



MIRZA TANNERS LIMITED



RED TAPE



When you think global, you have to think quality. Success in the international market requires more than just a vision. It requires a vision fuelled by ambition and armed with excellence. Output is the result of inputs. So, when you're seeking the finest in quality, you have to invest in the finest raw material, manpower, as well as, the finest in machinery. And never compromise.



Dear Shareholders,

Today, I look back at the year gone by, with great satisfaction and pride. The performance of your company has been nothing short of excellent, with both, our market share as well as profits, witnessing substantial improvement and growth.

The Council for Leather Exports have recognized us as 'The largest shoe exporter from India' for the second consecutive year. This is an achievement which has provided a tremendous boost to our morale and has further strengthened our resolve to perform even better. Our endeavour to create products that are at par with the finest in the world, has led us to seek out the finest in man, machine and material, and has made us one of the largest fully integrated shoe manufacturing company in India.

Moreover, the launch and success of our own brand RED TAPE in UK, Europe, South Africa, US, Canada, New Zealand the Middle East and Hong Kong has further reinforced the international quality and global acceptance of our products. RED TAPE has carved a niche for itself in the market and is on its way to become the leading footwear brand manufactured and exported from India, globally.

All in all, it has been a highly successful year for Mirza Tanners Limited, and I dedicate this success to the hard work and commitment of all our employees, business associates and shareholders.

Your's Sincerely

Irshad Mirza
Chairman

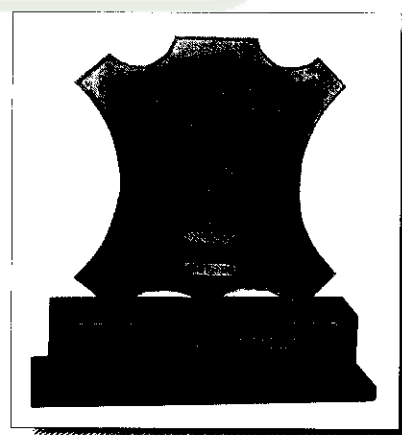
Mirza Tanners Limited

Global success - made in India.

Today, Mirza Tanners Limited is one of the largest and fully integrated shoe manufacturer of the country. From processing of raw hides to the manufacture of world-class men's leather shoes, all manufacturing processes are carried out under one roof at Mirza Tanners Limited. Manufacturing 2.7 million pairs per annum at its 5 state-of-the-art plants, with a turnover of over Rs.1010 million, the company is the largest exporter of high quality men's leather shoes to the quality conscious buyers around the world, including, UK, Europe, South Africa, US, Canada, New Zealand, the Middle East and HongKong. In fact, the company has been awarded 'The Largest Shoe Exporter from India' award by the Council for Leather Exports, consecutively for the last 2 years. Moreover, the company has also been awarded the status of a recognised Trading House, by the Government of India.

Mirza Tanners Limited is a product led company and this success has been achieved by knowing that for the success of marketing, an excellent product is essential. Therefore, stringent international quality standards are maintained at all stages of product development. Strict controls on quality, raw material, along with continuous R&D for new kinds of leather, and a full-fledged production planning department for maintaining production and delivery schedules, further ensure full capacity utilisation and international quality of the products.

"Right from the very beginning, Mirza Tanners were out to make a lasting impression on the Global Market. And in this endeavour, quality has been the biggest weapon."



***Honour and Pride.
Winner of 'Best Export Performance Amongst
Exporters' for 2 consecutive years.***

Tannery

World-class leather for the whole world.

The company's tannery division at Magarwara, Unnao, is one of the most modern tanneries in India. This tannery alone, processes over 10 million sq. ft. of various types of fine finished leather produced from Indian buff calf, along with cow hides imported in the wet blue stage from different parts of the world. Moreover, the capacity of the tannery is being expanded from 10 million sq. ft. p.a. to 15 million. This is likely to be completed by October 1999.

Meanwhile, the in-house research and development division is actively involved in developing new kinds of leathers, enabling the company to establish itself as one of the largest exporters of fine finished leather from India to various parts of the world, like South Africa, Portugal, Singapore and Hong Kong.



Tannery complex at Magarwara, Unnao (UP)

Manufacturing Plants

Advanced technology for a better product.

