	11,39,362
		Little World Constructions Pvt. Ltd.	Rent	48,033	-
		Geofin Investments Pvt. Ltd.	Rent for Office Premises	4,38,510	-
	Short Term Loans	Geofin Investments Pvt. Ltd.	Unsecured Loans	82,27,930	1,60,67,709

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.27.19 Detail of Employee Benefits – Gratuity

The Parent Company has a defined gratuity plan (Defined Benefit). In case of Parent Company, every employee, on completion of continuous service of five years or more with the Company, is entitled to get the gratuity on 15 days salary on the basis of last drawn salary for each completed year of service. In case of Parent Company, the scheme is funded with Life Insurance Corporation of India (LIC) in the form of qualifying insurance policy.

The following table summarizes the components of net benefit expense recognized in the Statement of Profit & Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans:

Statement of Profit and Loss

a) Net Employee Benefit Expense (recognized in Employee Cost):

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Current Service Cost	66,90,731	32,35,421
2.	Interest Cost on benefit obligation	18,77,682	16,81,646
3.	Expected return on Plan Assets	(19,12,638)	(15,31,089)
4.	Actuarial Loss/(Gain)	(8,19,319)	(4,58,689)
5.	Net Benefit Expenses	58,36,456	29,27,289

Balance Sheet

b) Details of Provision for Gratuity

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Present Value of Defined Benefit Obligation	2,88,79,051	2,32,09,601
2.	Fair value of Plan Assets	2,41,07,084	2,03,74,090
3.	Surplus/(Deficit)	(47,71,967)	(28,35,511)
4.	Net Asset/(Liability)	(47,71,967)	(28,35,511)

c) Changes in Present Value of the Defined Benefit Obligation are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Defined Benefit Obligation at the beginning of the year	2,32,09,601	2,10,06,932
2.	Current Service Cost	66,90,731	32,35,421
3.	Interest Cost	18,77,682	16,81,646
4.	Actuarial (Gain)/Loss on obligations	(8,19,319)	(4,58,689)
5.	Benefits paid	(20,79,644)	22,55,709
6.	Defined benefit obligation at the end of the period	2,88,79,051	2,32,09,601

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

d) Changes in Fair Value of Plan Assets are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Opening Fair Value of Plan Assets	2,03,74,090	1,63,00,334
2.	Expected Return	19,12,638	15,31,089
3.	Contributions by employer	39,00,000	47,98,376
4.	Benefits paid	(20,79,644)	22,55,709
5.	Actuarial Gains/(Losses)	-	-
6.	Closing Fair Value of Plan Assets	2,41,07,084	2,03,74,090

e) The principle assumptions used in determining Gratuity obligations are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Discount rate	8.00%	8.00%
2.	Expected rate of return on Plan Assets	8.00%	8.00%
3.	Salary escalation rate	7.00%	7.00%
4.	Attrition rate	1% to 3% depending upon age	1% to 3% depending upon age

f) Amount for the current and previous periods are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 2012-13	Gratuity (Funded) 2011-12
1.	Defined Benefit Obligation	(2,88,79,051)	(2,32,09,601)
2.	Plan Assets	2,41,07,084	2,03,74,090
3.	Surplus/(Deficit)	(47,71,967)	(28,35,511)
4.	Experience adjustments on plan liabilities	(8,19,319)	(4,58,689)
5.	Experience adjustments on plan assets	-	-

The Subsidiary Company has a defined gratuity plan (defined benefit). Every employee, on completion of continuous service of 5 years or more with the company is entitled to get the gratuity of 15 days salary on the basis of last drawn salary for each completed year of service. The Company has created trust under Group Gratuity Scheme and the entire amount of gratuity as per the actuarial valuation is provided for as liability in books.

Statement of Profit and Loss

a) Net Employee Benefit Expense (recognized in Employee Cost):

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Current Service Cost	5,13,956	6,24,615
2.	Interest Cost on benefit obligation	1,74,584	1,24,220
3.	Expected return on Plan Assets	-	-
4.	Actuarial Loss/(Gain)	(6,52,913)	54,332
5.	Net Benefit Expenses	35,627	8,03,167

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Balance Sheet

b) Details of Provision for Gratuity

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Present Value of Defined Benefit Obligation	19,18,960	21,82,299
2.	Fair value of Plan Assets	-	-
3.	Surplus/(Deficit)	(19,18,960)	(21,82,299)
4.	Net Asset/(Liability)	(19,18,960)	(21,82,299)

c) Changes in Present Value of the Defined Benefit Obligation are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Defined Benefit Obligation at the beginning of the year	21,82,299	14,57,421
2.	Current Service Cost	5,13,956	6,24,615
3.	Interest Cost	1,74,584	1,24,220
4.	Actuarial (Gain)/Loss on obligations	(6,52,913)	54,332
5.	Benefits paid	(2,98,966)	(78,229)
6.	Defined benefit obligation at the end of the period	19,18,960	21,82,299

d) The principle assumptions used in determining Gratuity obligations are as follows:

