CHAPTER 2
2.1 Industry Profile

2.1.1 Introduction to Shoes Industry:

Shoes are the man made outer covering of foot. It is generally made out of leather but the same can be made with synthetic material. When the human being came into existence, they were needed to protect themselves from heat, cold dampness, dust and roughness of ground while walking, standing or even running. So they invented shoes for the protection of their foot.

When Bartle Bogle Hegarty created the iconic keep walking campaign for the ailing whisky producer Johnnie Walker little did his glam footwear brand in mind. In fact many people still seem to think that shoe wearing is comparatively a new thing in India.

In ‘Ramayana’ and ‘Mahabharata’ there is not only clear mention of shoes but description of richly ornamented and bejeweled shoes.

Till the mid 20th century, the bulk of shoes industry was in cottage sector. Professional cobblers were responsible for traditional shoes, Indian styles as well as western styles.

The shoes Industry in India has to come to acquire maturity and competitiveness over the years. This industry has made rapid strides in the recent years by imbibing new technologies and adopting modern production processors.

Oriented essentially to the cottage and small scale sector shoe industry has now come to adopt modern practices of shoe making mainly due to the introduction of computer aided design and
modern technology. This trend has helped the industry to compete with the major players in the world and even establish specific Indian brands in the global market.

Shoes are the largest single item among leather products accounting for a little over 50% of the global trade are Italy, Brazil, Spain, Portugal and China. In the sports shoes and non-leather footwear category Korea, Taiwan and China are the major players.

However, given the strengths in raw material and skilled workforce, India has the potential to emerge as one of the significant exporters of leather shoes.

India has emerged in recent years as a relatively sophisticated low to medium cost supplier to world markets –The leather industry in India has been targeted by the Central Government as an engine for economic growth. Progressively, the Government has prodded a reluctant industry to modernize. India was noted as a supplier of rawhides and skins semi processed leather and some shoes.

In the 1970’s, the Government initially banned the export of raw hides and skins, followed this by limiting, then stopping the export of semi processed leather and encouraging local tanneries to manufacture finished leather themselves. Despite protestations from the industrialists, this has resulted in a marked improvement in the shoe manufacturing industry. India is now a major supplier of leather footwear to world markets and has the potential to rival China in the future (60% of Chinese exports are synthetic shoes).

Indian shoes industry is the core strength of the Indian markets. It is the engine of growth for the entire Indian leather industry and India is the second largest global producer of footwear after China.

India is one of the major global shoe manufacturers and is responsible for churning out almost 1736 pairs of shoes annually. India is said to be the 2nd largest shoe manufacturer only after China. The Industry is poised for adopting the modern and state-of-art technology to suit the exacting international requirements and standards.
With changing lifestyles and increasing affluence, domestic demand for footwear is projected to grow at a faster rate than has been seen. There have been many new domestic brands of shoes and many foreign brands such as Nike, Adidas, Liberty, Puma, and Reebok have also been able to enter the market.

The Indian shoes industry is gearing to leverage strengths towards maximizing benefits. As people don’t like to experiment too much with their skin same is the case with shoes. When choosing shoes the one thing that is most important is comfort, comfort ability and visually appealing.

The leading brands in Europe and USA already source a large part of their requirement of leather dress shoes from India. These business collaborations are certainly getting stronger and the export of full shoes from India is growing at a faster pace.

The industries has long been used to in-process quality control and are today well placed to get accrediting under ISO 9000, 9001 and 9002 scheme. The very fact that various apex bodies related to the promotion of this Industry such as Council of leather Export, the Indian chamber of leather industry, the Indian shoe federation and All Indian chamber of footwear exporters are organizing an exclusively export oriented fair on shoes is indication of the seriousness with which the trade and industry in India seeks to enhance their own profitability and the country’s export earnings.

