



MRF

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CIN : L25111TN1960PLC004306; Website: www.mrftyres.com

071/SH/AGM/AUGUST-2019/KGG
16th July, 2019

National Stock Exchange of India Ltd Exchange Plaza 5 th Floor Plot No.C/1G Block Bandra-Kurla complex Bandra (E), Mumbai 400 051	Bombay Stock Exchange Ltd Floor 24 P J Towers Dalal Street Mumbai 400 001
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Dear Sir,

Annual Report & AGM Notice - 2019

Please refer to our earlier letter dated 2nd May, 2019 informing that the 58th Annual General Meeting of the Company will be held on 9th August, 2019.

In this connection, please find enclosed herewith the following:

- 1) The Notice convening the Annual General Meeting of the Company along with the attendance slip and proxy form.
- 2) Annual Report 2018 - 2019

This information is being submitted pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Further, this to inform you that in compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules, 2014, as amended, the Company has fixed Friday, 2nd August, 2019, as the cut-off date for the purpose of offering remote e-voting facility to the Members in respect of resolutions to be transacted at the Annual General Meeting scheduled to be held on 9th August, 2019.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For MRF LIMITED,


S DHANVANTH KUMAR
COMPANY SECRETARY



ASCEND
NEW HEIGHTS

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CHAIRMAN'S MESSAGE



Dear Shareholder,

The current year is expected to be a tumultuous one for the Auto sector on account of various regulatory changes, especially the transition from BS IV to BS VI. The uncertainty is further compounded by lower consumer sentiments resulting in inventory build-up, and all OE manufacturers are aligning production in line with demand.

While India continues to be one of the preferred economies in the world in terms of investment and growth, these short term hiccups would have to be factored in by automobile companies and tyre manufacturers.

The country witnessed a smooth election and a new stable Government at the Centre. A new Finance Budget has been presented with a vision to becoming a \$5 trillion economy by 2025. There have been substantial allocations made, especially in Infrastructure, which should help the Road Transport Industry. This should augur well for the Tyre Industry.

The consumer price inflation was within the target limits set by the Monetary Policy Committee of RBI, and the Budget also focussed on the Ease of Doing Business, Incentives for Start-ups, and Housing for all.

MRF welcomes the incentives offered for the Electric Vehicles segment, which is the sunrise industry, but would have a long term impact.

The Indian Automotive Industry is expected to emerge as the world's third largest Passenger Vehicle segment by 2021 propelled by the economic growth that India has witnessed and the accompanying increased consumption and urbanisation in the country.

In the immediate future, the Industry faces challenges due to the paucity of credit funds, which have partly been addressed in the Budget with the expected infusion of Rs. 70,000 crore into the Public Sector Banks.

The next six months would see a volatile Auto sector on account of the shift to BS VI emission norms. The Tyre Industry would have to align its production in line with this requirement.

MRF registered a total income of Rs.16,254 Crores for the year ended 31st March 2019. This year marks the 32nd year that your company is the market leader in India and among the top 20 global tyre manufacturers. Our relentless focus on quality is the reason why we are India's most preferred brand and surging ahead.

Your company continues to win new accolades. This year we won the J.D. Power Asia Pacific Customer Satisfaction Award in two categories, in the passenger category and more notably in the farm segment, where we have been awarded the first place in the inaugural J.D. Power 2018 India Tractor Tyre Satisfaction Index.

Leadership comes along with great responsibilities and we are constantly striving to improve our capabilities across the board. Work is on at full swing at our tenth plant at Dahej, Gujarat.

MRF's customer centric approach, focus on quality, ability to work seamlessly with a host of partners and trade channels combined with a high degree of Innovation is what will propel the company further and ensure its dominant position in the market.

K.M. MAMMEN

Chairman & Managing Director

NEW PRODUCT LAUNCHES - SUV TYRES



MRF MARKUS

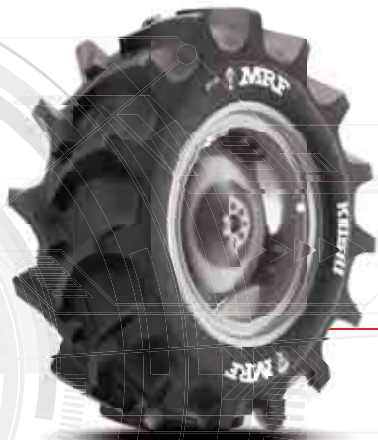
Markus by MRF, a range of tyres for premium SUVs was chosen as Original Fitment for the Skoda Kodiaq and the Mahindra Alturas G4. Markus was engineered for superior ride comfort, handling and stability - which are key requirements for luxury SUVs.



MRF WANDERER STREET

The newest addition to the Wanderer family - the Wanderer Street, was chosen as Original Fitment for the Mahindra Marazzo, Mahindra XUV 300 and the Hyundai Venue. The Wanderer Street delivers excellent on-road performance and is also very capable off-road.

NEW PRODUCT LAUNCHES - FARM TYRES



MRF KRISHI

The MRF Krishi is a shallow puddling application tyre with a special lug pattern for better grip on wet and soft soil and a strong casing for added durability.



MRF SHAKTI HR LUG

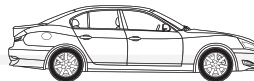
The MRF Shakti HR Lug is a deep wet puddling application tyre with a deep tread design and special lug pattern for better grip on deep, wet and slushy soil conditions and a strong casing for added durability.

J .D. POWER CUSTOMER SATISFACTION AWARD

PASSENGER CAR TYRES -
MRF TOPS J.D. POWER STUDY FOR THE 13th TIME



MRF was ranked highest in the J.D. Power Asia Pacific 2018 India Original Equipment Tire Customer Satisfaction Index (TCSI) Study in the mid-size car and utility vehicle segments. MRF is the only Indian tyre manufacturer to have won this award for a record 13 times.



RANKED NO.1 IN MIDSIZE CARS



RANKED NO.1 IN UTILITY VEHICLES

J .D. POWER CUSTOMER SATISFACTION AWARD

MRF RANKED HIGHEST IN THE INAUGURAL
J.D POWER TRACTOR TYRE STUDY



MRF had the unique distinction of being ranked highest in the inaugural 2018 J.D. Power India Tractor Tyre Satisfaction Index (TTSI) Study.

WORLD-CLASS TYRE CARE



MRF TYREDROME - CHENNAI

A landmark destination for tyre and vehicle care in Chennai, the MRF Tyredrome celebrated 30 years of serving the discerning customers of Chennai. There are currently 4 MRF Tyredromes in the country.



MRF MUSCLE ZONE

MRF continues to set benchmarks in tyre care and the newest retail brand which caters exclusively to the commercial tyre segment is the MRF Musclezone. A state-of-the-art service facility for commercial vehicles with services like wheel alignment, wheel balancing, nitrogen filling and many more. There are currently 6 MRF Musclezone outlets in the country.



INNOVATION- GOING BEYOND CONVENTIONAL THINKING

TRUCK TYRES



New axle load regulation was implemented for trucks from August 2018. In accordance with the new regulation, a new size tyre was required to meet the increased axle loads as the current 10 R 20 was not cleared by ITTAC for the increased loads.

- While most of the companies thought that tubeless tyres was the only way to go, MRF used all its experience and knowledge of the Indian market and the Indian consumer to ensure that the customer would be comfortable with the tube type tyres and there will be no major disruptions from the current practices.



Hence MRF invented a new tyre size 295/90 R 20 which was not a standard size anywhere in the world. The proposal by MRF was verified by authorities in Europe and Japan before it was inducted in ITTAC.

SPECIALITY COATINGS



MRF Corp Limited had a good year in 2018-19. With the successful launch of the first 2-in-1 Acrylic Emulsion Paint, ALTURA, MRF Vapocure Paints sold more than 1000 kl of Wall finishes during the year for the very first time. Launch events in 10 cities, innovative trade schemes, interesting incentive programs for sales teams and a host of marketing initiatives along with the installation of 100 water based Tinting Machines scripted the success in the Wall Finishes segment. There are also plans to install at least 300 more water based tinting machines in 2019-20.

A new hub was created at Ghaziabad to stock materials for the Northern Markets. This will help the business cater to interior markets and will also create a positive perception in the minds of the customers.

A Training Center has been set up for the first time in Mumbai for training internal sales teams and external stakeholders like Architects, Interior Designers, Paint Contractors, Painters and also Dealers. Similar training centers are planned to be commissioned at Ghaziabad and Kochi in 2019-20.

MRF CHALLENGE



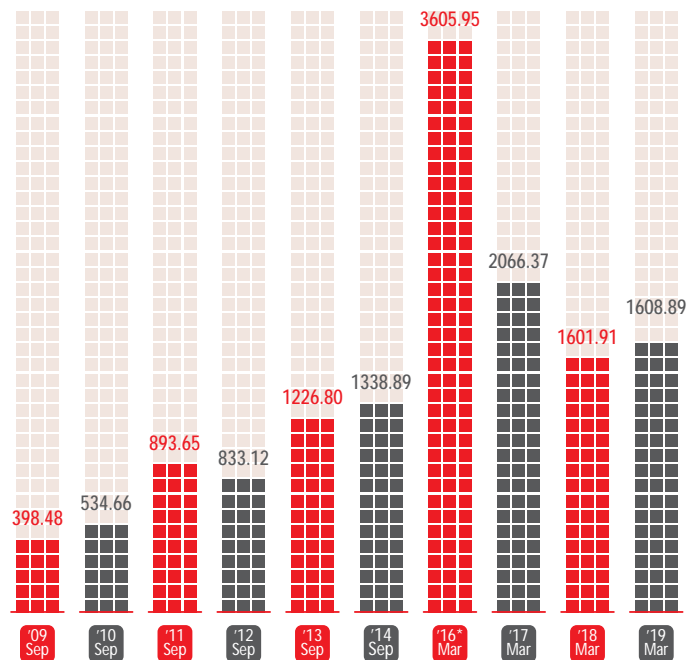
The eighth edition of the MRF Challenge, Asia's premier single-seater racing series, witnessed wheel-to-wheel racing in Dubai, Bahrain and concluded with the grand season finale at the MMRT in Chennai. For the first time in the history of the MRF Challenge, a lady driver, Jamie Chadwick of the UK was crowned the 2018 Champion. Max Defourny was the first runner up followed by Patrik Pasma who finished third in the Championship.



