

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors have pleasure in presenting the 34th Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2020.

### Financial Highlights:

The highlights of the financial statements are as under:-

(₹ In Lakh)

| Particulars   | 2019-20     | 2018-19   |
|---|-------------|-----------|
|   | Gross Sales | 64,954.16 |
| Add: Other Income   | 296.28      | 161.02    |
| Revenue from Operations and Other Income                  | 65,250.44   | 60,278.18 |
| Profit before Depreciation, Finance Costs and Tax (PBDIT) | 6,119.12    | 4,188.70  |
| Less: Finance Costs                                       | 1,431.58    | 1,480.57  |
| Less: Depreciation & Amortisation                         | 3,349.04    | 1,346.88  |
| Profit Before Exceptional Items                           | 1,338.49    | 1,361.25  |
| Less: Exceptional & Extraordinary Items                   | (442.91)    | 14.66     |
| Profit before Tax Expense (PBT)                           | 1,781.40    | 1,346.59  |
| Less: Tax Expenses  | 681.67      | 662.32    |
| Net Profit for the year (NP)                              | 1,099.73    | 684.27    |
| Other Comprehensive Income /(Loss)                        | -           | -         |
| Total Comprehensive Income                                | 1,099.73    | 684.27    |

### Review of the operations of the Company:

Your Company has prepared the Financial Statements for the financial year ended March 31, 2020 under Sections 129, 133 and Schedule II of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

During the financial year ended 31st March 2020, Liberty has recorded a turnover of ₹64,954.16 Lakhs as against turnover of previous year's ₹60,117.16 Lakh, an increase of 8% over corresponding previous year 2019. The PBDIT stood at ₹6,119.12 Lakhs during the year 2019-20 as compared to ₹4,188.70 Lakhs during the corresponding previous year 2018-19. The increase in PBDIT to the extent of ₹1,997.10 Lakh is on account of change in accounting norms of lease rental expenses which has been considered under depreciation/amortization account instead of other expenses like previous year pursuant to newly implemented Ind-AS-116 for accounting of leasehold rights of the Company made effective from 1st April, 2019. The PBDIT ignoring the said lease rental considered in depreciation and amortization is ₹4,122.02 Lakh as against previous years' ₹4,188.70 Lakh. The Profit before Tax expenses stood at ₹1,781.40 Lakh including exceptional income of ₹442.91 Lakh as compared to ₹1,346.59 Lakhs during the corresponding previous year 2018-19. The Profit after Tax of your Company, for the year

under consideration, has remained at ₹1,099.73 Lakhs as against ₹684.27 Lakhs during the corresponding previous year.

During the current year under consideration, your Directors, after evaluating the feasibility of continuing operations at its Dehradun plant, have decided to discontinue its operation there and liquidated the surplus land and building as a result of which the Company has earned income under exceptional/extraordinary items to the extent of ₹442.91 Lakh (net of Expenses) against expenses of ₹14.65 Lakh during previous year.

Your Company, during the year under consideration, has continued focusing on strengthening and diversifying its product portfolio, enhanced quality with comfort, new designs with qualitative materials, adding up new retail stores and enhancing customers experience by reaching them through online marketing campaign on various event & occasions. These focused activities resulted in enhancing customers confidence and constancy as evident from the growth in number of pairs/products sold during the year.

Your Directors, truly identifying the prospective of e-commerce business opportunities in India, has further supported its online platform with elaborate arrangement of warehousing, supply and handling of the products with faster delivery to its customers.

Your Company also sells its product through its E Commerce Partners like Amazon, Flipkart, Smytten and Paytm, among others.

The institutional or bulk customer segment over the years has been constantly improving its contribution in the overall growth of the Company and during the year under consideration, besides its fine performance, also bagged the prestigious Institutional order from Ministry of Defence, Govt. of India, worth approx. ₹100 Crores to be completed during the current year 2020-21.

The lifestyle segment of the Company, wherein the Company has launched different variants of fine fragrance perfumes & after shave lotions, has not performed as envisaged during the year under consideration. The Company is, however, optimistic regarding its penetration in the luxury market by exploring all alternative channels of sales like own store, B2B, Online Sales etc. for making its products available to aspirant customers.