In order to achieve the finest possible quality, the company has established state-of-the-art, fully integrated shoe manufacturing facilities at various places.

- 1 - Shoe factory at Magarwara, Unnao, has a capacity to produce 4.5 lakh pairs of shoes per annum.
- 2 - Shoe factory at Shahjani, Unnao, produces 10.5 lakh pairs per annum.
- 3 - Shoe upper factory at Juhi, Kanpur, producing 4.5 lakh shoe uppers per annum.

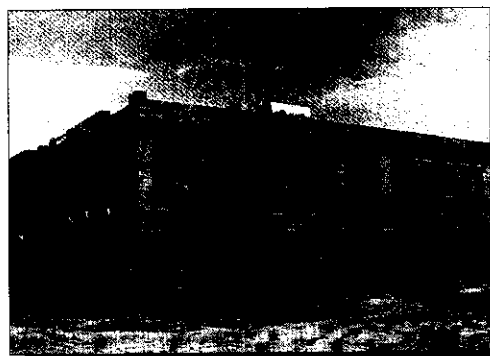


Shoe factory at Shahjani, Unnao (UP)

New Shoe Factory

A cut above.

Set up in NOIDA, UP, this new factory employs cutting-edge technology to produce Tubular Moccasins and leather shoes with the latest Double Density Direct Injection Polyurethane soles. The plant has commenced commercial production, and the response has been overwhelming. The factory will be producing over 1.2 million pairs of shoes per annum.



New factory at NOIDA

Management

The pursuit of perfection starts at the top.

Mirza Tanners Limited has a compact yet flexible organisational structure to control the management functions. All technical managers are provided continuous training on new machines and processes, both in India and abroad.

Design and Development

In touch with the latest.

Keeping abreast with the leading-edge of fashion trends and design development at the various fashion centres of the world, the company carries out continuous market research in various countries, for feedback, in order to effectively plan the future course. Own design studio at London is continuously engaged in producing world class designs, in tune with the latest fashion trends. Meanwhile, in Italy the company avails the services of leading Italian designers to cater to the rest of European and American markets.

Production Planning and Quality Control

Right step at the right time.

A full-fledged production planning department for maintaining schedules and ensuring optimum capacity utilisation. Quality circles at various departments, along with random quality checks, ensure that all products are of the highest quality. Every shoe goes through strict quality checks to meet the highest international standards. In fact, the clients have now developed such confidence in the high quality of Mirza shoes that they no longer carry out quality checks of their own.

Marketing

Dynamic marketing for a dynamic brand.

International :

Mirza Tanners have established a very solid base, both in the international as well as the domestic markets. An achievement which is unique among Indian shoe manufacturers and exporters. A strong agents network, working exclusively for Mirza products, has been established in Europe and other parts of the world.

"A Global endeavour requires a Global perspective. That's why Mirza Tanners have spread business evenly, across the international market. In the process, the company has avoided any major single-point concentration, and its related hazards of fluctuating market conditions."

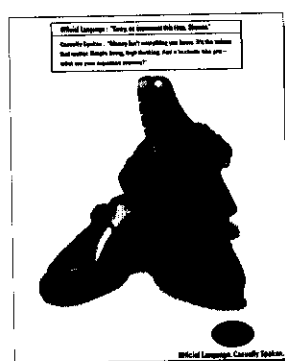
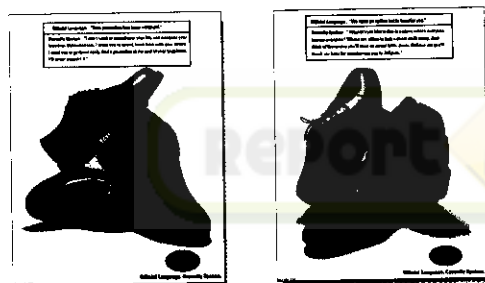
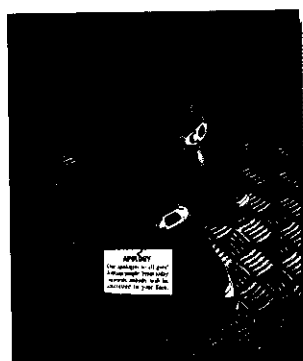
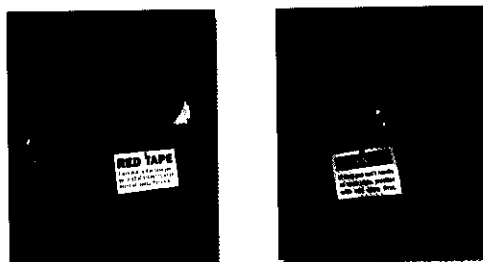


Design Studio at London



MCF Trading (UK) Ltd.

