6th September, 2014

The Manager
Listing Department
**The National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor
Plot No. C/1, G Block Bandra – Kurla, Bandra (E)
MUMBAI – 400051
Tel.: 022-26598100-14 Fax No. 022-26598237, 26598238

**Sub: Submission of Annual Report of the Company for the Financial Year 2013-14.**

**Reg: Compliance with the provisions of Clause 31 & 33 of the Listing Agreement**

**Compliance Officer** : Munish Kakra (CFO & Company Secretary)
**Contact Address** : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal - 132114 (Haryana).
Ph. 01748-251101~03, 09313601387
**Scrip Code** : LIBERTSHOE **ISIN No.** : INE557B01019

Dear Sir,

In compliance with the provisions of Clause 31 of the Listing Agreement, we are enclosing herewith six copies of the Annual Report of the Company for the financial year ended 31st March, 2014 alongwith the Notice of Twenty-Eighth (28th) Annual General Meeting of the Company attached therewith. You are requested to note that the above said Annual General Meeting is scheduled to be held on Monday, the 29th September, 2014 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) to transact the businesses as mentioned in the above said Notice of Annual General Meeting.

Further, please find enclosed herewith the required Form-A in compliance with the provisions of clause 31(a) of Listing Agreement read with circular no.CIR/CFD/DCR/7/2012, dated August 13, 2012 and CIR/CFD/DCR/9/2013.

Please note that we have already uploaded the above said Annual Report and Form- A on the website of NSE Online Application Processing System (NEAPS) in compliance with the above requirement.

Please take the above document / information on your records in confirmation of the compliance of above requirement.

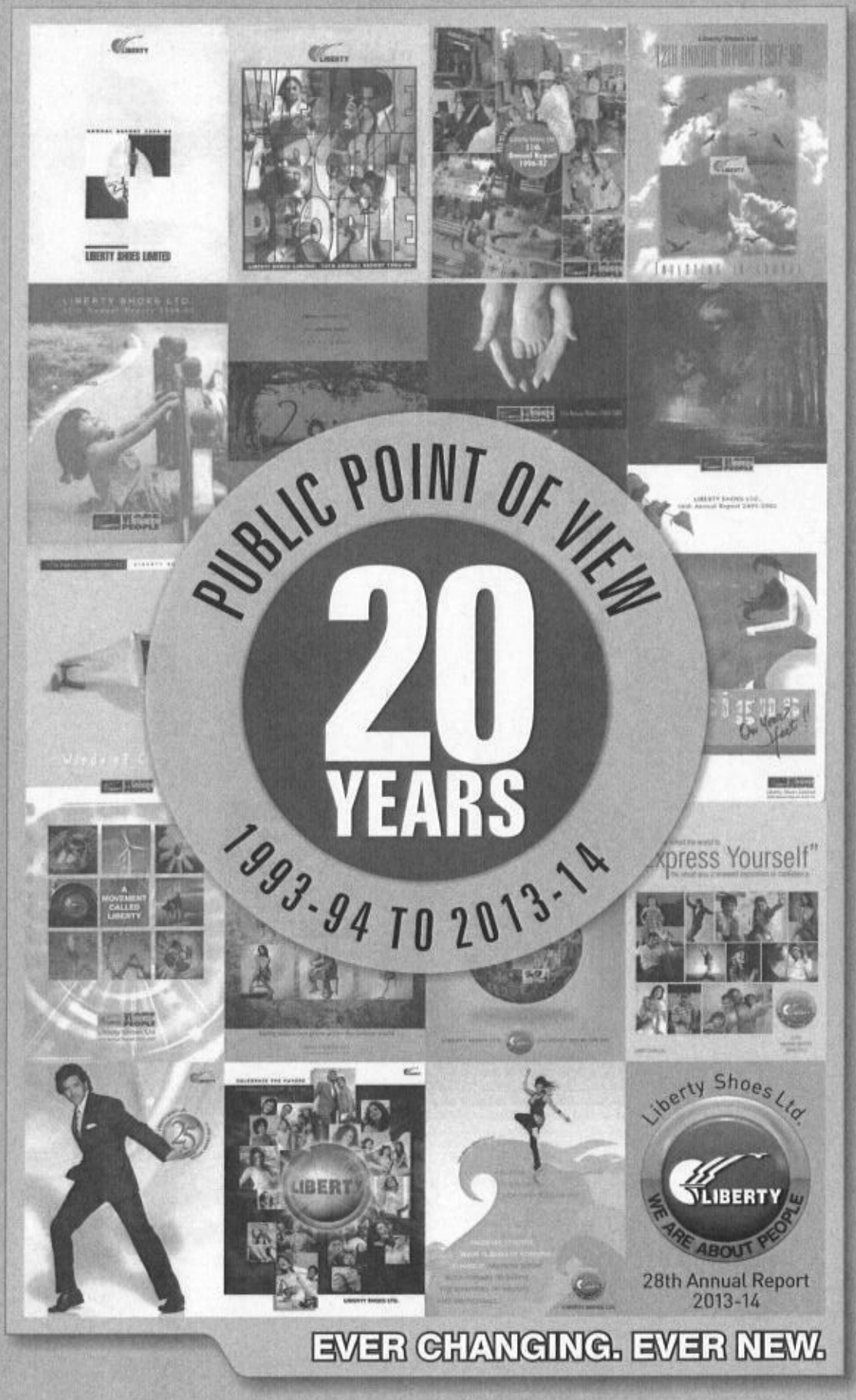
Thanking you,

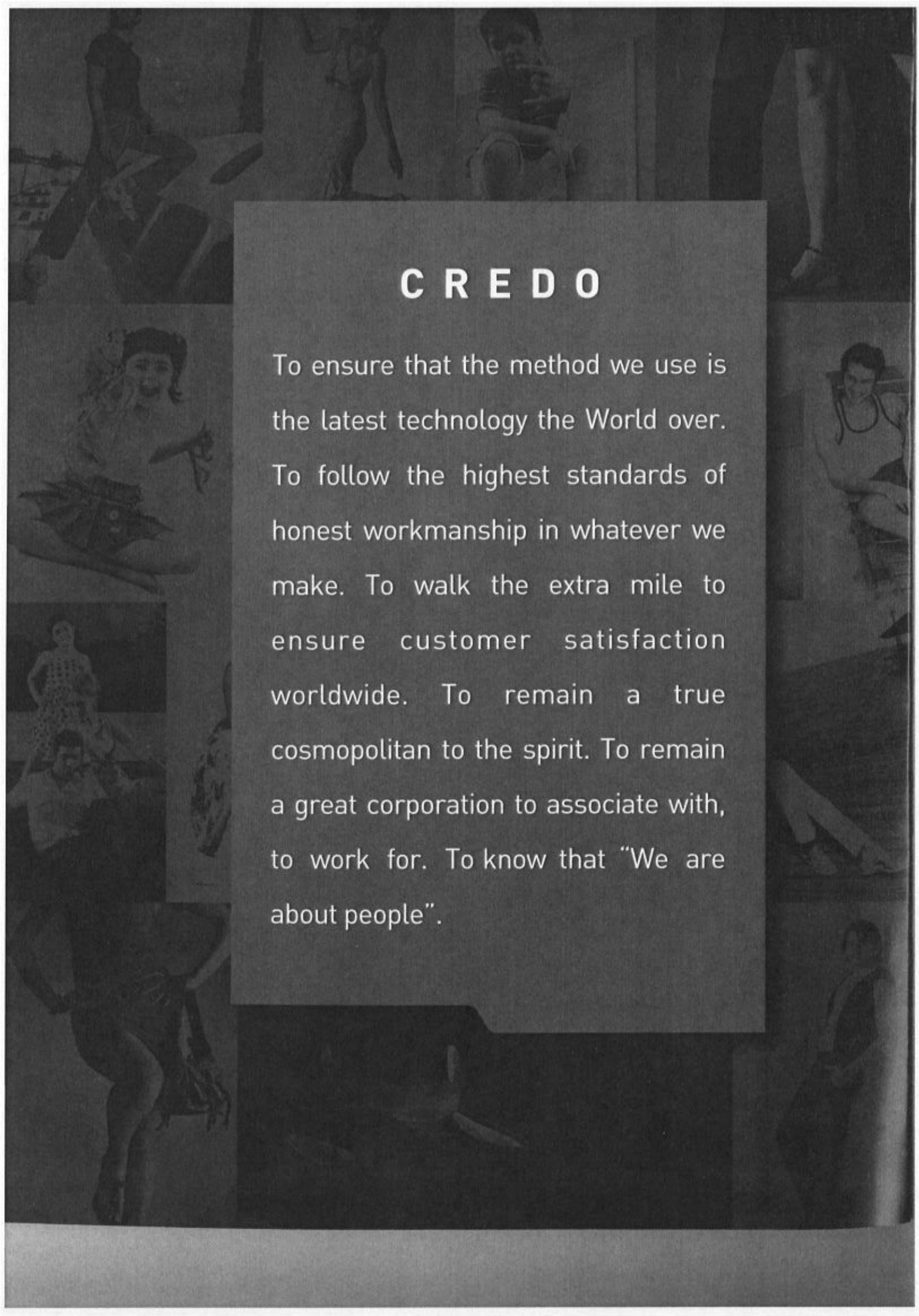
Yours faithfully,

For **Liberty Shoes Ltd.**

**Munish Kakra**
**CFO & Company Secretary**
Encl: a/a

**Liberty Shoes Ltd.**
**Corporate Office :** Building No. 8, Tower-B, 2nd Floor, DLF Cyber Citi, Phase-II, Gurgaon-122 002, Haryana, India
Tel.: +91-124-4616200, 3856200 Fax: +91-124-4616222, E-mail: mail@libertyshoes.com www.liberty.in
**Registered Office:** Libertypuram, 13th Milestone, G.T.Karnal Road, P.O. Bastara, Distt. Karnal-132 114, Haryana (India)
Tel.: +91-1748-251101~3 Fax : +91-1748-251100, E-mail: lpm@libertyshoes.com
CIN No.L19201HR1986PLC033185


PUBLIC POINT OF VIEW
20
YEARS
1993-94 TO 2013-14
LIBERTY SHOES LIMITED
A MOVEMENT CALLED LIBERTY
Express Yourself"
Liberty Shoes Ltd.
LIBERTY
WE ARE ABOUT PEOPLE
28th Annual Report
2013-14
EVER CHANGING. EVER NEW.



# CREDO

To ensure that the method we use is the latest technology the World over. To follow the highest standards of honest workmanship in whatever we make. To walk the extra mile to ensure customer satisfaction worldwide. To remain a true cosmopolitan to the spirit. To remain a great corporation to associate with, to work for. To know that "We are about people".

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# Company Information

**Board of Directors**

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

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

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

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

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

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

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

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

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

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

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

**Company Secretary & Compliance Officer**

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

**Audit Committee**

Raghubar Dayal
Ramesh Chandra Palhan
Vivek Bansal
Sunil Bansal

**Nomination and Remuneration Committee**

Raghubar Dayal
Ramesh Chandra Palhan
Pushpinder Singh Grewal

**Management Committee**

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

**Stakeholders Relationship Committee**

Sunil Bansal
Adarsh Gupta
Ramesh Chandra Palhan

**Corporate Social Responsibility Committee**

Shammi Bansal
Adeesh Kumar Gupta
Raghubar Dayal
Ramesh Chandra Palhan

**Registrar & Share Transfer Agent**

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

**Registered Office**

Libertypuram, 13th Milestone,
G. T. Karnal Road, Kutail, P.O. Bastara,
Distt. Karnal - 132114, Haryana
Tel.: (91) - 1748 - 251101 – 03
Fax: (91) - 1748 – 251100
E-mail: lpm@libertyshoes.com
Website: www.libertyshoes.com
CIN: L19201HR1986PLC033185

**Corporate Office**

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

**Bankers**

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

**Auditors**

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

**www.libertyshoes.com**

Buy Liberty Foot Fashion online on **libertyshoesonline.com**

Join us on **facebook.com/libertyshoes**



# From The CEO's Desk

Dear friends,

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

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

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

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

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

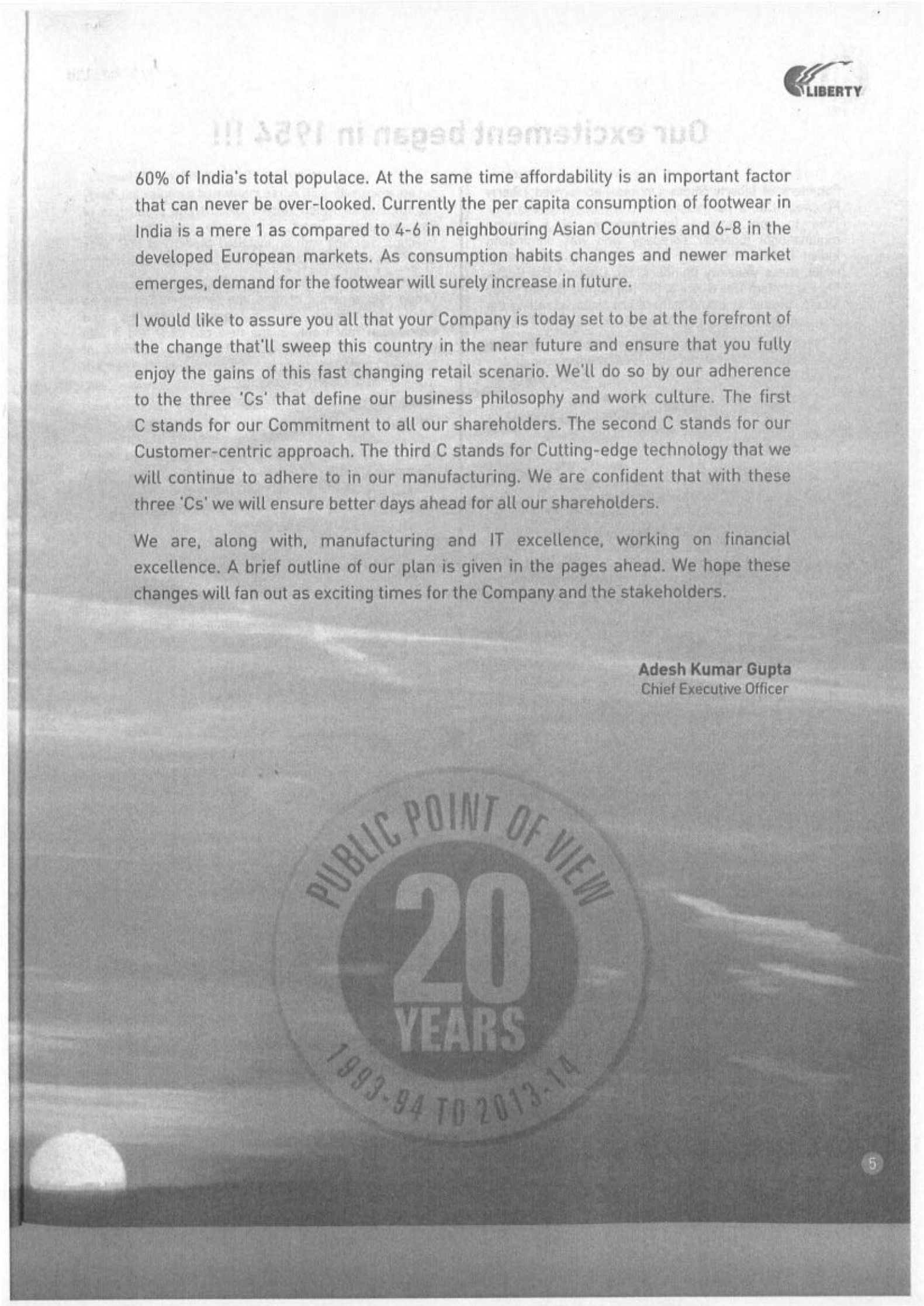
No wonder there is a visible bounce in our stride. What's truly remarkable in all of this is the true globalization of Indian footwear. Something, that's only to be expected when we look at the emerging trends in footwear with the youth constituting around

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

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

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

**Adesh Kumar Gupta**
Chief Executive Officer



# Our excitement began in 1954 !!!

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

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

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

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

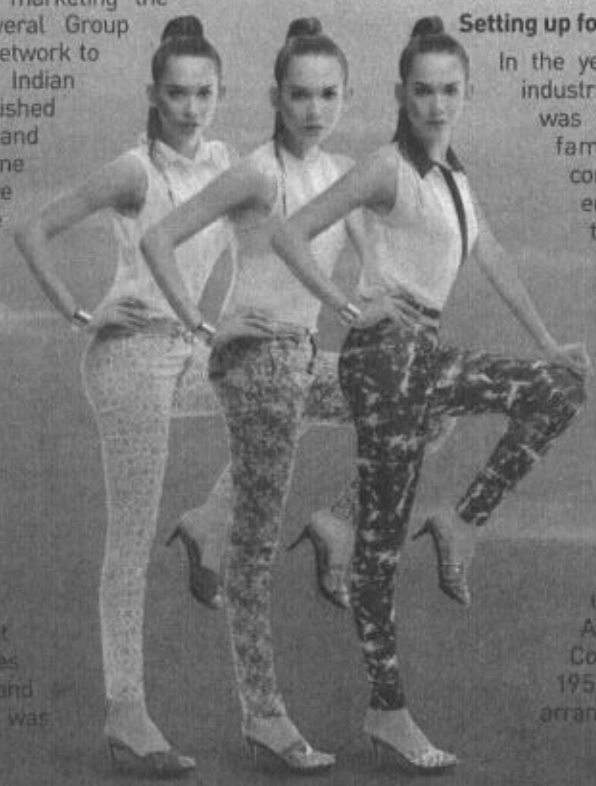
**Liberty Shoes Ltd. - The Rising Sun**

Operating through the multiple manufacturing entities for a common sales network was posing a big challenge and therefore several manufacturing units needed to be consolidated to one large scale production unit and with this vision, Liberty Shoes Limited (LSL) was incorporated and in December 1993 a new plant was set up at sprawling 50 Acres integrated complex in Liberty Puram, Karnal which started commercial production of 2nd generation Sport Shoes with multi-colour PVC Injection machine with an installed capacity of 500 pairs daily. This revolutionised the Sports Shoe Market in India.

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

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

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



**Setting up for Operational Excellence**

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

**Consolidating for an Exciting Future**

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

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

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




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

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

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

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

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



# Two Decades of Excellence

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

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

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

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

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

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

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

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

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

(₹ in Lacs)

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

# Ever Changing. Ever New.

## 6 Crore+
### Expanding Customer Base

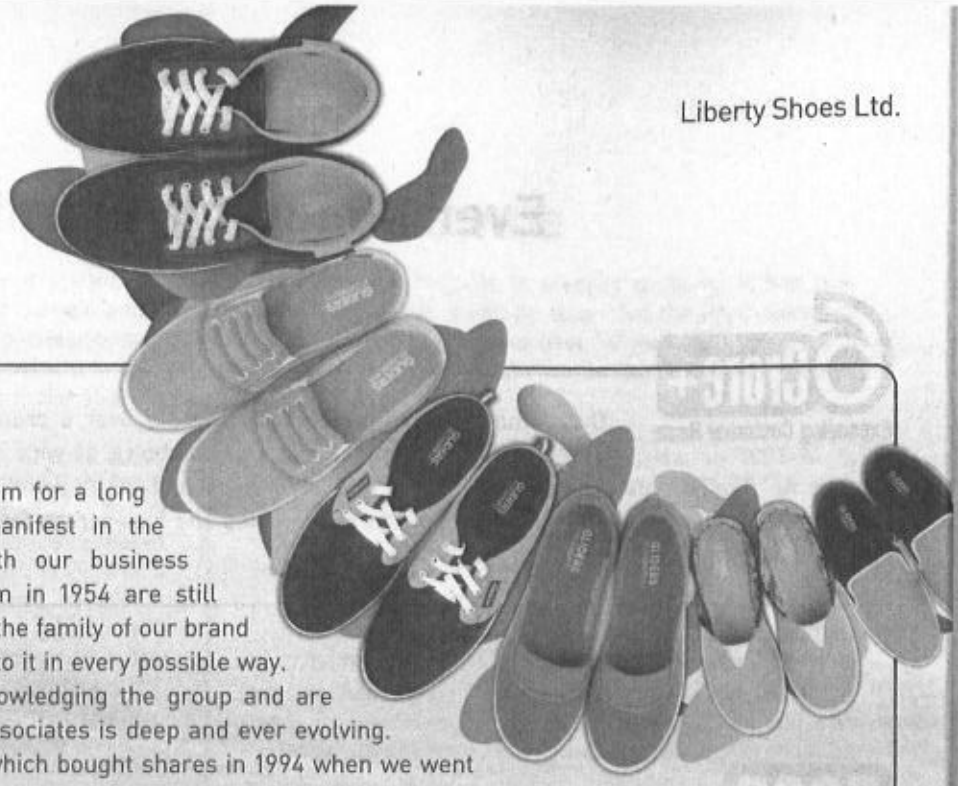
Over time we have touched the lives of over 6 crore customers. This has been because our brand has been the paramount choice of wide group of people across different age groups. As family footwear brand we enjoy enviable loyalty and also continue to attract a discerning lot into the Liberty Family. Our brand caters to both males and females and kids across the age group of 4 to 65 years and above spanning across every caste and religion.

## 5000
### Style Options

We are a brand known for its innovative zeal. We drive the product portfolio innovating at each step not just in terms of material but the basic styling. Our dedicated team of designer are forever working to delight the customer and working on the constant feedback from the markets to better the product design. At any given point of time we have over 5000 styles that are available in the market and newer variations are replaced every season for giving the customers a fashionable choice each time they visit a retail outlet. Footwear for all occasions, seasons and usage across all age segments are on offer each time a customer visits our retail outlet.

## 4000
### Global Distribution Network

Our Channel partners are a driving force for our products and have delivered a promise to their customers over the years. With many having a dedicated concern for the customers the channel partners have fanned out the products at 4000 consumer touch points across the length and breadth of India and also globally in some very fashion conscious markets of the world. There are partners who have been associated for the last 60 years with the brand. The network is ever expanding and building into a respectable group in the footwear industry.



## 45000 BUSINESS ASSOCIATES

We build relationships. And we build them for a long term. This business style is deeply manifest in the longevity of relationships we have with our business associates. Many who joined our system in 1954 are still proudly part of the momentum. They are the family of our brand and care for its growth and add strength to it in every possible way. No wonder we take great pride in acknowledging the group and are happy that our bond with the business associates is deep and ever evolving. Whether it be the shareholders, 25% of which bought shares in 1994 when we went public and are still holding the shares, or the channel partners or the business associated who continue to show faith in our brand and continue to help us build it to inspiring horizons.

## 1L+ JOBS & INCREASING

Over the years we have been providing direct and indirect employment to wide section of society. Whether it is at our own Humantech Centers or be it the associates who work for the brand's sales and health in various sectors. We are proud that from some families the third generation is working with Liberty and from some joint families up to 50 members work with us. It has built bonds that cannot be enumerated. We also ensure that the people working with us or our associates are governed by the legal processes.

## 75 Countries WORLDWIDE REACH

Don't blink if you find our brand selling from the fashion streets of fashionable destination across the world. After all we are credited to be the first exporter of Footwear from India. We are also the first Indian brand to have a Liberty retail outlet in Europe way back in 1986. We do so under our own name and also as manufacturers for some leading global brands across the world. This expands our footprint across 75 countries globally. It is a trust we have built with our global brands over 60 years of supplying the quality and standard required and promised and on time in a globally competitive environment. We were the first company to have joint venture to produce footwear in a foreign country in 1991.

# Notice

Notice is hereby given that the 28th (Twenty Eighth) Annual General Meeting of the Members of **Liberty Shoes Ltd.** ("the Company") will be held on **Monday, 29th September, 2014 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 BUSINESESS:**

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014 and Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend of ₹1.50/- per Equity Share for the financial year 2013-14.
3. To appoint a Director in place of Sh. Adesh Kumar Gupta (DIN: 00143192), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Satish Kumar Goel (DIN: 00143415), who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors of the Company to hold office from the conclusion of 28th Annual General Meeting (AGM) until the conclusion of 31st Annual General Meeting and to fix their remuneration and to pass the following as an ordinary resolution thereof.

   **"RESOLVED THAT,** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendation of the audit committee of the Board of Directors, M/s Pardeep Tayal & Co., Chartered Accountants (Firm Registration No. 002733N), be and are hereby re- appointed as the Statutory Auditors of the Company, to hold office from the conclusion of 28th Annual General Meeting until the conclusion of 31st Annual General Meeting (subject to the ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors of the Company be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the auditors."

**SPECIAL BUSINESESS:**

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

   **"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the provisions of Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to the re-appointment of Sh. Sunil Bansal (DIN: 00142121), as the "Executive Director" of the Company, for a period of 5 years w.e.f. 1st January, 2014 on such remuneration, payable as minimum remuneration and on such terms and conditions as enumerated in the draft Service Agreement which is to be entered into between the Company and Sh. Sunil Bansal (DIN: 00142121) as laid before the Members of the Company and initialled by the Chairman of the Meeting for the purpose of identification.

   **RESOLVED FURTHER THAT** the draft of the Service Agreement, as required to be entered into between the Company and Sh. Sunil Bansal (DIN: 00142121) and to be laid before the Members of the Company be and is hereby approved and Sh. Munish Kakra, Chief Financial Officer & Company Secretary of the Company be and is hereby authorized on behalf of the Company to execute the aforesaid Service Agreement with Sh. Sunil Bansal (DIN: 00142121).

   **RESOLVED FURTHER THAT** the remuneration, proposed to be paid to Sh. Sunil Bansal (DIN: 00142121), as minimum remuneration, shall be within the limits as specified under the provisions of Section 196, 197 and 203 read with schedule V and all other applicable provisions of the Companies Act, 2013 and rules made thereunder or any statutory modification(s) or re enactment thereof and for a period not exceeding 3 years from the date of his appointment as Executive Director.

   **RESOLVED FURTHER THAT** in the event of any statutory amendments, modification(s) or relaxation(s) by the Central Government to Schedule V of 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 including the monetary value thereof within such prescribed limit of ceiling in order to give effect to 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 or Committee thereof and Company

Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be necessary in respect of aforesaid matter."

7. **To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:**

   **"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Sh. Raghubar Dayal (DIN: 00481803), who meets criteria of independence as required under Section 149 (6) of the Companies Act, 2013 and further furnished to the Board a declaration of his independence for being appointed as an independent Director of the Company and in respect of whom the Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years from 29th September, 2014 to 28th September, 2019.

   **RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

   **"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Sh. Vivek Bansal (DIN: 00939232), who meets criteria of independence as required under Section 149 (6) of the Companies Act, 2013 and further furnished to the Board a declaration of his independence for being appointed as an independent Director of the Company and in respect of whom the Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years from 29th September, 2014 to 28th September, 2019.

   **RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

   **"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Sh. Amitabh Taneja (DIN: 00031257), who meets criteria of independence as required under Section 149 (6) of the Companies Act, 2013 and further furnished to the Board a declaration of his independence for being appointed as an independent Director of the Company and in respect of whom the Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years from 29th September, 2014 to 28th September, 2019.

   **RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

    **"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Sh. Ramesh Chandra Palhan (DIN: 05241019), who meets criteria of independence as required under Section 149 (6) of the Companies Act, 2013 and further furnished to the Board a declaration of his independence for being appointed as an independent Director of the

Company and in respect of whom the Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years from 29th September, 2014 to 28th September, 2019.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Sh. Pushpinder Singh Grewal (DIN: 06364475), who meets criteria of independence as required under Section 149 (6) of the Companies Act, 2013 and further furnished to the Board a declaration of his independence for being appointed as an independent Director of the Company and in respect of whom the Company has received notice along with requisite deposit under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years from 29th September, 2014 to 28th September, 2019.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including and statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor M/s K. L. Jaisingh & Co., (a Cost Audit firm), Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 and be paid the remuneration of ₹1 Lac (Rupees One Lac Only)."

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. **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 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation), Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution to the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**"RESOLVED THAT** in supersession of the resolution passed under Section 293 (1) (d) of the Companies Act, 1956 by the Members of the Company in their 20th Annual General Meeting held on 20th September, 2006, in relation to the exercise of borrowing power, consent of the Company be and is hereby accorded, under the provisions of Section 180 (1) (c) and Articles of the Company and all other applicable provisions, if any of the Companies Act, 2013 and subject to the compliance with all applicable laws and regulations, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to borrow any sum or sums of money in any manner, from time to time, with or without security and upon such terms and conditions as they deem appropriate, not with standing that the aggregate of monies to be borrowed together with monies already borrowed by the Company (apart from temporary Loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, from time to time, that is to say, reserves not set

apart for any specific purpose; provided however that the total amount up to which monies may be borrowed by the Board (apart from temporary Loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed at any given point of time the sum of ₹500 Crores (Rupees Five Hundred Crores only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient."

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

"**RESOLVED THAT** in supersession of the resolution passed under Section 293 (1) (a) of the Companies Act, 1956 by the Members of the Company in their 10th Annual General Meeting held on 10th August, 1996, in relation to mortgage / create security on the Assets of the Company, consent of the Company be and is hereby accorded, under the provisions of Section 180 (1) (a) and Articles of the Company and all other applicable provisions, if any of the Companies Act, 2013 and subject to the compliance with all applicable laws and regulations, to the Board of Directors of the Company (hereinafter referred to as " the Board" which term shall be deemed to include any Committee thereof) to mortgage, hypothecate, pledge or create charge/security upon any one or more Movable and/or Immovable assets or properties, both present and future, either tangible or intangible, of the Company, in one or more tranches, in such manner and in such forms as the Board may deem appropriate in favour of any lender, Financial and other lending Institutions, Bank, Finance Company and any other Person or Agent(s) and Trustee(s) for the purpose of securing the borrowings of the Company availed and to be availed by way of Loan or otherwise (in Indian/Foreign currency) and Debentures (comprising Cumulative and Non cumulative fully/partly/optionally Convertible or Non-convertible or any other Securities of what so ever nature), from time to time, up to the limit of ₹500 Crores (Rupees Five Hundred Crores only) along with Interest, additional Interest, accumulated Interest, liquidated charges, commitment Charges or other Charges, Costs, Expenses and other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to decide all terms and conditions in relation to such mortgage, hypothecation, pledge and creation of charge/security, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required to give effect to this resolution."

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 88 & 94 and such other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof and subject to compliances of all applicable laws and regulations, consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which in term shall be deemed to include any committee which the Board may constitute for this purpose) to keep Register of Members with Company Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd., 44, Community Centre, Naraina Industrial Area Phase-I, New Delhi-110028.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution."

By order of the Board
For Liberty Shoes Ltd.

**Munish Kakra**
CFO & Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

## NOTES:

1. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special businesses to be transacted at the Annual General Meeting, set out in the Notice, is annexed hereto and forms part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AFORESAID ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **THE INSTRUMENT APPOINTING THE PROXY, DULY COMPLETED AND SIGNED, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ANNEXED TO THIS REPORT.**
4. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of the not more than fifty members and holding in aggregate not more than ten percent of the total Share capital of the Company. Members holding more than ten percent of total Share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
5. 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.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days notice in writing is given to the Company.
7. The Register of Members and Share Transfer Books shall remain closed from Tuesday, 23rd September, 2014 to Monday, 29th September, 2014 (both days inclusive) for the purpose of payments of the dividend for the financial year ended 31st March 2014 and the 28th AGM.
8. The Dividend for the financial year ended 31st March, 2014, as recommended by the Board in their meeting held on 29th May, 2014, if approved by the Members, will be credited/ dispatched within a stipulated period of 30 days from the date of this Annual General Meeting, to those Members or their mandates whose names appear as beneficial owner on the Register of Members as on Monday, 22nd September 2014.
9. In terms of the Circular No. CIR/MRD/DP/10/2013, dated 21st March, 2013 issued by the Securities and Exchange Board of India, listed Companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Services (ECS), LECS (Local ECS)/RECS (Regional ECS)/ NECS (National ECS), NEFT etc. for making cash payments like dividend etc. to the members.
10. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or Bank mandates immediately to the Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd, 44, Community Centre, Naraina Industrial Area Phase-I, New Delhi-110028.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd. cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants by the Members.
12. Members wishing to claim dividends, which remain unclaimed, are requested to do correspondence with Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd. at their above address. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in

securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd.

14. Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014, Members are entitled to make a nomination in respect of Shares held by them in Form No. SH. 13. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company by submitting duly completed form no SH. 13 with the Company's RTA in case of shares in physical form and their respective depository in case of shares in electronic form. The nomination form can be downloaded from the Company's website www.libertyshoes.com under section "Investor Relations".
15. Members holding shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd., for consolidation in to a single folio.
16. Non-Resident Indian Members are requested to inform Registrar and Share Transfer Agent, M/s Link Intime India Pvt. Ltd., immediately of:

    (a) Change in their residential status on return to India for permanent settlement.