With the Covid-19 pandemic impacting people across the globe, your Company has not been untouched with its impact which has effected its sales operations and market sentiments during the later part of March, 2020. The nationwide lock down started from 23rd March, 2020 till the date of this report has not been completely lifted in most of the States which has adversely affected the operations of the Company in terms of Sales, manufacturing, Retailing and other activities. The Company, to mitigate the pandemic impact, has adopted requisite actions including but not limited to rental renegotiation for its showrooms, rationalizing its employee strength and its cost and further reinforcing of its e retail platform and other available modern channels.

#### **Credit Rating:**

During the year under review, CARE Ratings Limited, a leading rating agency, has re-affirmed its Ratings CARE "A" (-); (single A Minus) in respect of Long Term banking facilities (comprising Term Loan and Working Capital fund based facilities) and CARE "A2" (+) ("A" Two Plus) in respect of Short Term banking facilities (comprising non fund based facilities) sanctioned by the Banks to the Company. The outlook on the Long Term rating, during the lock down period, has been assigned negative due to Company's liquidity position to remain stretched amid loss of income and cash flows due to lockdown.

#### **Subsidiary Company their Performance & Consolidated financial statement:**

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

The Company has discontinued its Wholly Owned Subsidiary (WOS) at Middle East and its assets are pending for liquidation

due to which no financial statements have been prepared of this WOS. Therefore, the same has not been attached and a statement containing salient features of the financial statements of the Company's wholly owned subsidiary has not been provided as required under Section 129 of the Companies Act, 2013.

#### **Appropriations:**

##### **Dividend**

Your Directors, considering the financial requirement to the Company, have not recommended any dividend for the financial year ended 31st March 2020.

##### **Transfer to Reserves**

Your Directors proposed to transfer ₹300.00 Lakh (Previous Year ₹300.00 Lakh) to the General Reserves out of the profits available with the Company for appropriations. Accordingly, an amount of ₹799.73 Lakh (Previous Year ₹384.26 Lakh) has been proposed to be retained in the Profit & Loss Account of the Company.

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

During the year ended 31st March, 2020, 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.

##### **Nomination and Remuneration Policy**

Your Board of Directors, on the recommendation of the Nomination and Remuneration Committee, framed and adopted a policy for identifying and recommending the selection and appointment of Directors and KMPs of the Company and remuneration to Directors, KMPs and other employees. The contents of the Policy and evaluation criteria have been stated in the Corporate Governance Report. The above Nomination and Remuneration Policy is set out in Annexure-I of this Report. The Policy is also available on the website of the Company i.e. [www.libertyshoes.com](http://www.libertyshoes.com).

##### **Policy on Prevention of Insider Trading**

Your Company has adopted a code of Conduct for Prevention of Insider Trading with a view to regulate trading in Equity Shares of the Company by the Promoters, Directors, Employees, designated persons and other connected persons. The said Code of Conduct is available on the website of the Company at [www.libertyshoes.com](http://www.libertyshoes.com). The Code requires pre-clearance for dealing in Company's shares and prohibits purchase or sale of shares in your Company by the Promoters, Directors, Employees, designated persons and other connected persons while they are in possession of unpublished price sensitive information and also

during the period when the Trading Window remains closed.

### **Familiarization Program**

In order to encourage active participation of Independent Directors and in order to understand the business environment, your Company has been familiarizing the Independent Directors on its Board with detailed presentations by its business functional heads on the Company operations, strategic business plans, new products and technologies including significant aspects of the Industry and its future outlook. Once appointed, the Non Executive & independent Directors undergo the familiarization program of the Company. The Non executive & independent Directors are also provided with financial results, internal audit findings and other specific documents as sought by them from time to time. They are also made aware of the various policies and code of conduct and business ethics adopted by the Board. Details of familiarization programs extended to the Non Executive & Independent Directors during the year under consideration are disclosed on the Company website at [www.libertyshoes.com](http://www.libertyshoes.com).

