

# The issues faced by red tape shoes



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BUSTER**

As I am the customer of RED TAPE shoes and seen its globalization in a very short period time and also have done corporate social responsibility in many area . In a limited period of time increased its foreign investment . so this is a the issues why i have taken mirza tanner as my topic.

Kanpur, Uttar Pradesh was originally incorporated as a Private Limited Company under the Companies Act, 1956 on 5th Sep., 1979 under the name and style of Mirza Tanners Pvt. Ltd. The Company became a Deemed Public Limited Company from 1st July, 1993 and converted into a Public Limited Company.

The Company has been promoted by Mr. Irshad Mirza and Mr. Rashid Ahmad Mirza. Mr. Irshad Mirza is having more than 40 years of experience in the manufacturing and marketing of Leather Products. The Tannery Unit of the Company was set up in 1981 which has been gradually modernised and expanded to the present capacity to produce 50. 00 lac sq. ft. of high quality Finished Leather. This conforms to the specifications approved by the Government of India given under the Export Control Order, 1991. In the year 1988, the Company diversified into manufacturing of 2. 25 lac pairs of Shoe Uppers per annum by setting up an integrated unit at Juhi, Kanpur which was increased to its present capacity of 4. 50 lac's pairs of Shoe uppers.

Subsequently, the Company established a complete shoe factory in the year 1990 at Magarwara, Unnao for manufacture of 2. 25 lac pairs of Shoes per annum which was increased to its present capacity of 4. 50 lacs pairs of Shoes during 1992-93. The objective of the Company behind setting up these factories was mainly for catering to the quality conscious export markets of

United Kingdom, Germany, Italy, Portugal and also to Australia. (DION GLOBAL SOLUTIONS LTD)

## **VISION:**

We want to achieve and embrace the world wide leader's position by sticking to our core values. We want to reach an altius and extend it to horizons.

Our vision is put into action through programs and a focus on craftsmanship, activities to benefit society, and a commitment to build shareholder value by making ' Shoemac Leather Tech Engineers' a truly sustainable company.

## **MISSION:**

To keep researching & developing tech savvy machines, tannery mechanism and other components to optimize the production and minimize the cost. We love to satisfy our global clients with our core values; customized solutions, excellent quality, reasonable price, punctual delivery and sincere service.

AIM: The main objective of setting up this company was to enable the Indian Industry to overcome hardship faced while importing shoe machinery so that within the country itself, the indigenous machinery and components could be Easily developed with a view to optimize the cost and economize the operations and by the setting up of this company we have bring our country out of inferiority complex. Further, the valuable foreign exchange will be saved as the machines are locally available.

## **GLOBALIZATION:**

As people do not like to experiment too much with their skin same is the case with footwear. When choosing footwear the one thing that is most important is comfort. Although with the changing trends people's perception about footwear is also changing but one thing that does not change is the comfort level provided by a particular brand of shoes.

Shoes were never a subject of major concern for the common middle class Indian till recently. Due to the emerging fashion trends in India over the last few decades shoes have become an integral part of a persons overall appearance. Nowadays there are shoes meant for different occasions. The two most famous categories of shoes are formal and sports shoes. The sports shoes market in India is also very big considering the large population of youth in the country. The top sports shoe brands in India are Reebok, Nike and Adidas. These top shoe brands in India are all international brands but have over the years captured the Indian market tremendously. They have penetrated in almost all the Indian cities and towns.

The footwear industry in India has also witnessed a significant growth over the last few years. Due to the increasing levels of consciousness about Indians regarding the way they look due to this the clothes and footwear market in India has been on a roll since the last ten years.

India is one of the major global shoe manufacturers and is responsible for churning out almost 1736 million pairs of shoes annually. India is said to be the second largest shoe manufacturers only after China. One of the major reasons for booming footwear industry in India is the availability of cheap

labour and abundant raw materials. India is also one of the biggest good quality leather exporters in the world. Since shoes are not bought everyday the one thing that is most important while purchasing shoes is its quality. People nowadays are mixing comfort with the emerging fashion trend. A shoe along with being comfortable also has to be visually appealing. Some of the Top Shoe Brands in India are Red Tape, Florsheim, Gabor, Salamander, Clarks, and St. Micheal's. These top shoe brands in India are known for their durability, superior balance and grip and enormous collections of stylish shoes for both men and women. They are also made out of the finest of leather and are also priced moderately. Red Tape which is currently the Top Shoe Brands in India is a hot favourite among the men of the count Known for its unparalleled comfort, international styles and finesse, Red Tape the flagship brand of Mirza International Limited, was launched in the year 1996. The brand has today become synonymous with hi-fashion & lifestyle, owing to its unmatched quality, skilled craftsmanship and trendy products. Endorsed by the style icon Salman Khan, Red Tape has become India's most loved premium lifestyle brand. (Business maps . India(12/02/2010)

