

Annual Report

2019-20

Identifying Opportunities

amid challenges

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The COVID-19 contagion has unleashed a harsh and far-ranging impact on almost every business and industry across the globe. It is also true that in every challenge lies an opportunity. More than ever before, we, at Mirza International, are resolute to unearth this opportunity. The opportunity to be more agile and customer-centric, the opportunity to capitalize on our strong online presence, reduce import dependence, optimize expenditure and processes, and get leaner and more efficient.

We also believe that the current crisis has enhanced India's attractiveness as an emerging hub for the international footwear industry. With our integrated and modernized facilities and our rich legacy as a preferred overseas supplier, we are at a vantage point to serve global markets once the demand rebounds.

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Fortifying our strengths and fine-tuning our response to the new normal, we are determined to identify the opportunities for the future. Rethinking and realigning our production, distribution and marketing, we will not only navigate the challenges but also emerge as a stronger and more resilient organization.



About Mirza International

Established in 1979, Mirza International is among India's leading leather footwear manufacturers and exporters.

Backed by our robust manufacturing and distribution operations, popular brands and vast experience of over four decades, we have established a strong presence in the domestic and global markets. We also manufacture and sell processed leather through our in-house tannery unit and have forayed into the adjacent segments of apparels and accessories on the strength of our deep domain knowledge of retail operations.



In India, our multiple footwear brands straddle different price points and consumer preferences, while being available both on offline and online channels. In the global markets, we are recognized as a preferred supplier to leading footwear brands and have also earned the distinction of being among the select few Indian companies to sell under our own brand name.



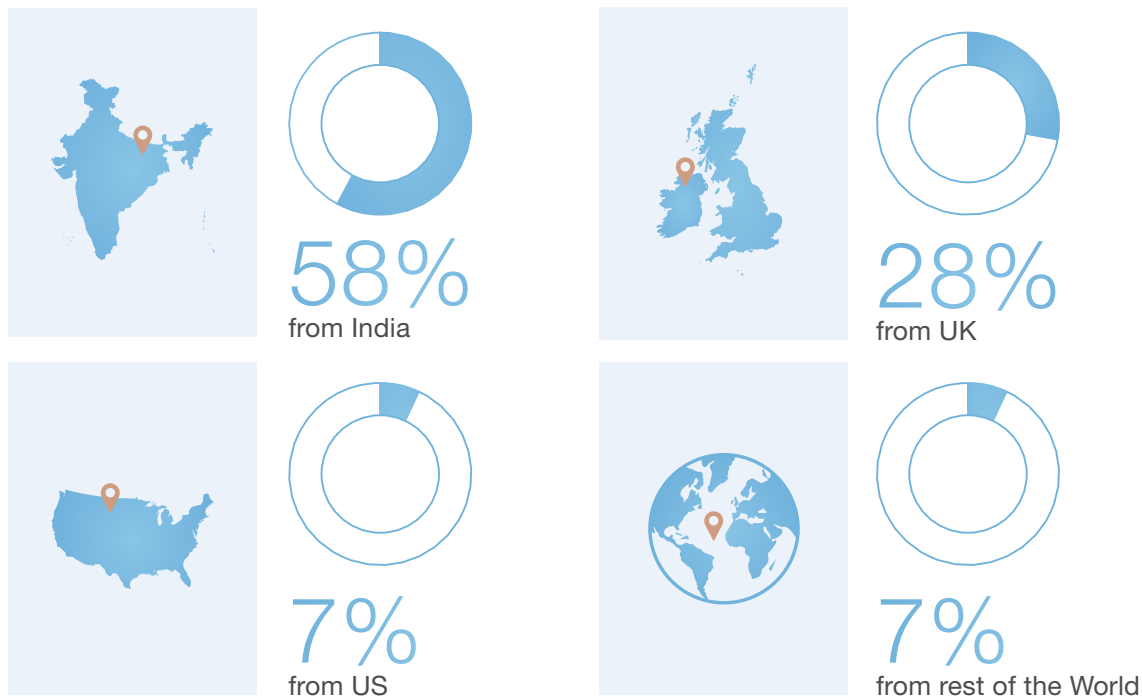
The Company's Corporate Office is located in New Delhi.