### **Risk Management Policy & Risk Management**

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. In line with the provisions of Section 134 (3) (n) of the Companies Act, 2013, the Company has developed a Risk Management Policy to build and establish the process and procedure for Identifying, assessing, quantifying, minimizing, mitigating and managing the associated risk at early stage. Policy is aimed to develop an approach to make assessment and management of the risks in financial, operational and project based areas in timely manner. The main objectives of the Risk Management Policy is inter-alia, to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed, to protect the brand value through strategic control and operational policies and to enable compliance with appropriate regulations wherever applicable, through the adoption of best practices. The Board of Directors of the Company assesses several type of risks which include Business Environment Risks, Strategic Business Risks and Operational Risks etc. The Board of Directors periodically reviews and evaluates the risk management system of the Company so that the management controls the risks through properly defined networks. Head of the Departments are responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to

the Board and Audit Committee. No risks threatening the existence of the organization have been identified. However there are other risks against which adequate mitigation plans are prepared.

The Risk Management policy is available on the Company's website of the Company at [http://investor.libertyshoes.com/doc/Risk\\_Management\\_Policy](http://investor.libertyshoes.com/doc/Risk_Management_Policy).

### **Whistle Blower Policy (Vigil Mechanism)**

As per the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Regulation 22 of Listing Regulations, your Company has an effective mechanism of reporting illegal or unethical behavior. The Company has a Whistle Blower Policy (vigil mechanism) wherein the directors, employees, consultants and contractors are free to report violations of laws, rules and regulations or unethical conducts, actual or suspected fraud or violation of the Company's code of conduct or ethics policy to the nodal officer. The mechanism followed is appropriately communicated within the Company across all levels and has been posted on the Notice Board of the Company. The confidentiality of those reporting violations etc. is maintained and they are not subjected to any discriminatory practice. The concern can be reported by sending an e-mail message at the dedicated address viz. [ethicscounsellors@libertyshoes.com](mailto:ethicscounsellors@libertyshoes.com). Individuals can also raise their concerns directly to the CEO or the Chairman of the Audit Committee of the Company. Any allegation falling within the scope of the concerns are identified, investigated and dealt with appropriately. The Audit Committee periodically reviews the functioning of this mechanism. The Vigil mechanism established in the Company provides adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism. During the year, no personnel of the Company was denied access to the Audit Committee. The details of establishment of Vigil mechanism/ Whistle Blower Policy of the Company are available at the website of the Company viz. [www.libertyshoes.com](http://www.libertyshoes.com).

### **Non-applicability of Maintenance of Cost Records:**

The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and Rules made there under with respect to the Company's nature of business.

### **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

and as such, no amount on account of principal or interest on deposits from public was outstanding as on date of the balance sheet.

### **Board of Directors and Key Managerial Personnel:**

#### ***Retirement by rotation of the Directors***

Sh. Shammi Bansal & Sh. Adish Kumar Gupta, Directors of the Company will be retiring by rotation at the 34th Annual General Meeting in pursuance of the provisions of Section 152 of the Companies Act, 2013 and being eligible, have offered themselves for the re-appointment at the 34th Annual General Meeting.

### **Appointment(s) and Cessation of office of Directors**

#### **Appointment(s)/Re-appointment(s):**

- (I) The members at the 33rd Annual General Meeting held on 27th September, 2019 have:
  - (a) Re-appointed Sh. Sunil Bansal as Executive Director for a period from 1st January, 2019 to 31st March, 2021.
  - (b) Re-appointed Sh. Raghubar Dayal and Sh. Ramesh Chandra Palhan as Independent Directors of the Company for a second term of two consecutive years commencing from 29th September, 2019 to 28th September, 2021.
  - (c) Appointed Sh. Aditya Khemka as Independent Director of the Company for a first term of five consecutive years commencing from 27th September, 2019 to 26th September, 2024.
- (II) The Board of Directors of the Company in their meeting held on 12th November, 2019 have appointed Sh. Arvind Bali Kumar as Additional Director in the category of Independent Director and his candidature is also being proposed in ensuing Annual General Meeting for appointment as Independent Director of the Company for first term of five consecutive years commencing from 12th November, 2019 to 11th November, 2024 for the approval of shareholders. Brief profile of above Director, nature of his expertise in specific functional areas and names of Companies in which Sh. Arvind Bali Kumar holds directorships/chairmanships of Board committees, shareholding and relationships between directors inter se as stipulated under Companies Act, 2013, Listing Regulations and Secretarial Standards, is provided in the Annexure A to the Notice.

