

Mirza International Limited

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NEAPS/BSE ONLINE

10th December, 2021

The Corporate Relationship Dept.,
BSE Ltd.,
Phiroze Jeejeebhoy Towers,
1st Floor, New Trading Ring,
Rotunda, Dalal Street,
Mumbai - 400 001

The Secretary,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of Listing Regulations regarding approval of Scheme of Arrangement between RTS Fashions Private Limited, Mirza International Limited and Redtape Limited

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations"), read with SEBI Circular No. CIR/CFD/CMD/4/2015, dated 9th September, 2015 ("SEBI Circular"), this is to inform you that the Board of Directors of Mirza International Limited ("Company"), at its meeting held today, i.e., 10th December, 2021, has considered and approved a composite scheme of arrangement of RTS Fashions Private Limited, Mirza International Limited and Redtape Limited under Sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 and the provisions of other applicable laws.

The Scheme is subject to the approval of BSE Limited, the National Stock Exchange of India Limited, SEBI, shareholders and creditors of the company and such other statutory authorities as may be required and sanction thereof by the NCLT.

The proposed Scheme has also been reviewed and recommended for approval by the Audit Committee of the Board of Directors of the Company and the Independent Directors of the Company, at their meetings held on 10th December, 2021 respectively.

In terms of Regulation 30 of Listing Regulations and SEBI circular issued thereunder, we are furnishing the details as under:

1	Name of the entity(ies) forming part of the amalgamation/ merger, details in brief such as, size, turnover etc.;	There is a proposal for Amalgamation of RTS Fashions Private Limited ("the Transferor Company") with Mirza International Limited ("the Transferee Company"); and De-merger of Branded Business/ REDTAPE Business ("the Demerged Business") of Mirza International Limited into Redtape Limited ("the Resulting Company"). The transaction is proposed to be implemented through a Scheme of Arrangement under the provisions of the Companies Act, 2013, and other applicable provisions, if any (hereinafter collectively referred to as "the Proposed Scheme of Arrangement"/ "the Proposed Scheme") For MIRZA INTERNATIONAL LIMITED
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		<p>Brief financial of the Transferor Company and the Transferee Company is enclosed as Annexure-I.</p> <p>Resulting Company – Redtape Limited has been recently incorporated for the purpose of the proposed Scheme of Arrangement.</p>
2	Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms-length”;	Yes. However, the same is on the arms-length basis.
3	Area of business of the entity(ies); Rationale for Scheme of Arrangement	<p>As per Annexure-II. (The detailed rationale also includes the business activities of the Transferor and the Transferee Company.)</p> <p>Resulting Company – Redtape Limited has been recently incorporated for the purpose of the proposed Scheme of Arrangement and there has been no existing business activities in the Company.</p>
4	Brief details of the division(s) to be demerged	The detailed rationale as per Annexure – II also includes the particulars of the Demerged Business.
5	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year	As per Annexure-III
6	In case of cash consideration – amount or otherwise share exchange ratio;	<p>There shall not be any cash consideration in the proposed Scheme of Arrangement.</p> <p>Share Exchange Ratio for Amalgamation: “The Transferee Company-Mirza International Limited will issue 22 (twenty two) Equity Shares of ₹2 each, credited as fully paid up, to the Shareholders of the Transferor Company for every 10 (ten) Equity Shares of ₹10 each held in the Transferor Company-RTS Fashions Private Limited.”</p> <p>Share Exchange Ratio for De-merger: “The Resulting Company-Redtape Limited will issue 1 (one) Equity Share of ₹2 each, credited as fully paid-up, to the Shareholders of the Transferee Company for every 1 (one) Equity Share of ₹2 each held in the Transferee Company-Mirza International Limited.”</p>

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		<p>Re-organisation of Pre-Scheme equity shares of the Resulting Company</p> <p>Present issued and paid-up share capital of the Resulting Company is ₹1,00,000 divided into 50,000 Equity Shares of ₹2 each, which is held by the Transferee Company. It is proposed that upon the Scheme becoming effective, the Resulting Company will have 100% mirror Equity Shareholding as that of the Transferee Company. Accordingly, upon the Scheme becoming effective, the pre-Scheme issued and paid-up share capital of the Resulting Company will be cancelled and 50,000 9% Compulsorily Redeemable Preference Shares of ₹2 each, aggregating ₹1,00,000 will be created in place of such cancelled equity share capital.</p>
7	Brief details of change in shareholding pattern	As per Annexure-IV
8	Whether listing would be sought for the resulting entity	Post-De-merger, the Resulting Company – Redtape Limited is proposed to be listed at BSE & NSE.

The Meeting of Board of Directors commenced at 03:30 p.m. and concluded at 06:30 p.m.

This is for your reference and record. We will file necessary application under Regulation 37 of Listing Regulations in due course.