Press Campaign for
Red Tape and Oakridge, 1998-99



Continuous market research amongst buyers and consumers globally to obtain feed back for product development and future planning, along with regular international exposure through participation in all major international fairs like Garde and GDS, allows the company to keep its finger on the pulse of the world, and thereby set new standards in effective marketing.

Moreover, Mirza Tanners have also set up a company in UK, called MCF Trading UK Ltd., with the sole purpose of developing the Mirza range globally. Shoes produced in India by Mirza are distributed in Europe by this company. Another group subsidiary company, MTL Trading (PTY) Limited, was recently added in South Africa. This has increased our presence and market share in that part of the globe.

Domestic:

In the domestic market, the company's own brand RED TAPE has become a brand leader in its segment in less than a year. Aggressive marketing has helped the brand achieve a cult status in the target segment of 15 - 22 year olds.

Brands

Carving a niche.

The company's own brands - RED TAPE and OAKRIDGE - have been launched in the markets of UK, Europe, South Africa, US, Canada, New Zealand, the Middle East and Hong Kong as well as the Indian market.



RED TAPE, a world-class, high fashion range of casual and semi-formal shoes, soon acquired an almost cult status amongst the target group, and is today one of the largest selling brands in its segment.



OAKRIDGE, top quality formal footwear for

men, has been extremely well received and continues to do well today.

Both these brands are creating a high brand equity value for the company, in India and abroad.

Future Plans

We've only just begun...

Ready to leap into the future, the company is currently engaged in exploring the full potential within the shoe industry, moreover, the company is further focussing and strengthening its position and building greater brand equity by promoting its own brands.

The chart on the following page explains our growth plans in the shoe industry.

The first range of ladies shoes is currently under development and the samples have already been made and have received an excellent response from leading buyers in India and abroad. The range would be ready for launch sometime around July '99. Soon a separate ladies footwear factory will be set up. These shoes will be marketed through the company's globally established marketing network. And since the sales of ladies footwear is seven times more than men's footwear, the opportunities are enormous.