#### **Cessation of office of Director:**

During the year under consideration Sh. Pushpinder Singh Grewal has expressed his unwillingness to continue as

Independent Director of the Company due to his pre-occupation and term of his Office came to an end on 28th September, 2019 as per the terms of his appointment.

### **Key Managerial Personnel**

The following persons are the Key Managerial Personnel (KMPs) of the Company as per the provisions of the Companies Act, 2013-

|                       |   |                          |
|-----------------------|---|--------------------------|
| Sh. Adesh Kumar Gupta | - | CEO & Executive Director |
| Sh. Shammi Bansal     | - | Executive Director       |
| Sh. Sunil Bansal      | - | Executive Director       |
| Sh. Adish Kumar Gupta | - | Executive Director       |
| Sh. Ashok Kumar       | - | Executive Director       |
| Sh. Munish Kakra      | - | CFO & Company Secretary  |

### **Committees of the Board**

The Company's Board has constituted the following Committees:

1. Audit Committee
2. Management Committee
3. Stakeholders Relationship Committee
4. Nomination and Remuneration Committee
5. Corporate Social Responsibility Committee

The detail of terms of reference of the Committees, Committee composition, meetings held during the year and attendance at the meetings of the Committees are provided in the Corporate Governance Report.

### **Number of meetings of the board**

Four meetings of the board were held during the year. The detail of the composition, board meetings held during the year and attendance at the meetings are provided in Corporate Governance Report. The maximum time gap between two meetings did not exceed 120 days.

### **Annual Evaluation of Directors and Board as a whole**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board is required to monitor and review the Board evaluation framework. In line with the Corporate Governance Guidelines, the Annual Performance Evaluation is conducted for all members as well as the working of the Board and its Committees. This evaluation is with specific focus on the performance and effective functioning of the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The evaluation process also considers the time spent by each of the Board Members, core competencies, personal characteristics,

accomplishment of specific responsibilities and expertise. In addition, the Chairman is also evaluated on the key aspects of his role. The Board evaluation is conducted through questionnaire having qualitative parameters and feedback based on ratings. The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The outcome of the Board evaluation for the financial year under consideration was discussed by the Nomination and Remuneration Committee and Board at their respective meetings held on 4th February, 2020, excluding the director being evaluated.

During the year under review, the Company has complied with all the criteria of Evaluation as envisaged in the SEBI Circular on "Guidance Note on Board Evaluation". Based on the Performance Evaluation process and on the recommendation of the Nomination and Remuneration Committee, your Board of Directors have considered the appointment of Sh. Arvind Bali Kumar as Independent Director of the Company for a first term of Five (5) consecutive years at the ensuing AGM for the approval of the Members by way of Ordinary resolution.

In lines with the provisions of the Companies Act, 2013 and Listing Regulations, separate meeting of the Independent Directors of the Company was held on 4th February, 2020 in the absence of non-independent directors and members of management inter alia to evaluate the performance of the non-Independent Directors, Board as a whole of the Company, its committees, Chairman and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

#### **Attributes, Qualifications & Independence of Directors and their appointment**

The criteria for determining qualifications, positive attributes and independence of Directors in terms of the Act and the Rules there under, both in respect of Independent Directors and other Directors as applicable, has earlier been approved by the Nomination and Remuneration Committee during the financial year 2015-16 (amended from time to time). The Policy of the Company also provides that Non-Independent Independent Directors be drawn from amongst eminent professionals with experience in business/finance/law/public administration & enterprises. The Board Diversity Policy of the Company requires the Board to have balance of skills, experience and diversity of perspectives appropriate to the Company. Directors are appointed/re-appointed with the approval of the Members for a shorter period say, two to five years only. All Directors, other than

Independent Directors, are liable to retire by rotation and are eligible for re-election in terms of the provisions of Articles of Association. The Independent Directors of your Company have confirmed that they meet the criteria of independence as prescribed under section 149 of the Companies, Act, 2013 and Regulation 16 of Listing Regulations.