    (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
17. 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 of the Listing Agreement is annexed to the Notice of this Annual General Meeting as Annexure A of Annexure to the notice.
18. 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.
19. 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.
20. 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.
21. As per Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in E-communication Registration form annexed to this Annual Report and which is also available on the website of the Company www.libertyshoes.com, to RTA of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participants only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
22. The Notice of AGM, Annual Report and Attendance slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copies of the above documents are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members, who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode, are requested to print the Attendance Slip and submit a duly filled in

Attendance Slip at the registration counter at the venue of the AGM to attend the same.

23. Members, desiring any information relating to the accounts, are requested to write to the Company at an early date so as to enable the management to keep the information ready.

24. All the documents referred to in the Notice and Explanatory Statement including Register of

    Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 are open for inspection at the Registered Office of the Company on all Working days between 10.00 A.M. and 1.00P.M. up to the date of the aforesaid Annual General Meeting or any adjournment thereof, except on Sundays and other holidays.

25. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the Members to cast their votes electronically on all resolutions set forth in this Notice. The process and general instructions for e-voting are given as follows:

    (A) In case of members receiving e-mail:

    (I) Log on to the e-voting website www.evotingindia.com

    (II) Click on "Shareholders" tab.

    (III) Now enter your User ID as given overleaf in the box.

    a. For CDSL: 16 digits beneficiary ID,

    b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

    c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

    (IV) Next enter the Image Verification as displayed and Click on Login.

    (V) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on earlier voting of any Company, then your existing password is to be used.

    (VI) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|---|---|
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA00001234 in the PAN field<br>• Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rajeev Sharma and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.<br>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company the number of shares held by you as on August 22, 2014 in the Dividend Bank details field. |

    (VII) After entering these details appropriately, click on "SUBMIT" tab.

    (VIII) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(IX) For members holding shares in physical form, the details can be used only for e voting on the resolution contained in this Notice.

(X) Click on the EVSN (140901070) for Liberty Shoes Limited to vote.

(XI) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and Option NO implies that you dissent to the Resolution.

(XII) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(XIII) After selecting the resolution you have decided to vote on click, on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.

(XIV) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(XV) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(XVI) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Institutional shareholders (i.e. other than Individual, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporate. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on the list of account(s) should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**(B) In case of members receiving the physical copy:**

Please follow all steps from Sl. no. (I) to Sl. no. (XVI) above to cast vote

**General Instructions:**

I) The voting period begins on Tuesday, 23rd September, 2014 at 10.00 a.m and ends on Thursday, 25th September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Friday, 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholders, the Shareholder shall not be allowed to change it subsequently.

II) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

III) The voting rights of shareholders shall be in proportion to their shares of paid-up equity share capital of the Company as on Friday, 22nd August, 2014.

IV) Member can also download the notice of the meeting at www.libertyshoes.com for exercising their e-Voting rights.

V) Members desiring to exercise vote by Physical Postal Ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the form duly completed & signed in the attached pre-paid postage Self addressed envelope so as to reach the scrutinizer not later the close of working hours i.e 6.00 p.m. On Thursday, 25th September, 2014.

VI) The Board of Director has appointed Sh. Sukesh Gupta of M/s Pardeep Tayal & Co. (Chartered Accountants), Panipat, Karnal as Scrutinizer for conducting the e-voting and Postal ballot process in a fair and transparent manner. The pre-paid postage self addressed envelope attached to this Notice bears the address to which duly completed Postal ballot is to be sent.

VII) At the end of the voting period Scrutinizer will download the entire voting data using its Scrutinizer login.

VIII) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period and Postal Ballot, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Meeting.

IX) The Chairman of the Meeting or any Director of the Company, duly authorised by him, in writing, shall announce the result of e-voting and Postal ballot at the Annual General Meeting to be held on Monday, 29th September, 2014 at the Registered Office of the Company at Libertypuram, 13th Milestone, G.T. Karnal Road, P.O. Bastara, Distt. Karnal Haryana - 132114, at 11:00 A.M.

X) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.libertyshoes.com and on the website of CDSL within two days of passing of the resolutions at the 28th Annual General Meeting of the Company to be held on Monday, 29th September, 2014, and communicated to National Stock Exchange of India Ltd. and BSE Ltd.

However, in terms of Clause 35B of the Listing Agreement, those members, who do not have access to e-voting Facility, may send their assent or dissent in writing on the Postal Ballot Form attached with this AGM Notice in the enclosed self addressed postage pre-paid envelope so as to reach the Scrutinizer at 4/42, Punjabi Bagh (West), New Delhi-110026 on or before Thursday, 25th September, 2014. Any Postal Ballot Form received after this date will be treated as if the reply from the members has not received. The Scrutinizer's decision on the Validity of a Postal Ballot will be Final.

**IMPORTANT NOTE:**

As Liberty Shoes Limited, being a listed Company and having more than 1000 shareholders, is compulsorily required to provide e-voting facility to members in terms of Section 108 of the Act read with Rule 20 of the Rules and Clause 35B of the Listing Agreement, voting by show of hands will not be available to the members at the 28th Annual General Meeting in view of the further provisions of Section 107 read with Section 114 of the Act.

**Annexure to the Notice**

(Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013)

**ITEM NO. 6**

Sh. Sunil Bansal, aged 53 years, has been acting as Director of the Company since 1990. He has been looking after the overseas operations of the Company and has also played a key role in the strategic matters including augmentation of capacities and strengthening of Leather footwear manufacturing segment and enhancement of the Company's presence in the overseas market. He has over two decades of rich experience in footwear industry. He is also guiding the leather shoes production team with his appreciable expertise. He was elevated to the position of Executive Director at 23rd Annual General Meeting of the Company for a period of five years w.e.f. 1st January, 2009. The said tenure of his appointment expired on 31st December, 2013 as per his appointment.

A brief profile detailing the qualification and experience of Sh. Sunil Bansal has been provided in Annexure to the Notice of this Annual General Meeting.

In view of his valuable contribution and considering his expertise, the Board of Directors at their Meeting held on 14th January, 2014 have proposed the re-appointment of Sh. Sunil Bansal as Executive Director for a further period of 5 years w.e.f. 1st January, 2014 to 31st December, 2018 subject to the approval of the Members of the Company in the Annual General Meeting on the following remuneration, payable as minimum remuneration in terms of the provisions of Schedule V of the Companies Act, 2013 and on such terms and conditions, as set out in the draft Service Agreement to be executed between Sh. Sunil Bansal and the Company. The Remuneration payable to Sh. Sunil Bansal has been approved by the Nomination and Remuneration Committee at their Meeting held on 14th January, 2014.

The abstract of the terms and conditions of the re-appointment of Sh. Sunil Bansal as Executive Director along with Memorandum of his interest or concern is set out as below:

(i) Period: For a period of 5 years w.e.f. 1st January, 2014.

(ii) Nature of Duties: Sh. Sunil Bansal shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best of the Company.

(iii) Remuneration:

a) Salary: ₹4,00,000/- per month 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 Sh. Sunil Bansal is the minimum remuneration and the total remuneration, of salary, perquisites, and any other allowances shall not exceed the ceiling as provided in Section II of the Part-II of Schedule V of the Companies Act, 2013 including any amendment thereof from time to time. Further the proposed remuneration, if approved shall be paid to Sh. Sunil Bansal for a period not exceeding 3 years from the date of his appointment as Executive Director w.e.f. 1st January, 2014 to 31st December, 2016 and thereafter it shall be paid to him for the remaining period of his tenure, subject to the prior approval of the Members in their 30th Annual General Meeting of the Company in terms of the provisions of Schedule V of the Companies Act, 2013.

No commission of whatsoever nature shall be paid to the Executive Director apart from the aforesaid remuneration.

(iv) Other terms of re-appointment:

a) The terms and conditions of the re-appointment of Sh. Sunil Bansal as Executive Director may be varied or altered from time to time by the Board of Directors or Committee thereof in its discretion, if deemed fit but subject to the provisions of the Companies Act, 2013 or any regulations/ rules made thereunder.

b) The Office of Sh. Sunil Bansal as Executive Director shall be liable to retire by rotation.

c) No sitting fee shall be paid to Sh. Sunil Bansal for attending the Board or Committee Meeting(s)

d) Sh. Sunil Bansal shall abide by the Company's Code of Conduct or any other Code of Conduct as laid down in terms of Corporate Governance and Insider Trading Regulations.

Draft of the said Service Agreement and other relevant documents are available for inspection at the Company's registered office on any working day between 10:00 A.M. to 1:00 P.M. upto the date of forthcoming AGM.

None of the Directors, Key managerial Personnel of the Company or their relatives except Sh. Sunil Bansal and Sh. Shammi Bansal, Executive Directors of the Company may be deemed to be concerned or interested in the proposed resolution.

**ITEM NOS. 7 to 11**

Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232) and Sh. Amitabh Taneja (DIN: 00031257) were appointed as Director liable to retire by rotation on the Board of the Company by the Members at their 20th Annual General Meeting held on 20th September, 2006 and Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475) were appointed as Director liable to retire by rotation on the Board of the Company by the Members at their 26th Annual General Meeting held on 28th September, 2012 and since then they are continuing as Independent Directors on the Board of the Company. Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232) and Sh. Amitabh Taneja (DIN: 00031257) have held the position as such for more than 5 (five) years.

In view of the enforcement of Companies Act, 2013 in place of erstwhile Companies Act, 1956 various new provisions have been introduced in respect to the appointment of Independent Directors on the Company. Pursuant to Section 149, 150, 152, 160 and Schedule IV (Code for Independent Directors) of the Companies Act, 2013, and the Articles of Association of the Company and all other relevant provisions and that of listing agreement, the Board of Directors of the Company proposed the name of Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232), Sh. Amitabh Taneja (DIN: 00031257), Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475) for the appointment as Independent Director(s) of the Company for a consecutive period of five years from 29th September, 2014 to 28th September, 2019 for their first term of 5 (five) years not liable to retire by rotation.

Section 149 of the Companies Act, 2013 inter-alia stipulates the criteria of Independence, if a Company proposes to appoint an Independent Director on its Board. As per the said Section 149, an Independent Director can hold office for a term up to 5 (five) consecutive years on the board of a Company and he shall not be included in the total number of Directors for retirement of rotation.

It may be noted that Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232), Sh. Amitabh Taneja (DIN: 00031257), Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475) are not disqualified from being appointed as Director in terms of Section 164 of the Act and each of the above Director has given a declaration that he meets the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and also under clause 49 of the listing agreement to act as an Independent Director of the Company.

In the opinion of the Board, Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232), Sh. Amitabh Taneja (DIN: 00031257), Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475), proposed to be appointed, fulfils the conditions specified in the Act and the rules made there under and listing agreement and the proposed Directors are Independent of the Management. The Company has received notices from the members along with requisite deposits under the provisions of Section 160 of the Companies Act, 2013 proposing the candidatures of each of the above Directors for the office of Directors of the Company.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of each of the above Director, copies of the consent letter(s) in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Intimation in form DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and declaration that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013, Schedule IV Part IV of the code for Independent Directors and other relevant documents are open for inspection at the Registered Office of the Company during business hours on any working day prior to the date of the Annual General Meeting.

Brief resume of Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232), Sh. Amitabh Taneja (DIN: 00031257), Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475), nature of their expertise in specific functional areas and names of Companies in which they hold directorships/chairmanships of Board committees, shareholding and relationships between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Annexure A of the Annexure to this Notice and also in Corporate Governance Report forming part of the Annual Report.

The Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with Stock Exchanges.

None of the above Director, except Sh. Ramesh Chandra Palhan (DIN: 05241019), who is holding 200 Equity Shares (Jointly with his wife), holds Equity Shares in the Company.

None of the Directors, Key managerial Personnel of the Company or their relatives, except Sh. Raghubar Dayal (DIN: 00481803), Sh. Vivek Bansal (DIN: 00939232), Sh. Amitabh Taneja (DIN: 00031257), Sh. Ramesh Chandra Palhan (DIN: 05241019) and Sh. Pushpinder Singh Grewal (DIN: 06364475) (to the extent of their respective shareholding and appointment as an Independent Director), may be deemed to be concerned or interested in the proposed resolutions.

**ITEM NO. 12**

The Board of Directors of the Company in their meeting held on 17th April, 2014, on the recommendation of the Audit Committee, has approved the appointment of Ms/ K.L. Jaisingh & Co. (a Cost audit firm) as Cost Auditors to conduct the Audit of the cost records of the Company for the financial year ending 31st March, 2015 at a remuneration of Rs. 1 Lac.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor has to be ratified by the Shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in item No. 12 of the Notice for ratification of remuneration payable to M/s K.L. Jaisingh & Co. (a Cost audit firm) for the financial year ending 31st March, 2015.

None of the Directors, Key managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the resolution as set out at item Nos. 6 to 12 of the Notice for your approval as an Ordinary Resolution(s).

**ITEM NO. 13**

The Articles of Association ("AoA") of the Company as presently in force were adopted on September 3rd 1986 from what they were when the Company was incorporated. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered

valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a Company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

(a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;

(b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;

(c ) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;

(d) new provisions relating to appointment of Chief Executive Officer and Chief Financial Officer, in addition to manager and Company Secretary;

(e) provisions relating to increase in Maximum number of Directors upto a limit of 15.

(f) existing articles have been streamlined and aligned with the Act;

(g) the statutory provisions of the Act which permit a Company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and

(h) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft of AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft of AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors, Key managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO. 14**

The Members of the Company vide Ordinary Resolution passed at the 20th Annual General Meeting of the Company held on 20th September, 2006 have accorded their consent to the Board of the Company for borrowing up to the extent of ₹250 Crores (Rupees Two Hundred and Fifty Crores only) in terms of the provisions of Section 293 (1) (d) of the Companies Act, 1956.

However, in the recent past Companies Act, 2013 has been enforced. Various new sections and provisions are applicable on the Company in lieu of old sections under Companies Act, 1956. Section 180 (1) (c) of the Companies Act, 2013 is one such section which is enforced on 12th September, 2013 which deals with the provisions of borrowing powers of the Company (corresponding section 293 (1) (d) of the Companies Act, 1956). Under the provisions of Companies Act, 2013, Company shall have to comply with the provisions of Section 180 (1) (c).

As per the provisions of Section 180 (1) (c) of the Companies Act, 2013 (corresponding Section 293 (1) (d) of the Companies Act, 1956), the Board of Directors cannot, except, with the consent of the Shareholders by way of Special Resolution in General Meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of its Paid Up Share Capital and Free Reserves.

Thus, with a view to meet the provisions of Section 180 (1) (c) of the Companies Act, 2013, and to meet the current financial requirements of the Company, it is proposed to seek the approval of the Shareholders to enhance the borrowing limit up to ₹500 Crores ( Rupees Five Hundred Crores only) from ₹250 Crores (Rupees Two Hundred and Fifty Crores only) previously approved by the Members.

With a view to have flexibility, such funds as above would be used for expansion, acquisition, modernization, normal capital expenditure, general corporate purposes and working capital requirements and such other purpose permitted under respective regulations, during the course of the business of the Company.

None of the Directors, Key managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO. 15**

The Members of the Company in their 10th Annual General Meeting held on 10th August, 1996 had accorded their consent to the Board of Directors of the Company to mortgage /create security on the Assets of the Company up to the extent of ₹100 Crores (Ruppes One Hundred Crores only) in terms of the provisions of Section 293 (1) (a) of the Companies Act, 1956.

However, in the recent past Companies Act, 2013 has been enforced. Various new sections and provisions are applicable on the Company in lieu of old sections under Companies Act, 1956. Section 180 (1) (a) of the Companies Act, 2013 is one such section which deals with the provisions of borrowing powers of the Company (corresponding section 293 (1) (a) of the Companies Act, 1956). Under the provisions of Companies Act, 2013, Company shall have to comply with the provisions of Section 180 (1) (a).

Section 180 (1) (a) of the Companies Act, 2013 (Corresponding Section 293 (1) (a) of the Companies Act, 1956) provides inter-alia that the Board of Directors of a Public Company shall not, without the consent of shareholders of such Public Company in General meeting, Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking, of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking. Since the Mortgage by the Company of its immovable and movable properties as aforesaid in favour of the lenders may be regarded as disposal of Company's properties/ undertakings, it is necessary for the members to pass a special resolution under Section 180 (1) (a) of the Companies Act, 2013 (Corresponding Section 293 (1) (a) of the Companies Act, 1956), before creation of said mortgage/charge/security on the Assets of the Company.

Thus, with a view to meet the provisions of Section 180 (1) (a) of the Companies Act, 2013 and financial requirements of the Company, it is proposed to seek the shareholders consent by way of Special Resolution to mortgage, hypothecate, pledge or create charge/ security upon the Assets of the Company, both present or future, in one or more tranches, in favour of lender, Financial institutions, Banks, Finance Company, any other person, Agent(s) and/or Trustee(s) for securing the borrowing of the Company, existing or proposed, by way of Loan or otherwise availed or to be availed or issuing of any Security including Debentures from time to time, not exceeding a sum of ₹500 Crores (Rupees Five Hundred Crores only).

Further in respect to the existing borrowing and Charge/mortgage/security created on the Assets of the Company, Copy of the Loan Agreement(s) executed between the Company and Lenders and copies of the relevant documents/correspondence between the Lenders and the Company including Index of Charge are open for inspection at the registered office of the Company during business hours on any working day up to the date of Annual General Meeting.

None of the Directors, Key managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO. 16**

Pursuant to the provisions of Section 94 of the Companies Act, 2013 (the Act) read with the Companies (Management and Administration) Rules, 2014 every Company has to keep its register of Members maintained under Section 88 at the Registered Office of the Company.

However as per the first proviso to Section 94 (1) of the Act, register of members may also be kept at any other place in India in which more than one tenth of the total number of members entered in the register of member reside, if approved by a Special Resolution passed at a general meeting of the Company and Registrar of Companies (ROC) has been given a copy of the proposed special resolution in advance.

As the entire share process is being handled by Company appointed & SEBI approved Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd., from last many years and more than 98% of the Company equity capital was in demat form, and furthermore, more than one-tenth of the total number of members entered in the register of members of the Company reside in Delhi, it is prudent to keep Register of Members with Company's Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd.

In view of the said proviso and other applicable provisions of the laws and regulations in this regard, the Company may keep its Register of Members as required under Section 88 of the Act with its Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd., 44, Community Centre, Naraina Industrial Area, Phase-I, New Delhi-110028.

None of the Directors, Key managerial Personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution.

The Board recommends the resolution as set out at item Nos. 13 to 16 of the Notice for your approval as Special Resolution(s).

By order of the Board
For Liberty Shoes Ltd.

**Munish Kakra**
CFO & Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Annexure-A of Annexure to the Notice

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

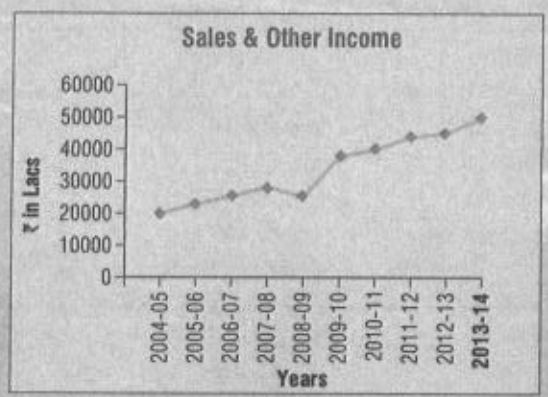
| Name of the Director | Sh. Adesh Kumar Gupta | Sh. Satish Kumar Goel | Sh. Raghubar Dayal | Sh. Vivek Bansal |
|---|---|---|---|---|
| **Date of Birth** | 27th June, 1960 | 21st March, 1940 | 19th November, 1934 | 25th August 1968 |
| **Date of Appointment as Director** | 28th September, 1990 | 13th August, 2001 | 17th December, 2005 | 17th December, 2005 |
| **Qualifications** | B.Sc. Engg. (Mechanical) with Hons. | Graduate, Bachelor in Law | Post Graduate | • Software engineer<br>• Master Degree in Computer Science Kanas State University US |
| **Experience/ Functional Area** | • A Mechanical Engineer, having Specialization in Polyurethane Application in footwear with experience of around 30 years.<br>• Active Involvement in Strategic decision making activities and its implementations thereof at management level since 1990. | He is eminent Tax professional having rich experience of over four decades in the field. | • Independent Director and is having over 34 years of administrative & Managerial experience by working with the various Government department. | A dynamic investor and entrepreneur founder of Plus Venture. an investment fund. |
| **List of Directorship held in other Companies** | • Geofin Investment Pvt. Ltd.<br>• Liberty Automotive Pvt. Ltd.<br>• Liberty Organosys Ltd.<br>• Sunfest Runcom Technology Pvt. Ltd. | None | None | Plus Capital Advisors (P) Ltd. |
| **List of Membership in Committees of other Companies** | None | None | None | None |
| **Shareholding of Executive/Non-Executive Directors(s)** | 95,000 Equity Shares | 400 Equity Shares | Nil | Nil |

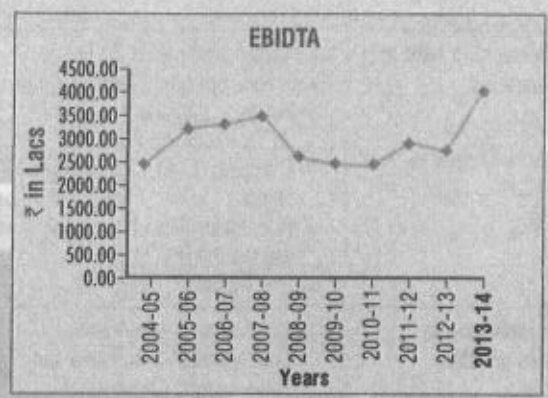
| Name of the Director | Sh. Amitabh Taneja | Sh. Ramesh Chandra Palhan | Sh. Pushpinder Singh Grewal |
|---|---|---|---|
| Date of Birth | 11th September, 1967 | 20th April, 1944 | 12th January, 1946 |
| Date of Appointment as Director | 17th December, 2005 | 28th March, 2012 | 28th August, 2012 |
| Qualifications | Graduate and various Certifications in Retail & Fashion. | Bachelor in Mechanical Engineering and Fellow Member of Institute of Standards Engineers | Bachelor in Engineering |
| Experience / Functional Areas | Leading Fashion Journalist with rich experience in Retail & Fashion. He is currently, the Editor-In-Chief of "Images" a renowned Magazine in Retail & Fashion Industry. | Former Additional Director In-charge of Export Inspection Agency, Ministry of Commerce, Government of India and having overall functional experience of more than 30 Years. | Earlier associated with Large Public Sector Company as Chairman & Managing Director and having overall 30 Years of experience with expertise in Financial and Strategic Management. |
| List of Directorship held in Other Companies | • Images Multimedia (P) Ltd.<br>• Images Consumer Media (P) Ltd.<br>• Provogue (India) Ltd.<br>• IM Entertainment (P) Ltd.<br>• Shopping Centres Association of India<br>• River Water Retail Management and Design (P) Ltd.<br>• Pink Digital (P) Ltd. | None | None |
| List of Membership in Committees of other Companies | • Remuneration Committee, Compensation Committee and Shareholders' Grievance Committee of Provogue (India) Ltd. | None | None |
| Shareholding of Executive/ Non-Executive Director(s) | Nil | 200 Equity Shares (Jointly with his wife) | Nil |

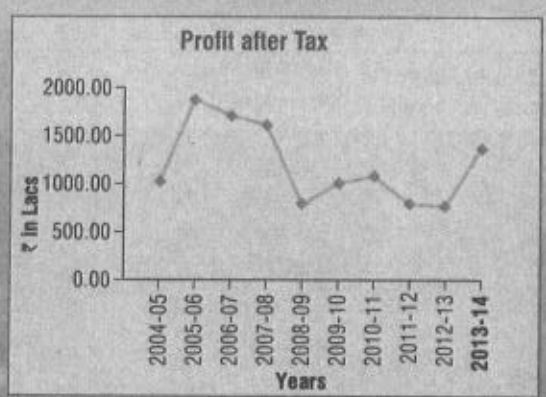
# Ten Years' Figures at a Glance

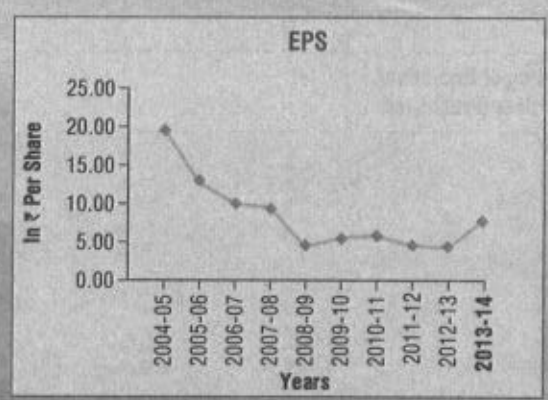
(₹ In Lacs)

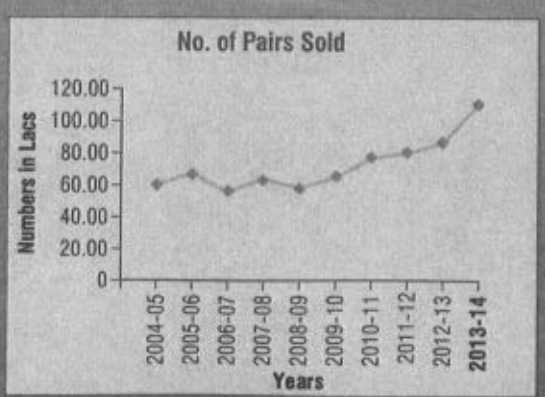
| S. No. | Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Sales & Other Income | 19609.85 | 22223.09 | 23921.76 | 26296.46 | 24863.46 | 26684.94 | 30658.18 | 34726.67 | 35433.33 | **50136.12** |
| 2 | EBIDTA | 2395.11 | 3227.05 | 3245.01 | 3542.73 | 2609.18 | 2464.13 | 2450.33 | 2958.26 | 2740.23 | **4116.46** |
| 3 | Profit after tax | 979.46 | 1849.28 | 1701.95 | 1605.14 | 754.52 | 967.21 | 1028.95 | 757.85 | 717.29 | **1339.45** |
| 4 | EPS (In ₹) | 19.32 | 12.88 | 9.99 | 9.42 | 4.43 | 5.68 | 6.04 | 4.48 | 4.21 | **7.86** |
| 5 | No. of Pair sold (In Lacs) | 62.64 | 67.91 | 58.87 | 64.31 | 59.12 | 64.31 | 76.57 | 78.15 | 85.34 | **113.10** |
| 6 | Gross Block | 6650.42 | 7970.30 | 11055.30 | 12606.40 | 13172.97 | 13653.25 | 14595.28 | 15343.40 | 16150.64 | **19269.80** |

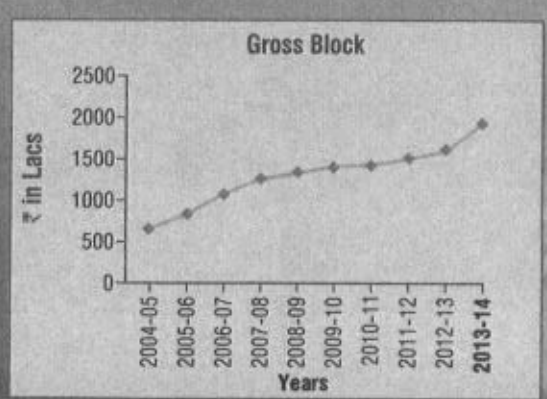


# Key Revenue Statement

## Statement of Value Addition

(₹ In Lacs)

| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|---|---|---|---|
| Income from Production | 17751.93 | 20473.18 | 22214.56 | 24785.08 | 24044.38 | 26066.87 | 29694.02 | 33228.52 | 33492.67 | **48348.87** |
| Other Income | 126.32 | 111.11 | 167.28 | 507.11 | 140.79 | 73.46 | 128.16 | 103.84 | 160.41 | **75.92** |
| Total Corporate Output | 17878.25 | 20584.29 | 22381.84 | 25292.19 | 24185.17 | 26140.33 | 29822.18 | 33332.36 | 33653.08 | **48424.79** |
| Less: Cost of Materials | 8191.48 | 9017.53 | 10109.70 | 12497.39 | 12821.95 | 13691.90 | 15400.19 | 17119.62 | 17088.72 | **25333.30** |
| Less: Manufacturing Expenses | 5621.27 | 6315.46 | 6852.68 | 6944.59 | 6626.81 | 7234.68 | 8344.47 | 9898.89 | 9858.92 | **13164.50** |
| Gross Value Addition | 4065.50 | 5251.30 | 5419.46 | 5850.21 | 4736.40 | 5213.75 | 6077.52 | 6313.85 | 6705.44 | **9927.00** |
| Less: Depreciation | 371.09 | 399.99 | 463.35 | 637.97 | 659.46 | 679.25 | 680.94 | 738.91 | 805.11 | **1106.56** |
| Net Value Addition | 3694.41 | 4851.31 | 4956.11 | 5212.24 | 4076.94 | 4534.50 | 5396.58 | 5574.94 | 5900.33 | **8820.44** |
| Allocation Amongst Employees | 1641.11 | 1991.56 | 2123.27 | 2260.92 | 2091.86 | 2703.17 | 3567.90 | 3679.42 | 3965.21 | **5798.18** |
| Taxes | 417.80 | 571.84 | 249.22 | 11.62 | (25.84) | (35.06) | (21.16) | (34.93) | 18.13 | **116.12** |
| Interest & Financial Charges | 698.71 | 474.18 | 881.69 | 1334.57 | 1256.41 | 899.19 | 820.89 | 1172.60 | 1230.09 | **1607.27** |
| Dividend | 304.20 | 253.50 | - | - | - | - | - | - | - | **255.60** |
| Previous year adjustments | 10.29 | (42.57) | (16.38) | 8.97 | 2.43 | 46.90 | 20.68 | (4.79) | (30.39) | **2.86** |
| Retained Earnings | 622.30 | 1602.80 | 1718.32 | 1596.16 | 752.08 | 920.30 | 1008.27 | 762.64 | 717.29 | **1040.41** |

*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 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|---|---|---|---|
| CIF value of Imports & other Expenses | 1158.85 | 2168.63 | 3819.94 | 1407.26 | 872.67 | 876.02 | 1469.66 | 1872.63 | 1793.94 | **2203.33** |
| FOB Value of Exports | 5448.20 | 6135.64 | 4624.39 | 4478.04 | 3779.78 | 3678.98 | 4298.82 | 4735.73 | 3789.09 | **4511.56** |
| Net Gain/Loss | 4289.35 | 3967.01 | 804.45 | 3070.78 | 2907.11 | 2802.96 | 2829.16 | 2863.10 | 1995.15 | **2308.23** |

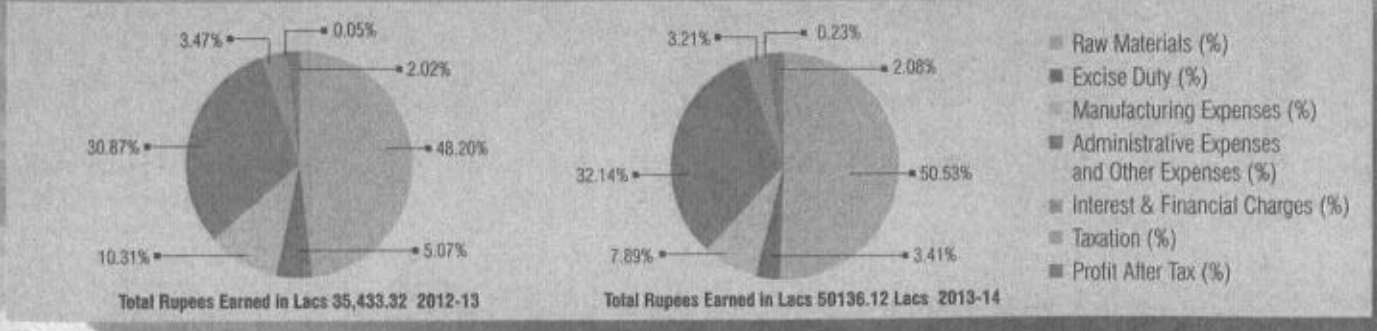
## Statement of Contribution to Public Exchequer

(₹ In Lacs)

| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|---|---|---|---|
| Income Tax | 325.13 | 523.31 | 281.71 | 220.78 | 149.40 | 210.05 | 235.92 | 207.57 | 142.65 | **276.63** |
| Custom Duty* | 217.48 | 566.42 | 866.43 | 435.66 | 257.09 | 216.95 | 356.75 | 422.17 | 642.74 | **605.99** |
| Excise Duty* | 1828.52 | 1638.81 | 1539.93 | 1004.27 | 708.29 | 544.62 | 836.00 | 1394.31 | 1797.90 | **1711.33** |
| Sales Tax/VAT | 929.11 | 1196.19 | 1232.98 | 1112.60 | 820.58 | 915.18 | 977.30 | 991.94 | 1207.74 | **1616.99** |
| **Total** | **3300.24** | **3924.73** | **3921.05** | **2773.31** | **1935.36** | **1886.80** | **2405.97** | **3015.99** | **3791.03** | **4210.94** |

*Excise Duty includes service tax & CENVAT reversal on exempted goods.