One of the major factors for success in niche international fashion markets is the ability to cater them with the latest designs, and in accordance with the latest trends. India, has gained international prominence in the area of Colors & Leather Texture forecasting through its outstanding success in MODEUROP. Design and Retail information is regularly made available to footwear manufacturers to help them suitably address the season's requirement. Strength of India in the shoes industry originates from its command on reliable supply of resources in the form of raw hides and skins, quality finished leather, large installed capacities for production of finished leather & footwear, large human capital with expertise and technology base, skilled manpower and relatively low cost labor, proven strength to produce footwear for global brand leaders and acquired technology competence, particularly for mid and high priced footwear.
segments. Resource strength of India in the form of materials and skilled manpower is a comparative advantage for the country.

Such efforts will bring about fresh dynamism in the shoe sector of India to face the challenges of competitions and demand in the world market.

2.1.2 MAJOR PLAYERS IN SHOES INDUSTRY
WE ARE ABOUT PEOPLE
2.2 Company Profile:-

2.2.1 Introduction to Liberty Shoes Ltd:

For a group which started its operations in the pre-independence era, Liberty has truly liberated itself from a conservative mould to face the challenges of the present competitive scenario.

Starting off as a small trading shop called as “Pal Boot House”, the 52 years old group has today evolved into a leading shoe manufacturer in the country and has started the export market too. Though its core business is and will be for a long time-footwear, the group has also diversified into the manufacturer of cigarette lighters.

The group has also invested in state of the art manufacturing facilities at Karnal, Liberty puram, Gharunda, Agra, Kanpur and Saharanpur. While Liberty’s main manufacturing facility is located at the group headquarters in Karnal.

The Delhi office is concerned with the advertising and marketing of the various brands as well as the diversification plans.

The company manufactures a wide range of footwear with PVC leather soles. Women 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 INR 600 crore (US$150 million). Our commitment to quality is also evidenced by our ISO 9001:2000 certification.

With 50 years of excellence and brilliance, today liberty is a preferred brand in more than 25 countries including style and quality addicted countries such as France, Italy and Germany. Its far reaching capabilities are due to its extensive marketing network of 150 distributers, 350 exclusive showrooms and over 6,000 multi-brand outlets.
Liberty has a wide portfolio of brands which is the largest in the industry comprising sub brands such as Senorita, Fortune, Gliders, Force 10, Coolers, Foot fun, Tip topp, Windsor, and perfect.

2.2.2 History of Liberty:

Liberty group started operation in 1954 and comprises of 5 firms namely:-

- Liberty footwear company
- Liberty Enterprises
- Liberty Leathers
- Liberty group marketing division
- Liberty shoes limited

It was on 25th December of 1954 when India was nurturing its growth as a free country, three dreamers in a small town in erstwhile Punjab thought of producing an Indian brand of footwear to make a basic necessity available to their countrymen.

Mr. D.P Gupta, Mr. P.D Gupta and Mr. R.K Bansal allowed their vision to cross every barrier and thought cutting edge technologies to their own country. Within a short span of time, the name Liberty became the synonym to quality footwear in the domestic market and this encouraged the company to invest further for enhancing production capacities and to cater to the demands of international markets.

The company was incorporated on the 3rd September 1986 as a public limited company and obtained the certificate of commencement of business on 11th march 1988.
It has also set up joint venture in Russia to manufacture shoes in 1991 under the name of M/S Gorky production 7 shoes unit, Gorky.

The company is marketing its product nationally and internationally under the brand name ‘LIBERTY’ and is well established in the national and international market.

The company has entered into an agreement with one of the group firms M/S Liberty enterprises for using the established brand name liberty.

The company commenced its commercial production for non-leather shoes on 25th December 1993. Initially one direct injection-soiling machine was installed with a capacity of 24000 pairs per annum on single shift basis. The second direct injection soiling machine was installed in March 94. From the commencement of commercial production till 31st March 1994, the company has been operating on full capacity.

In 2000, the company entered into an agreement for sale/purchase of goods and /or taking on franchise basis production of franchise basis the production facilities and/or acquire movable and immovable property including plant and machinery, building etc with Liberty Group Marketing Division and/or Liberty enterprises, partnership firms.

Mr. Adesh Gupta presently working as Executive Director of the company since July 16, 2001, was elevated as CEO of the company.