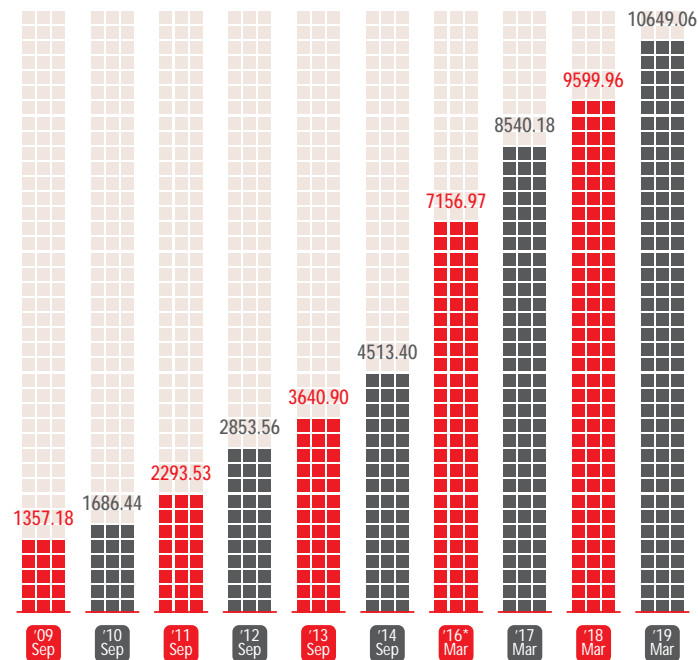
Jamie Chadwick, UK.
2018 MRF Challenge Champion

RACING AHEAD

PROFIT BEFORE TAXATION
(₹ in crores)



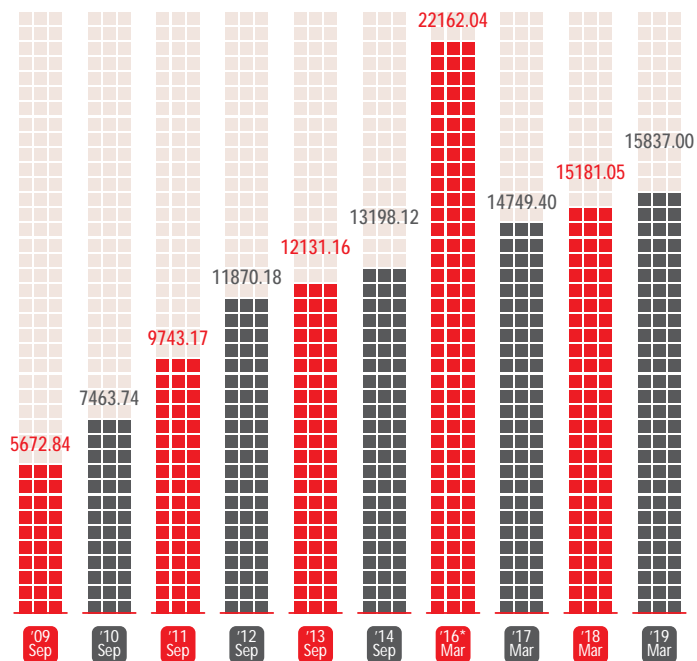
RESERVES
(₹ in crores)



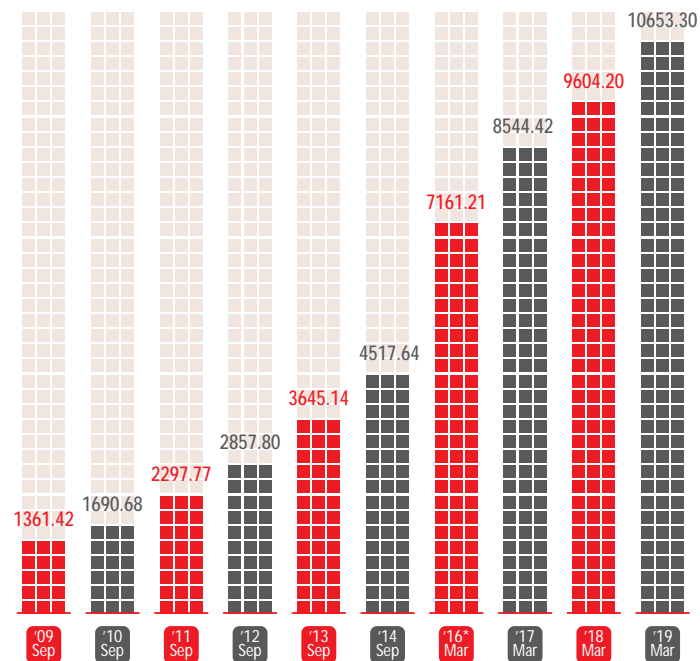
* For the 18 months period ended 31.03.2016

RACING AHEAD

SALES
(₹ in crores)



NET WORTH
(₹ in crores)



* For the 18 months period ended 31.03.2016

BOARD OF DIRECTORS

K.M. MAMMEN

Chairman & Managing Director

ARUN MAMMEN

Vice Chairman & Managing Director

RAHUL MAMMEN MAPPILLAI

Managing Director

SAMIR THARIYAN MAPPILLAI

Whole-Time Director

VARUN MAMMEN

Whole-Time Director

ASHOK JACOB

V. SRIDHAR

VIJAY R. KIRLOSKAR

N. KUMAR

RANJIT I. JESUDASEN

Dr. SALIM JOSEPH THOMAS

JACOB KURIAN

M. MEYYAPPAN

Dr. CIBI MAMMEN

AMBIKA MAMMEN

VIMLA ABRAHAM

Company Secretary

S. DHANVANTH KUMAR

Auditors

SCA AND ASSOCIATES, Mumbai
MAHESH, VIRENDER & SRIRAM, Hyderabad

Registered Office:

No.114, Greams Road,
Chennai - 600 006.



Ten Year Financial Summary		2019	2018	2017	2014-16	2014	2013	2012	2011	2010	2009
₹ Crores	Sales	15837.00	15181.05	14749.40	22162.04	13198.12	12131.16	11870.18	9743.17	7463.74	5672.84
	Other Income	417.47	328.50	328.61	321.17	65.08	29.03	32.01	25.31	18.11	25.36
	Total Income	16254.47	15509.55	15078.01	22483.21	13263.20	12160.19	11902.19	9768.48	7481.85	5698.20
	Profit before Taxation	1608.89	1601.91	2066.37	3605.95	1338.89	1226.80	833.12	893.65	534.66	398.48
	Provision for Taxation	512.02	509.63	615.29	1132.05	441.00	424.59	260.76	274.23	180.68	145.45
	Profit after Taxation	1096.87	1092.28	1451.08	2473.90	897.89	802.21	572.36	619.42	353.98	253.03
	Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
	Reserves	10649.06	9599.96	8540.18	7156.97	4513.40	3640.90	2853.56	2293.53	1686.44	1357.18
	Net Worth	10653.30	9604.20	8544.42	7161.21	4517.64	3645.14	2857.80	2297.77	1690.68	1361.42
	Fixed Assets Gross	10779.79	9027.88	7560.09	6306.56	6954.43	5834.14	5477.16	4874.07	3865.62	3020.57

BOARD'S REPORT

Your Directors have pleasure in presenting to you the Fifty Eighth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2019.

Financial Results

	₹ Crores	
	<u>2018 - 2019</u>	<u>2017 - 2018</u>
Total Income	16254	15510
Profit before tax	1609	1602
Provision for taxation	512	510
Profit for the year	1097	1092

Performance Overview

During the financial year ended 31st March, 2019, your Company's total income was ₹ 16254 crores as against ₹ 15510 crores in the previous year. The net profit for the financial year was ₹ 1097 crores as against ₹ 1092 crores in the previous year.

Across the board, there was an overall increase in all product categories adding up to a 8% increase in total tyre production.

Your Company witnessed relatively high raw material prices in 2018-2019 when compared to the previous year.

The Company's exports (including Indian Rupees Exports) stood at ₹ 1566 crores for the financial year ended 31st March 2019, as against ₹ 1353 crores for the previous year.

As required under regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is attached and forms part of this Annual Report.

Dividend

Two interim dividends of ₹ 3/- each per share (30% each) for the financial year ended 31st March, 2019 were declared by the Board of Directors on 8th November 2018 and on 7th February 2019. The Board of Directors is now pleased to recommend a final dividend of ₹ 54/- per share (540%) on the paid up equity share capital of the Company, for consideration and approval of the shareholders at the forthcoming Annual General Meeting of the Company. With this, the total dividend for the financial year ended 31st March, 2019 works out to ₹ 60/- per share (600%). The total amount of dividend aggregates to ₹ 25.45 crores.

The Directors recommend that after making provision for taxation, debenture redemption reserve and dividend, an amount of ₹ 1054 crores be transferred to general reserve. With this, the Company's Reserves and Surplus stands at ₹ 10649 crores.

Industrial Relations

Overall, the Industrial Relations in all our manufacturing units has been harmonious and cordial, except in Thiruvottiyur plant on certain occasions only and on issues like prolonged long term settlement and CCTV installation for better control in operations. Long term settlements have been concluded in Goa, Ankenpally and Thiruvottiyur plants. Both production and productivity were maintained at the desired satisfactory levels throughout the year in all plants.

Performance of Subsidiaries

The consolidated financial statements of the Company prepared in accordance with the Companies Act, 2013 and applicable accounting standards form part of the Annual Report. The consolidated financial statements include the financial results of its subsidiary Companies.

Pursuant to the provisions of section 136 of the Companies Act, 2013, the financial statements, consolidated financial statements along with the relevant documents and audited accounts of subsidiaries are available on the website of the Company.

The Company has four subsidiaries viz. MRF Corp Limited, MRF International Limited, MRF Lanka (P) Ltd and MRF SG PTE. LTD. The aggregate turnover of all four subsidiaries in equivalent Indian Rupees during the financial year ended 31st March, 2019 was ₹ 1816.84 crores and the aggregate profit after tax was ₹ 29.94 crores.

A statement in Form AOC-1, containing the salient features of the financial statements of the Company's subsidiaries is attached with the financial statements. The statement provides details of performance and financial position of each of the subsidiaries.

The contribution of the subsidiaries to the overall performance of the company is given in note 26 (d) of the consolidated financial statements.

During the year under review, your Company has entered into transactions with MRF SG PTE. LTD, a wholly owned subsidiary of your Company for purchase of raw materials and the total value of transactions executed during financial year 2018-2019, exceed the materiality threshold adopted by the Company. These transactions were in the ordinary course of business and were on an arms length basis, details of which are provided in Annexure V of the Board's Report as required under

section 134(3)(b) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

Directors' Responsibility Statement

As required under section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- b) They have, in selection of the accounting policies, consulted the Statutory Auditors and applied them consistently, making judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended 31st March, 2019;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Annual accounts have been prepared on a going concern basis;
- e) Internal financial controls had been laid down and followed by the Company and such internal financial controls are adequate and were operating effectively; and
- f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

Risk Management

The Company has developed and implemented a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The "Risk Management Committee" which was constituted as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 met on 27.04.2018, 02.08.2018 and 23.10.2018. The Committee reviewed the risk management initiatives taken by the Company.