## Distribution of Rupee Earned (in%) for 2012-13 & 2013-14




Total Rupees Earned in Lacs 35,433.32 2012-13

Total Rupees Earned in Lacs 50136.12 Lacs 2013-14

# Directors' Report

**Directors' Report**

Dear Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report of the Company together with the Audited Annual Accounts for the financial year ended 31st March, 2014.

In addition to the Audited Annual Accounts for the financial year ended 31st March, 2014, your Company has also presented its consolidated financial statements after considering the Audited Annual results of its 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 | 2013-14 | 2012-13 |
|---|---|---|
| Gross Sales | 50,060.20 | 35,272.92 |
| Less: Excise Duty | 1,711.33 | 1,780.25 |
| Net Sales | 48,348.87 | 33,492.67 |
| Add: Other Income | 75.93 | 198.03 |
| Revenue from Operations and Other Income | 48,424.79 | 33,653.07 |
| Profit before Depreciation, Finance Costs and Tax | 4,148.54 | 2,759.73 |
| Less: Finance Costs | 1,607.27 | 1,230.09 |
| Less: Depreciation & Amortisation | 1,106.57 | 805.12 |
| Profit Before Exceptional Items | 1,434.71 | 724.52 |
| Less: Exceptional Items | 19.72 | 19.49 |
| Profit Before Tax Expense | 1,414.99 | 705.03 |
| Less: Tax Expenses | 75.54 | (12.26) |
| Net Profit for the year | 1,339.45 | 717.29 |
| Proposed Dividend (Including provision for dividend distribution Tax) | 299.04 | - |

**Review of the operations of the Company:**

Your Directors have pleasure in informing you that your Company's turnover has for first time crossed the landmark figure of ₹500 Crores. Your Company, during the year under consideration, has achieved Gross Sales of ₹50,060.20 Lacs (Previous year ₹35,272.92 Lacs) and Net Sales of ₹48,348.87 Lacs (Previous year ₹33,492.67 Lacs) registering a growth of 42 % and 44% respectively as against previous year. Your Company, for the year under consideration, achieved a net profit of ₹1,339.45 Lacs which was 87% higher than the net profit of ₹717.29 Lacs in the corresponding previous year. During the year under review, the domestic sales as well as export sales have shown tremendous growth resulting in to overall growth for the Company. The total number of pairs sold during the year under consideration was 113.10 Lacs as against 85.34 Lacs in the corresponding previous year showing overwhelming response and customers' satisfaction in Liberty's products. At the domestic front, the north India has contributed around 45% of the sales while around 35% of the total domestic sales were contributed by Southern India. The sales in southern territories have shown good potential and strong momentum ever since the Company has decided to strengthen its reach in this part in the last few years.

Your Company as reported earlier has implemented complete turnaround strategy, first of its kind in the fashion industry in India, in its operations by switching to pull model instead of conventional methodology of pushing the sales by adapting flexible production batches and faster replenishment by further strengthening its supply chain management. The major benefit besides registering a sales growth, in value and volume both, is the inventory improvement. Liberty is presently working on expanding its reach further and also improving its merchandising range, the other constituents of the strategy.

During the year under consideration, M/s. ICRA Ltd. the leading rating agency has upgraded the Long Term Credit Rating of the Company to ICRA BBB+ (pronounced as ICRA triple B plus) wherein the outlook of the rating has been stated as stable.

Your Directors are also pleased to inform you that the scheme of amalgamation of its wholly owned Retail Subsidiary Company i.e Liberty Retail Revolutions Ltd (LRRL) has been approved by the respective High Court(s) of Punjab & Haryana and New Delhi with appointed date 1st April, 2013 and Your Company has completed all the statutory formalities to give effect this amalgamation. Considering the availability of statutory

approvals with effect from 1st April, 2013, the financial results of the Company for the year has been prepared including the financials of its Retail subsidiary also as if it were a retail division of the Company. Your Company has achieved around 9% growth in its sales because of inclusion of financials of its retail division as a result of the above amalgamation.

As informed earlier, the respective arrangements with M/s. Liberty Enterprises (LE) and Liberty Group Marketing Division (LGMD), the two partnership firms in which few directors are interested, through which rights to use their manufacturing facilities and intangible assets of the said firms against minimum guaranteed annual fees, are available with the Company until 31st March, 2015. Further, considering the development in relation to resolution of long pending dispute amongst the partners of LE and innumerable benefits of unlocking the shareholders value through the acquisition of tangible and intangible assets of LE and LGMD, currently available to the Company under aforesaid arrangements, your Company has proposed the acquisition of the assets from the firms and is presently working on the modalities to implement the same.

Your Directors are hopeful that with the new strategies in place as also with the improvement in the economic scenario in future, Your Company will have more opportunities to grow and emerge as strong leader in the growing footwear market.

**Awards and Recognition**

Your Directors have pleasure and proud in informing that in the latest brand equity survey carried by The Economic Times, Liberty has been ranked as the 2nd most trusted brand in the footwear category which includes many international brands.

Besides this, Your Company has also been awarded for many other recognitions including quality and excellence in its IT operations.

**Corporate Social Responsibility (CSR):**

Liberty has always been a frontrunner in contributing to the society at large considering as its responsibility and has identified various areas to make the contribution. CSR committee has been constituted on 29th May, 2014 to meet the requirements of the new Companies Act, 2013. With the implementation of new provisions of Section 135 of the Companies Act, 2013, Liberty is committed to further strengthen its effort and activities as prescribed under the Act. Liberty has constituted a CSR Committee of its Board comprising of Sh. Shammi Bansal, Sh. Adeesh Kumar Gupta, Executive Directors and Sh. Raghubar Dayal, Sh. Ramesh Chandra Pathan, Independent Directors of the Company as its Members to review and look after the activities of CSR including identifying the areas of CSR as per the provisions of the Act. The Company, as its responsibility, has taken the following activities during the year under consideration:

- Providing medical care facilities for the community at large within the city of Karnal.
- Uplifting of the persons living below the poverty line by providing skill enhancing employment opportunities.
- Helping poor children and supporting education of the workers' children.
- Organising tournaments and awards to the sports man to promote sports within the area close to Company's Plants.
- Extending donations for building of temple, school and for food & education of poor children.
- Promoting green initiatives through tree plantations at plants of the Company.

**Subsidiary Company & Consolidated financial statement:**

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

The Wholly Owned Overseas Subsidiary of the Company M/s Liberty Foot Fashion Middle East FZE (LFF), Dubai has not yet started its operation and has incurred nominal routine expenses during the year under consideration which has been accounted while consolidating its financial statements with the Company. Your Company till 31st March, 2014 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.

As required under the Listing Agreements entered into with the Stock Exchanges, Consolidated financial statements of the Company and its subsidiary Company is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 211(3C) of the Companies Act, 1956.

The consolidated financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

Pursuant to the provision of section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular No. 2/2011, dated February 8, 2011 has granted general exemption from attaching the Balance sheet, statement of profit and loss and other documents of the wholly owned subsidiary company with the Balance sheet of the Company.

A statement containing brief financial details of the Company's wholly owned subsidiary for the financial year ended March 31, 2014 is included in the annual report. The annual accounts of the wholly owned subsidiary and the related information will be made

available to any member of the Company/its wholly owned subsidiary seeking such information and are available for inspection by any member of the Company/ its wholly owned subsidiary at the Registered Office of the Company.

**Appropriations:**

***Dividend***

Your Directors have recommended a dividend of ₹1.50/- per Equity Share on ₹17,04,00,000 Equity Share Capital (i.e. 15% on equity share of ₹10/- each) for the financial year ended 31st March, 2014 for the payment to the shareholders subject to the approval of the members at the ensuing Annual General Meeting. The total outflow on equity dividend including corporate tax on dividend for the year ended 31st March, 2014 will be ₹299.04 Lacs as against ₹Nil paid last year. The dividend, if approved at the ensuing Annual General Meeting of the Company will be payable to those shareholders whose names appear on the Company's register of members as at the end of 22nd September, 2014. In respect of shares held in dematerialized form, the dividend shall be payable on the basis of beneficial ownership as at the end of 22nd September, 2014 as per the details furnished by National Securities Depositories Ltd/Central Depositories Services (India) Ltd. for the purpose, as on that date.

***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 ₹440.41 Lacs (Previous Year ₹117.29 Lacs) has been proposed to be retained in the Profit & Loss Account of the Company.

**Amalgamation**

In terms of Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 sanctioned by the respective Order of Hon'ble High Court of judicature at New Delhi and Hon'ble High Court of Punjab & Haryana judicature at Chandigarh for the amalgamation of Wholly Owned Subsidiary i.e Liberty Retail Revolutions Ltd with the Company, the Copy of the said Orders were filed with the Registrar of Companies, NCT of Delhi & Haryana within requisite time frame to give effect to the said Amalgamation. The said amalgamation was made effective from 1st April, 2013 i.e the Appointed date and accordingly, the results of the retail subsidiary were also included in the stand alone results of the Company. As per approved Scheme of Amalgamation, the accounting for the amalgamation was done as per the method of "Amalgamation in the nature of merger" as defined in the Accounting Standard (AS)-14 as notified under the Companies Accounting Standard Rules, 2006.

**Employees Stock Option Scheme(s):**

During the year ended 31st March, 2014, 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):**

The Company has not accepted/renewed any public deposits during the year under consideration.

**Board of Directors:**

***Retirement by rotation***

Sh. Adesh Kumar Gupta and Sh. Satish Kumar Goel, Directors of the Company, retire by rotation in pursuance of the provisions of Section 152 of the Companies Act, 2013 and being eligible offer themselves for the re-appointment at the ensuing Annual General Meeting.

A brief profile along with the necessary details of Directors seeking their appointment/ re-appointment thereof has been provided in the Annexure-A of the Annexure to the Notice of the Annual General Meeting as required under Clause 49 of the Listing Agreement entered into with Stock Exchange(s).

***Resignation by the Director of the Company***

Sh. Premchand Garg, Independent Director of the Company since 2005, due to his pre-engagements, has resigned from the office of Director w.e.f. 29th May, 2014. The Board has accepted his resignation and put on record their appreciation for the valuable services rendered by him as Director of the Company.

**Directors' Responsibility Statement:**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief confirm that:

i) in preparation of the Annual Accounts as on 31st March 2014, 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 judgments 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, 2014 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. With the implementation of New Companies Act, 2013 and applicable provisions thereof, the Statutory Auditors of the Company shall be re-appointed for next three financial years only commencing from F.Y. 2014-15 subject to ratification by members of the Company every year on every Annual General Meeting. A Certificate from the Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 141 (3) (g) of the Companies Act, 2013 and they are not disqualified 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:**

Your Directors have re-appointed M/s K. L. Jaisingh & Co., Cost Accountants, as the Cost Auditors of the Company in accordance with Section 148 of the Companies Act, 2013 for the financial year 2014-15 for conducting the audit of cost records of the Company and fixed their remuneration. The said appointment and their remuneration shall be subject to ratification by the shareholders in the ensuing Annual General Meeting.

The compliance report in respect of Cost records for the preceding Financial Year ended March 31, 2013 with requisite annexure issued by M/s K. L. Jaisingh & Co., Cost Accountants, has been filed with the Central Government within the statutory due date as prescribed under the applicable provisions of Companies Act, 1956 or any enactment thereof.

**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(s), 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 Annual 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 Annual 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: Thursday, 29th May, 2014

# 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, 2014, are given as under:

**A) CONSERVATION OF ENERGY:**

**a) Energy Conservation measures taken**

Liberty remained focused on the conservation and optimal utilization of energy at its all manufacturing units. The energy conversation measures implemented during the financial year ended 31st March, 2014 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. 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.

iii. Purchase of electricity through a dedicated feeder by forming a consortium of Companies resulting to reduction in usage of DG sets.

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

Liberty would continue with its efforts towards effective utilization of energy in manufacturing units of the Company.

**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 2013-14: ₹7,36,285/-

ii. Energy saving per pair during the year 2013-14: ₹0.06 per pair

iii. Energy saving against total cost of consumption of energy in the year 2013-14: 0.85%

**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 there to**

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

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

- Introduction of trendy and fashionable footwear as per market demand.
- Introduction of process for quality enhancement.
- Development of alternative and low cost materials.

**ii. The future plan of action**

Liberty will further strengthen its efforts to offer the quality products at a price affordable to the consumers by implementing the advanced technological & innovative processes.

**iii. Expenditure in R & D**

The Company has not incurred any capital expenditure towards its research and development activities, however, has spent ₹48.50 Lacs as recurring expenditures towards its development activities.

This expenditure constitutes 0.09% of the turnover of the Company for the year under consideration.

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

The implementation of innovative technologies in various manufacturing processes has helped Liberty to improve quality of footwear and stay ahead of competition in terms of product efficiency.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**f) Efforts and initiative in relation to the exports:**

The Company has further supported its efforts to understand the overseas customer's requirements and to penetrate export market commitments.

**g) Total foreign exchange used and earned:**

During the year, the Company has earned foreign exchange of ₹4511.56 Lacs (previous year ₹3,789.09 Lacs) and used foreign exchange of ₹2203.33 Lacs (previous year ₹1,793.94 Lacs)

For and on behalf of the
Board of Directors

**Adesh Kumar Gupta**
Chairman of the Meeting

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Corporate Governance Report

**1. Company's philosophy on Code of Governance**

The basic philosophy of Corporate Governance in Liberty is to achieve the business excellence and dedicated itself for enhancing shareholders value through strictly following accountability, transparency & fairness in all its transactions. Liberty understands that the compliances of applicable statutes and timely disclosures enhance the perception of the Company and also the stakeholders' confidence. Liberty is committed to good Corporate Governance and transparency in all its dealing and places utmost emphasis on business ethics.

**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, 2014, the Board of Directors of the Company comprises of 12 (Twelve) Directors, out of which 5 (Five) are Executive Directors, 1 (One) is Non-Executive Director and 6 (Six) are Non Executive Independent Directors. Further, we have Audit, Nomination and Remuneration, Management, Stakeholders Relationship and Corporate Social Responsibility Committees, which comprise Non Executive-Independent Directors and Executive Directors in compliance with applicable Listing Guidelines and Companies Act, 2013. Sh. Adesh Kumar Gupta, CEO & Executive Director of the Company, acted as Chairman of all the Board meetings held during the financial year 2013-14 and he represents the promoter group 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 subsidiary.

**(a) Composition**

The composition of Board of Directors of the Company has changed due to resignation of Sh. Premchand Garg, Non-Executive Independent Director of the Company w.e.f. 29th May, 2014 and as on date of this report, the composition of the 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) | 5 |
| **Total** | **11** |

**(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 along with explanatory notes and necessary documents and information, in defined Agenda format, are timely circulated to the Board of Directors in advance for facilitating meaningful and focused decision at the Meeting of the Board and Committees thereof. 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(s). If it is not feasible to send the each and every document along with 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. However, in case of business exigencies or urgencies, the resolutions are passed by way of circulations, except those which are required to be passed only at a Board meeting(s) in terms of the provisions of Companies Act, 2013 (earlier Companies Act, 1956).

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 5 (five) standing committees namely Audit Committee, Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 (provisions of the Companies Act, 2013) 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 2013-14, 4 (Four) Board Meetings were held viz. on 29th May, 30th July, 21st October, 2013 and 14th January, 2014. 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, 2014 are given as under:**

| Sr. No. | Name of the Director(s) | Directorship Identification No. & Category of Directorship | No. of Board Meetings held & attended | Attendance at the last AGM | No. of other Directorship as on 31st March, 2014 | No. of Committee | |
|---|---|---|---|---|---|---|---|
| | | | | | | Member-ship | Chairman-ship |
| 1. | Sh. Adesh Kumar Gupta | 00143192 Promoter & ED | 4(4) | Yes | 5 | - | - |
| 2. | Sh. Adarsh Gupta | 00161193 Promoter & ED | 4(4) | Yes | 4 | - | - |
| 3. | Sh. Shammi Bansal | 00138792 Promoter & ED | 4(4) | Yes | 1 | - | - |
| 4. | Sh. Sunil Bansal | 00142121 Promoter & ED | 4(4) | Yes | 1 | - | - |
| 5. | Sh. Adeesh Kumar Gupta | 00137612 Promoter & ED | 4(4) | Yes | 1 | - | - |
| 6. | Sh. Satish Kumar Goel | 00143415 NED | 4(2) | Yes | - | - | - |
| 7. | Sh. Raghubar Dayal | 00481803 NED (I) | 4(4) | Yes | - | - | - |
| 8. | Sh. Amitabh Taneja | 00031257 NED (I) | 4(1) | No | 13 | 1 | 2 |
| 9. | Sh. Vivek Bansal | 00939232 NED (I) | 4(1) | No | 1 | - | - |
| 10. | Sh. Ramesh Chandra Palhan | 05241019 NED (I) | 4(4) | Yes | - | - | - |
| 11. | Sh. Pushpinder Singh Grewal | 06364475 NED (I) | 4(1) | Yes | - | - | - |

*Sh. Premchand Garg (DIN: 00335568), Non-Executive Independent Director of the Company has resigned from the Directorship of the Company w.e.f. 29th May, 2014.*

As per the information provided by the Directors of the Company, none of the Directors on the Board hold the office of Director in more than 15 (fifteen) Public Companies nor are they members in Committees of the Board in more than 10 (ten) Committees or Chairman of more than 5 (five) 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. All the Non-Executive Independent Directors propose to be appointed/ existing on the Board have given a declaration that he meets the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and also under clause 49 of the listing agreement.

The Non-Executive Independent Directors do not have any pecuniary relationships or transactions either with the Company, other than sitting fees drawn by the Non-executive Independent Director for attending the meetings of the Board and its Committees, or its Subsidiary or with the Promoters/ Directors/ Senior Management that may affect their judgment in any manner.

**Shareholding of Non-Executive (including Independent) Directors as on 31st March, 2014**

| Name of the Director | Category | No. of Shares held | Beneficiary |
|---|---|---|---|
| Sh. Satish Kumar Goel | Non-Executive Director | 400 | Self |
| Sh. Ramesh Chandra Palhan | Non-Executive and Independent Director | 200 | Jointly with his wife |

As per the information provided by the Non-Executive (including Independent) Directors of the Company, apart from above, none of the Non-Executive (including Independent) Directors hold any share (as own or on behalf of any other person on beneficial basis) in the Company.

**(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 2013-14, ₹42,500/- has been paid as sitting fees to Non-executive Independent Directors. 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**

The Board of Directors of the Company has adopted the 'Code of Conduct' for all the Board Members and designated members of Senior Management of the Company. All the members of the Board and designated members of Senior Management have complied with the Code of Conduct.

The Company has also in place a Prevention of Insider Trading Code based on SEBI (Insider Trading) Regulation, 1992. This code is applicable to all Directors and designated employees. The code ensures Prevention of dealing in shares by persons having access to unpublished price sensitive information. The Code has been circulated to all the members of the Board and Senior Management and they have affirmed compliance with the code. A declaration signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to this effect is part of the Annual Report.

Code of Conduct adopted by the Company has been posted on Company's website www.libertyshoes.com.

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

Sh. Adesh Kumar Gupta and Sh. Satish Kumar Goel Retires by rotation in the ensuing Annual General Meeting and being eligible, offer themselves for re appointment.

Sh. Raghubar Dayal, Sh. Amitabh Taneja, Sh. Vivek Bansal, Sh. Ramesh Chandra Palhan & Sh. Pushpinder Singh Grewal, all Non- Executive Independent Directors, whose period of office was liable to determine by retirement by rotation at the time of their appointment/re-appointment, are now consequent to the provisions of the Companies Act, 2013, offering themselves for holding office as an Independent Director, of the Company for five Consecutive years for a term from 29th September, 2014 to 28th September, 2019.

The abbreviated resume of Director being appointed or re-appointed are given below:

**Sh. Adesh Kumar Gupta (Chief Executive Officer and Executive Director)**

Sh. Adesh Kumar Gupta, aged about 54 years, a graduate in B.SC. (Engineering), has been working as Chief Executive Officer of the Company since 2004. He is having an experience of more than two decades in Footwear Industry. As a CEO, he has been instrumental in formulating Company's strategies and providing his vital contribution for the effective functioning of the Company. He has been embraced by many prestigious awards and in the past, he has been a key functionary of Confederation of Indian Industry. He will be retiring by rotation from the Company and being eligible offers himself for the appointment in the ensuring Annual General Meeting. He belongs to the Promoter Group of the Company & presently holds 95,000 Equity Shares in the Company.

**Sh. Satish Kumar Goel (Non Executive Director)**

Sh. Satish Kumar Goel, aged about 74 years, is an eminent Tax professional who initially joined the board in July 2001 as an Independent Director. He was designated as "Director (Law & Taxation)" by Board of Directors of the Company at their Meeting held on 16th January, 2006 for a period of 5(Five) Years, w.e.f. 1st April, 2006. The Board of Directors, at their Meeting held on 10th May, 2011 have re appointed him as "Director(Law & Taxation)" for a period of 2 (Two) years w.e.f 1st April, 2011 and accordingly, his appointment as "Director (Law & Taxation)" expired on 31st March, 2013. Since then Sh. Satish Kumar Goel is continuing as Director of the Company whose office is liable to determination by retirement of Director by rotation pursuant to the provisions of Section 256 of the Companies Act, 1956 and at present, he holds 400 Equity Shares of the Company. He will be retiring by rotation from the Company and being eligible offers himself for re appointment in the ensuing Annual General Meeting.

**Sh. Raghubar Dayal (Non-Executive Independent Director)**

Sh. Raghubar Dayal, a very senior & eminent personality on the Board the Company, is having over 34 years of administrative & managerial experience by working with various Government departments and has been associated with German Export Promotion Project, UNTCD and many other venture of Government of India. He was initially appointed as an Additional Director on the Board of the Company on 17th December, 2005 and subsequently, re-appointed as Director liable to retire by rotation on 20th September, 2006. Sh. Raghubar Dayal is not holding any Equity share in the Company.

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

Sh. Amitabh Taneja is a leading Fashion Journalist and Editor-in-Chief of the renowned magazine "Images". He has also been on the management of International Council of Shopping Centers, India and Indian Retail School. He was initially appointed as an Additional Director on 17th December, 2005 and subsequently, re-appointed as Director liable to retire by rotation on 20th September, 2006. Sh. Amitabh Taneja is not holding any Equity Shares in the Company.

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

Sh. Vivek Bansal is a Software Engineer and having the Master Degree in Computer Science from Kanas 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. Sh. Vivek Bansal is not holding any Equity Shares in the Company.

**Sh. Ramesh Chandra Palhan (Non-Executive Independent Director)**

Sh. Ramesh Chandra Palhan is a Bachelor in Mechanical Engineering and Fellow Member of Institute of Standards Engineers. He is former Additional Director In-charge of Export Inspection Agency, Ministry of Commerce, Government of India and having vast experience and core competency of different industries. Sh. Ramesh Chandra Palhan is holding 200 Equity Shares in the Company jointly with his wife.

**Sh. Pushpinder Singh Grewal (Non-Executive Independent Director)**

Sh. Pushpinder Singh Grewal is a Bachelor in Engineering and having 30 years of work experience. Earlier he was associated with a large public sector Company as CMD and having financial and strategic management capabilities. Sh. Pushpinder Singh Grewal does not belong to the Promoter group of the Company and does not hold any Share in the Company.

Sh. Raghubar Dayal, Sh. Amitabh Taneja, Sh. Vivek Bansal, Sh. Ramesh Chandra Palhan and Sh. Pushpinder Singh Grewal, Non-Executive Independent Directors of the Company whose offices are liable to determination by retirement of Directors by rotation have been appointed as Independent Directors in terms of Section 149 and 152 of the Companies Act, 2013 for 5 (five) consecutive years from 29th September, 2014 to 28th September, 2019 for their first term.

Further, the above Independent Directors have given a declaration for meeting the criteria of Independence in terms of the provisions of Section 149 (6) of the Companies Act, 2013 and clause 49 of the listing agreement with the stock exchange(s) and in the opinion of the Board fulfils the conditions specified in the Act and the rules made there under and are independent of the Company/Promoters/ Directors/Management 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 and reconstituted from time to time. The brief description of the terms of reference of the Audit Committee is as under:

- Review the annual financial statements with the management with primary focus on matters required to be included in the Directors' Responsibility Statement, changes, if any in accounting policies and practices and reasons thereof, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries & related party transactions;
- Review of the quarterly and annual financial results/statements before submission to the Board for their approval together with quarterly and annual financial results of the subsidiary company.
- Review and assessment of the effectiveness of systems of internal financial control, risk management and compliance control with management and auditors.
- Recommendation of appointment, re-appointment, replacement and removal of the internal auditors, cost auditors and statutory auditors of the Company, fixation of audit fees and approving payments for any other services.
- Assessment of the independence and performance of the auditors and effectiveness of audit process.
- Review of the management discussions and analysis of financial conditions and results of the operations.
- Valuation of undertakings or assets of the Company, wherever necessary.
- Scrutiny of inter-corporate loans and investments.
- Reviewing the adequacy of internal audit function including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing, with the management, performance of the statutory and internal auditors, adequacy of the internal control systems.
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Review of the reports of statutory and internal auditors and discussion about their findings with the management and suggesting corrective measures wherever necessary.
- Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 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 and approval or any subsequent modification of transactions of the Company with related party.
- Approving the appointment of the CFO before finalization of the same by the management. Further while approving the appointment, it shall assess the qualifications, experience and background etc. of the candidate.
- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Ensuring the compliance of the provisions of listing agreement laid down by the Stock exchange(s) and legal requirements concerning financial statements.
- Discussing with external auditors, before audit commences the nature and scope of audit as well as having post-audit discussions to ascertain areas of concern, if any.
- To review the functioning of the Whistle Blower mechanism.
- 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, CFO & Company Secretary has been 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 | Position | Category | No. of Meeting(s) Held (Attended) |
|---|---|---|---|---|
| 1. | Sh. Raghubar Dayal | Chairman | NED (I) | 4(4) |
| 2. | Sh. Sunil Bansal | Member | ED | 4(4) |
| 3. | Sh. Vivek Bansal | Member | NED (I) | 4(1) |
| 4. | Sh. Munish Kakra | Company Secretary | Secretary | 4(4) |

*Sh. Premchand Garg, Non-Executive Independent Director of the Company has resigned from the Directorship of the Company w.e.f. 29th May, 2014.*

*Sh. Ramesh Chandra Palhan, Non-Executive Independent Director appointed as Member of the Committee w.e.f. 29th May, 2014.*

**Meetings held during the year**

During the financial year 2013-14, 4 (Four) Audit Committee meetings were held on 29th May, 30th July, 21st October, 2013 and 14th January, 2014. 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, 2014 were reviewed by the Audit Committee in its Meeting held on 29th May, 2014. Necessary Quorum was present in the Audit Committee Meetings.

The Chief financial officer (CFO), Statutory Auditors, Internal Auditors and 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) Nomination and Remuneration Committee**

Sh. Raghubar Dayal, Independent Director, has been heading the Nomination and Remuneration Committee (erstwhile called Remuneration/ Selection Committee) of the Board as its Chairman. The Remuneration/ Selection Committee had 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. With the enforcement of provisions of Section 178 of the Companies Act, 2013, the nomenclature of the said Committee was changed to Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are in line with the Listing Agreement and the provisions of the Companies Act, 1956 (Companies Act, 2013).

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

The following is the Constitution of the Nomination and Remuneration Committee:-

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

*Sh. Premchand Garg, Non-Executive Independent Director of the Company has resigned from the Directorship of the Company w.e.f. 29th May, 2014.*

*Sh. Pushpinder Singh Grewal, Non-Executive Independent Director of the Company appointed as Member of the Committee w.e.f. 29th May, 2014.*

**Meetings held during the year**

During the financial year 2013-14, 2 (Two) meetings of Nomination and Remuneration Committee of the Board were held on 29th May, 2013 and 14th January, 2014.

**Remuneration policy**

The remuneration policy of the Company is recommended by the Nomination and Remuneration 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(s).

**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:-

  The remuneration paid to Executive Directors are recommended by the Nomination and Remuneration Committee and approved by the Board in the Board Meeting, subject to the subsequent approval by the shareholders at the General Meeting and such authorities, as the case may be. The remuneration is fixed considering the various factors such as qualification, experience, expertise, prevailing remuneration in the industry and financial position of the Company. 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 ₹4,00,000/- per month to Five Executive Directors.

  - 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 monetary value of such perquisites being limited to the Monthly salary of ₹4,00,000/-.

    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 2013-14, 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 | 48,00,000 | NIL | NIL | NIL |
| 2 | Sh. Shammi Bansal | Executive Director | 48,00,000 | NIL | NIL | NIL |
| 3 | Sh. Sunil Bansal | Executive Director | 48,00,000 | NIL | NIL | NIL |
| 4 | Sh. Adeesh Kumar Gupta | Executive Director | 48,00,000 | NIL | NIL | NIL |
| 5 | Sh. Adarsh Gupta* | Executive Director | NIL | NIL | NIL | NIL |

** No remuneration has been drawn by Sh. Adarsh Gupta, Executive Director of the Company during the financial year ended 31st March, 2014.*

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 and Sh. Satish Kumar Goel who are holding 200 (jointly with his wife) and 400 Equity Shares of the Company respectively.

**c) Stakeholders Relationship Committee**

Share Transfer and Shareholders'/Investors' Grievance Committee had constituted by the Board of Directors and delegated 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 29th May, 30th July and 21st October 2013 and 14th January, 2014.

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

| Particulars | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|
| No. of Transfers & Transmission | 9 | 9 | 19 |
| No. of Shares Trfd / transmitted | 112 | 1100 | 2208 |
| No. of STC meetings held | 6 | 4 | 4 |

There are 7 (Seven) cases (involving 900 Equity Shares) concerning dispute over titles to Shares, are pending with the Company as on 31st March, 2014.

With the enforcement of the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of the Company in their meeting held on 29th May, 2014 re-constituted the composition of the Committee in line with the said provisions and also changed the nomenclature of the Committee to Stakeholders Relationship Committee.

**Composition & Name of Non-Executive Director heading the Committee as of now is as under:**

| Sr. No | Name of the Committee Member(s) | Position | Category |
|---|---|---|---|
| 1. | Sh. Ramesh Chandra Palhan** | Chairman | NED(I) |
| 2. | Sh. Adarsh Gupta | Member | ED |
| 3. | Sh. Sunil Bansal | Member | ED |

*Sh. Premchand Garg, Non-Executive Independent Director of the Company has resigned from the Directorship of the Company w.e.f. 29th May, 2014.*
***appointed as Chairman of the Committee w.e.f. 29th May, 2014.*

**Name and designation of Compliance Officer**

Sh. Munish Kakra, CFO & 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, 2014 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 | 1 | 1 | NIL |
| Non receipt of Bonus, Dividend & Annual Report | NIL | NIL | NIL |
| Issue of duplicate / Loss of Certificate | 2 | 2 | NIL |
| Revalidation of Dividend | NIL | NIL | NIL |
| Issue of Physical Annual Report | NIL | NIL | NIL |
| Change of address, Name correction Transmission & others | 6 | 6 | NIL |
| **Total** | **9** | **9** | **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 the year 2007 and reconstituted from time to time.

The following is the constitution of the Committee as of now:-

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

*Sh. Premchand Garg, Non-Executive Independent Director of the Company has resigned from the Directorship of the Company w.e.f. 29th May, 2014.*
*Sh. Ramesh Chandra Palhan, Non-Executive Independent Director appointed as Member of the Committee w.e.f. 29th May, 2014.*

During the year under consideration, 3 (Three) Meetings of the Management Committee were held on 22nd July, 18th September, 2013 and 28th February, 2014.