The Nomination and Remuneration Policy as approved by the Board of Directors of the Company has been attached to this report and also accessible on the website of the Company at [www.libertyshoes.com](http://www.libertyshoes.com)

#### **Material changes and commitments affecting financial position between end of the financial year and date of report**

As per the provisions of Section 134(3) (1) of the Companies Act, 2013, no material changes or commitments affecting the financial position have occurred between the end of financial year of the Company to which the financial statements relates to the date of the report.

#### **Change in the nature of Business, if any**

There was no change in the nature of business of the Company during the year under review.

#### **Internal financial control systems and their adequacy**

Liberty's internal financial controls are adequate and operate effectively and ensure orderly and efficient conduct of its business including adherence to its policies, safeguard its assets, prevent and detect frauds and errors, maintain accuracy and completeness of its accounting records and further enable it in timely preparation of reliable financial information. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

The Company has in place a strong and independent Internal Audit Department which is responsible for assessing and improving the effectiveness of internal financial control and governance. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

#### **Declaration by Independent Directors**

The Company has received necessary declarations from each independent director under Section 149(7) of the Companies Act, 2013, that she/he meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 25(8) of the Listing Regulations and there is no change in the status of their independence and have confirmed that they are not aware of any circumstances or

situation which exists or may be reasonably anticipated that could impair their ability to discharge their duties. The Board of Directors of the Company also confirms that the Independent Directors also meet the criteria of expertise, experience, integrity and proficiency in terms of Rule 8 of the Companies (Accounts) Rules, 2014 (as amended) and on the basis of declarations submitted by the Independent Directors with the Company the Board of Directors is having positive outlook towards the integrity and expertise of the Independent Directors.

The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and have registered themselves with the Independent Director's databank as required under the above provisions. The Independent Directors are yet to appear for the online proficiency self-assessment test and hence, the opinion on the aforesaid would be provided in the next year's annual report.

#### **Directors' Responsibility statement**

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, your Directors, based on the representations received from the management, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- 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 profit of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis;
- v) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- vii) Based on the framework of internal financial controls and

compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20.

#### **Audit Committee and their Recommendations/ Observations**

Your Board has a duly constituted Audit Committee in terms of Section 177 of the Companies Act, 2013 read with the Rules framed there under and Regulation 18 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015. The term of reference of the Audit Committee has been approved by the Board. The details pertaining to composition of Audit Committee, no. of meetings held during the year under review, brief term of reference and other details have been included in the Corporate Governance Report, which forms part of this report. The recommendations/observations of the Audit Committee placed before the Board during the financial year ended 31st March, 2020 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 U. Shanker & Associates, Chartered Accountants, New Delhi (Firm registration No. 014497N) were appointed as the Statutory Auditors of the Company at the Annual General Meeting held on 24th August, 2017, for a term of 5(five) consecutive years.

#### **Auditors' Report:**

Your Company's Directors have examined the Statutory Auditors' Report issued by M/s U. Shanker & Associates, Chartered Accountants on the Annual Accounts of the Company for the financial year ended 31st March, 2020. There is no reservation, qualification or adverse remark 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. During the period under consideration, no incident of frauds was reported by the Statutory Auditors pursuant to Section 143(12) of the Companies Act, 2013.

#### **Secretarial Auditors and their Report**

Your Directors have appointed M/s JVS & Associates, a Practicing Company Secretaries, in accordance with the provisions of Section 204 read with Section 179 of the Companies Act, 2013

and rule 8 of the Companies (Meetings of Board and its Powers), Rules, 2014 for the financial year 2019-20 for conducting the Audit of secretarial records of the Company and issue their report.

The Secretarial Audit Report in respect of secretarial records of the Company for the Financial Year ended March 31, 2020 has been submitted by M/s JVS & Associates and taken on record by the Board of Directors of the Company. The Report of the Secretarial Auditors in Form MR-3 for the financial Year ended 31st March, 2020 is enclosed to this Report. The Board members have examined the above said report and observed that there is no reservation, qualification and adverse remark made by the Secretarial Auditors and while issuing the said report, the Secretarial Auditors have given their comments on the compliance which were duly complied with by the Company.