Red Tape – Fashion for Your Feet:

Red Tape has emerged as a leader in the high-end fashion footwear segment. The Red Tape footwear range is designed in company-owned design studios in the UK and Italy and manufactured using international quality materials from European countries. Having become India's favourite men's footwear, the brand has now diversified into Women's footwear.

Redtape-FashionforYou:

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Red Tape has recently forayed into the apparel sector and unveiled men's clothing and accessories line up. This new range offers an eclectic mix of casual wear including shirts, jackets, denims, tees, pants/shorts and accessories such as belts, socks and wallets.

Red Tape- Fashion for the World:

Red Tape is an international brand, present across the US, UK, France, Germany, West Asia and South Africa. The Red Tape products are being sold globally through the company's extensive global distribution channel.

Red Tape – Fashion that is Truly Global

The Red Tape range of shoes, apparel & accessories reflect the latest fashion trends across the globe. These are designed in company-owned design studios in the UK and Italy and manufactured using international quality materials from European countries, in order to produce a truly global product.

Red Tape – Fashion in Your Reach

Red Tape products are available across India through multiple brand outlets, chain stores and exclusive Red Tape showrooms. Its countrywide network of exclusive showrooms spans 30 cities in India. (MIRZA INTERNATIONAL LTD, 2007)

### **KEY DRIVER OF GLOBALIZATION:**

With an eye on the potential of the sector, the Indian Government has placed an emphasis on the utilization of the available raw materials to maximize

returns. It has introduced a number of initiatives, with the special emphasis on integrated development of the tanning sector. These includes raw material augmentation, technology upgrade, and promotion of environmental cleaner processing options, quality standardization and human skills development . To encourage training of unorganized artisan workers, the Government has given support to well equipped training institutions to encourage training programmes to be given jointly with reputed foreign enterprises and experts the various measures taken by the government are as follows-

De-licensing of integrated tanneries that convert raw hides and skins into finished leather.

Several leather goods have been de-reserved from the small Scale Sector.

Free import of raw hides & skins, semi-finished and finished leather.

Concessional duty on imported machinery and chemicals.

Free export of raw hides & skins, semi-finished and finished leather and leather products.

Policies to facilitate modernization / up gradation: In June 2005 the government initiated a Rs. 2788. 45 million (50. 82 Million Euros) µmodernizing scheme¶ called the µ Integrated Leather Development Programme¶, whereby all leather tanning and product units will be eligible for modernization assistance. The assistance will be to the extent of 30% of project cost for Small scale industry (SSI) units and 20% for non-SSI units. Establishment of µdesign centres¶ at individual manufacturing units,

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to facilitate improvement in design capabilities: Under this scheme, 25 % of the project cost is provided to the units under the market access initiative scheme of the Ministry Of Commerce and Industry.

The regulatory body for this industry is:

### **Council for Leather Exports (CLE):**

The Council for Leather Exports was set up in July 1984. A non-profit company registered under the Indian Companies Act, 1956, the Council functions under the Ministry of Commerce, Government of India. The Council is entrusted with export promotion activities and overall development of the Indian leather industry. The Council's activities also include promoting Foreign Direct Investments and Joint Ventures in the Indian leather industry. The CLE serves as a bridge between Indian leather exporters and buyers all over the world. Council for Leather. (WWW. FIBRE2 FASHION. COM)

### **CSR:**

#### **Welfare of the neighbouring communities**

#### **Resettlement of War Victims**

Donations to Prime Minister's Relief Fund are made through district administration from time to time

Flag Day, on every Dec 7th, is celebrated by extending generous financial contribution to the Armed Forces Welfare Fund.

Ex-Servicemen are offered resettlement opportunities. Till now around 200 ex-service personnel have been offered job opportunities in the factories and other locations as regular employees or as security personnel.



Army Wives Welfare Association is helped through generous donations, distribution of sewing machines and their felicitation at various occasions.

Financial aid provided to meet the vocational training needs of war widows and Kargil war victims.

## **Resettlement of War Victims**

Blankets are distributed to the poor during extreme winter conditions

Temporary shelter is extended to the needy, poor and those displaced due to natural calamities.