**(e) Corporate Social Responsibility Committee**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and rules made there under, the Corporate Social Responsibility Committee constituted by the Board of Directors in their meeting held on 29th May, 2014 which comprises Four Directors viz. Sh. Shammi Bansal as the Chairman and Sh. Adeesh Kumar Gupta, Sh. Raghubar Dayal & Sh. Ramesh Chandra Palhan as members of the Committee and defined the role of the Corporate Social Responsibility Committee, which is as under:

- formulating and recommending to the Board Corporate Social Responsibility Policy and the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- recommending the amount of expenditure to be incurred on the activities undertaken;
- reviewing the performance of the Company in the area of Corporate Social Responsibility;
- monitoring Corporate Social Responsibility Policy of the Company from time to time;
- such other functions as the Board may deem fit.

The following is the constitution of the Committee:-

| Sr. No. | Name of the Committee Member | Position | Category |
|---|---|---|---|
| 1 | Sh. Shammi Bansal | Chairman | Promoters & ED |
| 2 | Sh. Adeesh Kumar Gupta | Member | Promoters & ED |
| 3 | Sh. Raghubar Dayal | Member | Non-Executive Independent Director |
| 4 | Sh. Ramesh Chandra Palhan | Member | Non-Executive Independent Director |

**Subsidiary Company**

At present, the Company is having only 1 (one) subsidiary Company namely Liberty Foot Fashion Middle East FZE which is an unlisted Company. As required under the provisions of Clause 49 of the Listing Agreement and management practices adopted by the Company and its subsidiary Company, the Company monitors the performance of its subsidiary Company, inter alia, by the (a) Financial statements (b) Minutes of the Board Meetings and/or requisite information of the subsidiary Company (c) Periodic review by the Audit Committee of the statement of all significant transactions & an arrangement entered into by the subsidiary 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 |
|---|---|---|---|---|
| 27th Annual General Meeting | 2013 | Registered Office | Friday, 20th September, 2013 | 11.00 AM |
| 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 |

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

| 27th Annual General Meeting on 20th September, 2013 | 26th Annual General Meeting on 28th September, 2012 | 25th Annual General Meeting on 28th September, 2011 |
|---|---|---|
| **Nos. of Special Business: 11** | **Nos. of Special Business: 3** | **Nos. of Special Business: 4** |
| 1. Increase in Remuneration of Sh. Adesh Kumar Gupta, CEO & Executive Director.<br>2. Increase in Remuneration of Sh. Adarsh Gupta, Executive Director.<br>3. Increase in Remuneration of Sh. Shammi Bansal, Executive Director.<br>4. Increase in Remuneration of Sh. Sunil Bansal, Executive Director.<br>5. Increase in Remuneration of Sh. Adeesh Kumar Gupta, Executive Director.<br>6. Increase in Remuneration of Sh. Raman Bansal, Head-Sales & Distribution.<br>7. Increase in Remuneration of Sh. Vivek Bansal, Head-Production.<br>8. Appointment of Sh. Anupam Bansal as Head Retail & fixation of his remuneration.<br>9. 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 Trade Mark "Liberty" and other marks & logos.<br>10. 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 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.<br>11. 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. | 1. Appointment of Sh. Ramesh Chandra Palhan as Director of the Company.<br>2. Appointment of Sh. Pushpinder Singh Grewal as Director of the Company.<br>3. Increase in Remuneration of Sh. Satish Kumar Goel, Director (Law & Taxation) | 1. Appointment of Sh. Adeesh Kumar Gupta as Director of the Company.<br>2. Appointment of Sh. Adeesh Kumar Gupta as an Executive Director of the Company.<br>3. Re-appointment of Sh. Satish Kumar Goel as Director (Law & Taxation).<br>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). |

**iii) Resolutions passed through Postal Ballot & E-voting process:**

During the year ended 31st March, 2014, the Company, vide Postal ballot notice dated 14th January, 2014, obtained shareholders' approval through Postal ballot & E-voting process:

(i) by way of Ordinary Resolution in terms of provisions of SEBI guidelines to the Scheme of Amalgamation of Liberty Retail Revolutions Limited with the Company; and

(ii) by way of Special Resolution in terms of the provisions of Section 17 read with Section 192A of the Companies Act, 1956 for alteration of sub-clause 1 & 3 of Clause III (A) (Main Objects) of the Memorandum of Association of the Company.

The Board had appointed Sh. Sanjay Grover of M/s Sanjay Grover & Associates, Practicing Company Secretary, New Delhi as the Scrutinizers to conduct the Postal Ballot process. The Scrutinizers submitted their report to the Chairman and the results of the postal ballot were declared on 17th March, 2014 at the registered office of the Company. Details of the voting pattern were as under:

| Description of Resolutions | No. of total valid Postal Ballot Form/e-votes received | Votes Cast (No. of Shares) | |
|---|---|---|---|
| | | For | Against |
| Approval of the Public Shareholders (Other than those forming part of Promoter and Promoter Group) to the Scheme of Amalgamation of Liberty Retail Revolutions Limited with the Company | 86 | 1990494 | 1230 |
| Approval of the Shareholders of the Company for alteration of sub-clause 1 & 3 of Clause III (Main Objects) of the Memorandum of Association of the Company | 110 | 12970671 | 200 |

Accordingly, the said Resolutions were passed with the requisite and overwhelming majority of the Shareholders.

**iv) Group As on 31st March, 2014:**

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**

The Company follows the following policy in regard to disclosure of the related party transactions to the Audit Committee:

a) A statement in the summary form of transactions with the related parties in the ordinary course of business is placed periodically before the Audit Committee. Audit Committee periodically reviews the transactions with the related parties in terms of Company's strategies in operations.

b) There are no material individual transactions with related parties, which are not in the normal course of business and material individual transactions with related parties or others which are not on an arm's length basis.

c) 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, 2014 as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006.

**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 had set up a Remuneration/selection Committee in compliance with the requirements of Companies Act, 1956 and other statutes, if any. The nomenclature of the said Committee has been changed to Nomination and Remuneration Committee with the enforcement of the provisions of Section 178 of the Companies Act, 2013. Further the Company has not adopted the non mandatory requirements as specified in Annexure ID of the Listing Agreement except clause (2) relating to Nomination and Remuneration Committee.

6. **Means of Communication**

**Financial Results**

Pursuant to Clause 41 (I) (f) of the Listing Agreement, the Company has regularly furnished, both by way of post as well as fax (within fifteen minutes of closure of Board meeting) Quarterly and half - yearly unaudited and annual audited results of the Company to both the Stock Exchanges i.e. BSE and NSE where the Equity Shares of the Company are listed. The above results are also published in leading English and vernacular newspapers viz. Business Standard, Financial Express English daily and in Janasatta, Hindi Daily.

Additionally, the Company from time to time also furnished the required documents and information to both the stock exchange(s) NSE and BSE in terms of the applicable provisions of Listing Agreement and SEBI guidelines.

**Website**

Pursuant to clause 54 of the Listing Agreement the Company's website www.libertyshoes.com contains a dedicated functional segment called "Investor Relations" where all the information needed by the shareholders is available including Results, Press Releases, Shareholding pattern, Management Information, Scheme of Amalgamation, Announcements & postal ballot results & information etc.

**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 hard copies of the said disclosures and correspondence are also filed with the BSE and NSE.

**NSE Electronic Application Processing System (NEAPS) & BSE Listing Centre**

The Company also files information through NEAPS-a web based application provided by NSE & on BSE Listing Centre 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, 2013.

**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 website www.libertyshoes.com.

**7. General Shareholder Information:**

i. Annual General Meeting:

| | | |
|---|---|---|
| Day, Date & Time | : | Monday, 29th September, 2014 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, 2014 | : | On 14th August, 2014 |
| Financial Results for the Quarter ended 30th September, 2014 | : | By 14th November, 2014 |
| Financial Results for the Quarter ended 31st December, 2014 | : | By 14th February, 2015 |
| Financial Results for the Quarter ended 31st March, 2015 | : | By 30th May, 2015 |
| Annual General Meeting for the year ended 31st March, 2015 | : | By August / Sept. 2015 |

**iii. Book Closure Dates:**

Tuesday, 23rd September, 2014 to Monday, 29th September, 2014 (both days inclusive).

**iv. Dividend Payment Date:**

The Board of Directors of the Company has recommended dividend @ 15% i.e. ₹1.50/- per Equity share of the Company for the financial year ended 31st March 2014. The Dividend, if approved by the shareholders at the ensuing AGM, shall be paid to those shareholders whose names appear on the Register of Members as on Monday, 22nd September, 2014.

**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.

**BSE 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 2014-15 has since been paid to both the Stock Exchange(s).

**vi. Stock Market Data:**

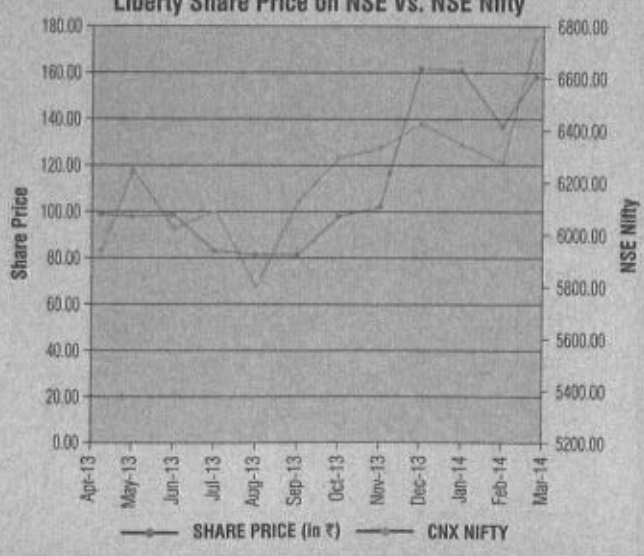
The Comparison of the share price of the Company with the broad based indices are provided herein under:

## Performance in Comparison to S & P Nifty

**Index vs. Share Price**

| S. No. | YEAR (2013-14) | S&P CNX Nifty | SHARE PRICE (IN ₹) |
|---|---|---|---|
| 1 | Apr-13 | 5962.30 | 97.50 |
| 2 | May-13 | 6229.45 | 96.50 |
| 3 | Jun-13 | 6011.00 | 97.45 |
| 4 | Jul-13 | 6093.35 | 85.95 |
| 5 | Aug-13 | 5808.50 | 83.50 |
| 6 | Sep-13 | 6142.50 | 84.00 |
| 7 | Oct-13 | 6309.05 | 93.25 |
| 8 | Nov-13 | 6342.95 | 104.90 |
| 9 | Dec-13 | 6415.25 | 162.90 |
| 10 | Jan-14 | 6358.30 | 161.00 |
| 11 | Feb-14 | 6282.70 | 132.40 |
| 12 | Mar-14 | 6730.05 | 158.35 |

**Liberty Share Price on NSE Vs. NSE Nifty**

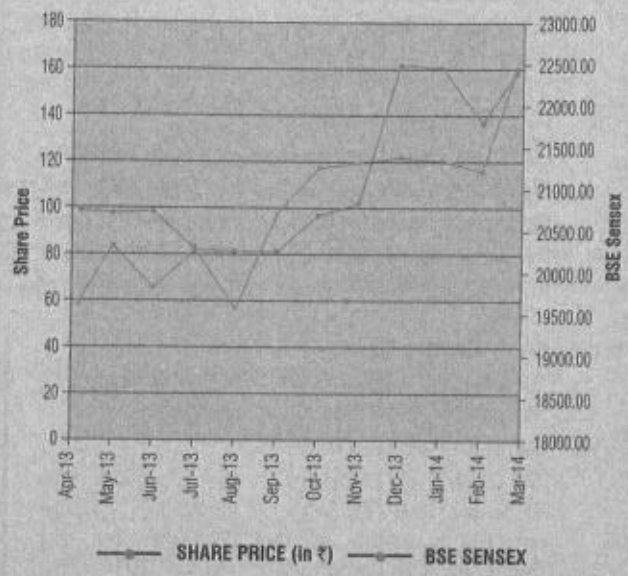


## Performance in Comparison to Sensex

### Sensex vs. Share Price

| S. No. | YEAR (2013-14) | BSE SENSEX | SHARE PRICE (IN ₹) |
|---|---|---|---|
| 1 | Apr-13 | 19622.68 | 97.40 |
| 2 | May-13 | 20443.62 | 95.75 |
| 3 | Jun-13 | 19860.19 | 97.25 |
| 4 | Jul-13 | 20351.06 | 85.85 |
| 5 | Aug-13 | 19569.20 | 83.25 |
| 6 | Sep-13 | 20739.69 | 83.90 |
| 7 | Oct-13 | 21205.44 | 93.40 |
| 8 | Nov-13 | 21321.53 | 104.85 |
| 9 | Dec-13 | 21483.74 | 163.20 |
| 10 | Jan-14 | 21409.66 | 161.40 |
| 11 | Feb-14 | 21140.51 | 132.40 |
| 12 | Mar-14 | 22467.21 | 158.50 |

### 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 BSE Ltd. (BSE) for the financial year ended 31st March, 2014 are as under:

**KEY INDICATORS:**

**EQUITY SHARE PRICE MOVEMENT ON NSE & BSE (April 2013 – March 2014)**

| | (Price in ₹) | | | | Volume (In No. of Shares) | |
|---|---|---|---|---|---|---|
| | High | | Low | | | |
| Year (2013-14) | NSE | BSE | NSE | BSE | NSE | BSE |
| April | 97.50 | 97.40 | 82.45 | 84.10 | 1348397 | 475943 |
| May | 96.50 | 95.75 | 86.05 | 86.00 | 1011426 | 298021 |
| June | 97.45 | 97.25 | 77.55 | 77.60 | 1573667 | 449440 |
| July | 85.95 | 85.85 | 75.00 | 75.50 | 644248 | 175918 |
| August | 83.50 | 83.25 | 67.80 | 67.80 | 886389 | 328446 |
| September | 84.00 | 83.90 | 73.60 | 73.60 | 536875 | 147322 |
| October | 93.25 | 93.40 | 79.10 | 79.10 | 1170139 | 337856 |
| November | 104.90 | 104.85 | 86.25 | 86.00 | 1836888 | 672226 |
| December | 162.90 | 163.20 | 94.80 | 94.50 | 12425889 | 3832403 |
| January | 161.00 | 161.40 | 114.10 | 114.05 | 6138647 | 2080197 |
| February | 132.40 | 132.40 | 115.85 | 116.15 | 2516278 | 699957 |
| March | 158.35 | 158.50 | 123.00 | 123.30 | 5189938 | 1553594 |
| **Total** | | | | | **35278781** | **11051323** |

**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 and Redressal of Investor Grievances:**

The Company has made arrangements with M/s Link Intime India Private Limited, Registrar and Share Transfer Agent (RTA). After completion of preliminary formalities and verification of genuineness of the Shareholders, documents lodged by them and authentication of signatures on the documents with the specimen signatures available in their records, RTA sent the documents along with Share Certificates to the Company for approval/endorsement of transfers /transmissions. However, the objections/deficiencies in the documents lodged by shareholders are sent to them immediately within a reasonable time period. With a view to expedite the process of Share transfer/ transmission etc. on fast track basis, the Board has empowered the CFO & Company Secretary of the Company for approval/endorsement of the Share certificates etc. The details of the transfer/ transmission of shares are placed before the Board and Stakeholders Relationship Committee periodically. Confirmations in respect of the requests for dematerialization of shares are being sent to the respective depositories i.e. NSDL & CDSL expeditiously.

The Company addresses all complaints, suggestions, grievances and other correspondence expeditiously and replies are sent to the Shareholders usually within 7 -10 days except in case of legal impediments and non-availability of documents. The Company endeavors to implement suggestions as and when received from the Shareholders.

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, 2014**

| Shareholding of nominal value | Number of Shareholders | | Number of Shares | | Amount (in ₹) |
|---|---|---|---|---|---|
| | Number | % of total | Number | % of total | |
| Up to 2500 | 12158 | 86.197 | 1099883 | 6.45% | 10998830 |
| 2501 - 5000 | 1029 | 7.356 | 407670 | 2.39% | 4076700 |
| 5001- 10000 | 424 | 3.031 | 340477 | 2.00% | 3404770 |
| 10001 - 20000 | 176 | 1.258 | 263260 | 1.54% | 2632600 |
| 20001 - 30000 | 61 | 0.436 | 154148 | 0.90% | 1541480 |
| 30001 - 40000 | 30 | 0.214 | 109412 | 0.64% | 1094120 |
| 40001 – 50000 | 20 | 0.143 | 92755 | 0.54% | 927550 |
| 50001 – 100000 | 36 | 0.257 | 267264 | 1.57% | 2672640 |
| 100001 & Above | 54 | 0.386 | 14305131 | 83.95% | 143051310 |
| **Total** | **13988** | **100.00** | **17040000** | **100.00** | **170400000** |

## Category wise List of Shareholders as on 31st March, 2014

| Category | No. of Shares held | Voting Strength (%) |
|---|---|---|
| Promoters Holding: | | |
| A Individual Promoters | 65,89,990 | 38.67 |
| B Bodies Corporate(s) | 44,72,517 | 26.25 |
| **Total Promoters Holding** | **1,10,62,507** | **64.92** |
| **Public Holding:** | | |
| A FII's, NRI's & Banks etc | 63,827 | 0.37 |
| B Indian public including Private corporate bodies | 59,13,666 | 34.71 |
| **Total Public Holding** | **59,77,493** | **35.08** |
| **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, 2014, 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 | 16717120 | 98.10 |
| 2 | Physical | 322880 | 1.90 |
| | **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 Cesntre,
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: investorcare@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, 2014.

**Adesh Kumar Gupta**
Chief Executive Officer

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# 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, 2014 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, 2014 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: Thursday, 29th May, 2014

# 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 CFO & 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, 2014 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**
CFO &
Company Secretary

Place : Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Management Discussion and Analysis Report

**Economy & Market- Outlook**

India's economy is presently the 10th biggest economy in the world in terms of Gross Domestic Product (GDP). However, its growth continued to be subdued with the 2nd successive year of sub 5% GDP growth. Financial Year 2014 witnessed steep currency depreciation and rupee after plunging to ₹68.36 to a US dollar in August 2013, triggered by the expected taper of quantitative easing in the United States, gradually strengthened and the year ended with the exchange rate averaging ₹61 per US dollar in March 2014, due to measures taken by the Government and the Reserve Bank of India (RBI). Improvement is also recorded on the fiscal front, with the fiscal deficit declining from 5.7 per cent of GDP in 2011-12 to 4.9 per cent in 2012-13 and 4.5 per cent in 2013-14. The overall economic environment experience pessimistic attitude where Industrial activities remained in narrow mode and the demand for consumer and Capital goods continued to decline due to inflation and contraction of disposable income with the consumers.

The formation of new Govt. of India with a absolute mandate is considered as progressive and the prospects of economic recovery in India by adopting an agenda of all around development and growth ,seems bright in the near future. At retail level, where the Company dominantly operates, Liberty assumes that a real momentum will take some more time to start in reflecting in its numbers.

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

**The Indian Footwear Industry – Structure and Development, Opportunities / Threats, Risk and Concern**

During the year 2013-14, the exports of leather and leather products, where footwear has a foremost contribution, touched ₹357482.35 million as against the performance of ₹272887.70 million in the corresponding period of last year, recording a positive growth of 31% with truly performing to its rising potential. Export of different categories of footwear holds major share of about 43% in India's total leather & leather products exports with an export value ₹153125.39 million. Leather Goods and Accessories with a share of 23%, Finished Leather, Leather Garments etc. were the other constituents of this growing sector. In view of its potential for export earnings as also its potential for creation of job opportunities, The Govt. of India has always been supportive of the leather industry and has again identified this sector as a focus sector in its various present policies.

Although, share of India's exports of this sector has grown notably in the past yet its share in the global market is quite insignificant. Indian footwear manufacturers in order to improve India's share in the growing global trade, has started focusing more on innovative design with quality, state-of-the-Art production technology with committed delivery schedules and most of them have their operations now in compliance with International Environmental standards as well as the Certifications.

Strength of Indian footwear sector is mainly derived from its command on reliable supply of resources, availability of quality finished leather, large installed capacities with technological competence, large human capital with expertise, skilled and relatively low cost labour, proven strength to produce footwear for global brand leaders.

The Indian footwear sector has emerged from the level of traditional manufacturing methods to automated manufacturing systems. It has transformed from being a highly unorganized market to an emerging organized retail Industry. The trend has completely changed today with the increase in urban population, changing lifestyle, rising brand consciousness and transformation in the buying potential of the Indian customer specifically in the youth. Many global players because of the potential and liberalized Govt. policies are now entering India which would besides offering Indian consumers diversified choice also provide an opportunity to Indian manufactures to tie up for their sourcing requirements.

Indian domestic market has also huge potential and tremendous opportunities to grow in the near future due to emergence of new market and feasible locations, change in consumption habits like separate formal and casual wear, moving towards organized retailing and desire for branded footwear. Institutional or bulk customers segment is also very promising because of the change in preferences and desire to fulfill the aspirations of the working force.

As the Indian consumer become more conscious and demanding in their choice and preference, at Liberty after implementation of Theory of Constraints (TOC) and working further adding on its fashion oriented merchandise, it would be easier to make the most of the emerging opportunities.

The rising input cost, inflation, high financing costs, availability of suitable locations and occupancy cost, competition, higher attrition at front end and unstable

foreign currency rates are the few risks and areas of concern associated with the business in which Company operates.

Liberty believes with its strong brand equity and its growing reach, more satisfied consumers will have way for Liberty to support its future success.

**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. The regular and periodic review of the Annual business plans, detection of risks and emerging opportunities by the management are the main areas of the internal control system. Internal audit are conducted on continuous basis and the audit programme and their report are regularly reviewed by the audit committee.

The CEO/CFO 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, 2014 have been stated in the Directors' Report for the year ended 31st March, 2014, which appears separately in the Annual Report. The financial results of the Company incorporates the financial figures of its Retail Subsidiary i.e Liberty Retail Revolutions Ltd consequent upon its amalgamation with appointed date 1st April, 2013. The 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, 2014. Consequent upon the Amalgamation of Liberty Retail Revolutions Limited, a wholly owned retail subsidiary, with the Company, there has not been any change in the Capital structure of the Company. However, Authorised capital of ₹1250.00 Lacs consisting of 1,25,00,000 equity shares of ₹10/- each has been consolidated consequent to the Amalgamation of Liberty Retail Revolutions Limited, a wholly owned retail subsidiary, with the Company.

**Reserves & Surplus:** The Company's reserves and surplus has decreased from ₹13933.80 Lacs to ₹12052.19 Lacs in 2013-14. The reserves of the Company has decreased because of adjustments on account of accumulated losses of ₹2185.03 Lacs, unrealised profit on inventory of ₹736.30 Lacs and goodwill written off of ₹5.39 Lacs (Net of securities premium of ₹910 Lacs) with the reserves of the Company consequent to the amalgamation of Wholly Owned Retail Subsidiary with the Company. Free reserves accounted for 99.97% of the total reserves as on 31st March, 2014.

**Long Term Borrowings:** During the year under review, the Company availed Term Loan of ₹836.97 Lacs as against previous year's ₹727.86 Lacs. The outstanding amount of the Term Loan (Non Current and Current maturities) as on 31st March, 2014 was ₹1876.05 Lacs as against previous year's ₹1300.26 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 ₹66.16 Lacs and stood at ₹493.48 Lacs (Previous year ₹427.32 Lacs).

**Short Term Borrowings:** The amount of working Capital loan secured through the Company's current assets stood at ₹9609.72 Lacs as compared to ₹9086.60 Lacs in the previous year. The increase in borrowings is also because of merger. Further, for short term requirements, the Company has availed unsecured short term loans from the related parties and the outstanding balance as on 31st March 2014 remained at ₹179.84 Lacs (Previous year ₹82.28 Lacs ).

**Trade Payables:** The Trade Payable of ₹8220.46 Lacs (Previous year ₹6999.17 Lacs) included an amount of ₹114.32 Lacs (as against the previous year's ₹63.30 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 3rd April, 2013.

**Other Current Liabilities & Provisions:** Other current liabilities & provisions amounting to ₹2851.73 Lacs (Previous year ₹1781.36 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, Proposed Dividend, provision for dividend distribution tax, provision for taxation (net of MAT credit entitlement) and provision for excise duty.

**Fixed Assets:** In the year 2013-14, Liberty's Fixed Assets Block (including tangible and intangible assets) increased by ₹3633.18 Lacs. The said increase was mainly on account of amalgamation and normal capital expenditure in furtherance to the business operations of the Company.

**Non-Current Investments:** At the year end, Liberty's non-current investments in its Subsidiaries stood at ₹121.93 Lacs (previous year ₹2,602.32 Lacs). The decrease in investments is because of amalgamation of Wholly Owned Retail Subsidiary with the Company.

**Long Term Loans & Advances:** Long term loans & advances amounting to ₹1387.21 Lacs (Previous year ₹1954.98 Lacs) consists of security deposits of ₹405.42 Lacs (Previous year ₹133.90 Lacs), Share Application Money (pending allotment) paid to overseas Wholly Owned Subsidiary of ₹180.49 Lacs (Previous year ₹180.49 Lacs) and MAT Credit Entitlement ₹810.09 Lacs (Previous year ₹696.33 Lacs). During the year, the Company has made a provision of ₹21.56 Lacs (Previous year ₹Nil Lacs) for the security deposits considered as doubtful.

**Inventories:** Inventories, comprising finished goods, raw materials, work in process etc. as at 31st March, 2014, stood at ₹11240.49 Lacs as against previous year's ₹9068.69 Lacs. The increase in inventory is mainly because of amalgamation.

The Inventory turnover ratio for the year ended 31st March, 2014 was 82 days as against 94 days in the previous year. The inventory turn of the Company has improved because of initiatives taken by the Company in the last couple of year.

**Trade Receivables:** Trade Receivables, with an average realization period of 84 days (100 days in the previous year) stood at ₹11565.85 Lacs in 2013-14 as against the previous year's ₹9675.29 Lacs. Out of the trade receivables, ₹1445.91 Lacs as against the previous year's ₹1266.52 Lacs were due from overseas customers.

The Company after considering the recovery process has made a provision of ₹300.74 Lacs against previous year's ₹NIL for doubtful debts. During the year, the Company has written off its book debts of ₹277.06 Lacs as against previous year's ₹62.01 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 ₹273.77 Lacs in 2013-14 as against the previous year's ₹142.66 Lacs, export benefit receivables of ₹143.27 Lacs as against the previous year's ₹171.68 Lacs and prepaid expenses of ₹64.85 Lacs as against the previous year's ₹59.97 Lacs.

**Revenue from Operations and Profits:** Liberty's total Income, comprising sales and other Income, increased from ₹35433.33 Lacs to ₹50136.12 Lacs in 2013-14. Profit before tax, after making a provision for depreciation, increased from ₹705.03 Lacs to ₹1414.99 Lacs in 2013-14. The Company's net profit, after considering a tax provision of ₹307.25 Lacs as against the previous year's ₹129.15 Lacs, MAT Credit Entitlement of ₹187.19 Lacs (Previous year's ₹116.36 Lacs), a deferred tax assets of ₹47.38 Lacs as against previous year's deferred tax liability of ₹5.34 Lacs and prior period expense on account of Income tax for earlier years of ₹2.86 Lacs as against prior period income on account of income tax for earlier years of ₹30.39 Lacs stood at ₹1339.45 Lacs in 2013-14 as against the Previous year's ₹717.30 Lacs.

**Finance Costs:** Liberty's finance costs stood at ₹1607.27 Lacs in 2013-14 (Previous year's ₹1230.09 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:** The objective of HR functions of Liberty is to establish an Institution which empowers people, fix their responsibilities and to develop a sense of belongingness amongst them for successful and sustainable business. During the year under consideration, HR function implemented various initiatives to support this object.

During the year under consideration several training & motivational programmes were organized to improve employee talents and to establish better inter se relations amongst themselves. The relationship with the employees remained cordial and they have extended their support to the financial performance of the Company.

As on 31st March, 2014, the total employees' strength of the Company stood at 2423 as compared to previous year's 1940.

**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**

We have audited the accompanying financial statements of Liberty Shoes Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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**

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")[which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). 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**

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.

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

**Opinion**

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, 2014;

(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**

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.

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; [which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs]

(e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: Thursday, 29th May, 2014

# Annexure to Independent Auditors' Report

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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 unsecured 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 ₹4,34,57,930/- and the year-end balance of loan taken from such party was ₹1,79,84,029/-.