#### **Internal Auditors and their Report**

Your Directors in their meeting held on 25th May, 2017 have appointed Sh. Rajesh Gupta, Chartered Accountant as internal Auditor of the Company, in accordance with terms of the provisions of Section 138 read with Section 179 of the Companies Act, 2013 and rule 8 of the Companies (Meetings of Board and its Powers), Rules, 2014 and rule 13 of the Companies (Accounts) Rules, 2014 for the financial year 2017-18 onwards for conducting the Internal Audit of the books of accounts and reviewing and ensuring the Internal Control system of the Company and to issue their report.

The Internal Audit Report in respect of books of accounts and Internal Control system of the Company for the Financial Year ended March 31, 2020 has been submitted by Sh. Rajesh Gupta, which has been duly considered and requisite actions were taken by Audit Committee and reports thereon were also taken on record by the Board of Directors of the Company. The Board members have examined the above said report and observed that there is no reservation, qualification and adverse remark made by the Internal Auditors.

#### **Particulars of Loans, Advances, Guarantees and Investments**

The Company has not granted any loan, guarantee or made any investments during the year ended 31st March, 2020 under Section 186 of the Companies Act, 2013 and Rules made there under. Pursuant to Section 186 (4) read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), disclosure on particulars relating to Loans, advances and investments are provided as part of the financial statements.

#### **Significant and material orders**

During the year under consideration, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

#### **Transactions with Related Parties**

During the year 2019-20, all transactions entered by the Company with related parties as defined under the Companies Act, 2013, Rules made there under, were in the Ordinary Course of Business and at Arm's Length basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors on quarterly basis. Your Company does not have a material unlisted subsidiary as defined under Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Directors shall formulate a Policy to determine Material Unlisted Subsidiary as and when the relevant provisions for the same are applicable on it in future.

There were no materially significant transactions with related parties during the financial year 2019-20 which were in conflict with interest of the Company. Since all the related party transactions entered in to by your Company were in the ordinary course of business and also on an arm's length basis, therefore details required to be provided in the prescribed Form AOC-2 is not applicable to the Company. However, the Company has been undertaking transactions for last so many years in respect of payment of Royalty/ Franchise fees to few of the related parties after obtaining the prior approval of shareholders and Central Government under the provisions of erstwhile Companies Act, 1956. All the related party transactions have been disclosed in the Notes to financial statements as required under IND AS-24 of the Accounting Standard.

In line with the provisions of the Companies Act, 2013 and the Listing Regulations, the Board had approved and adopted policies on Related Party Transactions which has been uploaded on the Company's website [www.libertyshoes.com](http://www.libertyshoes.com) under the "investor relations section".

#### **Particulars of Directors and Employees**

The information required under Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subsequent amendments thereto, is given in Annexure II and the same forms part of this report.

A statement containing the Information of top ten employees in terms of remuneration drawn as provided under Section 197 (12)

of the Companies Act, 2013 read with rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subsequent amendments thereto, is given in Annexure III and the same forms part of this report. During the financial year 2019-20, no employee, whether employed for whole or part of the year, was drawing remuneration exceeding the limits mentioned under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and subsequent amendments thereto.

#### **Extract of Annual Return**

As provided under Section 92(3) of the Companies Act, 2013, the extract of annual return is given in Annexure IV in the prescribed Form MGT-9, which forms part of this report. The Annual return for the financial year ended 31st March, 2020 is available on the website of the Company [www.libertyshoes.com](http://www.libertyshoes.com).

