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## **Liberty Shoes Ltd— BUY—76—INR**

Sector — Miscellaneous (Footwear)  
Regd.Off.— 13th M.S., G. T. Karnal Road, Kutail, Karnal, HR-132 001  
Listed — NSE, BSE.

### **Company Overview—**

Company was incorporated on the 3rd September 1986 as a Public Limited Company. Company set up to manufacture and sell leather and non-leather shoes, leather shoe uppers and leather garments. It has also set up a joint venture in Russia to manufacture shoes in 1991 under the name of M/S Liberty &Go, with M/S Gorky Production & shoes Unit, Gorky. Company has entered into an agreement with one of the group firms M/S Liberty Enterprises for using the established brand name "LIBERTY". Company has commenced its commercial production for non-leather shoes in 1993. Company has been promoted by P.D.Gupta and R.K.Bansal and belongs to the LIBERTY Group. Liberty Group has completed Six decades of its existence in the shoe industry. In 2000 Company entered into an agreement for sale/purchase of goods and/or taking on franchise basis the production on franchise basis the production facilities and/or acquires movable and immovable property including plant and machinery, building etc. with Liberty Group Marketing Division and/or Liberty Enterprises, partnership firms. Company is all set to venture into the e-commerce activities, which will cater to the B2B and B2C requirements. In 2003 Company introduced its modern Liberty Footstylers collection. Company launched its retail format, Revolutions.

### **Products & Services—**

Liberty Shoes Ltd. is the only Indian company that is among the top 5 manufacturers of leather footwear in the world with a turnover exceeding U.S. \$100 million. Company produces more than 50,000 pairs of footwear a day covering virtually every age group and income category. Products are marketed across the globe through 150 distributors, 350 exclusive showrooms and over 6000 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. With 50 years of excellence, today Liberty produces footwear for the entire family and is a trusted name across the world. In the domestic market it is one of the most admired footwear brands and holds the largest market share for leather footwear.

Company manufactures well known branded footwear's like - Coolers, Footfun, Force10, Fortune, Gliders, Seniorita, Tiptopp, Warrior, and Windsor. Company is the largest exporter of footwear from India to Germany, with over 90 per cent of its exports going to the German markets. Company's R & D team has strong experience and trying out stuff that help improve the products.

Liberty is a brand name of about style, design, and comfort in the footwear segment. Company manufactures products for every time period and event. Company has a range of 10 exclusive brands, each brand have its own uniqueness. Company manufactures products for every occasion, for every income category & every age group. Company has a designer team of

trained professional from leading fashion institute. It has introduced a new material called TPU (Thermo Plastic Urethane), for high quality footwear, into the country. This material has better properties than PVC or TPR.

Company has also been active in introducing EVA (Ethyl Vinyl Acetate), which is a direct injection molding used for making sole for the first time in Asia. This technology uses very light material & the footwear is made with the direct injection system. Company is pioneered name in the PU (Poly Urethane) Technology in India for the footwear industry. Thermo Plastic Elastomer has been developed for the first time in India at Liberty. Sympatex waterproof technology in footwear was pioneered by also Liberty. Liberty is also the first company to market PPE products for safety purpose.

Company plants are situated at Gharaunda, Haryana, Libertypuram, Haryana, Karnal, Haryana, Near Dehradun in Uttaranchal .World-class companies ROMIKA, JOSEF SIEBEL, DEICHMANN, RICHTER, JELA, SALAMANDER, VANLTEN outsource their quality footwear from liberty shoes.

### Financials—

1<sup>st</sup> quarter results for apr-jun2009

Description	Amount(Rs. in lakhs)
Net Sales/Income from Operations	5955.17
Other Operating Income	26.09
Increase/Decrease in Stock in trade and work in progress	182.33
Consumption of Raw Materials	2322.12
Purchase of traded goods	753.42
Employees Cost	527.35
Depreciation	153.56
Other Expenditure	1608.85
Total Expenditure	5547.63
Profit before Other Income, Interest & Exceptional Items	433.63
Profit before Interest & Exceptional Items	433.63
Interest	290.02
Profit after Interest but before Exceptional Items	143.61
Profit from Ordinary Activities before tax	143.61
Tax Expense	3.37
Net Profit from Ordinary Activities after tax	140.24
Net Profit for the period	140.24
Face Value (in Rs.)	10.00
Paid-up Equity Share Capital	1704.00
Basic EPS after Extraordinary items (in Rs.)	.83
Diluted EPS after Extraordinary items (in Rs.)	.83
Public Shareholding (%)	34.65

**Valuation—**

Company is setting up a distribution Channel that service stores in markets outside India. Liberty Group is also planning to diversify into other businesses apart from shoes. Company is focusing its marketing and pricing strategies to high profit margin products of the premium segment, unlike in its footwear business, which is targeted at the economy segment. At current market price, stock is trading at 15.46 P/E multiple of its FY2010 Estimated earnings. We recommend investors to BUY” “Liberty Shoes” with medium to long-term investment prospective.

**We invite Readers to send Valuable feedback, stock and subscription queries at E-mail Id- [investment\\_guru1@yahoo.com](mailto:investment_guru1@yahoo.com)**

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