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 we 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 Act 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, 2014 which are outstanding for a period more than six months from the date they become payable.

c) As at 31st March, 2014, 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, 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) |
| Income Tax Act, 1961 | Non-deduction of TDS u/s 194H & Interest on late deposit of TDS | 3,11,878 | Financial Year 2010-11 | Commissioner of Income Tax (Appeals)-Delhi |

X. The Company has no accumulated losses as at 31st March, 2014 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: Thursday, 29th May, 2014

# Balance Sheet

as at 31st March, 2014

(Amount in ₹)

| PARTICULARS | NOTE NO. | | 31.03.2014 | | 31.03.2013* |
|---|---|---|---|---|---|
| **Equity & Liabilities** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2.1 | 17,04,00,000 | | 17,04,00,000 | |
| Reserves & Surplus | 2.2 | 1,20,52,18,600 | 1,37,56,18,600 | 1,39,38,50,097 | 1,56,42,50,097 |
| **Non-Current Liabilities** | | | | | |
| Long Term Borrowings | 2.3 | 12,08,91,934 | | 9,51,77,037 | |
| Deferred Tax Liability (Net) | 2.4 | 4,63,00,880 | | 5,10,38,910 | |
| Other Long Term Borrowings | 2.5 | 4,93,48,501 | | 4,27,31,901 | |
| Long Term Provisions | 2.6 | 23,44,502 | 21,88,85,817 | - | 18,89,47,848 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 2.7 | 97,89,55,932 | | 91,68,88,212 | |
| Trade Payables | 2.8 | 82,20,46,379 | | 69,99,17,109 | |
| Other Current Liabilities | 2.9 | 22,73,41,413 | | 16,33,26,056 | |
| Short Term Provisions | 2.10 | 5,78,32,060 | 2,08,61,75,784 | 1,48,09,806 | 1,79,49,41,183 |
| **Total** | | | **3,68,06,80,201** | | **3,54,81,39,128** |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | | | | | |
| Tangible Assets | 2.11 | 98,48,10,215 | | 86,18,94,598 | |
| Intangible Assets | 2.11 | 87,59,289 | | 1,02,52,291 | |
| Capital Work in Progress | 2.11 | 3,69,393 | | 23,02,363 | |
| Non-Current Investments | 2.12 | 1,22,38,091 | | 26,02,32,257 | |
| Long term Loans & Advances | 2.13 | 13,87,21,327 | | 19,54,98,222 | |
| Other Non-Current Assets | 2.14 | - | 1,14,48,98,315 | - | 1,33,01,79,731 |
| **Current Assets** | | | | | |
| Inventories | 2.15 | 1,12,40,49,179 | | 90,68,68,622 | |
| Trade Receivables | 2.16 | 1,15,65,85,434 | | 96,75,29,064 | |
| Cash and Bank Balances | 2.17 | 7,14,73,962 | | 13,16,42,264 | |
| Short term Loans & Advances | 2.18 | 18,36,73,311 | 2,53,57,81,886 | 21,19,19,447 | 2,21,79,59,397 |
| **Total** | | | **3,68,06,80,201** | | **3,54,81,39,128** |
| Significant Accounting Policies | 1 | | | | |
| Notes forming part of the Financial Statements | 2 to 2.27 | | | | |

**Previous year figures are not comparable being standalone. Refer to Note 2.27.10*

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**
CFO &
Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Statement of Profit and Loss

for the year ended 31st March, 2014

(Amount in ₹)

| PARTICULARS | NOTE NO. | | 31.03.2014 | | 31.03.2013* |
|---|---|---|---|---|---|
| **Revenue from Operations** | | | | | |
| Sales | | 5,00,60,19,959 | | 3,52,72,92,261 | |
| Other Operating Revenues | 2.19 | 41,19,592 | | 1,36,89,220 | |
| Less: | | | | | |
| Excise Duty | | 17,11,33,108 | 4,83,90,06,443 | 17,80,25,170 | 3,36,29,56,311 |
| **Other Income** | 2.20 | | 34,72,994 | | 23,51,322 |
| **Total Revenue** | | | **4,84,24,79,437** | | **3,36,53,07,633** |
| **Expenses** | | | | | |
| Cost of Raw Materials Consumed | 2.21 | 2,53,20,92,900 | | 1,78,23,26,045 | |
| Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade | 2.22 | 12,37,010 | | (7,34,53,965) | |
| Employee Benefit Expenses | 2.23 | 57,98,18,188 | | 39,65,20,886 | |
| Finance Cost | 2.24 | 16,07,27,060 | | 12,30,08,963 | |
| Depreciation & Amortisations | 2.11 | 11,06,55,651 | | 8,05,11,523 | |
| Other Expenses | 2.25 | 1,31,27,03,883 | | 98,84,66,292 | |
| Excise Duty | | 17,73,257 | | (45,24,453) | |
| **Total Expenses** | | | **4,69,90,07,949** | | **3,29,28,55,291** |
| **Profit before exceptional and extraordinary items and tax** | | | **14,34,71,488** | | **7,24,52,342** |
| Exceptional Items | 2.26 | | 19,72,137 | | 19,48,839 |
| **Profit before Tax** | | | **14,14,99,351** | | **7,05,03,503** |
| **Provision for taxation** | | | | | |
| Current tax | | 3,07,25,101 | | 1,29,14,840 | |
| MAT Credit Entitlement | | (1,87,19,534) | | (1,16,36,120) | |
| Income tax for earlier years | | 2,86,433 | | (30,39,064) | |
| Deferred Tax | | (47,38,030) | 75,53,970 | 5,34,320 | (12,26,024) |
| **Profit for the year** | | | **13,39,45,381** | | **7,17,29,527** |
| Earning Per Share of ₹10/- each | | | | | |
| Basic & Diluted | | | 7.86 | | 4.21 |
| Basic & Diluted (Before Exceptional Items) | | | 7.98 | | 4.32 |
| Significant Accounting Policies | 1 | | | | |
| Notes forming part of the Financial Statements | 2 to 2.27 | | | | |

** Previous year figures are not comparable being standalone. Refer to Note 2.27.10*

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 | CFO& |
| Membership No. 081643 | DIN-00143192 | DIN-00138792 | DIN-00481803 | Company Secretary |

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Cash Flow Statement

for the year ended 31st March, 2014

(Amount in ₹)

| PARTICULARS | 31.03.2014 | 31.03.2013* |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax, Interest and extra ordinary items | 29,02,86,798 | 18,87,43,823 |
| Adjustments for: | | |
| Unrealised Foreign Exchange Difference | (30,18,024) | (41,81,905) |
| Depreciation | 11,06,55,651 | 8,05,11,523 |
| Loss/(Gain) on sale of Fixed Assets (net) | 19,72,137 | 19,48,839 |
| Bank & Other Interest | (34,72,994) | (23,51,322) |
| Provision for doubtful debts | 54,57,095 | (72,75,172) |
| Operating Profit before working capital changes | 40,18,80,663 | 25,73,95,786 |
| Adjustments for: | | |
| Trade & Other Receivables | (36,99,69,173) | (8,24,03,009) |
| Inventories | (1,18,23,132) | (7,85,36,759) |
| Loans & Advances | 4,57,68,999 | 8,46,31,109 |
| Trade & Other Payables | 8,08,43,441 | 9,92,32,812 |
| Cash generated from Operations | 14,67,00,798 | 28,03,19,939 |
| Direct Taxes Paid | (2,76,63,466) | (1,15,88,475) |
| Cash Flow before extra ordinary items | 11,90,37,332 | 26,87,31,464 |
| Extra Ordinary Items | - | - |
| **Net Cash Flow from Operating Activities** | **11,90,37,332** | **26,87,31,464** |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (12,41,51,069) | (8,91,77,702) |
| Sale of Fixed Assets | 3,20,08,939 | 18,49,320 |
| Bank and Other Interest | 34,72,994 | 23,51,322 |
| (Increase)/Decrease in Fixed Deposits with Banks for Margin Money against LCs/BGs | - | (6,46,950) |
| (Increase)/Decrease in Investments | - | (9,80,77,500) |
| **Net Cash used in Investing Activities** | **(8,86,69,136)** | **(18,37,01,510)** |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 8,36,96,751 | 7,27,86,200 |
| Repayment of long term borrowings | (4,34,48,297) | (2,99,84,908) |
| Interest paid | (14,87,87,447) | (11,82,40,319) |
| **Net Cash used in Financing Activities** | **(10,85,38,993)** | **(7,54,39,027)** |
| **Net Increase/(Decrease) in Cash & Cash Equivalents** | **(7,81,70,797)** | **95,90,927** |
| **Cash & Cash Equivalents (Opening Balance)** | **14,66,26,735** | **11,78,69,432** |
| **Unrealised Foreign Exchange Difference** | **30,18,024** | **41,81,905** |
| **Cash & Cash Equivalents (Closing Balance)** | **7,14,73,962** | **13,16,42,264** |
| **Components of Cash & Cash Equivalents** | | |
| Cash in hand including imprest | 60,67,226 | 70,55,780 |
| Balance with Scheduled Banks | | |
| Current Accounts | 1,17,50,535 | 1,96,83,467 |
| Cheques on hand | 1,39,63,322 | 8,26,58,601 |
| Fixed Deposits | 3,96,92,879 | 2,22,44,416 |
| **Total** | **7,14,73,962** | **13,16,42,264** |
| ** Previous year figures are not comparable being standalone. Refer to Note 2.27.10* | | |

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**
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**
CFO&
Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Notes to the Financial Statements for the year ended 31st March, 2014

**CORPORATE INFORMATION**

Liberty Shoes Ltd is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 3rd September, 1986. The shares of the Company are listed on two stock exchanges in India i.e National Stock Exchange of India (NSE) and BSE Limited (BSE). The Company is engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

**Note 1.SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation of Financial Statements.**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis of accounting under the historical cost convention.

**b) Revenue Recognition**

- Sales revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer on dispatch or delivery 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 and Taxes, 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, wherever eligible) 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 pro rata basis by Straight Line Method (SLM) at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956 or at the rates determined based on management's estimate of economic useful life of particular asset, whichever is higher. Fixed assets costing below ₹5,000/- are fully depreciated in the year of acquisition.

**f) Operating Lease**

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.

**g) Valuation of Investments**

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

**h) Excise Duty**

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

**i) 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.

**j) 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 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

# Notes to the Financial Statements for the year ended 31st March, 2014

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.

**k) 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.

**l) 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 recognized 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.

**m) 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.

**n) 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.

**o) Impairment of Assets**

Usually the Company reviews the carrying value of assets for any possible impairment at each balance sheet date. However the assets that are subject of 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 when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, higher of the assets' fair value less cost to sell and value in use is considered.

(Amount in ₹)

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|
| **Note 2.1 Share Capital** | | |
| **Authorised Share Capital** | | |
| 63500000 (Previous year 51000000 Equity Shares) of ₹10 each (Refer Note 2.27.10) | 63,50,00,000 | 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 Number of Shares**

| | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|
| | 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** |

# Notes to the Financial Statements for the year ended 31st March, 2014

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

(Amount in ₹)

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, Equity Shareholders shall be entitled to receive the remaining assets, after the distribution to preferred shareholders, if any, in proportion to their shareholding.

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

| | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|
| | No. of Shares | % of shareholding | No. of Shares | % of shareholding |
| **Equity Shares of ₹10/- each fully paid** | | | | |
| Geofin Investments Private Limited | 44,72,517 | 26.25 | 44,72,517 | 26.25 |
| Sh. Satish Kumar Gupta (Karta) | 8,88,584 | 5.21 | 8,88,584 | 5.21 |

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| **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 | - | - |
| | Adjustments on account of amalgamation | 9,10,00,000 | - |
| | Balance at the end of the year | 11,27,20,644 | 2,17,20,644 |
| 2.2.3 | **General Reserve** | | |
| | Balance at the beginning of the year | 92,70,09,364 | 86,70,09,364 |
| | 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 | 98,70,09,364 | 92,70,09,364 |
| 2.2.4 | **Surplus in the Statement of Profit & Loss** | | |
| | Balance at the beginning of the year | 44,47,20,589 | 43,29,91,062 |
| | Add: Profit for the year | 13,39,45,381 | 7,17,29,527 |
| | | 57,86,65,970 | 50,47,20,589 |
| | Less: | | |
| | Transfer to General Reserve | 6,00,00,000 | 6,00,00,000 |
| | Proposed Dividend | 2,55,60,000 | - |
| | Dividend Distribution Tax | 43,43,922 | - |
| | Adjustments on account of Balance of Loss taken over due to amalgamation | 21,85,03,496 | - |
| | Adjustments on account of Unrealised Profit on Inventory due to amalgamation | 7,36,30,460 | - |
| | Goodwill written off on amalgamation of Subsidiary Co. | 9,15,39,000 | - |
| | Balance at the end of the year | 10,50,89,092 | 44,47,20,589 |
| | **Total Reserves & Surplus** | **1,20,52,18,600** | **1,39,38,50,097** |

# Notes to the Financial Statements for the year ended 31st March, 2014

## Note 2.3 Long Term Borrowings

(Amount in ₹)

| Particulars | | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|---|
| | | Non Current | Current Maturities | Non Current | Current Maturities |
| 2.3.1 | **Secured** | | | | |
| | **Term Loans** | | | | |
| | **(I) from Banks:** | | | | |
| | Rupee Term Loans | 11,79,35,928 | 6,45,17,069 | 9,05,37,410 | 3,15,23,543 |
| | **(ii) from Others:** | | | | |
| | Rupee Term Loans | 29,56,006 | 21,96,348 | 46,39,627 | 33,25,444 |
| | **Total** | **12,08,91,934** | **6,67,13,417** | **9,51,77,037** | **3,48,48,987** |
| | Less: Amount disclosed under other Current Liabilities (Refer Note 2.9.1) | - | 6,67,13,417 | - | 3,48,48,987 |
| | **Net Long Term Borrowings** | **12,08,91,934** | - | **9,51,77,037** | - |

(Amount in ₹)

**Repayment terms and security for the outstanding long term borrowings (Including current maturities) as at 31st March, 2014**

| Particulars of Loan | Detail of Security | Outstanding Balance as at 31.03.2014 | Repayment Terms |
|---|---|---|---|
| (I) from Banks<br>Term Loan from HDFC Bank | Exclusive charge on the assets financed under Term Loan and Equitable mortgage of land & building including hypothecation of plant & machinery situated at Village Bhagwanpur, Roorkee, Uttarakhand and 2nd Charge on Current Assets of the Company. | 14,14,00,000 | 8 Quarterly installments of ₹44.44 Lacs each, 16 Quarterly installments of ₹27.78 Lacs each and 20 Quarterly installments of ₹30.70 Lacs each |
| Term Loan from INDUSIND Bank | Secured against hypothecation of assets of the Company financed under Term Loan and Corporate Guarantee of Liberty Shoes Ltd and Geofin Investments Pvt. Ltd.. | 88,54,167 | 100% in 2014-15 |
| Vehicle Loans from HDFC Bank | Hypothecation of Vehicles | 1,95,84,324 | 55% in Monthly Installment in 2014-15<br>31% in Monthly Installment in 2015-16<br>14% in Monthly Installment in 2016-17 |
| Vehicle Loans from ICICI Bank | Hypothecation of Vehicles | 1,25,01,421 | 29% in Monthly Installment in 2014-15<br>33% in Monthly Installment in 2015-16<br>36% in Monthly Installment in 2016-17<br>1% in Monthly Installment in 2017-18 |
| Vehicle Loans from HDFC Bank | Hypothecation of Vehicles | 1,13,085 | 100% in Monthly Installment in 2014-15 |
| **Total** | | **18,24,52,997** | |
| (ii) from Others | | | |
| Vehicle Loans from BMW Financial Services | Hypothecation of Vehicles | 34,97,456 | 42% in Monthly Installment in 2014-15<br>46% in Monthly Installment in 2015-16<br>12% in Monthly Installment in 2016-17 |
| Vehicle Loans from Tata Capital Ltd. | Hypothecation of Vehicle | 11,68,078 | 22% in Monthly Installment in 2014-15<br>24% in Monthly Installment in 2015-16<br>27% in Monthly Installment in 2016-17<br>27% in Monthly Installment in 2017-18 |
| Vehicle Loans from Kotak Mahindra Prime Ltd. | Hypothecation of Vehicle | 4,86,820 | 100% in Monthly Installment in 2014-15 |
| **Total** | | **51,52,354** | |

# Notes to the Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| **Note 2.4** | **Deferred Tax Liability (Net)** | | |
| | Balance at the beginning of the year | 5,10,38,910 | 5,05,04,590 |
| | Add: for the year | (47,38,030) | 5,34,320 |
| | **Balance at the end of the year** | **4,63,00,880** | **5,10,38,910** |
| **Note 2.5** | **Other Long Term Borrowings** | | |
| | Security Deposits | 4,93,48,501 | 4,27,31,901 |
| | **Total Other Long Term Borrowings** | **4,93,48,501** | **4,27,31,901** |
| **Note 2.6** | **Long Term Provisions** | | |
| | Provision for Gratuity | 23,44,502 | - |
| | **Total Long Term Provisions** | **23,44,502** | **-** |
| **Note 2.7** | **Short Term Borrowings** | | |
| 2.7.1 | **Secured** | | |
| | **Loans repayable on demand from Banks:** (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.) | 96,09,71,903 | 90,86,60,282 |
| | **Total Secured Loans** | **96,09,71,903** | **90,86,60,282** |
| 2.7.2 | **Unsecured** | | |
| | **Loans and Advances from Related Parties** | | |
| | Short Term Loans from Others | 1,79,84,029 | 82,27,930 |
| | | - | - |
| | **Total Unsecured Loans** | **1,79,84,029** | **82,27,930** |
| | **Total Short Term Borrowings** | **97,89,55,932** | **91,68,88,212** |
| **Note 2.8** | **Trade Payables** | | |
| | Trade Payables for goods & services (Includes sundry creditors) | 82,20,46,379 | 69,99,17,109 |
| | **Total Trade Payables** | **82,20,46,379** | **69,99,17,109** |
| **Note 2.9** | **Other Current Liabilities** | | |
| 2.9.1 | **Current Maturities of Long Term Borrowings (refer Note 2.3.1)** | | |
| | from Banks | 6,45,17,069 | 3,15,23,543 |
| | from Others | 21,96,348 | 33,25,444 |
| | **Total** | **6,67,13,417** | **3,48,48,987** |
| 2.9.2 | **Other Payables** | | |
| | Advances from Customers | 3,79,84,959 | 4,21,91,433 |
| | Expenses Payable | 8,75,68,231 | 6,16,14,167 |
| | Other Liabilities | 3,50,74,806 | 2,46,71,469 |
| | **Total** | **16,06,27,996** | **12,84,77,069** |
| | **Total Other Current Liabilities** | **22,73,41,413** | **16,33,26,056** |
| **Note 2.10** | **Short Term Provisions** | | |
| | Provision for taxation (Net of MAT Credit Entitlement) | 1,20,05,567 | 12,78,720 |
| | Provision for Gratuity | 6,18,228 | - |
| | Provision for Excise Duty | 1,53,04,343 | 1,35,31,086 |
| | Proposed Dividend | 2,55,60,000 | - |
| | Provision for Dividend Distribution Tax | 43,43,922 | - |
| | **Total Short Term Provisions** | **5,78,32,060** | **1,48,09,806** |

# Notes to the Financial Statements for the year ended 31st March, 2014

**Note 2.11 FIXED ASSETS**

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total as on 01.04.2013 | Additions during the period | Sales/Adj. during the period | Total as on 31.03.2014 | Total as on 01.04.2013 | Depreciation/ Adj. for the period | Sales/Adj. during the period | Total as on 31.03.2014 | As on 31.03.2014 | As on 31.03.2013 |
| **Tangible Assets (Not under Lease)** | | | | | | | | | | |
| Land | 13,09,87,805 | - | 68,72,004 | 12,41,15,801 | - | - | - | - | 12,41,15,801 | 13,09,87,805 |
| Building | 23,48,92,019 | 66,44,834 | 1,38,73,322 | 22,85,72,279 | 6,98,10,772 | 77,06,568 | 29,17,002 | 7,46,00,338 | 15,39,71,941 | 16,50,81,247 |
| Plant & Equipments | 73,73,76,471 | 3,80,23,835 | 64,63,150 | 76,89,37,156 | 37,47,25,632 | 4,22,07,795 | 13,36,272 | 41,55,97,155 | 35,33,40,001 | 36,26,50,839 |
| Furniture & Fixture | 5,57,75,450 | 22,99,65,835 | 91,54,777 | 27,56,77,760 | 2,17,93,597 | 10,77,49,607 | 60,09,571 | 12,35,33,633 | 15,21,44,127 | 3,39,81,853 |
| Vehicles | 12,08,41,725 | 3,90,28,266 | 96,99,034 | 15,01,70,957 | 4,18,46,991 | 1,52,09,947 | 49,04,522 | 5,21,52,417 | 9,80,18,540 | 7,89,94,734 |
| Office Equipments | 8,21,68,935 | 3,15,90,444 | 4,99,195 | 11,32,60,184 | 3,71,85,950 | 1,72,87,220 | 2,42,822 | 5,42,30,348 | 5,90,29,836 | 4,49,82,985 |
| Moulds | 23,87,64,489 | 1,56,47,552 | 29,07,146 | 25,15,04,895 | 19,35,49,354 | 1,38,42,935 | 77,363 | 20,73,14,926 | 4,41,89,969 | 4,52,15,135 |
| **Total Tangible Assets** | **1,60,08,06,894** | **36,09,00,766** | **4,94,68,628** | **1,91,22,39,032** | **73,89,12,296** | **20,40,04,072** | **1,54,87,552** | **92,74,28,817** | **98,48,10,215** | **86,18,94,598** |
| **Previous Year** | **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** |
| **Intangible Assets** | | | | | | | | | | |
| Patents | 15,500 | - | - | 15,500 | 3,838 | - | - | 3,838 | 11,662 | 11,662 |
| Softwares | 1,19,39,252 | 24,17,534 | - | 1,43,56,786 | 16,98,623 | 39,10,536 | - | 56,09,159 | 87,47,627 | 1,02,40,629 |
| **Total Intangible Assets** | **1,19,54,752** | **24,17,534** | **-** | **1,43,72,286** | **17,02,461** | **39,10,536** | **-** | **56,12,997** | **87,59,289** | **1,02,52,291** |
| **Previous Year** | **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** |
| Capital work in progress: | | | | | | | | | | |
| a) Building under construction | 17,58,875 | 3,69,393 | 17,58,875 | 3,69,393 | - | - | - | - | 3,69,393 | 17,58,875 |
| b) Assets under installation | 5,43,488 | - | 5,43,488 | - | - | - | - | - | - | 5,43,488 |
| **Total Capital work in progress** | **23,02,363** | **3,69,393** | **23,02,363** | **3,69,393** | **-** | **-** | **-** | **-** | **3,69,393** | **23,02,363** |
| **Previous year** | **5,43,488** | **17,58,875** | **-** | **23,02,363** | **-** | **-** | **-** | **-** | **23,02,363** | **5,43,488** |

# Notes to the Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| Note 2.12 | **Non-Current Investments (Non-Trade)** | | |
| | Investments in Government Securities (Valued at Cost) | | |
| | (6 Years National Saving Certificates VIII Issue ) | 44,834 | - |
| | **Equity Share (Unquoted, Fully Paid up)** | | |
| | **In Subsidiaries (Valued at cost)** | | |
| | Liberty Retail Revolutions Limited | | |
| | 10650000 (Previous year 10650000) Equity Shares of ₹10/- each fully paid | - | 19,80,39,000 |
| | Nil (Previous year 500000) Fully Convertible Debenture of ₹100/- each fully paid | - | 5,00,00,000 |
| | Liberty Foot Fashion Middle East FZE | | |
| | 1 (Previous year 1) Equity Share of UAE Dhiram 10,00,000 fully paid | 1,21,93,257 | 1,21,93,257 |
| | **Total Non-current Investments** | **1,22,38,091** | **26,02,32,257** |
| | Aggregate amount of Quoted Investments | - | - |
| | Aggregate amount of Unquoted Investments | 1,22,38,091 | 26,02,32,257 |
| | Aggregate Market Value of Quoted Investments | - | - |
| Note 2.13 | **Long term Loans & Advances** | | |
| | (Unsecured and considered good unless stated otherwise) | | |
| | Capital Advance | 28,92,836 | 10,41,431 |
| | Security Deposits | | |
| | -to Related Parties | - | - |
| | -to Others | 4,05,42,469 | 1,33,90,725 |
| | Share Application Money paid to Subsidiary (Pending Allotment) | 1,80,48,696 | 1,80,48,696 |
| | Unsecured Loans to Subsidiary | - | 9,50,00,000 |
| | MAT Credit Entitlement | 8,10,09,131 | 6,96,33,368 |
| | | 14,24,93,132 | 19,71,14,220 |
| | Less: Provision for doubtful security deposits to others | 37,71,805 | 16,15,998 |
| | **Total Long term Loan & Advances** | **13,87,21,327** | **19,54,98,222** |
| Note 2.14 | **Other Non-current Assets** | | |
| | (Unsecured and considered good unless stated otherwise) | - | - |
| | **Total Other Non-current Assets** | - | - |
| Note 2.15 | **Inventories (As valued and certified by the Management)** | | |
| | Raw Materials | 27,10,18,929 | 26,29,26,455 |
| | Goods in Process | 15,90,07,486 | 13,93,05,371 |
| | Finished Goods | | |
| | Manufactured | 61,30,28,286 | 63,22,53,906 |
| | Traded | 3,13,66,203 | 3,30,79,708 |
| | Packing Materials | 1,71,80,421 | 1,65,43,841 |
| | Stores & Spares | 3,07,06,905 | 2,68,87,070 |
| | Oil & Lubricants | 17,40,949 | 12,29,696 |
| | **Total Inventories** | **1,12,40,49,179** | **90,68,68,622** |
| 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 | 5,82,73,395 | 6,70,18,105 |
| | Considered doubtful | 3,00,73,824 | 2,67,72,536 |
| | Other Debts | | |
| | Considered good | 1,09,83,12,039 | 90,05,10,959 |
| | Total | 1,18,66,59,258 | 99,43,01,600 |
| | Less: Provision for doubtful debts | 3,00,73,824 | 2,67,72,536 |
| | **Total Trade Receivables** | **1,15,65,85,434** | **96,75,29,064** |
| Note 2.17 | **Cash and Bank Balances** | | |
| | Cash and Cash equivalents | | |
| | Balances with banks: | | |
| | In Current Accounts | 60,67,226 | 1,96,83,467 |
| | Cheques on hand | 1,17,50,535 | 8,26,58,601 |
| | Cash in hand including imprest | 1,39,63,322 | 70,55,780 |
| | Fixed Deposits with Banks (Margin Money deposit for LC/Bank Guarantees)* | 3,96,92,879 | 2,22,44,416 |
| | **Total Cash and Bank Balances** | **7,14,73,962** | **13,16,42,264** |

* Includes Fixed Deposits for ₹0.47 Lacs (Previous year ₹79.34 Lacs) having maturity of more than 12 months

# Notes to the Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | 31.03.2014 | 31.03.2013 |
|---|---|---|---|
| **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 | 12,24,26,290 | 13,54,24,548 |
| | Security Deposit for less than 12 Months | | |
| | to Related Parties | - | - |
| | to Others | 1,29,87,263 | 1,13,04,708 |
| | Balance with Excise and other Statutory Authorities | 3,13,69,366 | 5,01,51,235 |
| | (including service tax, VAT recoverable and taxes paid under protest) | | |
| | Prepaid Expenses | 64,85,051 | 59,97,430 |
| | Loans and advances to employees | 1,04,05,341 | 90,41,526 |
| | **Total Short-term Loans & Advances** | **18,36,73,311** | **21,19,19,447** |
| **Note 2.19** | **Other Operating Income** | | |
| | Freight | 2,46,416 | 1,29,573 |
| | Miscellaneous Income | 23,21,495 | 57,13,247 |
| | Gain on Exchange Rate Fluctuations | 7,68,681 | 76,70,400 |
| | Bad Debts Recovered | 7,83,000 | 1,76,000 |
| | **Total Operating Income** | **41,19,592** | **1,36,89,220** |
| **Note 2.20** | **Other Income** | | |
| | Bank and Other Interest (Tax deducted at Source Rs. 3.01 Lacs (Previous Year Rs. 1.94 Lacs)) | 34,72,994 | 23,51,322 |
| | **Total Other Income** | **34,72,994** | **23,51,322** |
| **Note 2.21** | **Cost of Materials consumed and Finished Goods Purchased** | | |
| | **(a) Raw Materials (Refer to Note 2.27.23)** | | |
| | Stock at the beginning of the year | 26,29,26,455 | 26,50,11,182 |
| | Add: Purchases (Net of adjustments) | 1,92,55,10,279 | 1,52,90,15,655 |
| | | 2,18,84,36,734 | 1,79,40,26,837 |
| | Less: Stock at the end of the year | 27,10,18,929 | 26,29,26,455 |
| | **Raw Materials Consumed** | **1,91,74,17,805** | **1,53,11,00,382** |
| | **(b) Finished Goods Purchased** | **61,46,75,095** | **25,12,25,663** |
| | **Total Cost of Materials consumed and Finished Goods Purchased (a+b)** | **2,53,20,92,900** | **1,78,23,26,045** |
| **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 | 64,43,94,489 | 45,99,76,189 |
| | Goods in Process | 15,90,07,486 | 13,93,05,371 |
| | Total | 80,34,01,975 | 59,92,81,560 |
| | (b) Inventories at the beginning of the year | | |
| | Finished Goods/Stock-in-Trade (Including inventory taken over on amalgamation) | 66,53,33,614 | 40,93,02,718 |
| | Goods in Process | 13,93,05,371 | 11,65,24,877 |
| | Total | 80,46,38,985 | 52,58,27,595 |
| | **(Increase)/Decrease in Inventories (b - a)** | **12,37,010** | **(7,34,53,965)** |
| **Note 2.23** | **Employee Benefits Expense** | | |
| | Salaries, Wages and Bonus | 52,14,65,262 | 36,39,11,066 |
| | Directors' Remuneration | 1,92,00,000 | 61,50,000 |
| | Contribution to Provident and Other Funds (Refer to Note 2.27.20) | 2,84,41,009 | 2,16,97,943 |
| | Staff Welfare Expenses | 1,07,11,917 | 47,61,877 |
| | **Total Employee Benefits Expense** | **57,98,18,188** | **39,65,20,886** |
| **Note 2.24** | **Finance Cost** | | |
| | Interest Expense | | |
| | to Banks | 14,60,71,944 | 11,62,37,847 |
| | to others (Refer to Note 2.27.6) | 27,15,503 | 20,02,472 |
| | Bank Charges | 1,19,39,613 | 47,68,644 |
| | **Total Finance Cost** | **16,07,27,060** | **12,30,08,963** |

# Notes to the Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | 31.03.2014 | 31.03.2013 |
|---|---|---|---|
| **Note 2.25** | **Other Expenses** | | |
| | **(a) Manufacturing Expenses** | | |
| | Freight Inwards | 1,05,16,384 | 86,65,408 |
| | Upper Production Charges | 10,07,56,092 | 8,23,18,418 |
| | Oil & Lubricants | 1,35,88,882 | 2,52,03,922 |
| | Electricity Charges | 8,65,71,684 | 6,18,56,313 |
| | Repairs to Machinery | 2,85,93,367 | 2,78,56,705 |
| | Land Lease Rent | 1,64,336 | 1,49,392 |
| | Franchise Fee | 1,25,00,000 | 7,90,00,000 |
| | **Total** | **25,26,90,745** | **28,50,50,158** |
| | **(b) Administration, Selling and Other Expenses** | | |
| | Packing Materials Consumed | 16,80,84,166 | 13,10,86,522 |
| | Printing & Stationery | 70,59,467 | 54,10,206 |
| | Claims | 4,28,06,087 | 2,84,91,289 |
| | Tour, Travelling and Conveyance | 7,75,20,416 | 5,43,75,002 |
| | Insurance Charges | 76,66,297 | 57,52,654 |
| | Fees and Taxes | 3,28,36,584 | 2,60,47,803 |
| | Postage, Telegram, Telephone and Telex | 1,43,03,903 | 1,09,70,048 |
| | Subscriptions | 7,12,885 | 4,45,152 |
| | Advertisements | 8,49,22,597 | 12,60,58,908 |
| | Rent | 12,41,20,837 | 2,32,98,955 |
| | Donations | 10,86,122 | 6,38,400 |
| | Export CIF Expenses | 1,61,43,765 | 1,71,92,515 |
| | Freight Outward | 8,67,16,321 | 5,18,24,135 |
| | Samples | 2,41,923 | 1,74,661 |
| | Auditors' Remuneration: | | |
| | Statutory Audit Fee | 5,60,000 | 6,00,000 |
| | Tax Audit Fee | 80,000 | 80,000 |
| | Certification Fee | 20,000 | 20,000 |
| | Cost Audit Fee | 1,00,000 | 1,00,000 |
| | Miscellaneous Expenses | 2,04,98,804 | 29,49,365 |
| | Royalty | 16,30,00,000 | 9,82,50,000 |
| | Entertainment Expenses | 71,09,905 | 62,17,284 |
| | Commission | 4,66,32,040 | 2,93,11,225 |
| | Sales Promotion Expenses | 6,15,46,827 | 4,64,08,581 |
| | Newspapers & Periodicals | 1,90,792 | 1,89,348 |
| | Debts written off | 2,77,06,169 | 62,01,037 |
| | Provision for doubtful debts (refer to Note 2.27.14) | 54,57,095 | (72,75,172) |
| | Consultancy & Professional Charges | 1,94,74,618 | 1,66,50,008 |
| | Repairs & Maintenance Expenses-Building | 3,04,30,364 | 73,15,122 |
| | Repairs & Maintenance Expenses-Others | 1,29,85,154 | 1,11,82,946 |
| | Loss on transfer of Duty Credit | - | 34,50,140 |
| | **Total** | **1,06,00,13,138** | **70,34,16,134** |
| | **Total Other Expenses (a + b)** | **1,31,27,03,883** | **98,84,66,292** |
| **Note 2.26** | **Exceptional Items (Net)** | | |
| | Profit on Sale of Fixed Assets | (43,48,154) | (3,27,525) |
| | Loss on Sale of Fixed Assets | 63,20,291 | 22,76,364 |
| | **Total** | **19,72,137** | **19,48,839** |

# Notes to the Financial Statements for the year ended 31st March, 2014

## Note 2.27 NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 2.27.1 Details of Managerial Remuneration:

(Amount in ₹)

| Particulars | 31.03.2014 | 31.03.2013 |
|---|---|---|
| Payment and provision for remuneration to: | | |
| Executive Director(s) | 1,92,00,000 | 61,50,,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 | 31.03.2014 | 31.03.2013 |
|---|---|---|
| Profit before tax as per Statement of Profit & Loss | 14,14,99,351 | 7,05,03,503 |
| Add: | | |
| Directors' Remuneration | 1,92,00,000 | 61,50,000 |
| (Profit)/Loss on sale of Fixed Assets (Net) | 19,72,137 | 19,48,839 |
| Directors' Sitting Fees | 42,500 | - |
| (Profit)/Loss on sale of Investments | - | - |
| **Net Profit as per Section 349 of the Companies Act, 1956** | **16,27,13,988** | **7,86,02,342** |
| **Commission paid/payable to Directors** | - | - |

During the year under consideration, no remuneration has been paid to Non-Executive Directors except professional services fee of ₹18,00,000/- (Previous year ₹NIL) to Sh. Satish Kumar Goel and sitting fees of ₹42,500/- (Previous year ₹NIL) to Independent Directors.

2.27.2 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.

2.27.3 The Company has taken various retail stores and warehouses under operating lease arrangements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. The aggregate lease rentals payables are charged as Rent in note 2.25.

The future minimum lease payments under non cancellable operating leases are as follows:

(Amount in ₹)

| Lease Rentals | 31.03.2014 | 31.03.2013 |
|---|---|---|
| Not later than one year | 1,38,22,657 | 1,82,08,660 |
| Later than one year and not later than 5 years | 1,09,85,548 | 71,72,371 |
| Later than five years | - | 48,63,613 |

2.27.4 The assessment of the Company in respect of Income Tax & Wealth Tax is completed up to Assessment Year 2011-12.

2.27.5 During the year, in terms of the renewed agreements dated April 3, 2013 with Liberty Enterprises (LE) and Liberty Group Marketing Division (LGMD), the two partnership firms of the group, for further period of two years from April 1, 2013 onwards, the exclusive use of their manufacturing facilities and fixed assets, trademarks & distribution networks is now available with the Company till March 31, 2015. Further, in conformity with the

# Notes to the Financial Statements for the year ended 31st March, 2014

requisite approvals of the Central Government obtained by the Company in this regard, the Company has paid/provided for franchise fees of ₹115 Lacs (Previous year ₹600 Lacs) to LE and ₹840 Lacs (Previous year ₹700 Lacs) to LGMD.