Financial assistance is offered regularly to “ Kusht Niyanthran and Ninmoolan” Centre at 11, Knowledge Park, Greater Noida.

“ Blood Donation Camp” was organized at the unit premises, where employees and the directors donated blood for noble cause.

## **Environmental Preservation:**

Environmental Management System has been implemented in the factory and awareness towards environmental protection is spread to the locals. The unit has been certified as ISO 14001: 2004

Encouraged and promoted ‘ Ganga Cleaning Abhyas’ to ensure clean drinking water and to reduce pollution.

Pioneer in setting up an in-house Effluent Treatment Plant at the Tannery.

World Environment Day & ‘ Van Mahotsav’ observed every year and workers and management jointly plant trees at various locations.

All DG sets have been replaced with Eco-friendly ones. All vehicles are being replaced with CNG vehicles in a phased manner.

Corporate Social Responsibility ( Annual Report 2007-08)

The Company also attempted to leave a mark as a socially responsible corporate citizen, by taking all meaningful measures to enrich the environment and the people all around, especially the backward and economically weaker sections of the society.

The Company is fully aware of its responsibilities towards areas like Human Rights, Business Ethics, Corporate Contributions, Environmental Policies, Community Development and Work Place issues. (WWW. MIRZA. CO. IN/ IN CORPORATE RESPONSIBILITY, 2008)

## **COPORATE GOVERNANCE:**

Your company is committed to good governance practices that create long term sustainable shareholder value. Keeping in view of the Company's size, global operations and corporate traditions, the board of director lays strong emphasis on transparency, accountability and integrity. A separate report on Corporate Governance together with a certificate from Statutory Auditors confirming compliance with corporate governance requirement as stipulated in Clause 49 of the listing agreement with the stock exchange has been annexed as part of this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

Industry Structure and Development:

Leather Industry in India has come a long way over the last four decades. From a resource based industry supplying abundant Indian raw hides in semi-finished and finished state, it is now a major supplier of value added finished goods like footwear, bags & travel accessories, harness & saddlery and fashion accessories like belts and wallets. From the status of exporter of raw hides & semi-finished leather, the country has now turned into a major importer of these goods. With a high employment potential leather industry has always been on the priority list of government. Planning. The present Government has placed the development of this industry on a yet higher priority and has formulated a scheme of setting up leather parks across the country. The industry, therefore, will witness accelerated growth over the coming years. The export of leather and leather products for the first nine months of 2007-08 i. e. April-December 2007 touched US\$ 2485. 58 million a gainst the performance of US \$ 2258 . 81 million in the corresponding period of last year, registering a positive growth of 10. 4% in Dollar terms. In rupee terms the export touched Rs. 100435. 54 million against the previous year performance of Rs. 103021. 12 million showing a decline of 2. 51%. Export of footwear (leather, footwear components & non leather footwear) has increased from US\$ 871. 92 million in April-December, 2006 to US\$ 1023. 31 million in April-December, 2007, registering a growth of 17. 36%.

#### Opportunities, Threats, Risks & Concerns:

The pressure on China to strengthen its currency presents a historical opportunity to all Indian exporters who face stiff competition from cheap Chinese products. Your company is no exception. It expects a sustained

growth of demand for its products from global customers in the forthcoming years.

Global hardening of crude oil price has led to a sharp escalation in cost of several raw materials. Oil prices in India were held back by the Government but will rise sharply in future. This would have impact on cost of power and fuel, inland transportation, air and sea freight and also an all round increase in costs in the economy. This will pose fresh challenges for your company. A high degree of volatility has characterized the currency markets throughout the last year and the same is expected to continue in future. Such sharp volatility brings along with it, a high degree of uncertainty. In such a scenario, currency risk management is another major challenge before the company.

#### Outlook:

Despite the above challenges the outlook for your company is bright with surging demand for its products. Increased capacities will bring economies of scale. The increase in oil prices has weakened the Indian rupee and the company will be a beneficiary of the same.

#### Segment-wise Performance:

The company's business segment is primarily Shoe Division and Tannery Division. During the year under review, the Shoe Division revenue was Rs. 283. 35 Crores and Tannery Division revenue was Rs. 97. 30 Crores.

#### Internal Control System and their Adequacy:

The Company has a well established framework of internal controls in operation, including suitable monitoring procedures and self assessment exercises. An independent Internal Audit function reviews the Company's financial and operating controls at various locations.