Ladies range

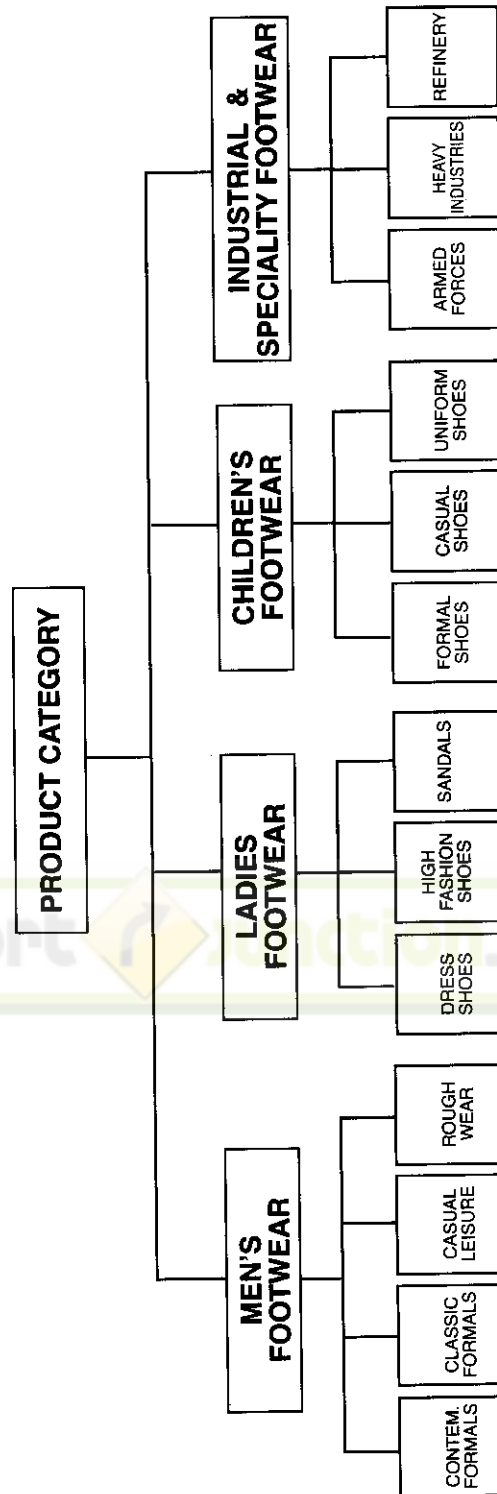


Unit III - NOIDA

"With the belief that a true leader does not follow trends, but sets them, the company has achieved an enviable position in the market by a proactive approach. That's why Mirza Tanners have been and shall always remain a step ahead of the competition."

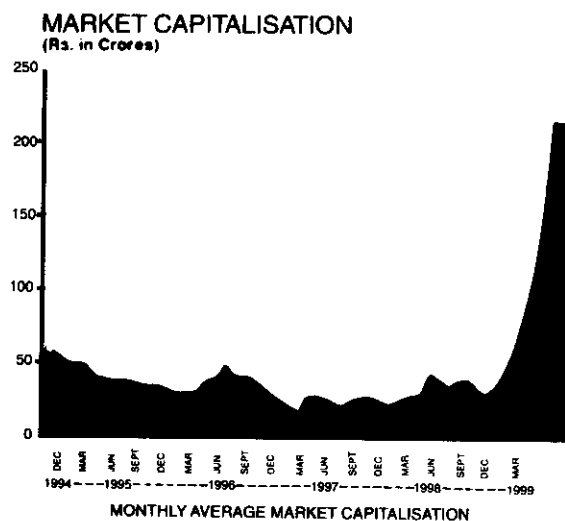


"FUTURE GROWTH AREAS"

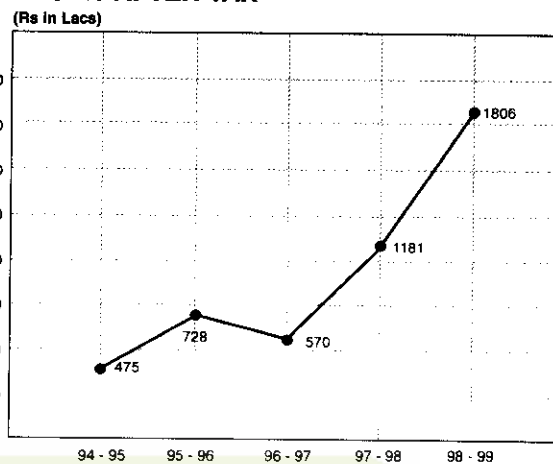


Products where Mirza is already well established
 Products being developed for near future.
 Products for future growth.

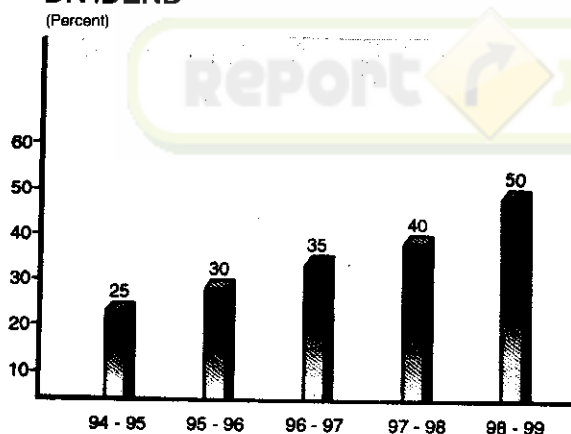
SHARE HOLDERS' VALUE CREATIONS



PROFIT AFTER TAX



DIVIDEND



VALUE CREATION

To take care of the growing interest of investors in the company, the company has recently listed its shares in the National Stock Exchange. Further, for improving market efficiency and speedy transfers, the company is planning to convert its Equity Shares in Demat form. As a part of sound business practice, the company has been sharing its profitability with Shareholders by distributing high dividends and bonus shares. The company has already declared an interim dividend of 50% for the year 1998-99.