Further, considering the development in relation to resolution of long pending dispute amongst the partners of LE and innumerable benefits of unlocking the shareholders value through the acquisition of tangible and intangible assets of LE and LGMD, currently available to the Company under aforesaid arrangements, the Company has proposed the acquisition of the assets from the above firms and is presently working on the modalities to implement the same.

Also, during the year, in terms of the renewed agreement dated April 3, 2013 with Liberty Footwear Co. (LFC), another partnership firm of the group and owner of trademark "LIBERTY", for granting exclusive rights of use of trademark "LIBERTY" to the Company for further period of fifteen years from April 1, 2013 onwards and in conformity with the requisite approvals of the Central Government obtained by the Company in this regard, the Company has paid/provided for trademark license fee of ₹800 Lacs (Previous year ₹472.50 Lacs) to LFC.

2.27.6 Interest to others include ₹18,95,666/- (Previous year ₹11,50,246/-) against short term loan from M/s Geofin Investments Private Ltd @ 12% p.a.

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

2.27.8 The Company has paid the excise duty amounting to ₹17,11,33,108/- (Previous year ₹17,80,25,170/-) against the sales executed during the year.

Also, the Company has made the provision of excise duty of ₹1,53,04,343/- (Previous Year ₹1,35,31,086/-) against finished goods lying in stocks as on 31st March, 2014 and the difference of two has been recognized separately in the Statement of Profit & Loss.

2.27.9 The registration process of certain portion of land at Libertypuram, Karnal, already in possession with the Company since beginning, is in process of administrative compliances and is expected to be completed shortly.

2.27.10 During the year under consideration, the scheme of amalgamation of M/s Liberty Retail Revolutions Limited, a wholly owned subsidiary of the Company, with the Company has been approved by the Hon'ble High Court of Punjab & Haryana and Hon'ble High Court of Delhi. The Company has completed the necessary formalities to give effect the said amalgamation. Further, in terms of the scheme of amalgamation, the amalgamation has been approved by the Hon'ble High Courts with an appointed date of April 1, 2013, accordingly, the financials presented for the year under consideration includes the financials of the said amalgamated subsidiary as if its operations were under the Company during the year. Accordingly, the previous figures are not comparable to that extent.

As per approved Scheme of Amalgamation, the accounting for the amalgamation has been done as per the method of "Amalgamation in the nature of merger" as defined in the Accounting Standard (AS)-14 as notified under the Companies Accounting Standard Rules, 2006.

2.27.11 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, 2014 as Micro, Small or Medium Enterprise. Consequently the amount paid/payable to these parties during the year is nil.

# Notes to the Financial Statements for the year ended 31st March, 2014

## 2.27.12 Contingent Liabilities

(Amount in ₹)

| Particulars | 2013-2014 | 2012-2013 |
|---|---|---|
| I) Bank Guarantees issued on behalf of the Company submitted with various institutional customers in terms to their orders. | 6,74,16,281 | 4,74,76,991 |
| II) Letter of Credits | 7,30,36,956 | 6,49,65,379 |
| 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 | 3,38,75,448 |
| IV) Invoice Funding facility | - | 2,50,89,315 |
| V) Corporate Guarantee given to bank for securing working capital limits of retail subsidiary | - | 10,00,00,000 |
| VI) Income Tax claims disputed by the Company relating to TDS (FY 2010-11 ) against which appeal filed by the Company | 3,11,878 | - |
| 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 | 1,22,03,204 |
| 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 |
| X) Third Party claims 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 ₹48,82,322/-).

2.27.13 Capital commitments not provided for are estimated at ₹100 Lacs (Previous year ₹30 Lacs).

2.27.14 Provision for doubtful debts: During the year, the Company has considered debts for ₹3,22,29,631/- (Previous year ₹Nil) as doubtful debts/securities and also has withdrawn ₹2,67,72,536/- (Previous year ₹1,49,64,710/-) out of the provisions made in the earlier years for the same and written off as bad debts ₹2,36,27,454/- (Previous year ₹39,27,110/-). 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 | 2013-2014 | 2012-2013 |
|---|---|---|
| Provision for the year | 3,22,29,631 | - |
| Less: Amount withdrawn from the provision made for doubtful debts in the earlier years | 2,67,72,536 | 72,75,172 |
| Net debited/(credited) to Statement of Profit & Loss | 54,57,095 | (72,75,172) |

# Notes to the Financial Statements for the year ended 31st March, 2014

**Balance Sheet**

(Amount in ₹)

| Particulars | 2013-2014 | 2012-2013 |
|---|---|---|
| Opening Balance | 2,83,88,534 | 3,56,63,706 |
| Add: Provision for the year | 3,22,29,631 | - |
| Total | 6,06,18,165 | 3,56,63,706 |
| Less: Amount withdrawn during the year | 2,67,72,536 | 72,75,172 |
| Closing balance | 3,38,45,629 | 2,83,88,534 |
| Trade Receivables (Refer to Note No. 2.16) | 3,00,73,824 | 2,67,72,536 |
| Security Deposits to Others (Refer to Note No. 2.13) | 37,71,805 | 16,15,998 |

2.27.15 During the year, considering the non recoverability of some of the debts, the Company has written of the debts amounting to ₹40,78,715/- (Previous year ₹22,73,927/-).

2.27.16 Sales/Adjustment in the Gross Block of Fixed Assets amounting to ₹4,94,68,628/- (Previous year ₹84,53,380/-) includes sale of surplus Land & Building having book value for ₹2,07,45,326/- (Previous year ₹Nil), Machinery/Moulds, on account of replacements, for ₹93,70,296/- (Previous year ₹31,74,973/-), Vehicles for ₹96,99,034/- (Previous year ₹50,68,826/-), Office Equipments for ₹4,99,195/- (Previous year ₹2,09,581) and writing off of the Furniture & Fixtures at few of the retail outlets of the amalgamated Company for ₹91,54,777/- (Previous year ₹Nil). The Profit/(Loss) arisen on such sale/adjustments, net of accumulated depreciation, has separately been reflected in Note No. 2.26 as Exceptional Items.

Additions/Adjustments in the Gross Block of Fixed Assets and Depreciation/Adjustments for the period in Note No. 2.11 includes adjustments on account of merger of Company's wholly owned subsidiary (WOS) detailed as under:

(Amount in ₹)

| Particulars | Depreciation/Adjustments for the period | | | Additions/Adjustments during the period | | |
|---|---|---|---|---|---|---|
| | Additions | Adjustments on account of merger of WOS | Total Additions | Depreciation for the period | Adjustments on account of merger of WOS | Total Additions |
| **(A) Tangible Assets** | | | | | | |
| Building | 66,44,834 | - | 66,44,834 | 77,06,568 | - | 77,06,568 |
| Plant & Equipments | 3,77,26,740 | 2,97,095 | 3,80,23,835 | 4,20,96,363 | 1,11,432 | 4,22,07,795 |
| Furniture & Fixtures | 2,45,66,153 | 20,53,99,682 | 22,99,65,835 | 2,47,16,311 | 8,30,33,296 | 10,77,49,607 |
| Vehicles | 3,08,87,411 | 81,40,855 | 3,90,28,266 | 1,30,05,648 | 22,04,299 | 1,52,09,947 |
| Office Equipments | 1,06,07,849 | 2,09,82,595 | 3,15,90,444 | 72,32,326 | 1,00,54,894 | 1,72,87,220 |
| Moulds | 1,56,47,552 | - | 1,56,47,552 | 1,38,42,935 | - | 1,38,42,935 |
| **Total** | **12,60,80,539** | **23,48,20,227** | **36,09,00,766** | **10,86,00,151** | **9,54,03,921** | **20,40,04,072** |
| **(B) Intangible Assets** | | | | | | |
| Software | 3,500 | 24,14,034 | 24,17,534 | 20,55,500 | 18,55,036 | 39,10,536 |
| **Total** | **3,500** | **24,14,034** | **24,17,534** | **20,55,500** | **18,55,036** | **39,10,536** |
| **Grand Total (A + B)** | **12,60,84,039** | **23,72,34,261** | **36,33,18,300** | **11,06,55,651** | **9,72,58,957** | **20,79,14,608** |

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

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

# Notes to the Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| Description | 2013-2014 | 2012-2013 |
|---|---|---|
| Basic & Diluted | | |
| Profit after Taxation (A) | 13,39,45,381 | 7,17,29,527 |
| 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) | 7.86 | 4.21 |

2.27.19 Related Party Transactions

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

A) Transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2014:

(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 | - | 1,77,62,646 | 18,35,156 | 1,29,180 | 1,97,26,982 |
| | (27,62,985) | (1,20,83,583) | (31,960) | (1,17,432) | (1,49,95,960) |
| Sale of Goods | - | 3,30,13,602 | - | - | 3,30,13,602 |
| | (35,27,93,430) | (2,36,86,127) | (-) | (-) | (37,64,79,557) |
| License Agreements (Franchise Fee & Licensing Fee including Service Tax) | - | 19,71,91,800 | - | - | 19,71,91,800 |
| | (-) | (19,91,58,100) | (-) | (-) | (19,91,58,100) |
| Payment of Salary, Wages and other benefits to employees | - | 1,72,234 | 1,92,00,000 | 69,10,000 | 2,62,82,234 |
| | (-) | (3,08,33,929) | (61,50,000) | (30,15,000) | (3,99,98,929) |
| Purchase of Shares | - | - | - | - | - |
| | (-) | (9,80,68,500) | (4,500) | (3,000) | (9,80,76,000) |
| Loans taken | - | 27,45,20,000 | - | - | 27,45,20,000 |
| | (-) | (28,88,25,000) | (-) | (-) | (28,88,25,000) |
| Repayment of Loans | - | 26,64,70,000 | | | 26,64,70,000 |
| | (-) | (29,77,00,000) | (-) | (-) | (29,77,00,000) |
| Interest Paid/Payable | - | 18,95,666 | - | - | 18,95,666 |
| | (-) | (11,50,246) | (-) | (-) | (11,50,246) |
| **Outstanding balances** | | | | | |
| Trade Receivables | - | 70,41,935 | - | - | 70,41,935 |
| | (18,47,95,759) | (50,26,751) | (-) | (-) | (18,98,22,510) |
| Trade/Expense Payables | - | 1,15,86,311 | 1,68,424 | - | 1,17,54,735 |
| | (-) | (63,30,221) | (1,33,628) | (-) | (64,63,849) |
| Short Term Loans | - | 1,79,84,029 | - | - | 1,79,84,029 |
| | (-) | (82,27,930) | (-) | (-) | (82,27,930) |
| Long Term Loans & Advances | - | - | - | - | - |
| | (9,50,00,000) | (-) | (-) | (-) | (9,50,00,000) |
| Non-Current Investments | - | - | - | - | - |
| (Non-Trade) | (5,00,00,000) | (-) | (-) | (-) | (5,00,00,000) |
| Corporate Guarantee | - | - | - | - | - |
| | (10,00,00,000) | (-) | (-) | (-) | (10,00,00,000) |

Previous year figures are in brackets

# Notes to the Financial Statements for the year ended 31st March, 2014

B) Detail of Related Parties and description of relationship:

i) Subsidiary Companies :
Liberty Foot Fashion Middle East FZE, Liberty Retail Revolutions Ltd (Erstwhile)

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 Footwear Co., Sanjeev Bansal Charitable Trust, Liberty Innovative Outfits Ltd., Little World Constructions Pvt. Ltd.,

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

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)
Note: 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 (₹) | |
|---|---|---|---|---|---|
| | | | | 2013-14 | 2012-13 |
| Subsidiary | Receiving of Services | Liberty Retail Revolutions Limited | Shoe Upper Production Charges | - | 27,62,985 |
| 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 | 1,01,12,400 |
| | | Little World Constructions Private Limited | Rent | 4,62,513 | - |
| | | Liberty Footwear Co. | Rent for Office Premises | 6,33,708 | 6,33,708 |
| | | Sanjeev Bansal Charitable Trust | Rent for Office Premises | 4,50,000 | 4,50,000 |
| | | | Medical facilities for employees | 9,63,225 | 8,87,475 |
| | | Sh. Harish Kumar Gupta | Rent | 1,29,180 | 1,17,432 |
| | Sale of Goods | Liberty Retail Revolutions Limited | Sale of Goods manufactured and deal in by the Company | - | 35,27,93,430 |
| | | Liberty Innovative Outfits Limited | Sale of Goods manufactured and deal in by the Company | 3,30,13,602 | 2,36,86,127 |
| | License Agreements | Liberty Enterprises | Franchise Fee (including service tax) | 1,29,21,400 | 6,74,16,000 |
| | | Liberty Group Marketing Division | Franchise Fee (including service tax) | 9,43,82,400 | 7,86,52,000 |
| | | Liberty Footwear Co. | License Fee (including Service Tax) | 8,98,88,000 | 5,30,90,100 |
| | Payment of Salary, Wages and other benefits to employees | Liberty Group Marketing Division | Salary, Wages and other benefits | 1,72,234 | 3,08,33,929 |
| | Purchase of Shares | Geofin Investments Private Limited | Purchase of Shares of Liberty Retail Revolutions Limited | - | 9,80,68,500 |
| | Loans Taken | Geofin Investments Private Limited | Unsecured Short Term Loans | 27,45,20,000 | 28,88,25,000 |
| | Repayment of Loans | | | 26,64,70,000 | 29,77,00,000 |
| | Interest paid/payable | | | 18,95,666 | 11,50,246 |

# Notes to the Financial Statements for the year ended 31st March, 2014

| | | | | | |
|---|---|---|---|---|---|
| Key Management Personnel | Payment of Salary, Wages and other benefits to employees | Sh. Adesh Kumar Gupta | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Sunil Bansal | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Shammi Bansal | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Adeesh Gupta | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Satish Kumar Goel | Salary, Wages and other benefits | - | 13,50,000 |
| | Receiving of Services | Sh. Adesh Kumar Gupta | Rent | 35,156 | 31,960 |
| | | Sh. Satish Kumar Goel | Professional Services | 18,00,000 | - |
| | 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 | 20,70,000 | 11,40,000 |
| | | Sh. Vivek Bansal | Salary, Wages and other benefits | 20,70,000 | 11,40,000 |
| | | Sh. Anupam Bansal | Salary, Wages and other benefits | 20,70,000 | - |
| | | 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 | 2,10,000 |
| | | Sh. Anmol Gupta | Salary, Wages and other benefits | 70,000 | 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 balances** | | | | | |
| Subsidiary | Trade Receivables | Liberty Retail Revolutions Limited | Against sale of goods manufactured and deal in by the Company | - | 18,47,95,759 |
| Management Personnel has significant influence | Trade Receivables | Liberty Innovative Outfits Limited | Against sale of goods manufactured and deal in by the Company | 70,41,935 | 50,26,751 |
| | Trade Payables | Liberty Enterprises | Franchise Fee (including service tax) | 5,50,496 | 26,13,245 |

# Notes to the Financial Statements for the year ended 31st March, 2014

| | | | | | |
|---|---|---|---|---|---|
| Management Personnel has significant influence | | Liberty Group Marketing Division | Franchise Fee & Salary, Wages and Other benefits (including service tax) | 38,13,035 | - |
| | | Liberty Footwear Co. | License Fee (including Service Tax) | 70,69,189 | 37,16,976 |
| | | Sanjeev Bansal Charitable Trust | Medical Facilities to employees | 98,753 | - |
| | | Little World Constructions Private Limited | Rent | 54,838 | - |
| | Short Term Loans | Geofin Investments Private Limited | Unsecured Short Term Loans | 1,79,84,029 | 82,27,930 |
| Key Management Personnel | Expenses Payable | Sh. Adesh Kumar Gupta | Rent | 1,68,424 | 1,33,268 |
| Subsidiary | Long Term Loans & Advances | Liberty Retail Revolutions Limited | Loans | - | 9,50,00,000 |
| Subsidiary | Non-Current Investments (Non-Trade) | Liberty Retail Revolutions Limited | Non-Current Investments (Non-Trade) | - | 5,00,00,000 |
| Subsidiary | Corporate Guarantees | Liberty Retail Revolutions Limited | Given to banks | - | 10,00,00,000 |

**2.27.20 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:

**Statement Profit and Loss**

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Current Service Cost | 35,01,798 | 66,90,731 |
| 2. | Interest Cost on benefit obligation | 25,62,621 | 18,77,682 |
| 3. | Expected return on Plan Assets | (25,80,480) | (19,12,638) |
| 4. | Actuarial Loss/(Gain) | 13,98,089 | (8,19,319) |
| 5. | Net Benefit Expenses | 48,82,028 | 58,36,456 |

**Balance Sheet**

**b) Details of Provision for Gratuity**

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Present Value of Defined Benefit Obligation | 3,95,84,235 | 3,45,43,383 |
| 2. | Fair value of Plan Assets | 3,49,64,906 | 2,97,71,416 |
| 3. | Surplus/(Deficit) | (46,19,329) | (47,71,967) |
| 4. | Net Asset/(Liability) | (46,19,329) | (47,71,967) |

# Notes to the Financial Statements for the year ended 31st March, 2014

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Defined Benefit Obligation at the beginning of the year | 3,64,62,343 | 2,88,73,933 |
| 2. | Current Service Cost | 35,01,798 | 66,90,731 |
| 3. | Interest Cost | 25,62,621 | 18,77,682 |
| 4. | Actuarial (Gain)/Loss on obligations | 13,98,089 | (8,19,319) |
| 5. | Benefits paid | (43,40,616) | (20,79,644) |
| 6. | Defined benefit obligation at the end of the period | 3,95,84,235 | 3,45,43,383 |

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Opening Fair Value of Plan Assets | 2,97,71,416 | 2,60,38,422 |
| 2. | Expected Return | 25,80,480 | 19,12,638 |
| 3. | Contributions by employer | 66,65,311 | 39,00,000 |
| 4. | Benefits paid | (40,52,301) | (20,79,644) |
| 5. | Actuarial Gains/(Losses) | - | - |
| 6. | Closing Fair Value of Plan Assets | 3,49,64,906 | 2,97,17,416 |

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

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 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 | 2013-14 | 2012-13 |
|---|---|---|---|
| 1. | Defined Benefit Obligation | (3,95,84,225) | (3,45,43,383) |
| 2. | Plan Assets | 3,49,64,896 | 2,41,07,084 |
| 3. | Surplus/(Deficit) | (46,19,329) | (47,71,967) |
| 4. | Experience adjustments on plan liabilities | 13,98,089 | (8,19,319) |
| 5. | Experience adjustments on plan assets | - | - |

2.27.21 For the current year, Deferred Tax liability has been calculated after considering the cumulative timing differences of ₹14,27,05,764/- (Previous year ₹15,73,09,015/-) mainly on account of depreciation.

2.27.22 There are no dues payable to the Investor Education and Protection Fund as at 31st March, 2014.

# Notes to the Financial Statements for the year ended 31st March, 2014

2.27.23 Detail of Materials Consumed

(Amount in ₹)

| Description | 2013-14 | 2012-13 |
|---|---|---|
| PVC Compound | 15,88,25,898 | 14,44,74,924 |
| Laminated Leather Fabric | 21,77,20,538 | 15,95,88,169 |
| PU Chemicals | 21,16,49,747 | 16,69,47,987 |
| Leather | 25,29,58,417 | 25,67,10,085 |
| PU Soles | 8,70,72,714 | 6,46,52,687 |
| EVA Resin | 4,18,22,165 | 3,47,29,316 |
| Shoe Uppers/Components | 61,35,19,570 | 47,27,40,648 |
| Others | 36,63,68,619 | 26,83,40,157 |
| Total | 1,94,99,37,668 | 1,56,81,83,973 |
| Less: Amount of Export Incentives | 3,25,19,863 | 3,70,83,591 |
| Net Consumption | 1,91,74,17,805 | 1,53,11,00,382 |

2.27.24 Consumption of Imported and Indigenous Materials and percentage thereof

(Amount in ₹)

| Description | 2013-14 | | 2012-13 | |
|---|---|---|---|---|
| | Value | %age | Value | %age |
| **Raw Materials** | | | | |
| Imported | 7,31,82,650 | 3.82 | 8,95,21,812 | 5.85 |
| Indigenous | 1,87,42,35,155 | 96.18 | 1,44,15,78,570 | 94.15 |
| **Total** | **1,91,74,17,805** | **100.00** | **1,53,11,00,382** | **100.00** |
| **Finished Goods** | | | | |
| Imported | 15,53,34,931 | 25.27 | 8,67,24,947 | 34.52 |
| Indigenous | 45,93,40,164 | 74.73 | 16,45,00,716 | 65.48 |
| **Total** | **61,46,75,095** | **100.00** | **25,12,25,663** | **100.00** |
| **Consumable Stores & Spares** | | | | |
| Imported | 33,69,268 | 11.78 | 28,38,913 | 10.19 |
| Indigenous | 2,52,24,099 | 88.22 | 2,50,17,792 | 89.81 |
| **Total** | **2,85,93,367** | **100.00** | **2,78,56,705** | **100.00** |

2.27.25 Expenditure & Earnings in Foreign Currency

(Amount in ₹)

| Description | 2013-14 | 2012-13 |
|---|---|---|
| a) CIF Value of Imports: | | |
| Raw Materials & Others | 18,23,35,721 | 15,00,40,624 |
| Capital Goods | 1,90,85,664 | 1,20,91,564 |
| Stores & Spares | 43,43,817 | 25,61,946 |
| b) Expenditure in Foreign Currency | | |
| Travelling Expenses | 55,84,351 | 41,24,425 |
| Commission | 23,92,973 | 53,52,343 |
| Business Promotion | 24,77,700 | 21,96,497 |
| Rent | 22,10,400 | 19,69,200 |
| Technical Consultancy | 19,29,116 | 10,57,070 |
| c) FOB Value of Exports of Finished Goods | 45,11,55,867 | 37,89,08,878 |

2.27.26 During the year ended March 31, 2014, preparation and presentation of financial statements have been made as per the Revised Schedule VI notified under the Companies Act 1956. 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 Foot Fashion Middle East FZE* |
|---|---|---|
| 2 | The Period of Subsidiary Company | 1st April, 2013 to 31st March, 2014 |
| 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 (One) Equity Share of AED 10,00,000/- each, fully paid up |
| | b) Extent of Holding | 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, 2014 | (12,54,979) |
| | b) dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2014 | 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, 2013 | (10,37,351) |
| | b) dealt with in the accounts of Liberty Shoes Ltd. for the year ended on 31st March, 2013 | 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. |
| 7 | Materials Changes, if any, between the end of financial year of the Subsidiary and that of the Holding Company. | N.A. |

* The Wholly owned subsidiary Company has not commenced its operations.

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-00491803

**Munish Kakra**
CFO &
Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Statement Pursuant to General Approval under 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 Company to the extent of equity holding of the Company in this Company 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 April 17, 2014 for not attaching the Annual Accounts, Reports of Directors and Auditors of the Subsidiary Company i.e. Liberty Foot Fashion Middle East FZE with the Audited Balance Sheet of the Company. The Annual Accounts of the above said Subsidiary Company and related detailed information shall be made available to the shareholders of the Company and of Subsidiary Company at any working day from 10.00 A.M. till 6.00 P.M. The Annual Accounts of the above said Subsidiary Company are open for inspection by any Shareholder at the Registered Office of the Company and of the Subsidiary Company. Apart from above, the additional financial information in respect of Subsidiary Company as directed under the above said circular is given hereunder:

(Amount in ₹)

| Name of the Subsidiary Company | Liberty Foot Fashion/ Middle East FZE* |
|---|---|
| Capital | 1,63,50,000 |
| Share Application Money | 2,51,68,798 |
| Reserves | - |
| Total Assets | 4,15,18,798 |
| Total Liabilities | 4,15,18,798 |
| Details of Investments (other than investment in Subsidiary) | - |
| Turnover | - |
| Profit/(Loss) before taxation | (12,54,979) |
| Provision for Taxation | - |
| Profit/(Loss) after taxation | (12,54,979) |
| Proposed Dividend including dividend declared during the year | - |

The foreign Exchange rate used for conversion amount in AED to INR is ₹16.35

* 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, 2014 for wholly owned Subsidiary Company.

**Undertaking**

We undertake that the Annual Accounts of the wholly owned Subsidiary Company 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 Company will also be kept available for inspection by the investor in the Registered / Head Office of Liberty Shoes Ltd.

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**
CFO &
Company Secretary

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Independent Auditors' Report

**On the Consolidated Financial Statements of Liberty Shoes Ltd.**

To
The Board of Directors of Liberty Shoes Limited

**Report on the Financial Statements**

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Liberty Shoes Limited ("the Company") and its subsidiary, hereinafter referred to as "Group", which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and otherexplanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21- "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
7. Based on our audit and on consideration of report of other Auditor on separate financial statements of the subsidiary of the Company M/s Liberty Foot Fashion Middle East FZE as referred to in paragraph 8 below and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
   (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

8. We did not audit the financial statements of one subsidiary M/s Liberty Foot Fashion Middle East FZE, a Company registered in the United Arab Emirates, for the year ended 31st March, 2014 included in the consolidated financial statements which constitutes total assets of ₹4.15 Crores and net assets of ₹3.69 Crores as at 31st March, 2014. The said subsidiary has not yet started the commercial activities and reported net loss of ₹12.55 Lacs for the year ended March 31, 2014. This financial statements have been audited by other auditors whose report has been furnished to us and we are presented with this financial statements in Indian Rupees prepared on the basis of the aforesaid audited accounts to comply with the requirements of Section 212 of the Companies Act, 1956 and to prepare the consolidated financial statement in accordance with requirements of Accounting Standard (AS) 21- "Consolidated Financial Statements" and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

**Pardeep Tayal**
Partner
Membership No. 081643

Place: Libertypuram, Karnal
Dated: Thursday, 29 May, 2014

# Consolidated Balance Sheet

as at 31st March, 2014

(Amount in ₹)

| PARTICULARS | NOTE NO. | | 31.03.2014 | | 31.03.2013 |
|---|---|---|---|---|---|
| **Equity & Liabilities** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2.1 | 17,04,00,000 | | 17,04,00,000 | |
| Reserves & Surplus | 2.2 | 1,21,19,01,090 | 1,38,23,01,090 | 1,19,69,87,451 | 1,36,73,87,451 |
| **Non-current Liabilities** | | | | | |
| Long Term Borrowings | 2.3 | 12,08,91,934 | | 10,46,31,114 | |
| Deferred Tax Liability (Net) | 2.4 | 4,63,00,880 | | 5,10,38,910 | |
| Other Long Term Borrowings | 2.5 | 4,93,48,501 | | 4,59,19,401 | |
| Long Term Provisions | 2.6 | 23,44,502 | 21,88,85,817 | 18,64,381 | 20,34,53,806 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 2.7 | 97,89,55,932 | | 99,85,57,226 | |
| Trade Payables | 2.8 | 82,20,46,379 | | 70,48,71,435 | |
| Other Current Liabilities | 2.9 | 22,99,97,459 | | 22,63,74,435 | |
| Short Term Provisions | 2.10 | 5,78,32,060 | 2,08,88,31,830 | 1,48,64,385 | 1,94,46,67,481 |
| **Total** | | | **3,69,00,18,737** | | **3,51,55,08,738** |
| **Assets** | | | | | |
| **Non-current Assets** | | | | | |
| Fixed Assets | | | | | |
| Tangible Assets | 2.11 | 98,48,10,215 | | 1,00,13,10,903 | |
| Intangible Assets | 2.11 | 87,59,289 | | 1,08,11,289 | |
| Capital Work in Progress | 2.11 | 3,69,393 | | 23,02,363 | |
| Non-Current Investments | 2.12 | 44,834 | | 44,834 | |
| Long term Loans & Advances | 2.13 | 16,02,38,879 | | 14,19,39,562 | |
| Other Non-Current Assets | 2.14 | - | 1,15,42,22,610 | - | 1,15,64,08,951 |
| **Goodwill on Consolidation** | | | - | | 9,15,39,000 |
| **Current Assets** | | | | | |
| Inventories | 2.15 | 1,12,40,49,179 | | 1,11,22,26,047 | |
| Trade Receivables | 2.16 | 1,15,65,85,434 | | 79,20,73,356 | |
| Cash and Bank Balances | 2.17 | 7,14,88,203 | | 14,67,13,839 | |
| Short term Loans & Advances | 2.18 | 18,36,73,311 | 2,53,57,96,127 | 21,65,47,545 | 2,26,75,60,787 |
| **Total** | | | **3,69,00,18,737** | | **3,51,55,08,738** |
| Significant Accounting Policies | 1 | | | | |
| Notes forming part of the Financial Statements | 2 to 2.27 | | | | |

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 | CFO & |
| Membership No. 081643 | DIN-00143192 | DIN-00138792 | DIN-00481803 | Company Secretary |

Place: Libertypuram, Kurnal
Dated: Thursday, 29th May, 2014

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2014

(Amount in ₹)

| PARTICULARS | NOTE NO. | | 31.03.2014 | | 31.03.2013 |
|---|---|---|---|---|---|
| **Revenue from Operations** | | | | | |
| Sales | | 5,00,60,19,959 | | 3,78,06,64,808 | |
| Other Operating Revenues | 2.19 | 41,19,592 | | 1,74,06,563 | |
| Less: | | | | | |
| Excise Duty | | 17,11,33,108 | 4,83,90,06,443 | 17,80,25,170 | 3,62,00,46,201 |
| **Other Income** | 2.20 | | 34,72,994 | | 23,96,954 |
| **Total Revenue** | | | **4,84,24,79,437** | | **3,62,24,43,155** |
| **Expenses** | | | | | |
| Cost of Raw Materials Consumed | 2.21 | 2,53,20,92,900 | | 1,79,59,64,011 | |
| Change in Inventories of Finished Goods, Goods in Process and Stock-in-Trade | 2.22 | 12,37,010 | | (7,91,75,185) | |
| Employee Benefit Expenses | 2.23 | 57,98,18,188 | | 46,02,27,853 | |
| Finance Cost | 2.24 | 16,07,45,863 | | 14,28,06,554 | |
| Depreciation & Amortisations | 2.11 | 11,06,55,651 | | 10,39,83,354 | |
| Other Expenses | 2.25 | 1,31,39,40,060 | | 1,14,64,78,162 | |
| Excise Duty | | 17,73,257 | | (45,24,453) | |
| **Total Expenses** | | | **4,70,02,62,929** | | **3,56,57,60,296** |
| **Profit before exceptional and extraordinary items and tax** | | | **14,22,16,508** | | **5,66,82,859** |
| Exceptional Items | 2.26 | | 19,72,137 | | 40,31,329 |
| **Profit before Tax** | | | **14,02,44,371** | | **5,26,51,530** |
| **Provision for taxation** | | | | | |
| Current tax | | 3,07,25,101 | | 1,29,14,840 | |
| MAT Credit Entitlement | | (1,87,19,534) | | (1,16,36,120) | |
| Income tax for earlier years | | 2,86,433 | | (30,39,064) | |
| Deferred Tax | | (47,38,030) | 75,53,970 | 5,34,320 | (12,26,024) |
| **Profit for the year** | | | **13,26,90,401** | | **5,38,77,554** |
| Earning Per Share of ₹10/- each | | | | | |
| Basic & Diluted | | | 7.79 | | 3.16 |
| Basic & Diluted (Before Exceptional Items) | | | 7.90 | | 3.40 |
| Significant Accounting Policies | 1 | | | | |
| Notes forming part of the Financial Statements | 2 to 2.27 | | | | |

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 | CFO & |
| Membership No. 081643 | DIN-00143192 | DIN-00138792 | DIN-00481803 | Company Secretary |

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Consolidated Cash Flow Statement

for the year ended 31st March, 2014

(Amount in ₹)

| PARTICULARS | 31.03.2014 | 31.03.2013 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax, Interest and extra ordinary items | 28,87,11,157 | 17,90,27,033 |
| Adjustments for: | | |
| Unrealised Foreign Exchange Difference | (30,18,024) | (41,81,905) |
| Depreciation | 11,06,55,651 | 10,39,83,354 |
| Loss/(Gain) on sale of Fixed Assets (net) | 19,72,137 | 40,31,329 |
| Bank & Other Interest | (34,72,994) | (23,96,954) |
| Provision for doubtful debts | 54,57,095 | (1,49,64,711) |
| Operating Profit before working capital changes | 40,03,05,022 | 26,54,98,146 |
| Adjustments for: | | |
| Trade & Other Receivables | (36,99,69,173) | (6,13,17,554) |
| Inventories | (1,18,23,132) | (8,42,57,979) |
| Loans & Advances | 4,19,51,950 | 8,29,20,381 |
| Trade & Other Payables | 8,21,76,447 | 10,80,19,173 |
| Cash generated from Operations | 14,26,41,114 | 31,08,62,167 |
| Direct Taxes Paid | (2,76,63,466) | (1,16,45,654) |
| Cash Flow before extra ordinary items | 11,49,77,648 | 29,92,16,513 |
| Extra Ordinary Items | - | - |
| **Net Cash Flow from Operating Activities** | **11,49,77,648** | **29,92,16,513** |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (12,41,51,069) | (9,65,26,799) |
| Sale of Fixed Assets | 3,20,08,939 | 19,57,565 |
| Bank and Other Interest | 34,72,994 | 23,96,954 |
| (Increase)/Decrease in Fixed Deposits with Banks for Margin Money against LCs/BGs | - | (6,83,586) |
| (Increase)/Decrease in Investments | 39,86,821 | (8,91,82,188) |
| **Net Cash used in Investing Activities** | **(8,46,82,315)** | **(18,20,38,054)** |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 8,36,96,751 | 7,27,86,200 |
| Repayment of long term borrowings | (4,34,48,297) | (3,77,16,549) |
| Interest paid | (14,87,87,447) | (13,30,33,868) |
| **Net Cash used in Financing Activities** | **(10,85,38,993)** | **(9,79,64,217)** |
| **Net Increase/(Decrease) in Cash & Cash Equivalents** | **(7,82,43,660)** | **1,92,14,242** |
| **Cash & Cash Equivalents (Opening Balance)** | **14,67,13,839** | **12,33,17,692** |
| **Unrealised Foreign Exchange Difference** | **30,18,024** | **41,81,905** |
| **Cash & Cash Equivalents (Closing Balance)** | **7,14,88,203** | **14,67,13,839** |
| **Components of Cash & Cash Equivalents** | | |
| Cash in hand including imprest | 1,39,63,322 | 1,14,36,727 |
| Balance with Scheduled Banks Current Accounts | 60,81,467 | 2,98,46,639 |
| Cheques on hand | 1,17,50,535 | 8,26,58,601 |
| Fixed Deposits | 3,96,92,879 | 2,27,71,872 |
| **Total** | **7,14,88,203** | **14,67,13,839** |

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 | CFO & |
| Membership No. 091643 | DIN-00143192 | DIN-00136792 | DIN-00481803 | Company Secretary |

Place: Libertypuram, Karnal
Dated: Thursday, 29th May, 2014

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

**CORPORATE INFORMATION**

Liberty Shoes Ltd. is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 3rd September, 1986. The shares of the Company are listed on two stock exchanges in India i.e National Stock Exchange of India (NSE) and BSE Limited (BSE). The Company is engaged in the business of manufacturing and trading of footwear and accessories through its retail and wholesale network.