The company's Risk Management frame work ensures compliance with the provisions of Clause 49 of the Listing Agreement. Senior Management has ownership of key risks, their management and mitigation plans. The Board, through the Audit Committee, headed by a non-executive independent director, reviews the key risks, the internal control framework and the audit findings.

Discussions of financial were almost at the same level as last year. However, profitability of the company has suffered due to increase in cost of all major input items, increase in interest rates, lower value realization on account of stronger rupee. Management is continuously honing competencies to improve the range and designs of our product by making substantial investments for scaling up the capacities to achieve higher profitability.

Human Resources Human Resources forms an integral part of your Company's strategy for growth. On the Industrial Relations front, your company continued to enjoy a cordially and harmonious relations with its employees and Unions. Your company had a staff strength of 1860 employees as on 31st March, 2008. Your company is a blue chip footwear company, certified for ISO-9001: 2000 (Quality Management System), ISO-14001: 2004 (Environmental Management System) and SA-8000: 2001 (Social Accountability Management System), equipped with Labs accredited SATRA Technology Centre (UK) and accorded Associate Membership by Foot

Wear Design & Development Institute (Ministry of Commerce & Industry, Government of India).

### Corporate Social Responsibility

Your Company also attempted to leave a mark as a socially responsible corporate citizen, by taking all meaningful measures to enrich the environment and the people all around, specially

the backward and economically weaker sections of the society. Your Company is fully aware of its responsibilities towards areas like Human Rights, Business Ethics, Corporate contributions, Environmental Policies, Community Development and Work Place issues.

### MIRZA INTERNATIONAL:

#### VALUES:

High-end, fully integrated rather shoe manufacturing facilities offering considerable cost advantage and international quality. It's Competitive advantage owing to company's established premium brands and knowledge of Indian consumers. It's a growing network of exclusive company-owned and franchised stores for retailing company's products. Superior technological capabilities backed by a pool of highly skilled designer's and extensive distribution network.

### **SWOT:**

#### Strengths

High Growth

Ready availability of highly skilled and cheap manpower

Large raw material base

Policy initiatives taken by the Government

Capability to assimilate new technologies and handle large projects

Continuous emphasis on product development and design up gradation

## **Weaknesses**

Lack of warehousing support from the government

International price fluctuation

Huge labour force resulting in high labour charges

Lack of strong presence in the global fashion market

Unawareness of international standards by many players

## **Opportunities**

Rising potential in the domestic market

Growing fashion consciousness globally

Use of information technology and decision support software to help eliminate the length of the production cycle for different products

Use of e-commerce in direct marketing

## **Threats**

Major part of the industry is unorganised

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Limited scope for mobilising funds through private placements and public issues (many businesses are family-owned)

Difficulty in obtaining bank loans resulting in high cost of private borrowing

Stricter international standards

High competition from East European countries and other Asian countries.

Lack of communication facilities and skills

## **PESTEL ANALYSIS:**

### **Political**

Home market lobbying/pressure groups

Very few sporting events apart from taking stars like SALMAN KHAN, to attract customers.

### **Economic**

a. Marginal share of 2.44 percent in global trade worth US\$ 97.606 billion.

b. Estimated target of 12 bn \$ (7bn \$ export + 5 bn \$ domestic) trade by the year 2012 overseas economies and trends.

c. The Indian footwear retail market is expected to grow at a CAGR of over 20% for the period spanning from 2008 to 2011. Footwear is expected to comprise about 60% of the total leather exports by 2011 from over 38% in 2006-07.

d. Growing middle class and growing buyer power leading customers to look for branded shoes.



e. Seasonality issues – sports is more of a rage in summers.

f. Lack of targeting of market segments for kids and women.

## **Social**

Lifestyle trends – upward shift demographics

Consumer attitudes and opinions changing favourably towards branded shoes

Media views

Consumer buying patterns fashion and role models

buying access and trends- advertising and publicity

## **Technological**

Competing technology development

India offers benefits like low cost of production, abundant raw material, and a huge

Consumption market

Research funding in design and requirements

Manufacturing maturity and capacity

Information and communications

Consumer buying mechanisms/technology

Innovation potential technology access, licensing, patents

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**FDI (foreign direct investment):**