#### **Corporate Social Responsibility (CSR)**

Your Company has been involved in social initiatives for last three decades and engaged in various activities in the field of education, primary healthcare, communities, ecology and environment etc. It believes in long lasting impact towards creating a just, equitable, humane and sustainable society. In Liberty, CSR initiatives were being undertaken, long before the provisions of the Companies Act, 2013 and with the implementation of new provisions of Section 135 of the Companies Act, 2013, Liberty is committed to further strengthen its effort and activities by demonstrating care for the community through its focus on education and development of skills, health and wellness including treatment for poor, needy & uninsured people, environment sustainability including promoting of green initiatives and Improvement of the living conditions of inhabitants and support to disaster relief efforts etc. The various CSR initiatives undertaken by your Company during the year under consideration are as under:-

##### **1. Promoting Education and Skill development**

Liberty has identified schools and institutions around its Plant/Offices and made contributions/sponsorships for providing education to children who can't afford it. It has sponsored quality education and healthcare, providing of balanced nutrition to under privileged children for their holistic development so that they can lead better life and can contribute to the society as responsible citizens etc. In addition to this, it has provided free of cost footwear to various school/institutions for distribution amongst the children/students who can't afford it.

##### **2. Promotion of Sports**

Liberty contributed to registered Sports Associations in

Karnal for providing training to youth athletes of Haryana for preparing them to participate in National Games and Olympics.

##### **3. Contribution to approved relief funds**

Liberty has provided contributions to the various approved relief funds set up by Central and State Governments.

##### **4. Contribution for development of Public Infrastructure**

Liberty has identified and contributed for the development of various facilities and structures which are available to the general public.

##### **5. Environmental sustainability**

Liberty is ensuring environmental sustainability through tree plantation, conservation of natural resources and maintaining of quality of soil, air and water in the places around its Plants/Offices.

##### **6. Promotion of Preventive Healthcare and Eradicating of Poverty**

During the period of COVID-19 pandemic, the Company distributed free of cost Healthcare and Safety goods and foods to the poor and needy people.

##### **7. Other CSR activities and initiatives:**

Liberty has contributed for the promotion of religious activities by contributing to temples/Pooja/various registered Kalyankari Sabhas and societies and also contributed to the Association incorporated with the objective of development of trade to which your Company belongs.

During the year under consideration the Company has complied with the provisions of Companies Act, 2013 by making the required contribution on the activities as stated in Schedule VII of the Act. The Annual Report on Corporate Social Responsibility activities as required under Sections 134 and Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in Annexure V of this report. The policy is also available on the website of the Company at [www.libertyshoes.com](http://www.libertyshoes.com).

#### **Disclosure under the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Your Company has always believed in providing a safe and harassment free workplace for every individual working in Liberty's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.



The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. There is an Internal Complaints Committee which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. The said Committee has its presence at corporate office as well as at plants.

During the year ended 31st March, 2020 the Committee did not receive any complaint pertaining to sexual harassment.

### **Corporate Governance and Ethics**

Your Company believes in adopting best practices of corporate governance. Corporate Governance principles are enshrined in the spirit of Liberty, which form the core values of Liberty. These guiding principles are also articulated through the Company's Code of Conduct, Corporate Governance guidelines, Charter of various Sub-Committees and disclosure policy.

As per regulation 34 of the Listing Regulations, a separate section on corporate governance practices followed by your Company, together with a certificate from Statutory Auditors M/s U. Shanker & Associates, Chartered Accountants, on compliance with corporate governance norms under the Listing Regulations, is given at page no. 72 to page no. 73 of this Annual report.

### **Management Discussion and Analysis Report**

In terms of Regulation 34 of the Listing Regulations, the Management Discussion and Analysis report on your Company's performance, industry trends and other material changes with respect to your Company, wherever applicable, are presented at page no. 76 to page no. 80 of this Annual report. The Management Disclosure and Analysis Report provides a consolidated prospective of economic, social and environmental aspects material to our strategy and our ability to create and sustain value to our key stakeholders.

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

Information in accordance with the provisions of Section 134 (1) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 in relation to conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo is given in the "Annexure VI", which forms part of this report.

### **Compliance with Secretarial Standards:**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### **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).

### **Acknowledgments and Appreciation:**

Your Directors take this opportunity to place on record their sincere gratitude for the consistent cooperation and support received from the shareholders, Bankers, Channel Partners, COVID WARRIORS, Council for Footwear Leather & Accessories (CFLA) 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  
DIN: 00143192

Place: Gurugram, Haryana  
Dated: Friday, 31st, July, 2020