Adequacy of Internal Financial Control

The Company has adequate internal financial control with reference to the financial statements commensurate with its size and nature of business. These controls include well documented procedures, covering financial and operational functions. The internal financial controls of the Company are adequate to ensure the accuracy and completeness of accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors and safeguard against any losses or unauthorized use or disposal of assets. These controls are assessed on a regular basis by Internal Audit.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as required to be given under section 134(3)(m) read with rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure I, forming part of this Report.

Corporate Social Responsibility (CSR)

As required under section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and thereafter approved by the Board. CSR Policy is available on the Company's website - <http://www.mrfityres.com/downloads/download.php?filename=csr-Policy.pdf>.

The details of the CSR initiatives undertaken during the financial year ended 31st March, 2019 and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure II forming part of this Report.

Board and Key Management Personnel

The Board of Directors at its meeting held on 8th November, 2018 approved, subject to shareholders approval, re-appointment of Mr. K M Mammen as Managing Director for a fresh term of five years with effect from 8th February, 2019 in terms of Section 196 read with Schedule V of the Companies Act, 2013. The aforesaid appointment was approved by the shareholders by postal ballot on 5th January, 2019.

Dr. K C Mammen, Director of the Company resigned from the Board of the Company with effect from 9th November, 2018. Dr. K C Mammen

has been on the Board since 1975. The Board places on record its sincere appreciation and gratitude to Dr. K C Mammen for the valuable services rendered by him during his tenure on the Board.

Mrs. Vimla Abraham was appointed as Woman Independent Director of the Company by Postal Ballot on 5th January, 2019. Her appointment took effect from 5th February, 2019.

As required under Section 152 of the Companies Act, 2013, Mr. Rahul Mammen Mappillai, Managing Director and Mr. Samir Thariyan Mappillai, Whole-time Director of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

Mr. S Dhanvanth Kumar, was appointed as Company Secretary of the Company w.e.f 10th August, 2018 in the place of Mr. Ravi Mannath, Company Secretary of the Company.

The Board of Directors at its meeting held on 2nd May, 2019, based on the recommendation of Nomination and Remuneration Committee and performance evaluation report have recommended the re-appointment of Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasan, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob as Independent Directors of the Company for a second term of 5 (Five) consecutive years commencing from 29th September, 2019. Resolutions in this regard are set out in the Notice of Annual General Meeting for members' approval. The Company has received declarations of independence from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are independent from Management.

Mr. N Kumar and Mr. M Meyyappan, Independent Directors, have not sought re-appointment and consequently will retire from the Board on 28th September, 2019.

Performance evaluation of the Board, its Committees and Directors

The Board of Directors has made a formal annual evaluation of its own performance and that of its committees pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The evaluation was done based on

the evaluation criteria formulated by Nomination and Remuneration Committee which includes criteria such as fulfilment of specific functions prescribed by the regulatory framework, adequacy of board meetings, attendance and effectiveness of the deliberations etc.

The Board and the Nomination and Remuneration Committee also carried out an evaluation of the performance of the individual Directors (excluding the Director who was evaluated) based on their attendance, participation in deliberations, understanding the Company's business and that of the industry and in guiding the Company in decisions affecting the business and additionally in case of Independent Directors based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013.

Corporate Governance

In accordance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance along with the Auditors' Certificate confirming compliance is attached and forms part of this Annual Report.

The information pertaining to the number of Board meetings held, the constitution of the Audit Committee, Remuneration Policy of the Company, criteria under section 178(3) of the Companies Act, 2013, Related Party Transactions and the Vigil Mechanism as required under the various provisions of the Companies Act, 2013, have been disclosed in the Corporate Governance Report, which forms part of this report. The details of related party transactions are given in note 27(e) of the financial statements.

Business Responsibility Report

Business Responsibility Report as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailing the various initiatives taken by the Company on the environment, social and governance aspects of business, forms part of this Annual Report.

Particulars of Employees

The disclosures pertaining to remuneration and other details of Directors and employees as required under Section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 have been provided in the appendix forming part of this report. Having regard to the provisions of Section 136(1) read with relevant provisions of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished to the members.

During the financial year under review, the Company has not received any complaint under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Deposits

Your Company has not accepted any deposits during the financial year ended 31st March, 2019. There were no defaults in respect of repayment of any deposits or payment of interest thereon during the financial year and all the deposits have been repaid as at the close of the financial year ended 31st March, 2019.

Awards received during the year

Your Company was awarded top honours in the J.D. Power 2018 Passenger Radial Study for the 13th time – a feat without precedent or parallel. Your company has also been ranked no.1 in Customer Satisfaction in the Inaugural J.D. Power 2018 India Tractor Tyre Satisfaction Index (TTSI) Study which validates MRF's position in the Indian Market as the most preferred Farm Tyre Brand amongst Tractor owners.

Auditors

Messrs. SCA AND ASSOCIATES (Firm Regn. No.101174W), and Messrs. Mahesh, Virender & Sriram (Firm Regn. No.001939S) were appointed joint statutory auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting of the company held on 11th August, 2016 and 4th August, 2017. Auditors Report to the shareholders for the financial year ended 31st March, 2019, does not contain any qualification.



Cost Audit

The Board of Directors, on the recommendations of the Audit Committee, has approved the re-appointment of Mr. C. Govindan Kutty, Cost Accountant (Mem. No. 2881), as Cost Auditor of the Company for the financial year ending 31st March, 2020, under section 148 of the Companies Act, 2013, and recommends ratification of his remuneration by the shareholders at the forthcoming Annual General Meeting of the Company.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Audit Report (in Form MR-3) is attached as Annexure-III, to this Report. The Secretarial Auditor's Report to the shareholders does not contain any qualification.

Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March, 2019 is attached as Annexure-IV to this Report.

Other Matters

There are no material changes and commitments affecting the financial position of the Company between the financial year ended 31st March, 2019 and the date of this report.

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

Details of investments as required under section 134 of the Companies Act, 2013 is given in note 3 to the financial statements.

During the year under review, the Board confirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

During the year under review, no fraud has been reported by the auditors to the audit committee or the board.

For Cost Audit Records, we wish to confirm that we are covered by Cost Audit Records Rules under section 148(1) of the Companies Act, 2013 and accordingly, such accounts and all relevant records are maintained by us.

Appreciation

Your Directors place on record their appreciation of the invaluable contribution made by the Company's employees which made it possible for the Company to achieve these results. They would also like to take this opportunity to thank customers, dealers, suppliers, bankers, financial institutions, business associates and valued shareholders for their continued support and encouragement.

On behalf of the Board of Directors

Chennai
2nd May, 2019

K M MAMMEN
Chairman & Managing Director

ANNEXURE I TO THE BOARD'S REPORT

A. CONSERVATION OF ENERGY

Energy Conservation is a key focus area in operations and we have a continual improvement program to reduce specific consumption of fuel, power and water. Benchmarking of best performance, base lining of best consumption and identification of losses is used in setting targets. Energy Management system implementation have started in plants. Focus on renewable energy, alternate sources and clean sources of energy are being explored.

(i) The steps taken or impact on energy conservation:

The following measures implemented to reduce specific fuel consumption:

- a) Energy Management system to capture the data upto micro level to optimize consumptions.
- b) Horizontal deployment of best energy conservation features to other machines for optimal consumption.
- c) Improved heat recovery system from boiler fuel gases and compressor exhaust to maximize steam generation performance.
- d) Implementation of energy conservation audits suggestions / improvements from external agencies.
- e) Improved insulation for curing press to minimize the heat losses.
- f) Introduction of sensors to identify steam leaks.
- g) Optimization of steam distribution network considering expansion requirements.

The following measures were implemented to reduce specific power consumption:

- a) Focused measures to optimize the compressed air consumption.
- b) Introduction of energy efficient air compressors & chillers to minimize the power consumption.
- c) Improved version of LED lighting system to optimize lighting power requirement.
- d) Conversion of pneumatic operated system to electrical operated system wherever possible.
- e) Process improvements to minimize specific power consumption.

f) Implementation of compressed air management system to optimize the compressed consumption.

g) Usage of variable frequency drives (VFDs) in Pumps and Blowers.

(ii) Steps taken by Company to increase utilization/ alternate source of energy:

Implementation of Energy management system for focused improvements.

(iii) Capital Investment on energy conservation projects:

Investments have been carried out for energy conservation proposals resulting in long term saving impact and reduction of losses in the system.

Key projects initiated during the year are listed below:

- a) Conversion of pneumatic systems to hydraulic system to minimize compressed air specific power consumption.
- b) Waste heat based chiller system to minimize the chiller power consumption.
- c) Micro level compressed air consumption monitoring system for bench marking and setting baseline.
- d) Use of energy efficient lighting system.
- e) Usage of variable frequency drives (VFDs) in pumps and blowers.
- f) Water consumption monitoring system to track the variation.
- g) Equipment health monitoring system for maximizing efficiency and to increase the utilization.

Key on-going proposals are as listed below:

- (i) Compressed air quality improvement.
 - (ii) Recycling of waste water from effluent treatment plant (ETP) and sewage treatment plant (STP) to reuse in process.
 - (iii) Rain water harvesting ponds capacity enhanced for the conservation of rain water from roof drains and surface run-off.
 - (iv) Roof mounted solar power plants under consideration.
 - (v) Solar based heating system for process heating requirements.
 - (vi) Waste heat usage from process for ventilation and air conditioning process requirements.
-



B. TECHNOLOGY ABSORPTION

1. Efforts made towards Technology Absorption:

a. Joint R&D with Indian and foreign Universities and Institutes

Towards continued excellence in technology and product performance, we have started joint R&D projects with Universities and research institutes in India and abroad. The projects involve a comprehensive and better scientific understanding of the interfaces, materials and design parameters on noise-vibration-harshness (NVH), exploration of new materials including nanomaterials, etc. with the overall stated goal of the company to continuously advance green tyre technology to protect the environment from greenhouse gas emissions (tyres with low rolling resistance), improve tyre safety, tyre noise reduction, etc.,

b. New product and material development, elimination of hazardous materials, etc.

To improve sustainability of the tyres manufactured, we started R&D on raw materials from environmentally sustainable sources such as biomass, waste materials, etc. We have also re-engineered certain rubber compounds used in two wheeler and passenger car tyres.

Towards import substitution, we are working on developing raw materials from local sources such as resource formaldehyde resin, emulsion SBR, microcrystalline wax, super tackifier resin, etc.

c. Key product developments:

Your Company has adopted sustainability as a major goal and protecting environment is key to meet the goal. To meet the emission norms under R117 and AIS 142, we have developed several low RR tyres which were approved by leading Indian and global passenger car OEMs. Similar activity is underway in tyres for commercial vehicle segment as well.

2. Benefits derived as a result of the above efforts:

Development of low rolling resistance tyres will improve the fuel efficiency and improve the safety standard due to high wet grip.