- In 2003, Liberty footwear introduced its innovative liberty footstalls collection.
- In 2004, Liberty shoes board approves setting up of subsidiary company.
- Liberty Footwear Company Ltd. Claimed to use brand name “Revolution” for its new footwear chain has been challenged by Delhi-based women’s wear chain revolution clothing’s, which too, has claimed ownership of the same brand name.
- In 2005, Liberty unveiled new range of footwear’s.
- In 2006, Liberty shoes joined hands with pantaloon.

The presence of Liberty across the world is in the form of:

- 02 overseas offices
- 14 branch Offices
- 20 Overseas showrooms
- 300 Liberty Exclusive Showrooms
- 375 Retail Stores (10 outside India)
2.2.3 **Objective or Credo of Liberty shoes Limited:**

- To ensure that the method they use is the latest technology the world over.
- To follow the highest standards of honest workmanship in whatever they 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**’.

2.2.4 **SWOT Analysis:**

**STRENGTHS:**

- Company is Asia’s first shoe equipment manufacturer.
- Its operations are spread all over the world.
- The company is 66 year old so it has lot of experience in the field and company has a very good goodwill among the customers.
- It is being certified by the international standards.
- Liberty holds 60% market share in India.
- The products of Liberty have been approved by all leading shoe manufacturers and bags manufacturers.
- Liberty is exporting to more than 12 countries and aiming to export to more than 50 countries by 2012.
- Today liberty is emerging as a truly global player in the shoe aftermarket with clear vision and goals towards total customer satisfaction.

**WEAKNESS:**

- Company’s infrastructure is not as good as compared to its name and fame.
If infrastructure is not good of any organisation then most probably it would badly affect its human resources and if human resource is not feeling well in the organisation then it will not be good for the company’s health.

Though research and development is doing well for the organisation but even then its results are not so satisfactory.

**OPPORTUNITIES:-**

Today in the world there are many famous shoe companies then it simply means that company have very big opportunity in its sector.

Company has its operation in many countries so it can handle every problem at the spot.

Apart from shoe manufacturing companies there are huge amount of shoes service stations in the world which are also having potential customers.

Company has 60% market share in its hands and there are better chances to capture more market share.

Today it’s the era of computerization; company can also make good growth in this sector.

**THREATS:-**

Company have good market share but even then it has to do more hard work to be a head in future and also to maintain goodwill in the market to win the race.

To make new researches company have to invest large amount of money in these kinds of operations, which is also a big thing to maintain.

**Social Responsibility:**

Liberty conducts its business with honesty, integrity and respect for all those who come in contact with it in course of business.

Fully appreciative of the fact that its reputation stems from not just quality products and technological innovations but also from the manner of its dealings with customers, suppliers, government officials and all those who are outside the liberty group.
Utmost importance is also given to ensuring a safe, healthy and non-discriminatory work environment for all liberty employees where they are free from harassment of any form by supervisors, seniors, co-workers, customers and suppliers.

Ethical standards and practices are rigorously adhered to which is why liberty finds place in the most favored list of respectable brands like Wal-mart, Reebok, Nike etc who recognize it as an equal opportunity.

### 2.2.5 MISSION AND VISION:

**MISSION STATEMENT:**

It’s the mission of the liberty group to continuously improve the quality of its products using cutting edge technologies and following the latest trends. The groups emerged with an enthusiasm to offer world class products to its countrymen and it will carry forward the same attitude along with the determination to be the global leader.

**VISION STATEMENT:**

The group is committed to achieve the highest performance standards in each area of its business. It envisages itself as the most trusted name all over the world.
2.2.6 QUALITY AT LIBERTY:-

We have always led maximum emphasis on quality. Our products are quality tested under the table guidance of quality analysis who knows the quality control process. Furthermore we also have management systems and tools in place such as:-

- In the year 2,000, kaizen was implemented and is practiced throughout the organisation.
- The concept of 5s was introduced in the company in the year 2001 and is in its matured stage.
- We have received ISO 9001:2000 certification and are in the process of acquiring the same for the entire group.
- We have established waste management system and we are proud of its being our pilot project.
- We follow the ISES-2000 norms to ensure social, health and environmental safety. This standard is closely monitored by Indo German export promotion council.
- We have energy management system in place which is one of the unique of its own kind.
- Free distribution of shoes to the poor and needy children.