**Note 1. SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of preparation of Consolidated Financial Statements.

In case of Parent Company:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and relevant provisions of the 1956 Act/2013 Act, as applicable. The financial statements have been prepared on accrual basis of accounting under the historical cost convention.

In case of Subsidiary Company

Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on accrual basis of accounting under the historical cost convention.

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. (The Parent Company) and its Subsidiary Company 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 the Parent Company of its investments in the Subsidiary is in excess to the Parent Company's portion of equity in the Subsidiary Company.
- The financial statements of the Subsidiary used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended 31st March, 2014.
- The Subsidiary considered in the preparation of these consolidated financial statements is Liberty Foot Fashion Middle East FZE (LFF) in which parent company holds 100% (Previous year 100%) of Equity Shares. LFF has presented its financial statements in AED (Dirhams) which has been converted in to India rupees at a rate prevailing at the end of the financial year while consolidating the financial statements. LFF has not commenced its operations yet therefore, in this report, wherever notes related to LFF, it has been specifically referred as Subsidiary Company; otherwise the notes given are related to Parent Company only.

c) **Revenue Recognition**

- Sales revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer on dispatch or delivery 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.

d) **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

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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 and Taxes, wherever applicable. Scrap, if any, at the year-end does not form part of the closing inventory.

**e) Fixed Assets and Capital work in progress**

Fixed assets are stated at original cost (net of CENVAT credit availed, wherever eligible) 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.

**f) Depreciation**

Depreciation on Fixed assets is provided on pro rata basis by Straight Line Method (SLM) at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956 or at the rates determined based on management's estimate of economic useful life of particular asset, whichever is higher. Fixed assets costing below ₹5000/- are fully depreciated in the year of acquisition.

**g) Operating Lease**

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) Valuation of Investments**

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

**i) Excise Duty**

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

**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**

(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 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.

**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 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 recognized 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

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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.

In case of Subsidiary Company, 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. Adjustment, if any, arising out of the assessment is made in the year the assessment is completed.

**o) 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.

**p) Impairment of Assets**

Usually the Company reviews the carrying value of assets for any possible impairment at each balance sheet date. However the assets that are subject of 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 when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, higher of the assets' fair value less cost to sell and value in use is considered.

In case of Subsidiary Company, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognized in the income statement.

(Amount in ₹)

| | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|
| **Note 2.1 Share Capital** | | |
| **Authorised Share Capital** | | |
| 63500000 (Previous year 51000000 Equity Shares) of ₹10 each (Refer note 2.27.10) | 63,50,00,000 | 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 Number of Shares**

(Amount in ₹)

| | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|
| | 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, Equity Shareholders shall be entitled to receive the remaining assets, after the distribution to preferred shareholders, if any, in proportion to their shareholding.

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

## 2.1.3 Detail of shares held by shareholders holding more than 5% of the aggregate shares in the Company

(Amount in ₹)

| | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|
| | No. of Shares | % of shareholding | No. of Shares | % of shareholding |
| **Equity Shares of ₹10/- each fully paid** | | | | |
| Geofin Investments Private Limited | 44,72,517 | 26.25 | 44,72,517 | 26.25 |
| Sh. Satish Kumar Gupta (Karta) | 8,88,584 | 5.21 | 8,88,584 | 5.21 |

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| **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 | 11,27,20,644 | 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 | 11,27,20,644 |
| 2.2.3 | **General Reserve** | | |
| | Balance at the beginning of the year | 92,70,09,364 | 86,70,09,364 |
| | 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 | 98,70,09,364 | 92,70,09,364 |
| | **Foreign Currency Translation Reserve on Consolidation** | | |
| | Balance at the beginning of the year | 72,90,024 | 48,08,539 |
| | Add: Additions/(Utilisations) during the year | 39,86,821 | 24,81,485 |
| | Balance at the end of the year | 1,12,76,845 | 72,90,024 |
| 2.2.4 | **Surplus in the Statement of Profit & Loss** | | |
| | Balance at the beginning of the year | 14,95,67,919 | 16,80,60,291 |
| | Add: Profit for the year | 13,26,90,401 | 5,38,77,554 |
| | | 28,22,58,320 | 22,19,37,845 |
| | Less: | | |
| | Transfer to General Reserve | 6,00,00,000 | 6,00,00,000 |
| | Proposed Dividend | 2,55,60,000 | - |
| | Dividend Distribution Tax | 43,43,922 | - |
| | Adjustments on account of Foreign Currency Translation Reserve | 3,20,661 | - |
| | Adjustments on account of acquisition of Minority Interest | - | 1,23,69,926 |
| | Goodwill written off on amalgamation of Subsidiary Company | 9,15,39,000 | - |
| | Balance at the end of the year | 10,04,94,737 | 14,95,67,919 |
| | **Total Reserves & Surplus** | **1,21,19,01,090** | **1,19,69,87,451** |

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

## Note 2.3 Long Term Borrowings

(Amount in ₹)

| Particulars | As at 31st March, 2014 | | As at 31st March, 2013 | |
|---|---|---|---|---|
| | Non Current | Current Maturities | Non Current | Current Maturities |
| 2.3.1 **Secured** | | | | |
| **Term Loans** | | | | |
| **(i) from Banks:** | | | | |
| Rupee Term Loans | 11,79,35,928 | 6,45,17,069 | 9,95,04,667 | 3,80,26,532 |
| **(ii) from Others:** | | | | |
| Rupee Term Loans | 29,56,006 | 21,96,348 | 51,26,447 | 46,99,251 |
| **Total** | **12,08,91,934** | **6,67,13,417** | **10,46,31,114** | **4,27,25,783** |
| Less: Amount disclosed under other Current Liabilities (Refer Note 2.9.1) | - | 6,67,13,417 | - | 4,27,25,783 |
| **Net Long Term Borrowings** | **12,08,91,934** | - | **10,46,31,114** | - |

**Repayment terms and security for the oustanding long term borrowings (Including current maturities) as at 31st March, 2014**

**(i) From Banks**

| Particulars of Loan | Details of Security | Outstanding Balance as at 31st March, 2014 | Repayment terms |
|---|---|---|---|
| Term Loan from HDFC Bank | Exclusive charge on the assets funded out of this term Loan and Equitable mortgage of Land & Building including hypothecation of Plant & Machinery situated at Village Bhagwanpur, Roorkee, Uttarakhand and 2nd Charge on Current Assets of the Company. | 14,14,00,000 | 8 Quarterly installments of ₹44.44 Lacs each<br>16 Quarterly installments of ₹27.78 Lacs each<br>20 Quarterly installments of ₹30.70 Lacs each |
| Term Loan from INDUSIND Bank | Secured against hypothecation of assets of the Company financed under Term Loan and Corporate Guarantee of Liberty Shoes Ltd and Geofin Investments Pvt. Ltd. | 88,54,167 | 100% in 2014-15 |
| Vehicle Loans from HDFC Bank | Hypothecation of Vehicles | 1,95,84,324 | 55% in Monthly Installment in 2014-15<br>31% in Monthly Installment in 2015-16<br>14% in Monthly Installment in 2016-17 |
| Vehicle Loans from ICICI Bank | Hypothecation of Vehicles | 1,25,01,421 | 29% in Monthly Installment in 2014-15<br>33% in Monthly Installment in 2015-16<br>36% in Monthly Installment in 2016-17<br>1% in Monthly Installment in 2017-18 |
| Vehicle Loans from HDFC Bank | Hypothecation of Vehicles | 1,13,085 | 100% in Monthly Installment in 2014-15 |
| **Total** | | **18,24,52,997** | |
| **(ii) from Others** | | | |
| Vehicle Loans from BMW Financial Services | Hypothecation of Vehicles | 34,97,456 | 42% in Monthly Installment in 2014-15<br>46% in Monthly Installment in 2015-16<br>12% in Monthly Installment in 2016-17 |
| Vehicle Loans from Tata Capital Ltd. | Hypothecation of Vehicle | 11,68,078 | 22% in Monthly Installment in 2014-15<br>24% in Monthly Installment in 2015-16<br>27% in Monthly Installment in 2016-17<br>27% in Monthly Installment in 2017-18 |
| Vehicle Loans from Kotak Mahindra Prime Ltd. | Hypothecation of Vehicle | 4,86,820 | 100% in Monthly Installment in 2014-15 |
| **Total** | | **51,52,354** | |

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| **Note 2.4** | **Deferred Tax Liability (Net)** | | |
| | Balance at the beginning of the year | 5,10,38,910 | 5,05,04,590 |
| | Add: for the year | (47,38,030) | 5,34,320 |
| | **Balance at the end of the year** | **4,63,00,880** | **5,10,38,910** |
| **Note 2.5** | **Other Long Term Borrowings** | | |
| | Security Deposits | 4,93,48,501 | 4,59,19,401 |
| | **Total Other Long Term Borrowings** | **4,93,48,501** | **4,59,19,401** |
| **Note 2.6** | **Long Term Provisions** | | |
| | Provision for Gratuity | 23,44,502 | 18,64,381 |
| | **Total Other Long Term Provision** | **23,44,502** | **18,64,381** |
| **Note 2.7** | **Short Term Borrowings** | | |
| 2.7.1 | **Secured** | | |
| | **Loans repayable on demand** | | |
| | from Banks: (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.) | 96,09,71,903 | 98,89,62,296 |
| | **Total Secured Loans** | **96,09,71,903** | **98,89,62,296** |
| 2.7.2 | **Unsecured** | | |
| | **Loans and Advances from Related Parties** | | |
| | Short Term Loans | 1,79,84,029 | 82,27,930 |
| | from Others | - | 13,67,000 |
| | Total Unsecured Loans | **1,79,84,029** | **95,94,930** |
| | **Total Short Term Borrowings** | **97,89,55,932** | **99,85,57,226** |
| **Note 2.8** | **Trade Payables** | | |
| | Trade Payables for goods & services (Includes sundry creditors) | 82,20,46,379 | 70,48,71,435 |
| | **Total Trade Payables** | **82,20,46,379** | **70,48,71,435** |
| **Note 2.9** | **Other Current Liabilities** | | |
| 2.9.1 | **Current Maturities of Long Term Borrowings (refer Note 2.3.1)** | | |
| | from Banks | 6,45,17,069 | 3,80,26,532 |
| | from Others | 21,96,348 | 46,99,251 |
| | **Total** | **6,67,13,417** | **4,27,25,783** |
| 2.9.2 | **Other Payables** | | |
| | Advances from Customers | 3,79,84,959 | 4,26,45,920 |
| | Expenses Payable | 9,02,24,277 | 10,96,54,943 |
| | Other Liabilities | 3,50,74,806 | 3,13,47,789 |
| | **Total** | **16,32,84,042** | **18,36,48,652** |
| | **Total Other Current Liabilities** | **22,99,97,459** | **22,63,74,435** |
| **Note 2.10** | **Short Term Provisions** | | |
| | Provision for taxation (Net of MAT Credit Entitlement) | 1,20,05,567 | 12,78,720 |
| | Provision for Gratuity | 6,18,228 | 54,579 |
| | Provision for Excise Duty | 1,53,04,343 | 1,35,31,086 |
| | Proposed Dividend | 2,55,60,000 | - |
| | Provision for Dividend Distribution Tax | 43,43,922 | - |
| | **Total Short Term Provisions** | **5,78,32,060** | **1,48,64,385** |

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

**Note 2.11 FIXED ASSETS**

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total as on 01.04.2013 | Additions during the period | Sales/Adj. during the period | Total as on 31.03.2014 | Total as on 01.04.2013 | for the period | Sales/Adj. during the period | Total as on 31.03.2014 | As on 31.03.2014 | As on 31.03.2013 |
| **Tangible Assets (Not under Lease)** | | | | | | | | | | |
| Land | 13,09,87,805 | - | 68,72,004 | 12,41,15,801 | - | - | - | - | 12,41,15,801 | 13,09,87,805 |
| Building* | 23,58,00,767 | 66,44,834 | 1,38,73,322 | 22,85,72,279 | 6,98,10,772 | 77,06,568 | 29,17,002 | 7,46,00,338 | 15,39,71,941 | 16,59,89,995 |
| Plant & Equipments | 73,76,73,566 | 3,77,26,740 | 64,63,150 | 76,89,37,156 | 37,48,37,064 | 4,20,96,363 | 13,36,272 | 41,55,97,155 | 35,33,40,001 | 36,28,36,502 |
| Furniture & Fixture | 26,02,66,384 | 2,45,66,153 | 91,54,777 | 27,56,77,760 | 10,48,26,893 | 2,47,16,311 | 60,09,571 | 12,35,33,633 | 15,21,44,127 | 15,54,39,491 |
| Vehicles | 12,89,82,580 | 3,08,87,411 | 96,99,034 | 15,01,70,957 | 4,40,51,291 | 1,30,05,648 | 49,04,522 | 5,21,52,417 | 9,80,18,540 | 8,49,31,289 |
| Office Equipments | 10,31,51,530 | 1,06,07,849 | 4,99,195 | 11,32,60,184 | 4,72,40,844 | 72,32,326 | 2,42,822 | 5,42,30,348 | 5,90,29,836 | 5,59,10,686 |
| Moulds | 23,87,64,489 | 1,56,47,552 | 29,07,146 | 25,15,04,895 | 19,35,49,354 | 1,38,42,935 | 77,363 | 20,73,14,926 | 4,41,89,969 | 4,52,15,135 |
| **Total Tangible Assets** | **1,83,56,27,121** | **12,60,80,539** | **4,94,68,628** | **1,91,22,39,032** | **83,43,16,218** | **10,86,00,151** | **1,54,87,552** | **92,74,28,817** | **98,48,10,215** | **1,00,13,10,903** |
| **Previous Year** | **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** | **10,01,31,09,03** | **1,01,92,27,679** |
| **Intangible Assets** | | | | | | | | | | |
| Patents | 15,500 | - | - | 15,500 | 3,838 | - | - | 3,838 | 11,662 | 11,662 |
| Softwares | 1,43,53,286 | 3,500 | - | 1,43,56,786 | 35,53,659 | 20,55,500 | - | 56,09,159 | 87,47,627 | 1,07,99,627 |
| **Total Intangible Assets** | **1,43,68,786** | **3,500** | **-** | **1,43,72,286** | **35,57,497** | **20,55,500** | **-** | **5,612,997** | **8,759,289** | **1,08,11,289** |
| **Previous Year** | **1,03,76,884** | **39,91,902** | **-** | **1,43,68,786** | **22,78,046** | **12,79,451** | **-** | **45,57,497** | **1,08,11,289** | **80,98,838** |
| Capital work in progress: | | | | | | | | | | |
| a) Building under construction | 17,58,875 | 3,69,393 | 17,58,875 | 3,69,393 | - | - | - | - | 3,69,393 | 17,58,875 |
| b) Assets under installation | 5,43,488 | - | 5,43,488 | - | - | - | - | - | - | 5,43,488 |
| **Total Capital work in progress** | **23,02,363** | **3,69,393** | **23,02,363** | **3,69,393** | **-** | **-** | **-** | **-** | **3,69,393** | **23,02,363** |
| **Previous year** | **5,43,488** | **17,58,475** | **-** | **2,30,02,363** | **-** | **-** | **-** | **-** | **2,30,02,363** | **5,43,488** |

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | As at 31st March, 2014 | As at 31st March, 2013 |
|---|---|---|---|
| **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 | 4,24,59,084 | 3,91,82,400 |
| | Security Deposits | | |
| | to Related Parties | - | - |
| | to Others | 4,05,42,469 | 3,47,39,792 |
| | MAT Credit Entitlement | 8,10,09,131 | 6,96,33,368 |
| | | 16,40,10,684 | 14,35,55,560 |
| | Less: Provision for doubtful security deposits to others | 37,71,805 | 16,15,998 |
| | **Total Long term Loan & Advances** | **16,02,38,879** | **14,19,39,562** |
| **Note 2.14** | **Other Non-current Assets** | | |
| | (Unsecured and considered good unless stated otherwise) | - | - |
| | **Total Other Non-current Assets** | **-** | **-** |
| **Note 2.15** | **Inventories (As valued and certified by the Management)** | | |
| | Raw Materials | 27,10,18,929 | 26,29,26,455 |
| | Goods in Process | 15,90,07,486 | 13,93,05,371 |
| | Finished Goods | | |
| | Manufactured | 6,13,08,286 | 63,22,53,906 |
| | Traded | 3,13,66,203 | 3,30,79,708 |
| | Packing Materials | 1,71,80,421 | 1,65,43,841 |
| | Stores & Spares | 3,07,06,905 | 2,68,87,070 |
| | Oil & Lubricants | 17,40,949 | 12,29,696 |
| | **Total Inventories** | **1,12,40,49,179** | **1,11,22,26,047** |
| **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 | 5,82,73,395 | 6,79,36,284 |
| | Considered doubtful | 3,00,73,824 | 2,67,72,536 |
| | Other Debts | | |
| | Considered good | 1,09,83,12,039 | 72,41,37,072 |
| | | 1,18,66,59,258 | 81,88,45,892 |
| | Less: Provision for doubtful debts | 3,00,73,824 | 2,67,72,536 |
| | **Total Trade Receivables** | **1,15,65,85,434** | **79,20,73,356** |
| **Note 2.17** | **Cash and Bank Balances** | | |
| | Cash and Cash equivalents | | |
| | Balances with banks: | | |
| | In Current Accounts | 60,81,467 | 2,98,46,639 |
| | Cheques on hand | 1,17,50,535 | 8,26,58,601 |
| | Cash in hand including imprest | 1,39,63,322 | 1,14,36,727 |
| | Fixed Deposits with Banks (Margin Money deposit for LC/Bank Guarantees)* | 3,96,92,879 | 2,27,71,872 |
| | **Total Cash and Bank Balances** | **7,14,88,203** | **14,67,13,839** |

* Includes Fixed Deposits for ₹0.47 Lacs (Previous year ₹ 79.34 Lacs) having maturity of more than 12 months.

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | 31.03.2014 | 31.03.2013 |
|---|---|---|---|
| **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 | 12,24,26,290 | 13,74,61,151 |
| | Security Deposit for less than 12 Months | | |
| | to Related Parties | - | - |
| | to Others | 1,29,87,263 | 1,33,90,725 |
| | Balance with Excise and other Statutory Authorities (including service tax, VAT recoverable and taxes paid under protest) | 3,13,69,366 | 5,01,51,235 |
| | Prepaid Expenses | 64,85,051 | 59,97,430 |
| | Loans and advances to employees | 1,04,05,341 | 95,47,004 |
| | **Total Short-term Loans & Advances** | **18,36,73,311** | **21,65,47,545** |
| **Note 2.19** | **Other Operating Income** | | |
| | Freight | 2,46,416 | 1,29,573 |
| | Miscellaneous Income | 23,21,495 | 94,30,590 |
| | Gain on Exchange Rate Fluctuations | 7,68,681 | 76,70,400 |
| | Bad Debts Recovered | 7,83,000 | 1,76,000 |
| | **Total Operating Income** | **41,19,592** | **1,74,06,563** |
| **Note 2.20** | **Other Income** | | |
| | Bank and Other Interest (Tax deducted at Source ₹3.01 Lacs [Previous Year ₹1.94 Lacs]) | 34,72,994 | 23,96,954 |
| | **Total Other Income** | **34,72,994** | **23,96,954** |
| **Note 2.21** | **Cost of Materials consumed and Finished Goods Purchased** | | |
| | **(a) Raw Material** | | |
| | Stock at the beginning of the year | 26,29,26,455 | 26,50,11,182 |
| | Add: Purchases (Net of adjustments) | 1,92,55,10,279 | 1,52,90,15,655 |
| | | 2,18,84,36,734 | 1,79,40,26,837 |
| | Less: Stock at the end of the year | 27,10,18,929 | 26,29,26,455 |
| | **Raw Materials Consumed** | **1,91,74,17,805** | **1,53,11,00,382** |
| | **(b) Finished Goods Purchased** | **61,46,75,095** | **26,48,63,629** |
| | **Total Cost of Materials consumed and Finished Goods Purchased (a+b)** | **2,53,20,92,900** | **1,79,59,64,011** |
| **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 | 64,43,94,489 | 66,53,33,614 |
| | Goods in Process | 15,90,07,486 | 13,93,05,371 |
| | Total | 80,34,01,975 | 80,46,38,985 |
| | (b) Inventories at the beginning 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 | 80,46,38,985 | 72,54,63,800 |
| | **(Increase)/Decrease in Inventories (b - a)** | **12,37,010** | **(7,91,75,185)** |
| **Note 2.23** | **Employee Benefits Expense** | | |
| | Salaries, Wages and Bonus | 52,14,65,262 | 41,96,22,236 |
| | Directors' Remuneration | 1,92,00,000 | 72,90,000 |
| | Contribution to Provident and Other Funds (Refer to Note 2.27.18) | 2,84,41,009 | 2,63,05,416 |
| | Staff Welfare Expenses | 1,07,11,917 | 70,10,201 |
| | **Total Employee Benefits Expense** | **57,98,18,188** | **46,02,27,853** |
| **Note 2.24** | **Finance Cost** | | |
| | Interest Expense | | |
| | to Banks | 14,60,71,944 | 13,04,71,139 |
| | to others (Refer to Note 2.27.6) | 27,15,503 | 25,62,729 |
| | Bank Charges | 1,19,58,416 | 97,72,686 |
| | **Total Finance Cost** | **16,07,45,863** | **14,28,06,554** |

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| | | 31.03.2014 | 31.03.2013 |
|---|---|---|---|
| **Note 2.25** | **Other Expenses** | | |
| | **(a) Manufacturing Expenses** | | |
| | Freight Inwards | 1,05,16,384 | 86,65,408 |
| | Upper Production Charges | 10,07,56,092 | 7,95,55,433 |
| | Oil & Lubricants | 1,35,88,882 | 2,52,03,922 |
| | Electricity Charges | 8,65,71,684 | 6,18,56,313 |
| | Repairs to Machinery | 2,85,93,367 | 2,78,56,705 |
| | Land Lease Rent | 1,64,336 | 1,49,392 |
| | Franchise Fee | 1,25,00,000 | 7,90,00,000 |
| | **Total** | **25,26,90,745** | **28,22,87,173** |
| | **(b) Administration, Selling and Other Expenses** | | |
| | Packing Materials Consumed | 16,80,84,166 | 13,16,51,123 |
| | Printing & Stationery | 70,59,467 | 60,88,698 |
| | Claims | 4,28,06,087 | 3,06,63,062 |
| | Tour, Travelling and Conveyance | 7,75,20,416 | 5,95,47,140 |
| | Insurance Charges | 76,66,297 | 68,18,815 |
| | Fees and Taxes | 3,28,36,584 | 2,72,17,894 |
| | Postage, Telegram, Telephone and Telex | 1,43,03,903 | 1,38,59,202 |
| | Subscriptions | 7,12,885 | 4,45,152 |
| | Advertisements | 8,49,22,597 | 13,91,06,128 |
| | Rent | 12,41,20,837 | 10,36,05,591 |
| | Donations | 10,86,122 | 7,74,792 |
| | Export CIF Expenses | 1,61,43,765 | 1,71,92,515 |
| | Freight Outward | 8,67,16,321 | 5,31,70,605 |
| | Samples | 2,41,923 | 1,74,661 |
| | Auditors' Remuneration: | | |
| | Statutory Audit Fee | 6,25,400 | 7,26,536 |
| | Tax Audit Fee | 80,000 | 80,000 |
| | Certification Fee | 20,000 | 20,000 |
| | Cost Audit Fee | 1,00,000 | 1,00,000 |
| | Miscellaneous Expenses | 2,05,25,424 | 1,71,53,900 |
| | Royalty | 16,30,00,000 | 9,93,73,600 |
| | Entertainment Expenses | 71,09,905 | 62,17,284 |
| | Commission | 4,66,32,040 | 4,50,46,297 |
| | Sales Promotion Expenses | 6,15,46,827 | 4,64,08,581 |
| | Newspapers & Periodicals | 1,90,792 | 1,89,348 |
| | Debts written off | 2,77,06,169 | 1,86,02,076 |
| | Provision for doubtful debts (refer to Note 2.27.12) | 54,57,095 | (1,49,64,711) |
| | Consultancy & Professional Charges | 1,94,74,618 | 1,72,53,289 |
| | Repairs & Maintenance Expenses-Building | 3,15,74,521 | 2,30,36,325 |
| | Repairs & Maintenance Expenses-Others | 1,29,85,154 | 1,11,82,946 |
| | Loss on transfer of Duty Credit | - | 34,50,140 |
| | **Total** | **1,06,12,49,315** | **86,41,90,989** |
| | **Total Other Expenses (a + b)** | **1,31,39,40,060** | **1,14,64,78,162** |
| **Note 2.26** | **Exceptional Items (Net)** | | |
| | Profit on Sale of Fixed Assets | (43,48,154) | (3,27,525) |
| | Loss on Sale of Fixed Assets | 63,20,291 | 43,58,854 |
| | **Total** | **19,72,137** | **40,31,329** |

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

## Note 2.27 NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

2.27.1 Details of Managerial Remuneration of Parent Company:

(Amount in ₹)

| Particulars | 31.03.2014 | 31.03.2013 |
|---|---|---|
| Payment and provision for remuneration to: | | |
| Executive Director(s) | 1,92,00,000 | 72,90,000 |

2.27.2 In the opinion of the Board and to the best of its knowledge, in case of the Parent Company & Subsidiary, 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 Parent Company has taken various retail stores and warehouses under operating lease arrangements. The lease agreements generally have an escalation clause and there are no subleases. These leases are generally not non cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by lease agreements. The aggregate lease rentals payables are charged as Rent in note 2.25.

The future minimum lease payments under non cancellable operating leases are as follows:

(Amount in ₹)

| Lease Rentals | 31.03.2014 | 31.03.2013 |
|---|---|---|
| Not later than one year | 1,38,22,657 | 1,82,08,660 |
| Later than one year and not later than 5 years | 1,09,85,548 | 71,72,37 |
| Later than five years | - | 48,63,613 |

2.27.4 The assessment of the Parent Company in respect of Income Tax & Wealth Tax is completed up to Assessment Year 2011-12.

2.27.5 In case of the Parent Company, during the year, in terms of the renewed agreements dated April 3, 2013 with Liberty Enterprises (LE) and Liberty Group Marketing Division (LGMD), the two partnership firms of the group, for further period of two years from April 1, 2013 onwards, the exclusive use of their manufacturing facilities and fixed assets, trademarks & distribution networks is now available with the Company till March 31, 2015. Further in conformity with the requisite approvals of the Central Government obtained by the Company in this regard, the Company has paid/provided for franchise fees of ₹115 Lacs (Previous year ₹600 Lacs) to LE and ₹840 Lacs (Previous year ₹700 Lacs) to LGMD.

Further, considering the development in relation to resolution of long pending dispute amongst the partners of LE and innumerable benefits of unlocking the shareholders value through the acquisition of tangible and intangible assets of LE and LGMD, currently available to the Company under aforesaid arrangements, the Company has proposed the acquisition of the assets from the above firms and is presently working on the modalities to implement the same.

Also, during the year, in terms of the renewed agreement dated April 3, 2013 with Liberty Footwear Co. (LFC), another partnership firm of the group and owner of trademark "LIBERTY", for granting exclusive rights of use of trademark "LIBERTY" to the Company for further period of fifteen years from April 1, 2013 onwards and in conformity with the requisite approvals of the Central Government obtained by the Company in this regard, the Company has paid/provided for trademark license fee of ₹800 Lacs (Previous year ₹ 472.50 Lacs) to LFC.

2.27.6 In case of the Parent Company, interest to others include ₹18,95,666/- (Previous year ₹11,50,246/-) against short term loan from M/s Geofin Investments Private Ltd @ 12% p.a.

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 ₹17,11,33,108/- (Previous year ₹17,80,25,170/-) against the sales executed during the year.

Also, the Parent Company has made the provision of excise duty of ₹1,53,04,343/- (Previous Year ₹1,35,31,086/-) against finished goods lying in stocks as on 31st March, 2014 and the difference of two has been recognized separately in the Statement of Profit & Loss.

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

2.27.9 The registration process of certain portion of land at Libertypuram, Karnal, already in possession with the Parent Company since beginning, is in process of administrative compliances and is expected to be completed shortly.

2.27.10 During the year under consideration, the scheme of amalgamation of M/s Liberty Retail Revolutions Limited, a wholly owned subsidiary of the Parent Company, with the Parent Company has been approved by the Hon'ble High Court of Punjab & Haryana and Hon'ble High Court of Delhi. The Parent Company has completed the necessary formalities to give effect the said amalgamation. Further, in terms of the scheme of amalgamation, the amalgamation has been approved by the Hon'ble High Courts with an appointed date of April 1, 2013, accordingly, the financials presented for the year under consideration includes the financials of the said amalgamated subsidiary as if its operations were under the Parent Company during the year. As per approved Scheme of Amalgamation, the accounting for the amalgamation has been done as per the method of "Amalgamation in the nature of merger" as defined in the Accounting Standard (AS)-14 as notified under the Companies Accounting Standard Rules, 2006.