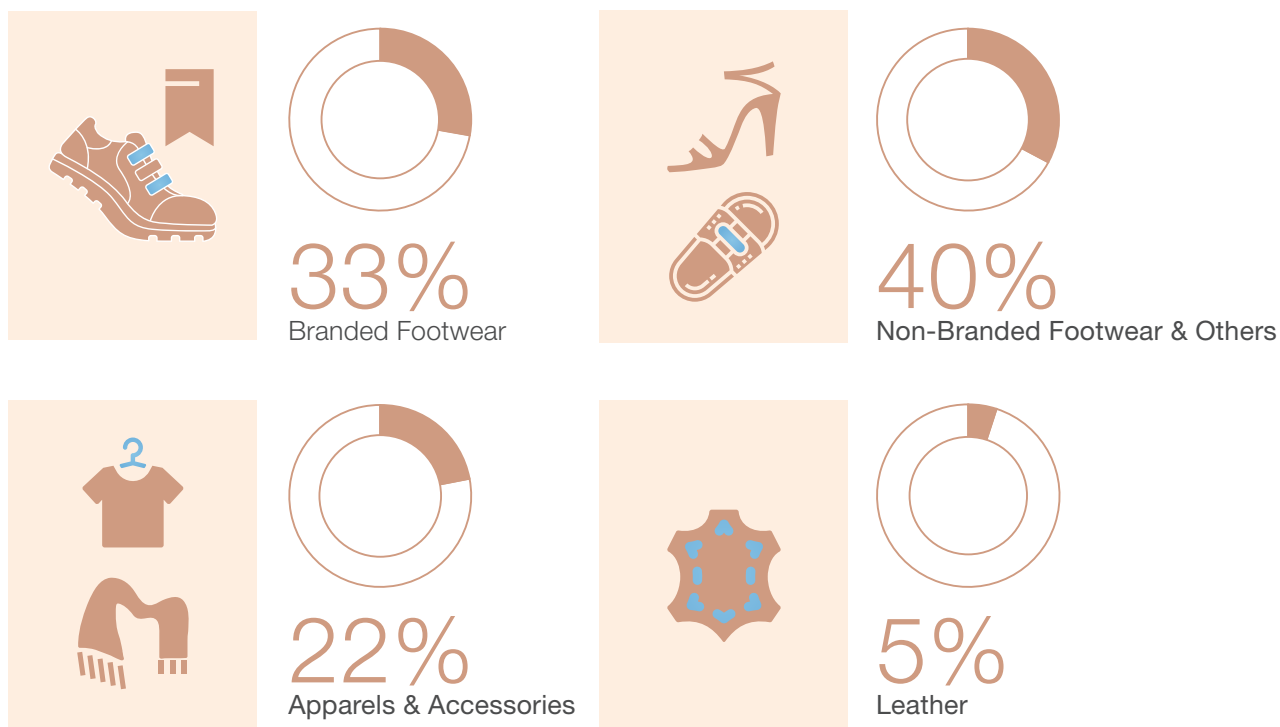
DIVERSIFIED REVENUE STREAMS

insulating us from business challenges

Revenue Share by Geography



Revenue Share by Category



Strong brand portfolio

offering significant opportunities



REDTAPE

A premium lifestyle brand offering international style, quality and comfort at competitive prices. REDTAPE footwear is available across India and at select international markets. Leveraging REDTAPE's strong brand equity, brand extensions have been launched in the categories of garments and accessories.



REDTAPE ATHLEISURE

An aspirational brand offering attractively priced, quality Athleisure shoes for men. The brand seeks to meet the preferences of young Indians who have embraced Athleisure and fitness as an integral part of their lives or are always on-the-go.



BOND STREET

A fashionable footwear brand available at low price points for mass appeal. The brand offers footwear in the polyurethane (PU) segment.



OAKTRAK

A high fashion leather footwear brand that embodies style and confidence to meet the preferences of a niche consumer base of senior professionals and upwardly mobile executives.



YEZDI

Yezdi is an all-out professional gear safety shoes brand from the house of REDTAPE. They are all about all-terrain durability and with no compromise on the safety aspect.



MODE

An exclusive women's wear brand from the house of REDTAPE providing stylish and elegant products in footwear and clothing. The brand is focused on offering fashionable designs that combine feminine charm and strength.



With strong and varied brands in our stable across the categories of footwear, apparels and accessories, we are well-positioned to address the preferences of a wide section of consumers.