Materials group has embarked on developing import substitution of raw materials helping in availability and cost saving like resins, rubber and wax.

3. Details of imported Technology (Imported during last 3 years reckoned from the beginning of the Financial year):

No technology was imported during the last 3 years and MRF is self-reliant on tyre technology for several decades.

4. Expenditure incurred on Research and Development:

(₹ Crores)

2018 - 2019

R & D Expenses

(a) Capital (Including Buildings)	55.50
(b) Recurring	55.80

C. FOREIGN EXCHANGE EARNINGS & OUTGO

(₹ Crores)

2018 - 2019

Foreign Exchange Earnings	1344.88
Foreign Exchange Outgo	3968.00

On behalf of the Board of Directors

Chennai
2nd May, 2019

K M MAMMEN
Chairman & Managing Director

ANNEXURE II TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:

The CSR activities carried out by the Company are in accordance with the CSR Policy, as formulated by the CSR Committee and approved by the Board. The broad objectives, as stated in the CSR Policy, includes supporting causes concerning healthcare, education, rural development, enhancement of livelihood, provide safe drinking water, skill development, sports training and environment protection. The CSR policy is available on the Company's website and the web-link is: <http://www.mrftyres.com/downloads/download.php?filename=csr-Policy.pdf>.

2. The Composition of the CSR Committee:

Mr. K M Mammen – Chairman

Mr. Arun Mammen – Member

Mr. Rahul Mammen Mappillai – Member

Mr. Ranjit I Jesudasan – Member

3. Average net profit of the Company for last three financial years : ₹ 2136.72 Crores.
4. Prescribed CSR expenditure (two per cent of the average net profit of the last three financial years): ₹ 42.73 Crores.
5. Details of CSR spent during the financial year ended 31.03.2019:
 - (a) Total amount spent for the financial year ended 31.03.2019: ₹ 26.35 Crores.
 - (b) Amount unspent, if any: ₹ 16.38 Crores.
 - (c) Manner in which the amount spent during the financial year ended 31.03.2019 is detailed below:

(₹ Crores)

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub heads: (1) Direct expenditure on project or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Providing training for development of pace bowlers through MRF Pace Foundation	Training to promote sports	Local: Chennai Tamil Nadu	4.53	4.43	4.43	Direct
2.	Training for under privileged youngsters to become commercial vehicle drivers through MRF Institute of Driver Development.	Vocational Skills	Local: Chennai Tamil Nadu	1.14	1.03	1.03	Direct
3.	Supply and installation of Solar Photovoltaic LED street lighting system in the backward villages of Rajasthan	Environmental Sustainability/Rural Development	Other: Pali, Rajasthan	10.72	7.80	9.06	Direct
4.	Contribution to the Sadashivpet Municipality for development of a model graveyard/ crematorium	Rural development projects	Local: Sangareddy, Telangana	1.00	1.00	1.00	Direct
5.	Providing RO plant for potable and safe drinking water for Ankanpally, Maddikunta & Suraram villages.	Providing safe drinking water	Local: Sangareddy, Telangana	0.42	0.33	0.33	Direct



Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub heads: (1) Direct expenditure on project or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
6.	Setting up High Mast Lights at median crossings in the National Highways situated in the vicinity of Medak factory	Rural development projects	Local: Sangareddy, Telangana	0.28	0.27	0.27	Direct
7.	Replacement of new X-ray machine at Tiruttani Government Hospital	Promoting healthcare	Local: Vellore Tamil Nadu	0.25	0.25	0.25	Direct
8.	Provision of Traffic Direction sign boards and CCTV Camera at important junctions in Arakonam	Safety Traffic Engineering through visual media covered under promotion of education	Local: Vellore Tamil Nadu	0.08	0.08	0.08	Direct
9.	Supply of free Rain Guard to marginalised small growers of natural rubber	Livelihood Enhancement	Local/Other: All 14 districts of Kerala and Dakshin Kannada, Uduppi, Shimoga & Chikkamangalore in Karnataka.	10.00	5.94	5.94	Direct
10.	Provision of CC TV Cameras on National Highway near Medak Factory	Safety Traffic Engineering through visual media covered under promotion of education	Local: Sangareddy, Telangana	0.17	0.17	0.17	Direct
11.	"Smart Classrooms" project near Goa Unit	Promotion of Education	Local: South Goa, Goa	0.05	0.05	0.05	Direct
12.	Providing equipments to computer lab in Government High School	Promotion of Education	Local: South Goa, Goa	0.04	0.04	0.04	Direct
13.	Renovation and equipment of laboratories for schools	Promotion of Education	Local: South Goa, Goa	0.20	0.20	0.20	Direct
14.	Medical Camps for residents / Gym for village panchayat	Rural Development / Healthcare	Local: South Goa, Goa	0.17	0.04	0.04	Direct
15.	Construction of a Kalai Arangam at KVK Kuppam, Tiruvottiyur situated near our factory	Measures for reducing inequalities faced by socially & economically backward groups	Local: Chennai, Tamil Nadu	0.54	0.54	0.54	Direct
16.	Construction of one classroom in St. Thomas Matriculation School, Thandalam, Sriperambadur	Promotion of Education	Local: Kanchipuram Tamil Nadu	0.10	0.10	0.10	Implementing Agency – St. Thomas Care Home
17.	Contribution to Chief Minister's Special Fund for Girl Child Education Programme	Promotion of Education	Other: Gujarat	0.05	0.05	0.05	Direct
18.	Construction of school auditorium at Balikamatom School, Thiruvalla	Promotion of Education	Other: Pathanamthitta, Kerala	0.10	0.10	0.10	Implementing Agency – Balikamatom School

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub heads: (1) Direct expenditure on project or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
19.	Installation of CCTV cameras at important places under Abiramapuram and Kottupuram Police Station limits in Chennai	Safety Traffic Engineering through visual media covered under Promotion of Education	Local: Chennai, Tamil Nadu	0.07	0.07	0.07	Direct
20.	Setting up the Occupational Therapy Unit, Speech Therapy Unit and Computer Labs at the new school of Sankalp	Promotion of Education	Local: Thiruvallur Tamil Nadu	0.10	0.10	0.10	Implementing Agency – Sankalp
21.	Infrastructure development including renovation of basketball court and volleyball court for Kendriya Vidyalaya, Vadavathur, Kottayam	Promotion of Education	Local: Kottayam, Kerala	0.17	0.08	0.08	Implementing Agency – Kendriya Vidyalaya
22.	Installation of CCTV cameras at locations within Tiruvottiyur police station limits	Safety Traffic Engineering through visual media covered under Promotion of Education	Local: Chennai Tamil Nadu	0.28	0.12	0.12	Direct
23.	Contribution to Kerala Chief Minister's Relief Fund for disaster relief work for the flood affected people of Kerala	Health Care, Hunger & Malnutrition, Sanitation and Safe Drinking Water	Local: Across the state of Kerala	1.05	1.05	1.05	Direct
24.	Provision of Toilet facilities for underprivileged women	Promoting Healthcare and Sanitation	Local: Kottayam, Kerala	0.05	0.05	0.05	Implementing Agency – Kasturba Social welfare centre
25.	Refurbishment and renovation of portion of a Hospital in Mogappair	Promotion of Healthcare	Local: Chennai, Tamil Nadu	1.00	1.00	1.00	Implementing agency – Madras Medical Mission
26.	Provision of motorized tri cycles for livelihood enhancement of fishermen at Tiruvottiyur	Enhancement of Livelihood	Local: Chennai, Tamil Nadu	0.05	0.05	0.05	Direct
27.	Provision of sewing machines for needy women at Tiruvottiyur	Enhancement of Livelihood	Local: Chennai, Tamil Nadu	0.03	0.03	0.03	Direct
28.	Contribution for purchase of Dialysis Units	Promoting healthcare including preventive healthcare	Other: Pathanamthitta, Kerala	0.17	0.17	0.17	Implementing agency – Tanker Foundation
29.	Installation of R.O Water Plant at Perambalur	Making available safe drinking water	Local: Perambalur Tamil Nadu	0.22	0.22	0.22	Direct
30.	Desilting of Feeding Channel to Pandasozhnallur Tank	Ensuring environmental sustainability, conservation of natural resources and water	Local: Puducherry, Nettapakkam Commune	0.03	0.02	0.02	Direct
31.	Installation of CCTV Cameras with recording devices at Greams Road, Chennai	Safety Traffic Engineering through visual media covered under Promotion of Education	Local: Chennai Tamil Nadu	0.08	0.08	0.08	Direct



Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub heads: (1) Direct expenditure on project or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
32.	Planting of tree saplings in the vicinity of Medak Unit	Environmental Sustainability	Local: Sangareddy, Telangana	0.12	0.10	0.12	Direct
33.	Infrastructure at schools in villages around our Medak unit and renovation and implementation of 5-S Zone system in the Sadasivpet Police station and its surroundings	Promotion of Education and Rural Development Projects	Local: Sangareddy, Telangana	0.24	0.16	0.16	Direct
34.	Improving women & child health by conducting awareness programs	Promoting Preventive Healthcare	Local: South Goa, Goa	0.07	0.07	0.07	Direct
35.	Development and Maintenance of Garden at Dr. Abdul Kalam Science and Technology Centre	Environmental Sustainability	Local: Lawspet, Puducherry	0.03	0.02	0.02	Direct
36.	Planting trees in Perambalur District	Environmental Sustainability	Local: Perambalur Tamil Nadu	0.40	0.02	0.02	Direct
37.	Construction of compound wall for government school and workshop for automated engineering course in Bhausaheb Bandodkar Shikshan Sanstha's Higher Secondary School at Dharbandora.	Promotion of Education	Local: South Goa, Goa	0.13	0.13	0.13	Direct
38.	Providing equipment for effective regulation of traffic and enforcement activity in Medak	Safety Traffic Engineering through visual media covered under Promotion of Education	Local: Sangareddy, Telangana	0.11	0.11	0.11	Direct

Total	26.07
Administrative Cost	0.28
Grand Total	<u>26.35</u>

6. Reasons for not spending the amount during the financial year ended 31.03.2019:

The Company has been engaging in socially relevant projects viz., MRF Pace Foundation (which provides training for promising youngsters to become pace bowlers of national and international standard) and MRF Institute of Driver Development (which trains under privileged youngsters to become competent drivers), well before CSR became a legal requirement. These projects are being carried on for about three decades. These on-going projects were continued under the new regulatory framework and several new CSR projects have also been identified and implemented.

During the year ended 31.03.2019, the total CSR spend has increased to ₹ 26.35 Crores (from ₹ 9.49 Crores last year). Further, the Company has commenced taking concerted action for setting up long term infrastructure for its established CSR initiative. However, due to various circumstances, these efforts are taking a longer time than expected to come to fruition. This initiative when implemented is expected to take care of the unspent amount of the past and help to fulfil the company's obligations as per Section 135 of the Companies Act, 2013.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of your Company.