(Amount in ₹)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2013	Gratuity (Funded) 31.03.2012
1.	Discount rate	8.00% p.a.	8.00% p.a.
2.	Salary escalation rate	5.50% p.a.	5.50% p.a.
3.	Mortality Table	LIC (1994 -96) ultimate	LIC (1994 -96) ultimate

2.27.20 In case of the Parent Company, for the current year, Deferred Tax liability has been calculated after considering the cumulative timing differences of ₹15,73,09,015/- (Previous year ₹15,56,62,180/-) on account of depreciation.
In case of the Subsidiary Company, in view of the Accounting Standard (AS) – 22, Deferred Tax Assets due to carry forward of Business Loss and Unabsorbed Depreciation have not been accounted for.

2.27.21 In case of Subsidiary Company, addition to fixed assets includes the Pre-operative expenditure of ₹5,51,452/- (Previous year ₹13,16,552/-) incurred to the date of the launching of new stores.

2.27.22 In case of Parent Company, there are no dues payable to the Investor Education and Protection Fund as at 31st March, 2013.

2.27.23 During the year ended 31st March, 2013, preparation and presentation of financial statements have been made as per the Revised Schedule VI notified under the Companies Act 1956. The preparation of financial statements based on the Revised Schedule VI does not impact the recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has regrouped/reclassified the previous year figures in accordance with the requirements applicable in the current year. The current year and previous year figures have been rounded off to the nearest rupees.

27TH ANNUAL GENERAL MEETING - FRIDAY, 20TH SEPTEMBER, 2013
ADMISSION SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

I certify that I am a registered member of the Company holding ..... Equity Shares and hereby record my presence at the 27th Annual General Meeting of Liberty Shoes Limited on Friday, 20th September, 2013 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 - 132114 (Haryana).

Please ✓ in the box

☐ Member ☐ Proxy Folio No. / Client ID* ....
Member's Signature

D.P. ID* ....
Proxy's Signature

.....
Name of the Member / Proxy in Block Letters

*Applicable for Members holding Shares in Electronic Form

Notes : 1. Members having queries, if any, on Annual Report are requested to send them ten days in advance.
2. Members are requested to bring their copies of the Annual Report while attending the meeting.

Tear Here

Liberty Shoes Ltd.
Regd. Office : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal-132 114 (Haryana).

PROXY FORM

I / We ..... of ..... in the district of ..... being member(s) of Liberty Shoes Limited hereby appoint ..... of ..... in the district of ..... failing him ..... of in the district of ..... as my/ our proxy to attend and vote for me / us on my / our behalf at the 27th Annual General Meeting of Liberty Shoes Limited on Friday, 20th September, 2013 at 11.00 A.M. at the Registered Office of the Company situated at Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal - 132114 (Haryana) and any adjournment thereof.

Signed on ..... at ..... Name .....

Signature of the member .....

Revenue Stamp

Folio No. / Client ID*..... D.P. ID*.....
Address .....
.....
.....
.....

* Applicable for Members holding Shares in Electronic Form.

Note: 1. The proxy need NOT be a member. 2. The Proxy Form duly signed across a Revenue Stamp should reach the Company's Registered Office not less than 48 hours before the scheduled time fixed for the meeting.

ATTENTION SHAREHOLDER(S)!

Liberty Shoes Ltd.
Regd. Office : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal-132 114 (Haryana).

27TH ANNUAL GENERAL MEETING - FRIDAY, 20TH SEPTEMBER, 2013
E-COMMUNICATION REGISTRATION FORM

Folio No. (For Physical Shares) : .....

Name of 1st Registered Holder : .....

Name(s) of Joint Holder(s) : .....
.....
.....
.....

Registered Address : .....
.....
.....
.....

E-mail ID (to be registered) : .....

I, shareholder of Liberty Shoes Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Date: ..... Signature: .....
(First Holder)

Notes:

1. Shareholder(s) is/are requested to keep the Company informed as and when there is any change in the e-mail address.
2. In case, shares are in electronic form/ kindly register your e-mail particulars with your Depository Participant.

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Link Intime India Pvt. Ltd.
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Naraina Industrial Area Phase-I
New Delhi 110 028
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LIBERTY
WE ARE ABOUT PEOPLE



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