



10th August, 2016

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

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Sub: Press announcement made at the Board Meeting for the 1st Quarter ended 30th June, 2016

Compliance Officer : Munish kakra (CFO & Company Secretary)
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Scrip Code : LIBERTSHOE
ISIN No. : INE 557B01019

Dear Sir/ Madam,

Please refer to our letter dated 10th August, 2016 in respect of outcome of the Board meeting of the Company held on Wednesday, 10th August, 2016.

In Continuation thereof, please find attached herewith the Press announcement made by the Company just after the Board meeting in respect of its 1st Quarter ended 30th June, 2016 results for your information & records.

Kindly upload the same on your website for the information of the investors at large.

Thanking you,
Sincerely Yours,
For Liberty Shoes Ltd.


Munish Kakra
CFO & Company Secretary

Enc.: a/a



Liberty Shoes Ltd.
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Liberty, 1st Quarter Financial Performance

New Delhi, Wednesday, August 10, 2016: Liberty Shoes Ltd., India's leading footwear Company, today announced its results of Q1 for F.Y. 2016-17. The Company during the quarter ended 30th Jun, 2016 has recorded the Sales of Rs. 123.78 Crores as compared to the corresponding quarter ended of previous year Rs. 113.47 Crores by registering growth of 9%. Despite slowdown in the Exports markets due to ongoing global recession, the Company has seen growth at its Export front by 9% during the period ended 30th Jun, 2016. Similar growth has been recorded by the Company in its domestic sales during the current quarter ended 30th Jun, 2016 in comparison to the corresponding quarter of the previous financial year. This shows the satisfaction level of the customers in Liberty Brand.

Sh. Adesh Gupta, CEO & Executive Director of the Company says about Revenue of the Company:

Domestic Sales:

The domestic sales have been increased by 9% from Rs. 103.20 Crores in the Q1 of the financial year 2015-16 to Rs. 112.61 Crores in the Q1 of the current financial year 2016-17. Considering the potential of domestic industry the Company has envisaged that retail front will do much better in the years to come as the growth is not seen as expected.

Mr. Gupta while elaborating the highlights of the financial performance of the Company also mentioned that the passage of GST has been cleared and implementation of the same will provide some relief to the footwear Industry's woes. He added that the two announcements in the last budget in respect of reduction of excise duty on rubber sheets and resin rubber sheets for soles and heels from 12.5% to 6% and the revision in the abatement rates for the retail sale price (RSP) based assessment of excise duty for all footwear from 25% to 30% will provide benefits to the consumers and exporters marginally.

Mr. Gupta added that due to its inherent strengths the Indian Footwear Industry has found its place as thrust area under "Make in India" initiatives of Government of India. The major domestic Industrial players have been given shelter by DIPP to grow rapidly going forward and in this way Council for Footwear Leather and Accessories (CFLA) has been formed a nodal agency with the objectives to facilitate the every segment of the domestic footwear sector. Besides this the Department of Industrial Policy and Promotion (DIPP) has taken various measures and initiatives to support the domestic footwear Industry. Recently to address the issues of Domestic Footwear Industry, DIPP is also proposing to extend the Indian Leather Development Program (IDLP) along with its various sub schemes with enhancement of budget there under.

Mr. Gupta, being chairman of CFLA said that CFLA is rigorously working to summarize the various concerns and issues through meeting with major industrial captains, Senior Government Officers and conducting of comprehensive study of the entire segment of the Industry. The preliminary issues and concerns to be addressed to the Central and State Government includes rationalization in taxation, policy to safeguard the Industry from cheap importing, bringing all the organized and unorganized players under the Tax bracket, introduction of special packages for footwear sector and to equate the sector with textile industry and levy of merit rate in GST which will be beneficial for the Company and the Industry in the long run.



He further said that after Haryana and Delhi CFLA is making efforts to reduce the VAT rates in other states also. The recent Government notification of reduction in VAT will reduce the VAT burden for all organized players over the period but exceptional increase in Minimum wages in Haryana and increase in Input costs have impacted adverse on the operating margins of the Company and the Industry. With the implementation of GST and various other initiatives of Government including recognition of footwear as thrust sector, footwear Industry in the long run would be benefitted and will surely justify its potential for foreign exchange earnings and creation of new job opportunities.