Chennai
2nd May, 2019

K M Mammen
Chairman and Managing Director
and Chairman of CSR Committee

Arun Mammen
Vice Chairman &
Managing Director

ANNEXURE III TO THE BOARD'S REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019
(Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of
Managerial Personnel) Rules, 2014)

To,
The Members,
MRF LIMITED, Chennai - 600 006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MRF LIMITED (CIN: L25111TN1960PLC004306) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2019 has complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereunder.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and external commercial borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (wherever applicable):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;
 - e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India;
2. The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. and National Stock Exchange Ltd.;
3. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

I have reviewed the systems and mechanisms established by the Company for ensuring compliance under applicable Acts, Rules, Regulations and other legal requirements of the Central, State and other Government and local authorities concerning the business and affairs of the Company categorized under the following major heads/groups, and report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:

1. Factories Act, 1948;
2. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual



harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;

3. Industries (Development & Regulation) Act, 1951;
4. Acts relating to consumer protection;
5. Acts and Rules prescribed under prevention and control of pollution;
6. Acts and Rules relating to environmental protection and energy conservation;
7. Acts and Rules relating to hazardous substances and chemicals;
8. Acts and Rules relating to electricity, fire, petroleum, motor vehicles, explosives, boilers etc.;
9. Acts relating to protection of IPR;
10. Acts and Rules relating to the industry to which this Company belongs;
11. Other local laws as applicable to various plants and offices.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors. I further report that, during the period under review, Mr. K M Mammen was re-appointed as Managing Director of the Company for a further period of five years commencing from 8th February, 2019. Mrs. Vimla Abraham was also appointed as woman Independent Director of the Company w.e.f 5th February, 2019. Both the above appointments were carried out in due compliance with the provisions of the Act and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. All decisions are carried out unanimously as recorded in the minutes of the Meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has passed Special Resolutions for issue of Secured/Unsecured Non Convertible Debentures not exceeding ₹500 Crores through Private Placement.

Place: Chennai
Date: 2nd May, 2019

K ELANGO VAN
Company Secretary in Practice
FCS No.1808, CP No. 3552

This report is to be read with my testimony of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
MRF LIMITED, Chennai - 600 006.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of account of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. The examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: 2nd May, 2019

K ELANGO VAN
Company Secretary in Practice
FCS No.1808, CP No. 3552

ANNEXURE IV TO THE BOARD'S REPORT**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
For the Financial Year ended 31.03.2019**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

I	REGISTRATION & OTHER DETAILS				
i	CIN	L25111TN1960PLC004306			
ii	Registration Date	5th November, 1960			
iii	Name of the Company	MRF LIMITED			
iv	Category/Sub-category of the Company	Public Company / Limited by Shares			
v	Address of the Registered Office & contact details	No. 114, Greams Road, Chennai - 600 006 Tel: 044-28292777, Fax: 044-28295087 e-mail: mrfshare@mrfmail.com			
vi	Whether listed Company	Yes			
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	IN HOUSE SHARE REGISTRY			
		MRF Limited			
		No. 114, Greams Road, Chennai - 600 006 Tel: 044-28292777, Fax: 044-28295087, e-mail: mrfshare@mrfmail.com			
II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY				
All the business activities contributing 10% or more of the total turnover of the company shall be stated:					
Sl. No.	Name & Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company		
1	Manufacture and sale of Automotive Tyres, Tubes, Flaps etc.,	221	100%		
III	PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES				
Sl. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	MRF Corp Ltd.	U65929TN1985PLC012156	Wholly Owned Subsidiary	100%	2(87)
2	MRF International Ltd.	U25111TN1992PLC023695	Subsidiary Company	94.66%	2(87)
3	MRF Lanka (P) Ltd.	Company Incorporated Outside India	Wholly Owned Subsidiary	100%	2(87)
4	MRF SG PTE. LTD.	Company Incorporated Outside India	Wholly Owned Subsidiary	100%	2(87)



IV SHAREHOLDING PATTERN (Equity Share capital breakup as % of total Equity)

(i) Category-wise Shareholding

Category of Shareholder's	No. of Shares held as on 01-04-2018				No. of Shares held as on 31-03-2019				% change during the financial year ended 31.03.2019
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	538923	-	538923	12.71	545330	-	545330	12.86	0.15
b) Central Govt. / State Govt.(s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	602532	-	602532	14.21	611990	-	611990	14.43	0.22
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (A) (1)	1141455	-	1141455	26.92	1157320	-	1157320	27.29	0.37
(2) Foreign									
a) NRI-Individuals	26381	-	26381	0.62	19031	-	19031	0.45	-0.17
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (A) (2)	26381	-	26381	0.62	19031	-	19031	0.45	-0.17
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	1167836	-	1167836	27.54	1176351	-	1176351	27.74	0.20
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	413233	100	413333	9.75	491111	100	491211	11.58	1.83
b) Banks/FI	3083	1493	4576	0.11	5859	240	6099	0.14	0.03
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	146155	-	146155	3.45	149205	-	149205	3.52	0.07
g) FIIs	345675	100	345775	8.15	264209	100	264309	6.23	-1.92
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (B)(1):	908146	1693	909839	21.45	910384	440	910824	21.48	0.03
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	362240	663214	1025454	24.18	342565	663214	1005779	23.71	-0.47
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	684613	92706	777319	18.33	719211	68283	787494	18.57	0.24
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	360695	360695	8.50	-	360695	360695	8.50	0.00
c) Others (specify)	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (B)(2)	1046853	1116615	2163468	51.01	1061776	1092192	2153968	50.79	-0.22
Total Public Shareholding (B) = (B)(1)+(B)(2)	1954999	1118308	3073307	72.46	1972160	1092632	3064792	72.26	-0.20
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3122835	1118308	4241143	100.00	3148511	1092632	4241143	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding as on 01-04-2018			Shareholding as on 31-03-2019			% change in shareholding during the financial year ended 31.03.2019
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Mr. K M MAMMEN	16048	0.38	-	16048	0.38	-	-
2	Mrs. AMBIKA MAMMEN	2489	0.06	-	2489	0.06	-	-
3	Mr. RAHUL MAMMEN MAPPILLAI	4538	0.11	-	4538	0.11	-	-
4	Mr. SAMIR THARIYAN MAPPILLAI	4470	0.11	-	4470	0.11	-	-
5	Mrs. MEERA MAMMEN	15840	0.37	-	15840	0.37	-	-
6	Mr. VARUN MAMMEN	8706	0.21	-	8706	0.21	-	-
7	Mrs. ADITI MAMMEN	4741	0.11	-	4741	0.11	-	-
8	Mr. ARUN MAMMEN	27560	0.65	-	27560	0.65	-	-
9	Mrs. CIBI MAMMEN	500	0.01	-	500	0.01	-	-
10	Mrs. RAMANI JOSEPH	2509	0.06	-	2509	0.06	-	-
11	Mr. KIRAN JOSEPH	2100	0.05	-	2100	0.05	-	-
12	Mr. JOSEPH K S	905	0.02	-	905	0.02	-	-
13	Mrs. ANNU KURIEN	12640	0.30	-	12640	0.30	-	-
14	Mrs. MARY KURIEN	10839	0.26	-	10839	0.26	-	-
15	Mrs. SARAH THOMAS	12664	0.30	-	12664	0.30	-	-
16	Mrs. ANNAMMA PHILIP	12700	0.30	0.13	12700	0.30	0.01	-
17	Mr. MAMMEN PHILIP	10700	0.25	-	10700	0.25	-	-
18	Mr. PETER PHILIP	2352	0.06	-	2352	0.06	-	-
19	Mrs. MEERA PHILIP	33627	0.79	-	33627	0.79	-	-
20	Mr. ADITH POULOSE MAMMEN	1635	0.04	-	1635	0.04	-	-
21	Ms. RADHIKA MARIA MAMMEN	100	0.00	-	600	0.01	-	0.01
22	Mr. ROHAN MATHEW	1635	0.04	-	1635	0.04	-	-
23	Mrs. THANGAM MAMMEN	5981	0.14	-	5981	0.14	-	-
24	Mr. CHALAKUZHY POULOSE MAMMEN	1030	0.02	-	530	0.01	-	-0.01
25	Mr. PHILIP MATHEW	11762	0.28	-	11762	0.28	-	-
26	Mrs. BINA MATHEW	1568	0.04	-	1568	0.04	-	-
27	Mr. AMIT MATHEW	4520	0.11	-	4520	0.11	-	-
28	Mr. RIYAD MATHEW	4520	0.11	-	4520	0.11	-	-
29	Ms. SHREYA JOSEPH	5120	0.12	-	5120	0.12	-	-
30	Mr. MAMMEN MATHEW	11015	0.26	-	11015	0.26	-	-
31	Mrs. PREMA MAMMEN MATHEW	10881	0.26	-	10881	0.26	-	-
32	Mr. JAYANT MAMMEN MATHEW	2190	0.05	-	2190	0.05	-	-
33	Ms. MARIAM MAMMEN MATHEW	100	0.00	-	100	0.00	-	-
34	Mr. JACOB MATHEW	20977	0.49	-	20977	0.49	-	-
35	Mrs. AMMU MATHEW	2650	0.06	-	2650	0.06	-	-