For **MIRZA INTERNATIONAL LIMITED**




(Priyanka Pahuja)
Company Secretary

Name: Priyanka Pahuja
Address: A-7, Mohan Co-operative Industrial Estate, Delhi-110044
Membership No.: 59086

Annexure-I**Brief financials of the Companies:**

The brief financials of **the Transferor Company - RTS Fashions Private Limited**, as on Half year ended 30th September, 2021 are as below:

Particulars	Consolidated Rs. In Crores	Standalone Rs. In Crores
Paid-up Share Capital	8.13	8.13
Reserves & Surplus	80.10	(0.17)
Net-worth	88.23	7.96
Total Income (Six Month till 30 th Sept, 2021)	64.02	0.72
Profit after Tax (Six Month till 30 th Sept, 2021)	1.85	(0.02)

The brief financials of **the Transferee Company – Mirza International Limited**, as on 30th September, 2021, are as below:

Particulars	Standalone Rs. In Crores
Paid-up Share Capital	24.06
Reserves & Surplus	653.90
Net-worth	677.96
Total Income (Six Month till 30 th Sept, 2021)	655.24
Profit after Tax (Six Month till 30 th Sept, 2021)	38.08

Resulting Company is recently incorporated for the purpose of the proposed Composite Scheme of Arrangement and there is no existing business activity in the Resulting Company.

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Background and justification of the Scheme of Arrangement:**A. Preamble**

Mirza International Limited is engaged in design, development, manufacturing, marketing, trading, export and retailing of leather footwear, sports shoes, garments & apparels, leather goods and accessories, and other related activities. The Company also owns and operates a leather tannery for captive consumption. Mirza International Limited has the following business verticals:

- i. Private Label/White Label Business:** The Company is engaged in design, development, manufacturing, export and sale of leather footwear to various Private Labels in United Kingdom, United States of America (USA), European and Non-European Countries. Private Label Business is pre-dominantly export wholesale made-to-order (MTO) business.
- ii. Branded Business/Redtape Business:** The Company is engaged in design, development, trading, marketing and retailing of leather shoes, sports shoes, garments & apparels and other accessories under 'REDTAPE' and other Brands owned by the Company. 'REDTAPE' is a well-known brand in leather and sports footwear, garments & apparels. Branded Business is pre-dominantly domestic retail business.
- iii. Leather Tannery Business:** The Company owns and operate of one of the most modern tanneries in India which is engaged in procuring and processing of leather. Tannery is backward integration for captive consumption and acts as the backbone for the Private Label Business.

RTS Fashions Private Limited is engaged in purchase, sale and trading of soling and packing material and other related activities. The Transferor Company, through its step down wholly owned subsidiary-Mirza (UK) Limited, is engaged in design, development, marketing and distribution of leather footwear, leather goods and accessories in UK, USA and other European Markets.

Mirza (UK) Limited is a London based company formed under the laws of United Kingdom. Mirza (UK) Limited [Mirza UK] is a step down wholly owned subsidiary of RTS Fashions Private Limited, India. Mirza UK is engaged in marketing and distribution of leather footwear, leather goods and accessories including the products of Mirza International Limited, in UK, USA and other European Markets.

Mirza UK has an experienced and dedicated team engaged in design and development of leather footwear, leather goods and accessories for UK and other Overseas Markets. Mirza UK does design and development of shoes which are finally manufactured in India in the factories of Mirza International Limited and sold to various overseas customers under various brands. Thus, Mirza UK is one of the main driving forces of the Private Label Business of Mirza International Limited.

In order to streamline various activities of Mirza Group, unlock the true value of its businesses, achieve management efficiencies and accelerated growth, the Management is proposing to consolidate entire overseas business into Mirza International Limited; and to hive off Branded Business/REDTAPE Business into a separate company.

The present Composite Scheme of Arrangement is proposed to achieve the aforesaid objectives in the following manner:

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- Amalgamation of RTS Fashions Private Limited (the Transferor Company) with and into Mirza International Limited (the Transferee Company); and
- De-merger of Branded Business/REDTAPE Business of Mirza International Limited (the Transferee Company) into Redtape Limited (the Resulting Company) on going concern basis.