Red tape affecting FDI: New Delhi: an “ investor unfriendly” regulatory framework and high levels of red tape have been identified as the major roadblocks in the path of FDI inflows into India, according to a study. and it’s no wonder that only 40 per cent of the total \$74. 29 billion FDI approved for the country has made its way to the implementation stage. in comparison, china attracts over \$40 billion FDI per annum, while a majority of the 385 multinational firms feel that India is a robust market with huge potential, thanks to more profitable operations here than elsewhere, the regulatory frameworks and ground-level hassles act as the biggest disadvantages, according to the FICCI FDI survey 2002. Further, the unfriendly tax regime, labour laws and procedural delays in project implementation were the other factors hampering FDI inflow but India now seems determined to change it all. an inter ministerial committee is likely to submit its report next month suggesting measures to simplify multiple clearances and revamping the structure of to boost Fdi. the committee, chaired by the industry secretary v Govindrajan, is examining all existing procedures for investment approvals and implementation of projects, official sources said the committee would suggest measures to simplify and expedite the process for both public and private investment. “ The main objective would be to hasten the process of clearance as also to improve the quality of the FDI.” meanwhile, 57 per cent of the participants in FICCI’S survey dubbed India as a bad investment destination when compared to other global counterparts. over 70 per cent of the companies cited political stability as a critical factor for inviting fdi in future. while manpower was not a concern for overseas firms, 76 per cent of

the respondents felt that ground level hassles need to be improved for luring foreign investors (TIMES OF INDIA. INDIA TIME).

Infrastructure, red tape bottlenecks to FDI: FICCI survey:

With India emerging as a preferred destination, foreign investors have shown strong concern over the state of infrastructure facilities and procedural delays in the country. According to the FICCI FDI Survey 2010, nearly 70% of firms have rated efforts made by the government for providing standardised investment information and proactive marketing of to attract foreign direct investment (FDI) as “ average”.

While 86% of the respondents have expressed dissatisfaction with regard to quality and quantity of power made available to them, about 75% have rated the quality of roads and highways in the country as “ bad” and 68% have complained about availability of water for their operations, the survey said Overall, FDI inflows to the developing world continues to “ Overwhelmingly” concentrated in middle-income countries, with Brazil, Russia, India, and China (BRIC) alone absorbing about half, the report said. (HT CORRESPONDENT HINDUSTAN TIMES, NEW DELHI, 12TH DEC 2012)

## **REFLECTION:**

As I am a customer of RED TAPE SO , learnt lot from the company about the globalization its factor and main issue that have raise the company to its peak point and I am very much influenced by the CSR activities that company has done in the past to adequate its preference in the country in the field of leather as many industry follows its quality of opportunities and

strength to overcome other company in their sector , this company have many positive trend for the future prospect in the global world.

Top most management of RED TAPE is dealing the company in a positive way and make customer and employee feel happy . It also done social programme for the welfare of war victim by providing all the thing that is required by them.

There are some good and bad aspect of all the process . so, red tape also have some bad

aspect but the well establish company fluently and smoothly over come the problem and by the correct corporate governance of governing body.

At last i am very much influence by the dealing manner of the top management, CSR activities, strength and opportunities that combines to make a Company to give its best in every sector and make a company to reach its peak point.

## **CONCLUSION:**

The small firms have very limited financial capability to introduce environmentally friendly technologies and production methods.

The technology used by Indian leather firms is, by and large, outdated and inefficient. Their environmental performance is poor. They do not use environmentally friendly technologies and produce large amounts of effluent with a high load of pollutant. They also have limited capacity to treat effluent, and in many cases these facilities are not effective.

Our case studies of tanneries of RED TAPE areas indicate that show that the adoption of new technology by firms has three important motives. These are: a) a need to meet the environmental standards in the importing countries b) a need to comply with the environmental regulations in India and a need to improve productivity c) The efficient use of raw materials, water, chemicals and power all of which will have positive environmental impact) has not been an important objective of technical change.

We also find that strict enforcement of environmental regulations and the availability of financial support at concessional terms are considered by the firms to be important factors which will motivate them to adopt environmentally friendly production methods.

Finally, it is unlikely that Indian firms will be able to create a niche in the international market by exporting leather produced through environmentally friendly production processes in the near future. As shown by the study, the processes used by most Indian exporters are not environmentally friendly. Furthermore, they are not in a position to acquire eco labeling, as most of them do not receive consent from the Pollution Board. We feel that the strict enforcement of environmental regulations and the provision of financial support meant especially for the adoption of environmentally friendly technologies are essential if firms are to be motivated to adopt PEST and improve their environmental performance. It is only when these steps are taken that Indian firms will have a realistic chance of emerging as an important exporter of leather goods produced with environmentally friendly production methods.

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