Sl. No.	Shareholder's Name	Shareholding as on 01-04-2018			Shareholding as on 31-03-2019			% change in shareholding during the financial year ended 31.03.2019
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
36	Mr. HARSHA MATHEW	1250	0.03	-	1250	0.03	-	-
37	Ms. MALINI MATHEW	1800	0.04	-	1800	0.04	-	-
38	COMPREHENSIVE INVESTMENT AND FINANCE COMPANY PVT. LTD.	439844	10.37	-	440294	10.38	-	0.01
39	PENINSULAR INVESTMENTS PRIVATE LIMITED	123937	2.92	-	124087	2.93	-	0.01
40	Mr. MAMMEN EAPEN	4128	0.10	-	4128	0.10	-	-
41	Mrs. OMANA MAMMEN	4703	0.11	-	4703	0.11	-	-
42	Ms. SHILPA MAMMEN	4410	0.10	-	4412	0.10	-	-
43	Ms. SHIRIN MAMMEN	5900	0.14	-	5450	0.13	-	-0.01
44	Mrs. SARA LUKOSE	4168	0.10	-	2568	0.06	-	-0.04
45	Mrs. GEETHA ZACHARIAH	4029	0.09	-	4829	0.11	-	0.02
46	Mrs. MEERA NINAN	4081	0.10	-	4881	0.12	-	0.02
47	Mrs. SUSY THOMAS	5278	0.12	-	5278	0.12	-	-
48	Ms. ANNA THOMAS CHACKO	1291	0.03	-	1291	0.03	-	-
49	Mrs. ASWATHY VARGHESE	9450	0.22	-	9450	0.22	-	-
50	Ms. ROSHIN VARGHESE	6679	0.16	-	6679	0.16	-	-
51	Mrs. SUSAN KURIAN	10350	0.24	-	9950	0.23	-	-0.01
52	Ms. HANNAH KURIAN	600	0.01	-	600	0.01	-	-
53	Mrs. TARA JOSEPH	2800	0.07	-	3150	0.08	-	0.01
54	Ms. REBECCA JOSEPH	350	0.01	-	0	0.00	-	-0.01
55	Mrs. SOMA PHILIPS	2000	0.05	-	2000	0.05	-	-
56	Mr. PETER K PHILIPS	2341	0.06	-	2341	0.06	-	-
57	Mr. JOSEPH KANIANTHRA PHILIPS	1000	0.02	-	1000	0.02	-	-
58	Mrs. ELIZABETH JACOB MATTHAI	4000	0.09	-	4000	0.09	-	-
59	Mrs. THANKAMMA JACOB	16096	0.38	-	16096	0.38	-	-
60	Mrs. BEEBI MAMMEN	20237	0.48	-	20237	0.48	-	-
61	Mr. JACOB MAMMEN	35111	0.83	-	35111	0.83	-	-
62	Mr. ROY MAMMEN	11458	0.27	-	11458	0.27	-	-
63	Mrs. RACHEL KATTUKARAN	2587	0.06	-	2587	0.06	-	-
64	Mrs. ACCAMMA KURUVILLA	2348	0.06	-	2348	0.06	-	-
65	Mrs. ANITA MANI	1344	0.03	-	1344	0.03	-	-
66	Mrs. USHA EAPEN GEORGE	1253	0.03	-	1253	0.03	-	-
67	Mr. VIKRAM KURUVILLA	151	0.00	-	121	0.00	-	-
68	Mr. KANDATHIL MATHEW JACOB	28	0.00	-	28	0.00	-	-
69	Mrs. ASHWATHI JACOB	151	0.00	-	151	0.00	-	-
70	Mr. M A MATHEW	6595	0.16	-	6595	0.16	-	-
71	Mrs. SHONA BHOJNAGARWALA	50	0.00	-	50	0.00	-	-

Sl. No.	Shareholder's Name	Shareholding as on 01-04-2018			Shareholding as on 31-03-2019			% change in shareholding during the financial year ended 31.03.2019
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
72	Mrs. PREMINDA JACOB	98	0.00	-	98	0.00	-	-
73	Mrs. MARIEN MATHEW	160	0.00	-	160	0.00	-	-
74	Mrs. LATHA MATTHEW	5723	0.13	-	5723	0.13	-	-
75	Miss. NISHA SARAH MATTHEW	164	0.00	-	164	0.00	-	-
76	Miss. NITHYA SUSAN MATTHEW	169	0.00	-	169	0.00	-	-
77	Mrs. SHANTA MAMMEN	3438	0.08	-	3438	0.08	-	-
78	Mr. GEORGE MAMMEN	2308	0.05	-	2308	0.05	-	-
79	Dr. ANNA RAPHAEL	258	0.01	-	258	0.01	-	-
80	Mr. MICAH MAMMEN PARAMBI	100	0.00	-	100	0.00	-	-
81	Miss. MARIA MAMMEN	84	0.00	-	84	0.00	-	-
82	Ms. MARIKA MAMMEN APPIAH	100	0.00	-	100	0.00	-	-
83	Mr. ASHOK KURIYAN	1878	0.04	-	1878	0.04	-	-
84	Mrs. SARA KURIYAN	1880	0.04	-	1880	0.04	-	-
85	Mr. KIRAN KURIYAN	403	0.01	-	403	0.01	-	-
86	Mr. ZACHARIAH KURIYAN	3411	0.08	-	3411	0.08	-	-
87	Mrs. REENU ZACHARIAH	517	0.01	-	517	0.01	-	-
88	Mr. K Z KURIYAN	650	0.02	-	650	0.02	-	-
89	Mr. K K MAMMEN MAPPILLAI	7402	0.17	-	7402	0.17	-	-
90	Mrs. GEETHA MAMMEN	250	0.01	-	250	0.01	-	-
91	DEVON MACHINES PVT. LTD.	1000	0.02	-	1000	0.02	-	-
92	M M HOUSING PRIVATE LIMITED	179	0.00	-	179	0.00	-	-
93	MAMMEN MAPPILLAI INVESTMENTS LTD.	1209	0.03	-	1209	0.03	-	-
94	THE MALAYALA MANORAMA COMPANY LIMITED	6109	0.14	-	6109	0.14	-	-
95	BADRA ESTATES AND INDUSTRIES LIMITED	7180	0.17	-	7180	0.17	-	-
96	Mr. ARJUN JOSEPH	2100	0.05	-	2100	0.05	-	-
97	Mrs. SUSAN ABRAHAM	138	0.00	-	138	0.00	-	-
98	M. M. PUBLICATIONS LIMITED	300	0.01	-	300	0.01	-	-
99	STABLE INVESTMENTS AND FINANCE COMPANY LTD.	4314	0.10	-	4314	0.10	-	-
100	Dr. K C MAMMEN	9043	0.21	-	9043	0.21	-	-
101	Mrs. SARASU JACOB	8499	0.20	-	14434	0.34	-	0.14
102	Mrs. ANNAMMA MAMMEN	17265	0.41	-	11265	0.27	-	-0.14
103	Mrs. MAMY PHILIP	7350	0.17	-	7350	0.17	-	-
104	Ms. ANNA PHILIP	350	0.01	-	350	0.01	-	-
105	JCEE MANUFACTURING AND SERVICES PVT. LTD.	6630	0.16	-	8500	0.20	-	0.04
106	BRAGA INDUSTRIES LLP	11830	0.28	-	18818	0.44	-	0.16
107	SARAH CHERIAN TRUST	4950	0.12	-	4950	0.12	-	-
108	KMMMF PVT. TRUST	36987	0.87	-	36987	0.87	-	-
	Total	1167836	27.54	0.13	1176351	27.74	0.01	0.20



(iii) Change in Promoters' Shareholding

SL. No.	Name of the Shareholder	Shareholding as on 01-04-2018		Increase/Decrease in Shareholding	Cumulative Shareholding during the financial year ended 31-03-2019	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
1	Jcee Manufacturing & Services Pvt. Ltd.	6630	0.16	-	-	-
	Date wise increase / decrease with reason					
	20-06-2018 - TRANSFER	-	-	502	7132	0.17
	21-06-2018 - TRANSFER	-	-	98	7230	0.17
	06-09-2018 - TRANSFER			220	7450	0.18
	26-12-2018 - TRANSFER			59	7509	0.18
	28-12-2018 - TRANSFER	-	-	266	7775	0.18
	31-12-2018 - TRANSFER			175	7950	0.19
	13-02-2019 - TRANSFER			200	8150	0.19
	20-03-2019 - TRANSFER			118	8268	0.19
	22-03-2019 - TRANSFER			232	8500	0.20
2	Braga Industries LLP	11830	0.28	-	-	-
	Date wise increase / decrease with reason					
	22-06-2018 - TRANSFER	-	-	372	12202	0.29
	10-09-2018 - TRANSFER			574	12776	0.30
	11-09-2018 - TRANSFER	-	-	26	12802	0.30
	19-09-2018 - TRANSFER	-	-	800	13602	0.32
	24-09-2018 - TRANSFER	-	-	616	14218	0.34
	07-12-2018 - TRANSFER	-	-	65	14283	0.34
	07-12-2018 - TRANSFER	-	-	579	14862	0.35
	10-12-2018 - TRANSFER	-	-	356	15218	0.36
	31-12-2018 - TRANSFER			176	15394	0.36
	31-12-2018 - TRANSFER			824	16218	0.38
	13-02-2019 - TRANSFER			1800	18018	0.42
	20-03-2019 - TRANSFER			800	18818	0.44
3	Peninsular Investments Private Limited	123937	2.92	-	-	-
	Date wise increase / decrease with reason					
	06-09-2018 - TRANSFER			50	123987	2.92
	13-12-2018 - TRANSFER	-	-	100	124087	2.93
4	Comprehensive Investment and Finance Company Pvt. Ltd.	439844	10.37	-	-	-
	Date wise increase / decrease with reason					
	06-09-2018 - TRANSFER	-	-	230	440074	10.38
	11-09-2018 - TRANSFER	-	-	20	440094	10.38
	13-02-2019 - TRANSFER			200	440294	10.38
5	Mrs Tara Joseph	2800	0.07	-	-	-
	Date wise increase / decrease with reason					
	19-06-2018 - TRANSFER	-	-	350	3150	0.08
6	Mrs Sarasu Jacob	8499	0.20	-	-	-
	Date wise increase / decrease with reason					
	19-12-2018 - TRANSFER			-65	8434	0.20
	31-01-2019 - TRANSFER			4000	12434	0.29
	13-02-2019 - TRANSFER			2000	14434	0.34
7	Mrs Rebecca Joseph	350	0.01	-	-	-
	Date wise increase / decrease with reason					
	19-06-2018 - TRANSFER			-350	0	0.00

SL. No.	Name of the Shareholder	Shareholding as on 01-04-2018		Increase/Decrease in Shareholding	Cumulative Shareholding during the financial year ended 31-03-2019	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
8	Mr Vikram Kuruvilla	151	0.00	-	-	-
	Date wise increase / decrease with reason					
	25-04-2018 - TRANSFER			-1	150	0.00
	07-05-2018 - TRANSFER			-3	147	0.00
	06-06-2018 - TRANSFER			-3	144	0.00
	30-06-2018 - TRANSFER			-5	139	0.00
	25-07-2018 - TRANSFER			-3	136	0.00
	24-08-2018 - TRANSFER			-3	133	0.00
	14-09-2018 - TRANSFER			-4	129	0.00
	04-01-2019 - TRANSFER			-4	125	0.00
	28-02-2019 - TRANSFER			-4	121	0.00
9	Mrs Meera Ninan	4081	0.10	-	-	-
	Date wise increase / decrease with reason					
	04-02-2019 - TRANSFER			800	4881	0.12
10	Mrs Shilpa Mammen	4410	0.10	-	-	-
	Date wise increase / decrease with reason					
	26-10-2017 - TRANSFER			1	4411	0.10
	27-10-2017 - TRANSFER			1	4412	0.10
11	Mrs Susan Kurian	10350	0.24			
	Date wise increase / decrease with reason					
	05-02-2019 - TRANSFER			-100	10250	0.24
	12-02-2019 - TRANSFER			-100	10150	0.24
	25-02-2019 - TRANSFER			-100	10050	0.24
	11-03-2019 - TRANSFER			-100	9950	0.23
12	Mrs Annamma Mammen	17265	0.41			
	Date wise increase / decrease with reason					
	31-01-2019 - TRANSFER			-4000	13265	0.31
	13-02-2019 - TRANSFER			-2000	11265	0.27
13	Mrs Sara Lukose	4168	0.10			
	Date wise increase / decrease with reason					
	04-02-2019 - TRANSFER			-800	3368	0.08
	04-02-2019 - TRANSFER			-800	2568	0.06
14	Mrs Geetha Zachariah	4029	0.09			
	Date wise increase / decrease with reason					
	04-02-2019 - TRANSFER			800	4829	0.11
15	Mrs Shirin Mammen	5900	0.14			
	Date wise increase / decrease with reason					
	11-02-2019 - TRANSFER			-450	5450	0.13
16	Mr Chalakuzhi Poulse Mammen	1030	0.02			
	Date wise increase / decrease with reason					
	12-02-2019 - TRANSFER			-500	530	0.01
17	Mrs Radhika Maria Mammen	100	0.00			
	Date wise increase / decrease with reason					
	12-02-2019 - TRANSFER			500	600	0.01

Note: Except for the above, there is no change in the holding of the promoters during the financial year ended 31.03.2019.