B. Detailed Rationale of the Scheme:

- i. **Amalgamation:** Following are some of the specific advantages of the proposed Amalgamation of RTS Fashions Private Limited with Mirza International Limited:
 - i. The proposed amalgamation of the Transferor Company with the Transferee Company would result in business synergy and pooling of resources into a single entity.
 - ii. The proposed amalgamation will enable the integration of the business activities being carried on by the Transferor Company-RTS Fashions Private Limited and its step down wholly owned subsidiary- Mirza (UK) Limited with and into the Transferee Company-Mirza International Limited. It would be advantageous to combine the activities and operations in a single company and to build strong capability to effectively meet future challenges in competitive business environment. Amalgamation will enable Mirza International Limited to leverage the expertise and resources of Mirza (UK) Limited and strengthen its sales and distribution in overseas markets.
 - iii. The proposed Amalgamation would result in pooling of physical, financial and human resource of these Companies for the most beneficial utilization of these factors in the combined entity.
 - iv. The proposed Scheme of Amalgamation will result in usual economies of a centralized and a large company including elimination of duplicate work, reduction in overheads, better and more productive utilization of financial, human and other resource and enhancement of overall business efficiency. The proposed Scheme will enable these Companies to combine their managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth.
 - v. The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present is required to be made separately by the Transferee Company as well as by the Transferor Company.
 - vi. The proposed amalgamation would enhance the shareholders' value of the listed Transferee Company.
 - vii. The proposed Scheme of Amalgamation will have beneficial impact on the Transferor and the Transferee Companies, their shareholders, employees and other stakeholders and all concerned.
- ii. **De-merger:** Following are some of the specific advantages of the proposed De-merger of Branded Business/REDTAPE Business of Mirza International Limited into Redtape Limited:
 - a. Mirza International Limited has two distinct business (a) Private Label/White Label Business which is pre-dominantly export wholesale made-to-order (MTO) business; and (b) Branded Business/REDTAPE Business which is pre-dominantly domestic

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retail business. Whereas the leather tannery is backward integration for captive consumption and acts as the backbone for the Private Label Business.

- b. REDTAPE Business is completely independent from the Private Label Business. In REDTAPE Business, the Company buys entire quantity of garments/apparels and significant quantity of footwear from various third party manufacturers. The Company, then, retails the same pan India through physical stores and on-line marketing. Since the Private Label Business and REDTAPE Business have different characteristics and nature, it is proposed to segregate both these businesses into separate companies.
 - c. It is, accordingly, proposed to hive-off Branded Business/REDTAPE Business from the Transferee Company into the Resulting Company, which, upon de-merger, will be owned by the shareholders of the Transferee Company in the same manner and proportion in which they own shareholding in the Transferee Company.
 - d. The proposed de-merger will enable the Transferee Company and the Resulting Company to raise necessary funds, invite strategic investors and other stakeholders for their respective businesses.
 - e. It will impart better management focus, will facilitate administrative convenience and will ensure optimum utilization of various resources by these Companies.
 - f. The proposed de-merger will unlock immense possibilities of both these businesses. It will provide scope for independent expansion of various businesses. It will strengthen, consolidate and stabilize the business of these Companies and will facilitate further expansion and growth of their business.
 - g. The proposed De-merger will have beneficial impact on the Transferee Company and the Resulting Company, their employees, shareholders and other stakeholders and all concerned.
- iii. The Scheme of Arrangement is proposed for the aforesaid reasons. The Board of Directors of the Transferor Company, the Transferee Company and the Resulting Company are of the opinion that the proposed Scheme is in the best interest of these Companies, their Shareholders and other stakeholders.

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Annexure-III

Segment-wise financial performance:

Percentage of Net Worth of the company, that is being transferred in the form of demerged undertaking and percentage wise contribution of the Demerged division to the total turnover and income of the company in the last two years as per the following format:

(Rs. In Crores)

Particulars	Financial Year	Net-worth	% to total	Turnover	% to total	Profit after Tax	% to total
Demerged division [Branded Business/REDTAPE Business]	HY 30-09-2021	270.13	39.84%	364.10	55.57%	20.07	52.70%
	FY 2020-21	248.98	39.08%	678.31	64.72%	17.58	238.21%
	FY 2019-20	228.17	36.34%	676.09	53.58%	33.26	69.79%
Other divisions [Remaining Business]	HY 30-09-2021	407.83	60.16%	291.14	44.43%	18.01	47.30%
	FY 2020-21	388.20	60.92%	369.75	35.28%	-10.20	-138.21%
	FY 2019-20	399.68	63.66%	585.76	46.42%	14.40	30.21%
Total	HY 30-09-2021	677.96		655.24		38.08	
	FY 2020-21	637.18		1048.06		7.38	
	FY 2019-20	627.85		1261.85		47.66	

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Pre-Scheme Shareholding pattern of Mirza International Limited

Category	No. of Shares	%
Promoter Group	8,15,50,441	67.79
Public	3,87,55,559	32.21
Non-Promoter Non-Public	0	0
Total Shareholding	12,03,06,000	100.00

Post-Scheme Shareholding pattern of Mirza International Limited

Category	No. of Shares	%
Promoter Group	9,94,46,341	71.96
Public	3,87,55,559	28.04
Non-Promoter Non-Public	0	0
Total Shareholding	13,82,01,900	100.00

Post-Scheme Shareholding pattern of Redtape Limited

Category	No. of Shares	%
Promoter Group	9,94,46,341	71.96
Public	3,87,55,559	28.04
Non-Promoter Non-Public	0	0
Total Shareholding	13,82,01,900	100

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