2.2.7 FINANCIAL PERFORMANCE OF LIBERT SHOES LTD:-

REVENUE FOR THE YEAR 2011-12 = Rs 13221.21 lacs

SALES FIGURE AT A GLANCE:-

In the year 2011-12 = 34726.67 lacs
In the year 2010-11 = 30658.18 lacs
In the year 2009-2010 = 26684.94 lacs
TEN YEARS FIGURES AT A GLANCE: - (In Lacs)

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SALES AND OTHER INCOME

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EARNING PER SHARE

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2.2.8 TRAINING AND DEVELOPMENT AT LIBERTY SHOES LIMITED:-

Training is the most important function that directly contributes to the development of human resources. This also happens to be a much neglected function in most of the organisations. Organisations don’t even spend 0.1% of their budget on training. Many organisations even don’t have a separate training and development. If the human resources are to be developed then, organisations should create conditions in which people acquire new knowledge and skills and develop healthy patterns of behaviour and styles.

Training is essential because technology is developing continually and at a faster rate. Systems and practices get outdated soon due to new discoveries in technology. Organisations which don’t develop mechanisms to catch up with and use the growing technology soon become stagnant. It contributes to the effectiveness of an organisation.

A good training subsystem would help greatly in monitoring the direction in which the employees should develop in the organisation.

A good training system also ensures that the employees develop in direction congruent with their career plans.

At LIBERTY ENTERPRISES, the importance of training and development is understood fully. Here, it is made sure that the performance of the employees doesn’t suffer and their pace of work doesn’t slacken due to lack of training. Liberty believes in investing in its people for their overall development and expansion of their overall capabilities. It also encourages external training programs for overall development of its human force.

The training department continuously surveys their performance of employees in order to identify the “Trouble spots” where training can come handy.

The training executives also collect opinions from the management and the working people regarding necessary and desirable training practices. The training department keeps a list of all the internal and external faculties. After going through this, it decides which faculty will handle which program.
So an annual calendar and monthly schedule is prepared to carry the various training practices.

The training department is continuously on its toes as this cycle of training is a continuous one.

2.2.9 KINDS OF TRAINING PROVIDED AT LIBERTY SHOES LIMITED IS:-

1. On the job Training
2. Induction Training
3. New skill Training
4. Development Training
5. Supervisory Training
6. In house Training programs
7. Out house Training programs

There are well equipped training centers in the premises itself like ‘Manav Vikas Kendra’ and ‘T.I. Club’ where all the training programs are conducted. Some are conducted by professional trainers or by training institutes.

2.3.0 NATIONAL AND INTERNATIONAL ACHIEVEMENTS AND AWARDS

1. Leather Export Promotion merit Award (1975)
2. Haryana government export Award (1978-79)
3. International Asian Award, Jakarta (1982)
5. National Award for best export and leather garments (1987-88)
6. International Award for good quality (1988)
7. Leather export Award for government of India (1991-92)
8. National productivity Award from President (1997)
9. Council of Leather Export (CLE), India’s apex body of leather products exporters during the international leather fair held at Chennai, conferred is highest award the “DOYEN OF INDUSTRY” UPON Mr. P.D. Gupta on (5th Feb, 1998).

10. Worldwide Prestige award (WPA)- (2001)

11. Exporters Award (2005-2006)

12. Amity corporate excellence Award (Feb 23, 2007)

13. Liberty declared ‘Franchisor of the Year- 1st Runner- up’ at the Franchise Plus Awards (Sep 27, 2010)

14. Franchise and star retailer Awards on (Dec 8, 2011)

15. Star Retailing Award awarded for Star Retailer Franchise in India, (Nov, 2012)

16. ET Retail Award awarded for Excellence in Marketing, (Feb, 2013)