Key Facts and Figures

Our experience is **extensive**

41+
years of
manufacturing
operations

28
years
of supplying
footwear to global
brands

Our infrastructure is **robust**

6
integrated
manufacturing
facilities

1
tannery equipped
with state-of-
the-art effluent
treatment plant

2
in-house design
studios

1
modern 70,000 sq.
ft. warehouse to
serve e-commerce
channels

3
distribution
branches

Our Domestic presence is **impressive**

222
exclusive
REDTAPE shops

100
cities

830
multi-brand outlets
and chain stores

210+
shop-in-shop
present across
all leading
e-commerce
platforms

(As on 31st March, 2020)

Our Global reach is **promising**

29
countries

5
continents

1,200+
multi-brand outlets
in UK selling
REDTAPE brand

500+
multi-brand outlets
in US selling
REDTAPE brand

2
exclusive
showrooms,

3
online portals

10
multi-brand outlets
in Dubai selling
REDTAPE brand

(As on 31st March, 2020)

Our production is **solid**

6.4 million
pairs of footwear
per annum

77.66%
footwear capacity
utilization

(For FY 2019-20)





Message from Chairman and Managing Director

Dear Shareholders,

As I write this year's annual letter, the world is recovering from an era-defining health crisis. With COVID-19 upsetting lives and livelihoods and triggering a deep economic crisis, the path to normalcy is going to be challenging. Even before the coronavirus outbreak, the global economy was already in a precarious state, mainly over the US-China trade war and Brexit concerns. Notwithstanding the current turbulence, we, at Mirza International, believe there are prospects that can be tapped for a buoyant business performance beyond this crisis; our sights are set on identifying these opportunities.

Our performance in FY 2019-20 has been resilient against the backdrop of a challenging operating environment. Total revenue for the year stood at ₹ 1,261.85 Crore as against ₹ 1,153.79 Crore in the previous year, led by satisfactory performance of our branded offerings in domestic and global markets. However, Profit before Tax (PBT) declined to ₹ 64.39 Crore from ₹ 75.97 Crore in the previous year. A build-up in inventory levels due to weak global demand and higher finance costs impacted our profitability.

Analyzing our performance segment-wise, revenue from overseas sales stood at ₹ 527.74 Crore in FY 2019-20 as against ₹ 501.87 Crore in the previous year, largely attributable to growth in the UK market. In the domestic market, our revenues stood at ₹ 734.11 Crore as against ₹ 651.92 Crore in the previous year, attributable to strong consumer sentiments.

Being in the category of non-essential services, our operations were temporarily shut down during the nationwide lockdown enforced to combat the spread of the pandemic. We had to contend with lost sales with all our retail outlets staying closed from 22nd March till the first week of May. The pandemic has also posed challenges of supply chain disruption and labor migration crisis for the footwear industry. I am pleased to share that our Company has successfully navigated these challenges led by our vast industry experience and high-degree of

backward and forward linkages. Strict safety and COVID-19 preventive measures are being implemented at our facilities and store locations as the health and well-being of our workforce and consumers remain our first priority.

While the lockdown has now been lifted across the country, it is expected that consumers will postpone visiting malls and stores due to the pandemic. However, with the festive season commencing from October, consumers will increasingly shop online to meet their requirements. Digital commerce is also expected to gain precedence due to favorable demographics and increasing digitalization. Our strong presence on e-commerce channels will enable us to capitalize on these opportunities.

Our confidence in our medium and long-term growth is also driven by the success that our brands have reaped in a relatively short span. Offering style, quality and value-for-money, our brands have proved to be a compelling proposition for new-age shoppers. As economic growth rebounds, India's burgeoning middle-income households are likely to drive an increase in discretionary spends focused on aspirational and branded products. With our omnichannel market strategy and consistent spends on advertising and brand promotion, we believe that we are well poised to generate higher sales as the shift from unbranded to branded products accelerates.

Amid all this uncertainty and disruption, companies across the world are looking to de-risk and diversify their supply chain or relocate their manufacturing hub. While India is the second-largest producer of footwear globally, its contribution to global exports stands at less than 2%, as against China which leads the exports market with a share of 65%. The Indian Government and footwear industry have been working collectively post the pandemic to project 'Brand India' as a footwear hub. Backed by our capabilities and experience, we remain focused on identifying and pursuing these unfolding opportunities.

While we work towards meeting the aspirations of our consumers across the world, we recognize that we also have a responsibility to meet the expectations of the communities

Analyzing our performance segment-wise, revenue from overseas sales stood at

₹ **527.74** Crore
in FY 2019-20