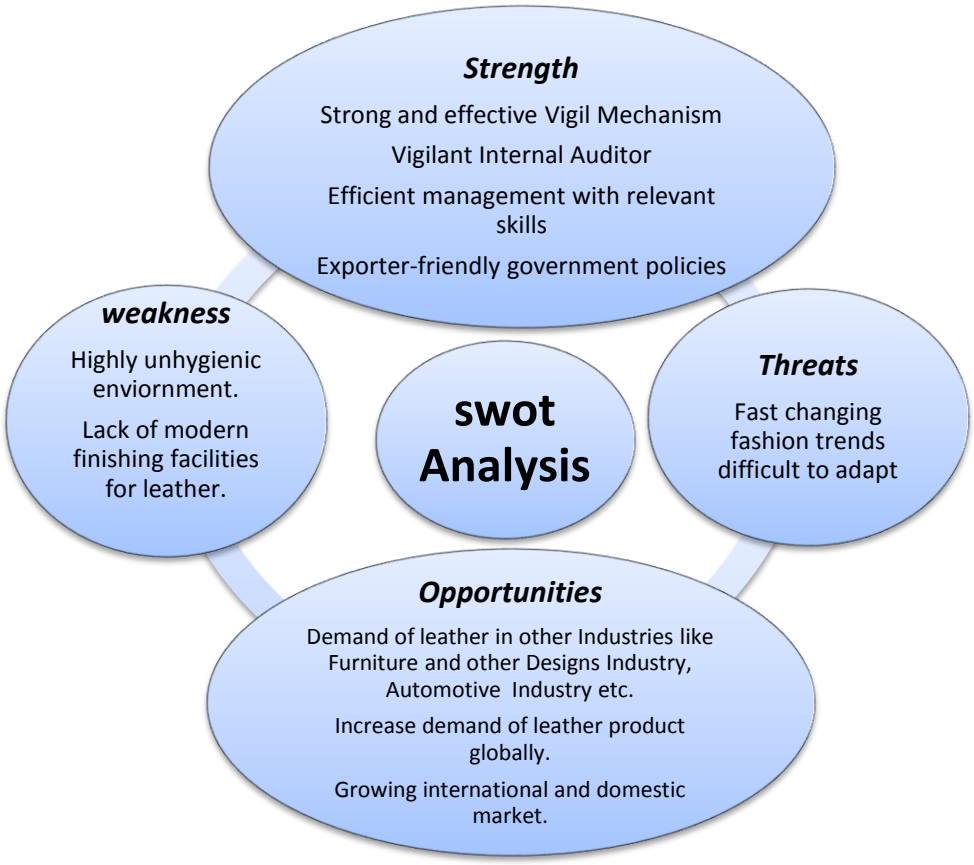
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Leather is one of the most widely traded commodities globally. The growth in demand for leather is driven by the fashion industry, especially footwear. Apart from this, furniture and interior design industries, as well as the automotive industry also demand leather. The leather industry has a place of prominence in the Indian economy due to substantial export earnings and growth. The globalization of economy has increased competitiveness and Indian Industry is poised well to take advantages of globalization.India's leather industry has grown drastically, transforming from a mere raw material supplier to a value-added product exporter. Total leather and leather good exports from India stood at US$ 4.72 billion during April 2016-January 2017. these sectors provide immense opportunities for creation of jobs for the weaker sections, especially for women, and can become vehicles for broader social transformation in the country, a government release stated.The Company is striving high to capture over Global Market in respect of Leather and Leather Products. The Company has taken various steps to promote company's products all over the world and it is being done in line with global trends to enhance scale, global competitiveness and financial flexibility and also to contribute towards achievement of company's objective and to increase revenue, production volume, market shares and shareholder's returns.



SEGMENT WISE OR PRODUCT- WISE PERFORMANCE

Your company mainly operates in single product segment, within domestic and global market. The management of your company has continuously reviewed the performance and they found it quite satisfactory. The business is expected to grow in the coming years. However, highlights of the financial performance of the company are given below.

OUTLOOK

Currently the company is striving to meet the changed fashion trends domestically as well as globally. The company is optimistic about the opportunities in the coming years and is trying to identify new segments where it can build a reasonable presence. It is focused on building up its management team. It has moved to a larger premises and aims to scale up its operations in the coming years.

RISK AND CONCERNS

Due to dealing in foreign market, the company has exposed to various types of risk. The major risk involved is the ongoing fluctuations in the foreign exchange rates. The company has risk management committee which is continuously striving in mitigating the risk. The committee has also reviewed the risk management policy from time to time in order to meet the changing risk. In addition to above company has overall risk management strategy, follows such practices & policies that are framework of efficient management to count the risk in advance.

INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

Company'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. These controls have been integrated with the Company's risk management policy to ensure that control measures for the effective mitigation of risks identified are in place. 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. Liberty has an independent Audit committee which acts in accordance with the terms of reference specified in writing by the Board including evaluation of internal financial controls and risk management system. The Audit Committee, on behalf of the Board, assesses the adequacy and effectiveness of the internal control system in detecting fraud, irregularities or infringement of laws, rules and regulations or material control failures on a regular basis by reviewing the work and findings of Internal Audit Department. 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 table below gives an overview of the financial results for 2016-17 and 2015-16.:

(In Rs.)

PARTICULARS	2016-17	2015-16
Revenue from Operation	69,16,631.00	1,114,611.00
Other Income	1,59,098.00	142,250.00
Expenses	70,44,288.00	16,62,792.00
Profit before tax	31,501.00	(405,931.00)
Tax expense **Current Tax** **Minimum Alternate Tax**	 5,830.00 (5,830.00)	 - -
Profit after tax	31,501.00	(405,931.00)
EPS	0.0063	(0.0810)

HUMAN RESOURCE DEVELOPMENT

Human resource (HR) is an important asset of a business unit. Well-trained, loyal and efficient team of workers brings success and stability to any business. There are good HR practices and processes in the company to ensure that the employees remain happy & motivated at all levels. Your company takes pride in the fact that we consider employees as human resources and not just resources. It is necessary to develop good and satisfactory human resource climate for growth and survival of business. The key themes of the company can only be achieved by enhancing the skilled talent pool through good HRD practices, strengthening long-term entrepreneurial environment. For this, the company carries out various training programs and knowledge sharing sessions to create awareness amongst the employees, their medical care, creating sense of security, building superior work places, creating new roles for potentials/ prospective employees and maintain highest standards of safety norms etc.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook. Investors are cautioned that this discussion contains forward looking statement that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, dependence on certain businesses, dependence on availability of qualified and trained manpower and other factors discussed. The discussion and analysis should be read in conjunction with the Company's financial statements and notes on accounts.