E- Commerce business in consumer products has widened its ambit in last few years which is affecting the footfall of the customers at mall/retail stores. Mr. Gupta further stated that the Company considering the changing business environment and change in buying pattern of customers through online instead of touch and feel of the products is revamping its E-Commerce platform and is in discussion with major players in this segment by putting the specialized products meant for E-Commerce.

While focusing on the quality and fashion consciousness, Mr. Gupta has also highlighted that the Company has been launching various new designs and products every month to fulfill the customers' aspirations and taste at affordable price to suit the changing lifestyle.

Export Sales:

Despite Global slowdown in China, the Company's export performance has been increased in the Q1 of the financial year 2016-17. Mr. Gupta said that as informed earlier the Company is hopeful that in future with the revival of the global economy and with the Govt. initiatives, the Company will regain its momentum at Export front. Mr. Gupta also added that export subvention of 3% for footwear sector by Government w.e.f. 1st April, 2015 shall give boost to the industry having exports in terms of their reduced cost of fund.

Operating Margin:

Company's operating margins during the period ended 30th Jun, 2016 has declined due to increase in Inputs Cost and Employee Cost which, as reported earlier has been impacted by increase in Raw Material and Minimum Wages in Haryana where the plants of the Company operates. Despite increase in the overall Sales, the EBITDA and EBITDA margin to Sales have declined due to increase in Raw Material, Employees Cost and Other expenses during the period ended 30th Jun, 2016 in comparison to the corresponding quarter in the previous year. The result of the corrective measures taken in the past by the Company is still to be reflected in the next Quarters of the current financial year 2016-17. The Company is planning to pass on hike in Minimum Wages and other Input costs to the consumers wherever feasible without impacting the volumes. The borrowing cost of the Company has reduced in comparison to the corresponding quarter in the previous financial year due to decrease in the interest rates. The Board in order to further reduce the Company's borrowing cost has approved the new arrangements with one of its multiple bankers for availment of banking finance at lower rates.

Outlook for Store Expansion

The Company as explained earlier also has envisaged huge potential in domestic retail market and to exploit this, has been adding the retail stores in the past. To continue with this plan, the Company has added 10 new showrooms of franchisees and Company Owned Company Operated (COCO) during the



Quarter ended 30th Jun, 2016. The Company is selective in expansion and after having proper viability and feasibility study, opens the stores to avoid gestation period loss and make the stores profitable with standard inventory turn. The Company, he explained, continues to follow TOC concept in more disciplined manner and also implement its efforts to reduce working capital cycle in its future expansion initiatives.

Restructuring Plan:

Mr. Gupta said, as reported earlier, the Company has continuously been pursuing with the two group partnership firms for finalising the terms of acquisition of their footwear business assets which are available with the Company under franchise arrangements till 31st March, 2016 in accordance to the terms of earlier agreements. Mr. Gupta further stated that as reported earlier the Company, considering the enduring benefits, has entered in to fresh arrangements with the two partnership firms on 31st March, 2016 for using of their respective assets for an interim period of 1 year on same terms and conditions including fee as presently available with the Company. The Company has been in talks with the firms to materialize the plan envisaged earlier of acquisition of the Assets of these partnership firms within this interim period in due consultation with the consultants appointed for this purpose.

About Liberty Shoes Limited:

Liberty Shoes is the only Indian Company which is amongst the top 5 manufacturers of leather footwear in the World. The Company is producing more than 60,000 pairs of footwear a day covering virtually every age group and income category. Products are marketed across the globe through 162 distributors, 667 exclusive showrooms and over 9800 multi-brand outlets, and sold in thousands every day in more than 25 countries including fashion-driven, quality-obsessed nations like France, Italy, and Germany. The manufacturing facilities at Liberty are called 'Humantech Centres', where technology works in perfect tandem with human creativity. The company is equipped with Humantech centres at six locations in Haryana and Uttarakhand. Liberty has developed a spectrum of 10 exclusive brands, each of which has been specially designed to cater to a specific target group. The company has something for every occasion, for every age group.