(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding as on 01-04-2018		Cumulative Shareholding during the financial year ended 31-03-2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Aditya Birla Sun Life Mutual Fund A/c				
	At the Beginning of the year	76474	1.80	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	10165	0.24	86639	2.04
	At the end of the year [March 31, 2019]			86639	2.04
2	Enam Securities Pvt. Ltd.				
	At the Beginning of the year	180000	4.24	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	-6820	-0.16	173180	4.08
	At the end of the year [March 31, 2019]			173180	4.08
3	Investor Education and Protection Fund Authority				
	At the Beginning of the year	42178	0.99	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	5059	0.12	47237	1.11
	At the end of the year [March 31, 2019]			47237	1.11
4	SBI Mutual Fund A/c				
	At the Beginning of the year	23710	0.56	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	55235	1.30	78945	1.86
	At the end of the year [March 31, 2019]			78945	1.86
5	Kotak Mahindra Mutual Fund A/c				
	At the Beginning of the year	39624	0.94	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	21280	0.50	60904	1.44
	At the end of the year [March 31, 2019]			60904	1.44
6	MOWI Foundation				
	At the Beginning of the year	507984	11.98	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	-	-	507984	11.98
	At the end of the year [March 31, 2019]				
7	Evertrue Charitable and Educational Foundation				
	At the Beginning of the year	126855	2.99	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	-	-	126855	2.99
	At the end of the year [March 31, 2019]				
8	New India Assurance Co. Ltd.				
	At the Beginning of the year	90757	2.14	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	-712	0.02	90045	2.12
	At the end of the year [March 31, 2019]			90045	2.12
9	IDFC Mutual Fund A/c				
	At the Beginning of the year	38635	0.91	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	7101	0.17	45736	1.08
	At the end of the year [March 31, 2019]			45736	1.08
10	Unit Trust of India				
	At the Beginning of the year	43693	1.03	-	-
	Transaction [Transfers] from April 1, 2018 upto March 31, 2019	-1080	-0.03	42613	1.00
	At the end of the year [March 31, 2019]			42613	1.00

Notes:

- The Shares of the Company are traded on daily basis. Hence the date wise increase/decrease in the shareholding of the above shareholders is consolidated on the Permanent Account Number [PAN] of the shareholder. All the accounts have been consolidated on PAN basis.
- Top ten Shareholders is as on 31.03.2019.

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	For each of the Directors & KMP	Shareholding as on 01-04-2018		Increase/ Decrease in shareholding	Cumulative Shareholding during the financial year ended 31-03-2019	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
1	Mr. K M MAMMEN	16048	0.38	-	-	-
	Date wise increase / decrease with reason	-	-	-	16048	0.38
2	Mr. ARUN MAMMEN	27560	0.65	-	-	-
	Date wise increase / decrease with reason	-	-	-	27560	0.65
3	Mr. RAHUL MAMMEN MAPPILLAI	4538	0.11	-	-	-
	Date wise increase / decrease with reason	-	-	-	4538	0.11
4	Mr. SAMIR THARIYAN MAPPILLAI	4470	0.11	-	-	-
	Date wise increase / decrease with reason	-	-	-	4470	0.11
5	Mr. VARUN MAMMEN	8706	0.21	-	-	-
	Date wise increase / decrease with reason	-	-	-	8706	0.21
6	Mr. ASHOK JACOB	1856	0.04	-	-	-
	Date wise increase / decrease with reason	-	-	-	1856	0.04
7	Mr. V SRIDHAR	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
8	Mr. VIJAY R KIRLOSKAR	355	0.01	-	-	-
	Date wise increase / decrease with reason	-	-	-	355	0.01
9	Mr. N KUMAR	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
10	Mr. RANJIT I JESUDASEN	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
11	Dr. SALIM JOSEPH THOMAS	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
12	Mr. JACOB KURIAN	126	0.00	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
	Transfer - 07-09-2018	-	2	-	-	-
	Transfer - 22-03-2019	-	1	3	129	0.00
13	Mr. M MEYYAPPAN	30	0.00	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
	Transfer - 22-03-2019	-	-10	-	-	-
	Transfer - 29-03-2019	-	-20	-30	0	0.00
14	Dr [Mrs.] CIBI MAMMEN	500	0.01	-	-	-
	Date wise increase / decrease with reason	-	-	-	500	0.01
15	Mrs. AMBIKA MAMMEN	2489	0.06	-	-	-
	Date wise increase / decrease with reason	-	-	-	2489	0.06
16	Mrs VIMLA ABRAHAM	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
17	Mr. S DHANVANTH KUMAR	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-	-	-
18	Mr. MADHU P NAINAN	4	0.00	-	-	-
	Date wise increase / decrease with reason	-	-	-	4	0.00



V INDEBTEDNESS

(₹ Crores)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 01.04.2018)				
i) Principal Amount	728.37	963.49	3.57	1695.43
ii) Interest due but not paid				
iii) Interest accrued but not due	43.43	22.83	0.21	66.47
Total (i + ii + iii)	771.80	986.32	3.78	1761.90
Change in Indebtedness during the Financial Year - Principal Only				
Additions	178.68	150.00	-	328.68
Reduction	-	(159.69)	(3.57)	(163.26)
Net Change	178.68	(9.69)	(3.57)	165.42
Indebtedness at the end of the financial year (as on 31.03.2019)				
i) Principal Amount	907.05	953.80	-	1860.85
ii) Interest due but not paid				
iii) Interest accrued but not due	44.53	20.18	-	64.71
Total (i + ii + iii)	951.58	973.98	-	1925.56

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(In ₹)

Sl No.	Particulars of Remuneration	Mr K M Mammen [Chairman & Managing Director]	Mr Arun Mammen [Vice Chairman & Managing Director]	Mr Rahul Mammen Mappillai [Managing Director]	Mr. Samir Thariyan Mappillai [Whole Time Director]	Mr. Varun Mammen [Whole Time Director]	Total Amount
1	Gross Salary						
a)	Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	114834000	107884080	93021216	14676000	14676000	345091296
b)	Value of Perquisites u/s 17(2) of Income Tax Act, 1961	47554774	10445245	9855975	5143312	4882219	77881525
c)	Profits in lieu of Salary under section 17(3) of Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	112725000	104427000	90770400	14400000	14400000	336722400
5	Others Please Specify	-	-	-	-	-	-
Total		275113774	222756325	193647591	34219312	33958219	759695221
Ceiling as per the Act (₹ in Crore)		₹ 159.15 Crores (Being 10% as the net profits of the company calculated as per section 198 of the Companies Act, 2013)					

B. Remuneration to Other Directors

(In ₹)

Particulars of Remuneration											Name of Directors				Total Amount	
Independent Directors	Mr. Ashok Jacob	Mr. V Sridhar	Mr. Vijay R Kirloskar	Mr. N Kumar	Mr. Ranjit I Jesudasan	Dr. Salim Joseph Thomas	Mr. Jacob Kurien	Mr. M Meyyappan								
Fees for Attending Board / Committee Meetings	20000	200000	20000	80000	240000	60000	150000	40000					810000			
Commission	-	-	-	-	-	-	-	-					-			
Others	-	-	-	-	-	-	-	-					-			
Total (1)	20000	200000	20000	80000	240000	60000	150000	40000					810000			
Other Non-Executive Directors									Dr. K C Mammen	Dr. (Mrs.) Cibi Mammen	Mrs. Ambika Mammen	Mrs. Vimla Abraham				
Fees for Attending Board / Committee Meetings									20000	80000	80000	20000	200000			
Commission									-	-	-	-	-			
Others									-	-	-	-	-			
Total (2)									20000	80000	80000	20000	200000			
Total (B) = (1 + 2)									-	-	-		1010000			
Total Managerial Remuneration (A + B)													760705221			
Ceiling as per the Act	Only Sitting fees are being paid to the Directors within the limit prescribed under the Companies Act, 2013.															

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr Ravi Mannath (From 01-04-2018 to 09-08-2018)	Mr. S Dhanvanth Kumar (Company Secretary) From 10-08-2018 to 31-03-2019)	Mr. Madhu P Nainan (Vice President Finance)
1	Gross Salary			
a)	Salary as per Provisions contained in Section 17(1) of the Income Tax Act, 1961	5995047	7237039	13943677
b)	Value of Perquisites u/s 17(2) of Income Tax Act, 1961	1302553	418960	2526281
c)	Profits in lieu of Salary under Section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others	-	-	-
Total		7297600	7655999	16469958

VII) Penalties/Punishment/Compounding of Offences

There were no penalties, punishment or compounding of offence during the financial year ended 31st March, 2019.

Chennai
2nd May, 2019

K M MAMMEN
Chairman & Managing Director



ANNEXURE V TO THE BOARD'S REPORT

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arms length basis—

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019, which were not at arms length basis.

2. Details of material contracts or arrangement or transactions at arms length basis—

The details of material contracts or arrangements or transactions at arms length basis for the year the year ended 31st March, 2019 is as follows:

- (a) Name(s) of the related party & Nature of Relationship : MRF SG PTE. LTD (Wholly Owned Subsidiary of the Company).
- (b) Nature of transactions : Purchase of raw materials.
- (c) Duration of transactions : April 2018-March 2019.
- (d) Salient terms of transactions including transactions value: ₹ 1587.79 Crores. Price - On cost plus basis, Payment – As per applicable credit terms.
- (e) Date of approval by the board : Since these related party transactions are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. Necessary approvals were granted by the Audit Committee on 3rd May, 2018.
- (f) Amount paid in advance : Nil.