2.27.11 **Contingent Liabilities**

(Amount in ₹)

| Particulars | | 2013-14 | 2012-13 |
|---|---|---|---|
| I) | Bank Guarantees issued on behalf of the Company submitted with various institutional customers in terms to their orders. | 6,74,16,281 | 4,74,76,991 |
| II) | Letter of Credits | 7,30,36,956 | 6,49,65,379 |
| 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 | 3,38,75,448 |
| IV) | Invoice Funding facility | - | 2,50,89,315 |
| V) | Income Tax claims disputed by the Company relating to TDS (FY 2010-11 ) against which appeal filed by the Company | 3,11,878 | 3,11,878 |
| VI) | 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 | 1,22,03,204 |
| VII) | Service Tax on GTA Services for the period from January 2005 to March 2007 | 5,28,598 | 5,28,598 |
| VIII) | On account of compliance relating to EPCG licences. | 4,42,00,783 | 4,42,00,783 |
| IX) | Third Party claims due to dispute relating to contracts | 44,37,479 | 44,37,479 |
| X) | Corporate Guarantee given to bank for securing working capital limits of retail subsidiary | - | 10,00,00,000 |

[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 ₹48,82,322/-)*

2.27.12 Provision for doubtful debts: During the year, the Parent Company has considered debts for ₹3,22,29,631/- (Previous year ₹Nil) as doubtful debts/securities and also has withdrawn ₹2,67,72,536/- (Previous year ₹1,49,64,710/-) out of the provisions made in the earlier years for the same and written off as bad debts ₹2,36,27,454/- (Previous year ₹39,27,110/-). 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 | 2013-14 | 2012-13 |
|---|---|---|
| Provision for the year | 3,22,29,631 | – |
| Less: Amount withdrawn from the provision made for doubtful debts in the earlier years | 2,67,72,536 | 1,49,64,710 |
| Net debited/(credited) to Statement of Profit & Loss | 54,57,095 | (1,49,64,710) |

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

**Balance Sheet**

(Amount in ₹)

| Particulars | 2013-14 | 2012-13 |
|---|---|---|
| Opening Balance | 2,83,88,534 | 4,33,53,244 |
| Add: Provision for the year | 3,22,29,631 | - |
| Total | 6,06,18,165 | 4,33,53,244 |
| Less: Amount withdrawn during the year | 2,67,72,536 | 1,49,64,710 |
| Closing balance | 3,38,45,629 | 2,83,88,534 |
| Trade Receivables (Refer to Note No. 2.16) | 3,00,73,824 | 2,67,72,536 |
| Security Deposits to Others (Refer to Note No. 2.13) | 37,71,805 | 16,15,998 |

2.27.13 During the year, considering the non recoverability of some of the debts, the Parent Company has written of the debts amounting to ₹40,78,715/- (Previous year ₹22,73,927/-).

2.27.14 In case of Parent Company sales/adjustment in the Gross Block of Fixed Assets amounting to ₹4,94,68,628/- (Previous year ₹84,53,380/) includes sale of surplus Land & Building having book-value for ₹2,07,45,326/- (Previous year ₹Nil), Machinery/Moulds, on account of replacements, for ₹93,70,296/- (Previous year ₹31,74,973/-), Vehicles for ₹96,99,034/- (Previous year ₹50,68,826/-), Office Equipments for ₹4,99,195/- (Previous year ₹2,09,581) and writing off of the Furniture & Fixtures at few of the retail outlets of the amalgamated Company for ₹91,54,777/ (Previous year ₹Nil). The Profit/(Loss) arisen on such sale/adjustments, net of accumulated depreciation, has separately been reflected in Note No. 2.26 as Exceptional Items.

Additions/Adjustments in the Gross Block of Fixed Assets and Depreciation/Adjustments for the period in Note No. 2.11 includes adjustments on account of merger of Company's wholly owned subsidiary (WOS) detailed as under:

(Amount in ₹)

| Particulars | Depreciation/Adjustments for the period | | | Additions/Adjustments during the period | | |
|---|---|---|---|---|---|---|
| | Additions | Adjustments on account of merger of WOS | Total Additions | Depreciation for the period | Adjustments on account of merger of WOS | Total Additions |
| **(A) Tangible Assets** | | | | | | |
| Building | 66,44,834 | - | 66,44,834 | 77,06,568 | - | 77,06,568 |
| Plant & Equipments | 3,77,26,740 | 2,97,095 | 3,80,23,835 | 4,20,96,363 | 1,11,432 | 4,22,07,795 |
| Furniture & Fixtures | 2,45,66,153 | 20,53,99,682 | 22,99,65,835 | 2,47,16,311 | 8,30,33,296 | 10,77,49,607 |
| Vehicles | 3,08,87,411 | 81,40,855 | 3,90,28,266 | 1,30,05,648 | 22,04,299 | 1,52,09,947 |
| Office Equipments | 1,06,07,849 | 2,09,82,595 | 3,15,90,444 | 72,32,326 | 1,00,54,894 | 1,72,87,220 |
| Moulds | 1,56,47,552 | - | 1,56,47,552 | 1,38,42,935 | - | 1,38,42,935 |
| **Total** | **12,60,80,539** | **23,48,20,227** | **36,09,00,766** | **10,86,00,151** | **9,54,03,921** | **20,40,04,072** |
| **(B) Intangible Assets** | | | | | | |
| Software | 3,500 | 24,14,034 | 24,17,534 | 20,55,500 | 18,55,036 | 39,10,536 |
| **Total** | **3,500** | **24,14,034** | **24,17,534** | **20,55,500** | **18,55,036** | **39,10,536** |
| **Grand Total (A + B)** | **12,60,84,039** | **23,72,34,261** | **36,33,18,300** | **11,06,55,651** | **9,72,58,957** | **20,79,14,608** |

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

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

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(Amount in ₹)

| Description | 2013-2014 | 2012-2013 |
|---|---|---|
| **Basic & Diluted** | | |
| Profit after Taxation (A) | 13,26,90,401 | 5,38,77,554 |
| 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) | 7.79 | 3.16 |

2.27.17 **Related Party Transactions**

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

A) Transactions between the Company and related parties and the status of outstanding balances as at 31st March, 2014:

(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 | 1,77,62,646 | 18,35,156 | 1,29,180 | 1,97,26,982 |
| | (1,75,24,516) | (31,960) | (1,17,432) | (1,76,73,908) |
| Sale of Goods | 3,30,13,602 | - | - | 3,30,13,602 |
| | (2,36,86,127) | (-) | (-) | (2,36,86,127) |
| License Agreements (Franchise Fee & Licensing Fee including Service Tax) | 19,71,91,800 | - | - | 19,71,91,800 |
| | (20,02,81,700) | (-) | (-) | (20,02,81,700) |
| Payment of Salary, Wages and other benefits to employees | 1,72,234 | 1,92,00,000 | 69,10,000 | 2,62,82,234 |
| | (3,08,33,929) | (72,90,000) | (30,15,000) | (4,11,38,929) |
| Purchase of Shares | - | - | - | - |
| | (9,80,68,500) | (4,500) | (3,000) | (9,80,76,000) |
| Loans taken | 27,45,20,000 | - | - | 27,45,20,000 |
| | (28,88,25,000) | (-) | (-) | (28,88,25,000) |
| Repayment of Loans | 26,64,70,000 | | | 26,64,70,000 |
| | (29,77,00,000) | (-) | (-) | (29,77,00,000) |
| Interest Paid/Payable | 18,95,666 | - | - | 18,95,666 |
| | (11,50,246) | (-) | (-) | (11,50,246) |
| **Outstanding Balances** | | | | |
| Trade Receivables | 70,41,935 | - | - | 70,41,935 |
| | (50,26,751) | (-) | (-) | (50,26,751) |
| Trade/Expense Payables | 1,15,86,311 | 1,68,424 | - | 1,17,54,735 |
| | (98,13,404) | (1,33,628) | (-) | (99,52,032) |
| Short Term Loans | 1,79,84,029 | - | - | 1,79,84,029 |
| | (82,27,930) | (-) | (-) | (82,27,930) |

Previous year figures are in brackets.

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

B) Detail of Related Parties and description of relationship:

i) Subsidiary Company :

Liberty Foot Fashion Middle East FZE, Liberty Retail Revolutions Limited (LRRL) (Erstwhile)

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 Footwear Co., Sanjeev Bansal Charitable Trust, Liberty Innovative Outfits Ltd., Little World Constructions Pvt. Ltd.

iii) Key Management Personnel:

1) Sh. Adesh Kumar Gupta 2) Sh. Adarsh Gupta 3) Sh. Shammi Bansal 4) Sh. Sunil Bansal 5) Sh. Adeesh Kumar Gupta 6) Sh. Satish Kumar Goel

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)

Note: 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 (₹) | |
|---|---|---|---|---|---|
| | | | | 2013-14 | 2012-13 |
| 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 | 1,52,53,200 |
| | | Little World Constructions Private Limited | Rent | 4,62,513 | 3,00,133 |
| | | Liberty Footwear Co. | Rent for Office Premises | 6,33,708 | 6,33,708 |
| | | Sanjeev Bansal Charitable Trust | Rent for Office Premises | 4,50,000 | 4,50,000 |
| | | | Medical facilities for employees | 9,63,225 | 8,87,475 |
| | | Sh. Harish Kumar Gupta | Rent | 1,29,180 | 1,17,432 |
| | Sale of Goods | Liberty Innovative Outfits Limited | Sale of Goods manufactured and deal in by the Company | 3,30,13,602 | 2,36,86,127 |
| | License Agreements | Liberty Enterprises | Franchise Fee (including service tax) | 1,29,21,400 | 6,74,16,000 |
| | | Liberty Group Marketing Division | Franchise Fee (including service tax) | 9,43,82,400 | 7,86,52,000 |
| | | Liberty Footwear Co. | License Fee (including Service Tax) | 8,98,88,000 | 5,42,13,700 |
| | Payment of Salary, Wages and other benefits to employees | Liberty Group Marketing Division | Salary, Wages and other benefits | 1,72,234 | 3,08,33,929 |
| | Purchase of Shares | Geofin Investments Private Limited | Purchase of Shares of Liberty Retail Revolutions Limited (LRRL) | - | 9,80,68,500 |
| | Loans Taken | Geofin Investments Private Limited | Short Term Loans | 27,45,20,000 | 28,88,25,000 |
| | Repayment of Loans | | | 26,64,70,000 | 29,77,00,000 |
| | Interest paid/payable | | | 18,95,666 | 11,50,246 |
| Key Management Personnel | Payment of Salary, Wages and other benefits to employees | Sh. Adesh Kumar Gupta | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Sunil Bansal | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

| | | | | | |
|---|---|---|---|---|---|
| Key Management Personnel | Payment of Salary, Wages and other benefits to employees | Sh. Shammi Bansal | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Adeesh Gupta | Salary, Wages and other benefits | 48,00,000 | 12,00,000 |
| | | Sh. Satish Kumar Goel | Salary, Wages and other benefits | - | 13,50,000 |
| | Receiving of Services | Sh. Adesh Kumar Gupta | Rent | 35,156 | 31,960 |
| | | Sh. Satish Kumar Goel | Professional Services | 18,00,000 | - |
| | Purchase of Shares | Sh. Adesh Kumar Gupta | Purchase of Shares of LRRL | - | 1,500 |
| | | Sh. Adeesh Kumar Gupta | Purchase of Shares of LRRL | - | 1,500 |
| | | Sh. Adarsh Gupta | Purchase of Shares of LRRL | - | 1,500 |
| Relatives of Key Management Personnel | Payment of Salary, Wages and other benefits to employees | Sh. Raman Bansal | Salary, Wages and other benefits | 20,70,000 | 11,40,000 |
| | | Sh. Vivek Bansal | Salary, Wages and other benefits | 20,70,000 | 11,40,000 |
| | | Sh. Anupam Bansal | Salary, Wages and other benefits | 20,70,000 | 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 | 2,10,000 |
| | | Sh. Anmol Gupta | Salary, Wages and other benefits | 70,000 | 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 Limited | Against sale of goods manufactured and deal in by the Company | 70,41,935 | 50,26,751 |
| | Trade Payables | Liberty Enterprises | Franchise Fee (including service tax) | 5,50,496 | 26,13,245 |
| | | Liberty Group Marketing Division | Franchise Fee & Salary, Wages and Other benefits (including service tax) | 38,13,035 | - |
| | | Liberty Footwear Co. | License Fee (including Service Tax) | 70,69,189 | 67,13,616 |
| | | Sanjeev Bansal Charitable Trust | Medical Facilities to employees | 98,753 | - |
| | | Little World Constructions Private Limited | Rent | 54,838 | 48,033 |
| | | Geofin Investments Private Limited | Rent for Office Premises | - | 4,38,510 |
| | Short Term Loans | Geofin Investments Private Limited | Unsecured Short Term Loans | 1,79,84,029 | 82,27,930 |
| Key Management Personnel | Eexpense Payable | Sh. Adesh Kumar Gupta | Rent | 1,68,424 | 1,33,628 |

# Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

2.27.18 **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. 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) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Current Service Cost | 35,01,798 | 72,04,687 |
| 2. | Interest Cost on benefit obligation | 25,62,621 | 20,52,266 |
| 3. | Expected return on Plan Assets | (25,80,480) | (19,12,638) |
| 4. | Actuarial Loss/(Gain) | 13,98,089 | (14,72,232) |
| 5. | Net Benefit Expenses | 48,82,028 | 58,72,083 |

**Balance Sheet**

**b) Details of Provision for Gratuity**

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Present Value of Defined Benefit Obligation | 3,95,84,235 | 3,64,62,343 |
| 2. | Fair value of Plan Assets | 3,49,64,906 | 2,97,71,416 |
| 3. | Surplus/(Deficit) | (46,19,329) | (66,90,927) |
| 4. | Net Asset/(Liability) | (46,19,329) | (66,90,927) |

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Defined Benefit Obligation at the beginning of the year | 3,64,62,343 | 3,10,56,232 |
| 2. | Current Service Cost | 35,01,798 | 72,04,687 |
| 3. | Interest Cost | 25,62,621 | 20,52,266 |
| 4. | Actuarial (Gain)/Loss on obligations | 13,98,089 | (14,72,232) |
| 5. | Benefits paid | (43,40,616) | (23,78,610) |
| 6. | Defined benefit obligation at the end of the period | 3,95,84,235 | 3,64,62,343 |

## Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 1. | Opening Fair Value of Plan Assets | 2,97,71,416 | 2,60,38,422 |
| 2. | Expected Return | 25,80,480 | 19,12,638 |
| 3. | Contributions by employer | 66,65,311 | 39,00,000 |
| 4. | Benefits paid | (40,52,301) | (20,79,644) |
| 5. | Actuarial Gains/(Losses) | - | - |
| 6. | Closing Fair Value of Plan Assets | 3,49,64,906 | 2,97,71,416 |

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

(Amount in ₹)

| Sr. No. | Particulars | Gratuity (Funded) 31.03.2014 | Gratuity (Funded) 31.03.2013 |
|---|---|---|---|
| 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) 2013-14 | Gratuity (Funded) 2012-13 |
|---|---|---|---|
| 1. | Defined Benefit Obligation | (3,95,84,225) | (3,64,62,343) |
| 2. | Plan Assets | 3,49,64,896 | 2,97,71,416 |
| 3. | Surplus/(Deficit) | (46,19,329) | (66,90,927) |
| 4. | Experience adjustments on plan liabilities | 13,98,089 | (14,72,232) |
| 5. | Experience adjustments on plan assets | - | - |

2.27.19 In case of the Parent Company, for the current year Deferred Tax liability has been calculated after considering the cumulative timing differences of ₹14,27,05,764/- (Previous year ₹15,73,09,015/-) mainly on account of depreciation.

2.27.20 In case of the Parent Company, there are no dues payable to the Investor Education and Protection Fund as at 31st March, 2014.

2.27.21 During the year ended March 31, 2014, preparation and presentation of financial statements have been made as per the Revised Schedule VI notified under the Companies Act 1956.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.

LIBERTY

**Liberty Shoes Ltd.**

**Regd. Office : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal-132 114 (Haryana).**
**Tel.: (91) - 1748 - 251101 ~ 03, Fax: (91) - 1748 - 251100**
**CIN: L19201HR1986PLC033185**
**E-mail: investorcare@libertyshoes.com www.libertyshoes.com**

# POSTAL BALLOT FORM (in lieu of E- Voting)

**(To be returned to the Scrutinizer appointed by the Company)**

1. Name of Member(s)
2. Registered Address
3. Folio No.#/ DP ID No. & Client ID No.
4. Number of Equity Shares held
5. I/ We hereby exercise my/our vote in respect of the following resolutions to be passed at the 28th (Twenty Eighth) Annual General Meeting of the Company, to be held on Monday, 29th September, 2014 at 13th Milestone, G.T. Karnal Road, P.O. Bastara, Distt. Karnal- 132 114, Haryana (India) in respect of the businesses as set out in the Notice dated 29th May, 2014 by conveying my/our assent or dissent to the said resolution(s) by placing the tick (√) mark at the box against the respective matters:

| Sl. No. | Description of the business as set out in the Notice dated 29th May, 2014 | No. of Shares | I/ We assent to the Resolution (FOR) | I/ We dissent to the Resolution (AGAINST) |
|---|---|---|---|---|
| | **ORDINARY BUSINESS** | | | |
| 1 | To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014 and Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon. | | | |
| 2 | To declare dividend of ₹1.50/- per equity share for the financial year 2013-14. | | | |
| 3 | To appoint a Director in place of Sh. Adesh Kumar Gupta (DIN: 00143192), who retires by rotation and being eligible offers himself for re - appointment. | | | |
| 4 | To appoint a Director in place of Sh. Satish Kumar Goel (DIN: 00143415), who retires by rotation and being eligible offers himself for re - appointment. | | | |
| 5 | To re-appoint auditors of the Company to hold office from the conclusion of 28th Annual General Meeting (AGM) until the conclusion of 31st Annual General Meeting and to fix their remuneration. | | | |
| | **SPECIAL BUSINESS** | | | |
| 6 | Re-appointment of Sh. Sunil Bansal (DIN: 00142121) as Executive Director of the Company for a period of Five years w.e.f. 1st January, 2014. | | | |
| 7 | Appointment of Sh. Raghubar Dayal (DIN: 00481803) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. | | | |
| 8 | Appointment of Sh. Vivek Bansal (DIN: 00939232) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. | | | |
| 9 | Appointment of Sh. Amitabh Taneja (DIN: 00031257) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. | | | |
| 10 | Appointment of Sh. Ramesh Chandra Pathan (DIN: 05241019) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. | | | |
| 11 | Appointment of Sh. Pushpinder Singh Grewal (DIN: 06364475) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. | | | |
| 12 | Appointment and fixation of Remuneration of Cost Auditors M/s K. L. Jaisingh & Co., for the F.Y 2014-15 in compliance of the provisions of Companies Act, 2013. | | | |
| 13 | Approval and adoption of Articles of Association of the Company in compliance of the provisions of the Companies Act, 2013. | | | |
| 14 | Approval for exercising borrowing powers under Section 180 (1) (c) of the Companies Act, 2013. | | | |
| 15 | Approval for exercising powers in relation to mortgage / create security on the Assets of the Company under Section 180 (1) (a) of the Companies Act, 2013. | | | |
| 16 | Approval for keeping Register of Members with the Registrar and Share Transfer Agents of the Company M/s Link Intime India Pvt. Ltd. | | | |

Place:_____
Date:_____
# E-mail Address:_____

(Signature of the Shareholder/Beneficial Owner)

# To be provided by the Member(s) holding equity shares in physical form.

| EVSN (E-Voting Sequence Number) |
|---|
| 140901070 |

Note: Please read the instructions given overleaf and in the Notice dated 29th May, 2014 carefully before exercise your vote.

**INSTRUCTIONS**

1. Pursuant to provisions of Clause 35B of the listing agreement with Stock Exchange(s) and Section 110 of the Companies Act, 2013 Companies (Management and Administration) Rules, 2014, assent or dissent of the Members in respect of the Resolutions contained in the Notice of the 28th Annual General Meeting dated 29th May, 2014 is being sought through Postal Ballot Process.
2. Shareholder desiring to exercise vote by postal ballot may complete this postal ballot form and send it to the company in the attached self-addressed pre-paid envelope. Postage will be borne by the company. However envelopes containing postal ballot, if sent by any other mode at the expense of the registered shareholder will also be accepted. The Postal Ballot(s) may also be deposited personally.
3. Voting Rights: Shareholders holding equity shares shall have one vote per share as shown against their holding and the shareholders can vote for their entire voting rights as per their discretion.
4. The self addressed pre-paid envelope contains the address of the scrutinizer appointed by the Board of Directors.
5. This form should be completed and signed by the shareholder. In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the company) by the first named shareholder and in his absence, by the next named shareholder.
6. Unsigned postal ballot or incomplete postal ballot forms will be rejected.
7. Duly signed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on **Thursday, 25th September, 2014.** All Postal Ballot forms received after this date will be strictly treated as if reply from such shareholder has not been received.
8. A shareholder may request for a duplicate postal ballot form, if so required. However, the duly filled in duplicate Postal Ballot form should reach the Scrutinizer not later than the date specified at item 7 above.
9. Voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholder as on **Friday, 22nd August, 2014.**
10. In case of shares held by companies, trusts, societies etc. the duly filled in postal ballot form should be accompanied by a certified true copy of the appropriate Resolution.
11. In case of the postal ballot is signed by the holder of power of attorney reference to the power of attorney registration with the Company should be mentioned in the postal ballot form. In case a postal ballot form has been signed by an authorized representative of a body corporate, a certified copy of the relevant authorization to vote on the postal ballot should accompany the postal ballot form. Where the postal ballot form has been signed by a representative of the President of India or of the Governor of a State, a certified copy of the nomination should accompany the postal ballot form.
12. Shareholders are requested not to send any other paper along with the postal ballot form in the enclosed self-addressed postage prepaid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
13. In compliance with the provisions of Clause 35B of the listing agreement with Stock exchange(s) and Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and such other applicable provisions, if any, the Company also offers e-voting option to all the members. For this purpose, the Company has signed an agreement with CDSL for facilitating e-voting and is pleased to offer e-voting facility for the members to enable them to cast their votes electronically. Members have option to vote either through e-voting or through Ballot Form. If a member has opted for e-voting, then he/she should not vote by Postal Ballot also and vice-a-versa. However, in case members cast their vote both via physical ballot and e voting, then voting through physical ballot shall prevail and voting done by e-voting shall be treated as invalid.
14. The detailed instructions and process for e-voting has been given in the notes to the Notice dated 29th May, 2014.
15. Members who have registered their e-mail ids for receipt of documents in electronic mode under the Green Initiative of MCA have been sent Postal Ballot form along with Annual Report for the year ended 31st March, 2014 by e-mail. The member who wish to vote through Ballot Form can obtain the Ballot Form from Registrar and Share Transfer Agent (R & T Agent), M/s. Link Intime India Private Limited, 44, Community Centre, Naraina Industrial Area Phase-I, New Delhi-110028 or from the Company at its Registered Office and fill in the details and send the same to the Scrutinizer by Post at 4/42, Punjabi Bagh (West), New Delhi - 110026.
16. The Resolutions, if assented by requisite majority, shall be considered as passed on **the date of 28th Annual General Meeting, the 29th day of September, 2014.**

**Liberty Shoes Ltd.**
**Regd. Office : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal-132 114 (Haryana).**
**Tel.: (91) - 1748 - 251101 ~ 03, Fax: (91) - 1748 - 251100**
**CIN: L19201HR1986PLC033185**
**E-mail: investorcare@libertyshoes.com www.libertyshoes.com**

# PROXY FORM

## 28th Annual General Meeting Monday, 29th September, 2014 at 11.00 a.m.

(Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of Member(s) : .....

Registered Address : .....

E-mail ID : .....

Folio No. / DPId & Client ID* : .....

I/ We being the Member(s) holding _____ equity shares of ₹10/- each of Liberty Shoes Ltd, hereby appoint:

1. Name : _____

Address : _____

_____

E-mail ID : _____ Signature _____

or failing him/ her

2. Name : _____

Address : _____

_____

E-mail ID : _____ Signature _____

or failing him/ her

3. Name : _____

Address : _____

_____

E-mail ID : _____ Signature _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th (Twenty Eighth) Annual General Meeting of the Company, to be held on Monday, 29th September, 2014 at 13th Milestone, G.T. Karnal Road, P.O. Bastara, Distt. Karnal- 132 114, Haryana (India) at 11:00 a.m. and at any adjournment(s) thereof in respect of the resolutions, as indicated below:

| Resolution No. | Description |
|---|---|
| **ORDINARY BUSINESS** | |
| 1 | To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2014 and Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors thereon. |
| 2 | To declare dividend of ₹1.50/- per equity share for the financial year 2013-14. |
| 3 | To appoint a Director in place of Sh. Adesh Kumar Gupta (DIN: 00143192), who retires by rotation and being eligible offers himself for re - appointment. |
| 4 | To appoint a Director in place of Sh. Satish Kumar Goel (DIN: 00143415), who retires by rotation and being eligible offers himself for re - appointment. |
| 5 | To re-appoint auditors of the Company to hold office from the conclusion of 28th Annual General Meeting (AGM) until the conclusion of 31st Annual General Meeting and to fix their remuneration. |
| **SPECIAL BUSINESS** | |
| 6 | Re-appointment of Sh. Sunil Bansal (DIN: 00142121) as Executive Director of the Company for a period of Five years w.e.f. 1st January, 2014. |
| 7 | Appointment of Sh. Raghubar Dayal (DIN: 00481803) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. |
| 8 | Appointment of Sh. Vivek Bansal (DIN: 00939232) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. |
| 9 | Appointment of Sh. Amitabh Taneja (DIN: 00031257) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. |
| 10 | Appointment of Sh. Ramesh Chandra Palhan (DIN: 05241019) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. |
| 11 | Appointment of Sh. Pushpinder Singh Grewal (DIN: 06364475) as an Independent Director of the Company for a period of 5 years w.e.f. 29th September, 2014. |
| 12 | Appointment and fixation of Remuneration of Cost Auditors M/s K. L. Jaisingh & Co., for the F.Y 2014-15 in compliance of the provisions of Companies Act, 2013. |
| 13 | Approval and adoption of Articles of Association of the Company in compliance of the provisions of the Companies Act, 2013. |
| 14 | Approval for exercising borrowing powers under Section 180 (1) (c) of the Companies Act, 2013. |
| 15 | Approval for exercising powers in relation to mortgage / create security on the Assets of the Company under Section 180 (1) (a) of the Companies Act, 2013. |
| 16 | Approval for keeping Register of Members with the Registrar and Share Transfer Agents of the Company M/s Link Intime India Pvt. Ltd. |

*Applicable for shares held in Electronic form.

Affix ₹ 0.30 Revenue Stamp

Signed this _____ day of _____ 2014

Signature of the Member(s): _____

Signature of Proxy holder(s) : _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

**Liberty Shoes Ltd.**
**Regd. Office : Libertypuram, 13th Milestone, G.T. Karnal Road, Kutail, P.O. Bastara, Distt. Karnal-132 114 (Haryana).**
**Tel.: (91) - 1748 - 251101 ~ 03, Fax: (91) - 1748 - 251100**
**CIN: L19201HR1986PLC033185**
**E-mail: investorcare@libertyshoes.com www.libertyshoes.com**

# ATTANDANCE SLIP

## 28TH ANNUAL GENERAL MEETING - MONDAY, 29TH SEPTEMBER, 2014

**(Please complete this attendance slip and hand it over at the entrance of the Hall)**

I hereby record my presence at the 28th Annual General Meeting of the Company on Monday, the 29th September, 2014 at 11:00 A.M. at Libertypuram, 13th Milestone, G.T. Karnal Road, P.O. Bastara, Kutail, Distt. Karnal, Haryana- 132 114 .

Folio No./ DP ID- Client ID:.....

Full Name of the Shareholder in Block Letters:.....

No. of Shares Held:.....

Name of Proxy (if any) in Block Letters:.....

Signature of the Shareholder/Proxy/Representative*

*Strike out whichever is not applicable

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Notes:

1. Please hand over the Attendance Slip duly completed and signed at the REGISTRATION COUNTER.
2. Electronic copy of the Annual Report 2013-14 and Notice of the Annual general Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any members has requested for a hard copy of the same.
3. Physical copy of the Annual Report 2013-14 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent in the permitted mode(s) to all the members whose email is not registered or have requested for a hard copy.

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

## 28TH ANNUAL GENERAL MEETING - MONDAY, 29TH SEPTEMBER, 2014

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.

To,
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



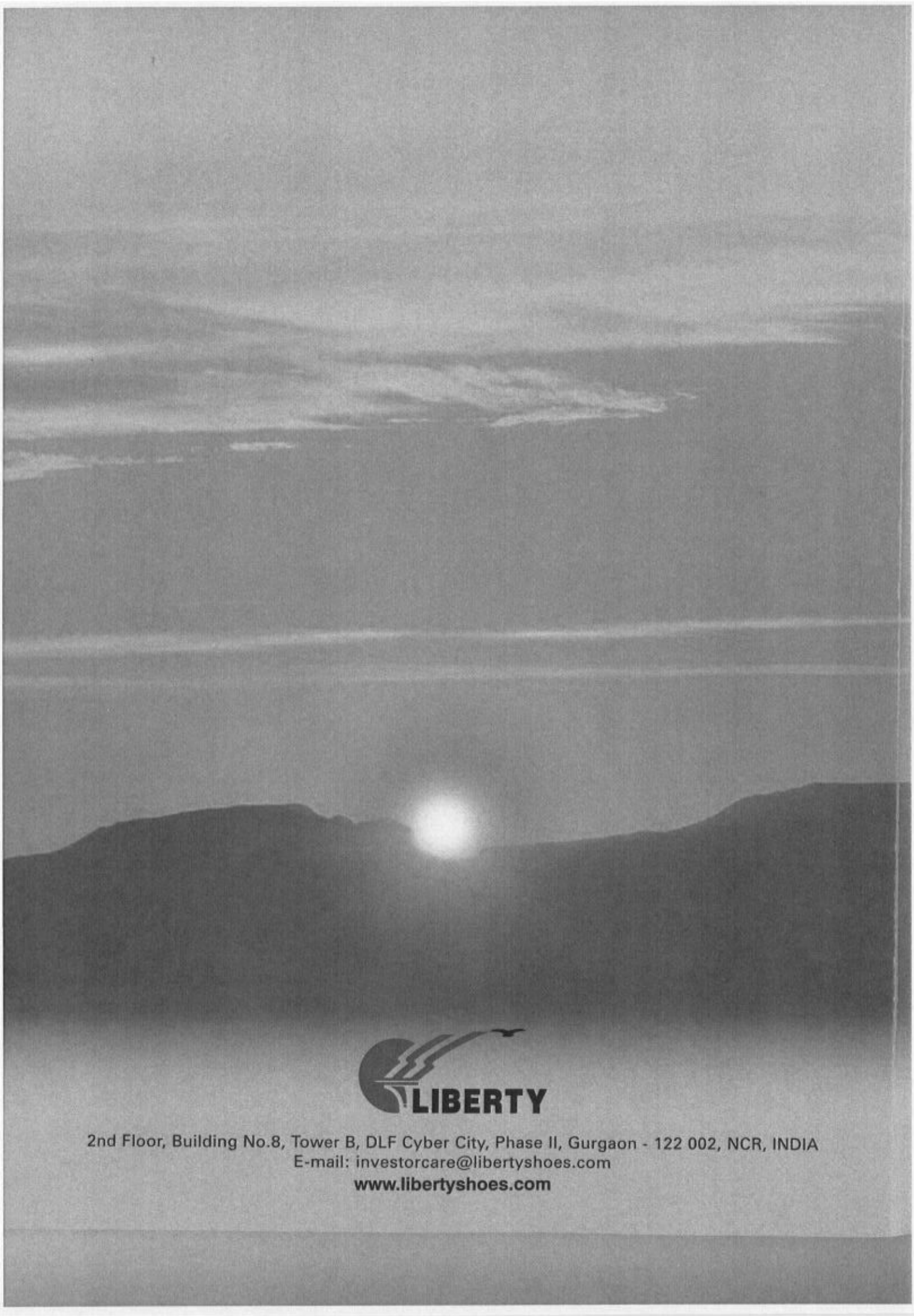

# Inspiring Past. Evolving Present. Vibrant Future.

Our founding fathers joined Gandhiji's call for Quit India against the British in 1942 and with the same enthusiasm started Pal Boot House in 1944 to help create employment and business opportunities for the most backward leather artisans. Within 10 years Liberty was formed in 1954. As we go into 60 years of our existence we salute the Indian spirit and are happy to state that generations of artisans who had joined the movement are now successful business entrepreneurs. We have seen a very fulfilling 60 years of Liberty's existence. We have grown to become an acknowledged and respected brand. Thousands of dedicated people help build the Liberty name each day. Thousands are set to take a leap into new horizons. Innovating for comfort. Innovating for fashion. Innovating for newer landmarks. We're looking forward to the next 60 years.

LIBERTY
WE ARE ABOUT PEOPLE
1954-2014

**EVER CHANGING. EVER NEW.**

6 Crore+ Expanding Customer Base
5000 Style Options
4000 Global Distribution Network
45000 Business Associates
1 Lac+ Jobs & Increasing
75 Countries Worldwide Reach




2nd Floor, Building No.8, Tower B, DLF Cyber City, Phase II, Gurgaon - 122 002, NCR, INDIA
E-mail: investorcare@libertyshoes.com
**www.libertyshoes.com**