On behalf of the Board of Directors

Chennai
2nd May, 2019

K M MAMMEN
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

(Within the limits set by the Company's competitive position)

Your company is ranked among the world's top 20 Tyre Manufacturers. 2019 marks an important milestone in our leadership journey in the Tyre industry. The Indian automotive industry is at an inflection point where both opportunities and challenges abound in equal measure. The coming year will be witness to several landmark disruptions and changes in the auto industry which, by implication, will shape the direction of future events in the industry.

The slow-down in many advanced economies including China, are tangible signs of the overall slowdown in the global economy which has already come to pass with global growth recording just under 3% for the financial year 2019. Traditional norms that had governed the global economy are being tested as countries double down to build physical barriers and trade walls.

India, weathered this atmosphere of uncertainty, and shone as the world's fastest growing large economy. India is witness to a happy confluence of increasing disposable income in the hands of the world's youngest population and an under-penetrated automobile market and is thus projected to surpass Japan and become the world's third-largest car market, after China and the United States by 2020.

However, before that happens, there are several technological and statutory stage-gates that will need to be passed in order to enable a smooth transition. This poses a slew of challenges and opportunities which the discussion below summarises for the year ended 31st March, 2019.

Market & Industry Overview

The Indian economy is estimated to have grown by 7% for fiscal year 2018-19. Union Budget 2019 focused on efforts to revive slowing consumption in the economy. The on-going efforts to improve farmers' income coupled with higher budgetary allocation for social measures are certain to have a multiplier effect on the economy. It is also expected that increased government spending ahead of elections on infrastructure and construction projects such as road and air connectivity among others, is likely to sustain this momentum in the near-term.

The Indian economy could, however, find its growth story potentially challenged by twin deficits within its fiscal and current accounts, owing to variability in the global oil prices. The rise of crude oil prices during 2018 by about 10% and consequent rupee depreciation, signals the need to reduce dependence on oil imports by a judicious mix of various policy initiatives. Further, while on-going structural reforms and capital infusion to public banks are helping address solvency issues, non-performing assets and bad loans continue to be a drag on the overall health of the banking sector.

Global auto sales are on track to record their first sustained slowdown since the 2008 global financial crisis due to confluence of factors including unfavourable global trade policies and high commodity prices which has resulted in waning consumer sentiment. India, though, is less exposed to a slowdown in global manufacturing trade growth than other major economies and is poised to grow at potential of 7% plus per annum in the next two years.

The government's "Make in India" initiative has played an important role in elevating the country's position as a manufacturing hub. The share of manufacturing in GDP has clocked a steady 16 to 17% for a few years. Likewise, the simplicity of procedures and compliances and rationalization of taxes arising from a more settled post-GST order, had positive fallout across the manufacturing sector and the organized tyre industry was no exception.

India's automobile industry is likely to contribute 12% to the country's GDP over the coming decade, from 7.1% at present and is thus an important harbinger of consumer sentiment. It was a roller coaster year for automakers. After a stellar financial year 2018, the Indian automotive industry hit a speed bump with moderate increase of 5% in financial year 2019 (Sources: SIAM) raising fears of a cyclical slowdown. Commercial Vehicle (CV), which are a barometer of manufacturing and economic activity, showed polarity in their sales performance between the first and second half of the fiscal year.

The revised axle norm implemented towards August - September 2018 increased the freight carrying capacity of medium and heavy commercial vehicles (M&HCV) by 20%. This would imply that tyre manufacturers need to bring their product portfolio up to speed to match the demands of vehicles with increased tonnage. Intensive product development efforts,



with special focus along the axes of size, strength and enhanced load-bearing capacity will be needed.

In this context your Company is proactively working on widening its existing range of product solutions and tailoring offerings to serve commercial customers better. Notwithstanding the contraction in the demand for cargo trucks, the demand for tipper trucks remained buoyant on the back of strong consumption expenditure by the government and this led to the M&HCV category recording a growth 14.6% in financial year 2018-2019. In addition, the Mining Industry's gradual revival and the pace of road construction activity, has also provided the desired fillip to mining and extraction activities. This bodes well for the demand for tyres for Off-The-Road (OTR), Earth Moving and Construction Equipment and Mining applications. Not to be left behind, the Light Commercial Vehicle (LCV) category recorded 19.4% aided by sharp demand from the FMCG, e-commerce and last-mile transportation sectors. All of the above bring cheer for the prospects of commercial tyres which are expected to pick up momentum as the liquidity crisis eases.

Despite a below-average monsoon in most parts of the country, domestic tractor demand registered a strong double digit growth for the third consecutive year in fiscal year 2019 on the back of the Government's renewed thrust towards improving the rural economy and income support measures like direct cash transfer to farmers. The versatile Tractor lends itself to an array of non-agricultural activities and, in this sphere, increased commercial demand for tractors gave an additional impetus to tractor sales.

Disruptions – the new operating normal

India's automotive landscape is not immune to the massive shifts reshaping the auto industry globally, changing car ownership and usage patterns such as ride-sharing apps that have turned potential car buyers into renters or just riders. The growing dominance of autonomous and connected vehicles, will lead to a new era in personal mobility where disruptive technology and an ever-tightening regulatory framework are potential game changers.

Through the Automotive Mission Plan, the National Electric Mobility Mission Plan (NEMMP), and other initiatives, the government seeks to facilitate long-term growth in the industry and reduce emissions and oil dependence. The government of India is planning an eight-fold increase

in the allocation of funds for the second phase of FAME (Faster Adoption and Manufacture of (Hybrid and Electric Vehicles) India) scheme.

India seeks to bring emissions in line with global standards from April 2020, enabling India to leapfrog a generation from BS-4 to BS-6 emissions (the Euro 6 equivalent) by year 2020. Electrification, stringent emission standards and cleaner alternative fuels are expected to increasingly dominate the narrative in the auto industry and the tyre industry cannot be exempt from these. Green tyres and tyres with low-rolling resistance co-efficient and greater fuel efficiency will accelerate the pace of change in the tyre industry in its drive to become less polluting.

India displaced China as the world's largest two wheeler market in 2018. The humble two wheeler enjoys high urban acceptance apart from a well-entrenched rural reach and thus accounts for the bulk of vehicular pollution. To this end, the Government has allocated majority share (73%) of the ₹ 10,000 crore corpus towards tackling these emissions on a war-footing.

It is clear therefore that the need for a comprehensive ecosystem that supports lower emissions and cleaner technologies is not without its implications for tyre manufacturers who must gear up and collaborate with the Original Equipment Manufacturers (OEM's) to meet this deadline. This will raise the cost of compliance for tyre manufacturers as the tyres need to be capable of withstanding the additional demands imposed by the higher torque of the electric vehicle. Tyre Companies will be under pressure to build products which have minimal friction (to counteract the increased wear and tear) and offer high fuel efficiency.

Muted consumer demand, which did not lift off even during the festive season, (October-November 2018) slowed the growth in passenger vehicle category for both cars and utility vehicles to just under 3%.

Further, both incumbent and new auto OEM's are undeterred by the persistent sombre note that continues to plague the personal vehicles category. The next 18 months will be witness to an exciting slew of launches in the sports utility category that has captured the hearts of buyers across price and size categories. This coupled with the surge in the number of Sports Utility Vehicle (SUVs) from new brands that are only just hitting Indian shores, puts the onus squarely on tyre manufacturers, who will aggressively compete for the opportunities unfolding in this increasingly crowded and highly attractive space as capturing share

of OEM business is a precursor to future replacement demand. Your company is dialing up its competitiveness in catering to a wider pool of international OEM's. Our brand image and reputation, which has held us in good stead this far, assumes even more critical importance in the face of the potentially tough and exacting standards likely to be set by these new players.

The Indian two-wheeler market recorded annual domestic sales of 18 plus million units. Scooters, which had powered the growth of the overall two wheeler category in recent years, recorded a muted growth in this fiscal. Further, the anticipated increase in scooter prices on account of compliance with BS VI norms, the volatile fuel prices and rising insurance costs are only expected to add to the overall cost of ownership.

There could be some uncertainties around how the complete impact of BS-VI norms will play out next fiscal year. Compliance with BS-VI norms will require higher investment by automakers in technology to upgrade vehicles in stock and making new vehicles. This will also mean significantly reduced launches till the deadline on the expectation of customers either deferring their new vehicle purchases (to buy compliant vehicles) or alternatively, advancing their purchases on the expectation of increased cost of ownership once the new norms come into force effective April 1, 2020.

The Indian tyre industry is estimated to be around ₹ 65,000 crores in 2018-2019 and the top eleven tyre companies' account for more than 90% of the volume. The industry caters to Original Equipment Manufacturers (OEM), Export and Replacement markets mainly through four vehicle categories namely Commercial Vehicle (CV) including Truck and Buses (T&B), Passenger Vehicles (PV), Two-Wheeler and others including Tractors and Off The Road (OTR).

Of these three distinct markets, Replacement market accounts for approximately 56% of the Industry with Institutional/OEM and Exports making up the balance 44% respectively. While in the Commercial and Farm categories, replacement sales form a major chunk, both Institutional/OEM and Replacement sales play an almost equal role in the Passenger category.

Traditionally, tyres are classified as Cross-ply (Bias) and Radial based on the technology deployed in their manufacture. In India, the commercial tyre category continues to be dominated by cross-ply tyres due to road conditions, loading patterns and the high initial cost of radials. While

India's passenger car category is fully radialized, radialization in the T&B category which stood at around 40% in financial year 2018 is expected to grow further and reach levels of 45-50% by financial year 2020.

Awards and Accolades

Your Company was awarded top honours in the J.D. Power 2018 Passenger Radial Study for the 13th time – a feat without precedent or parallel. Your Company has also been ranked no.1 in Customer Satisfaction in the Inaugural J.D. Power 2018 India Tractor Tyre Satisfaction Index (TTSI) Study which validates your company's position in the Indian Market as the most preferred Farm Tyre Brand amongst Tractor owners.

Opportunities and Threats

The overall growth outlook for the auto industry is pegged at moderate for the fiscal year 2020. Over the last few years, the tyre industry in particular stands out for the substantial investments made to support the growth of the automobile business.

In comparison to developed countries, Natural Rubber dominates the raw material mix of the Indian tyre industry, and in this context, the gap between domestic rubber production and demand will continue to remain a concern area. This was aggravated by the severe flooding in Kerala that disrupted the natural rubber supply.

A judicious mix of pragmatism and diplomacy are key towards securing India's ever growing appetite for energy. The geo-political situation in the Middle East and US sanctions on Iran are just some of the factors that might operate as headwinds in keeping the fuel prices volatile.

Product wise Performance

During fiscal year 2018-19, your Company achieved a total income of ₹ 16254 Crores. Across the board, there was an overall increase in all product categories adding up to a 8% increase in total tyre production. In the Heavy Commercial Vehicle product category, the increase was 12% over the previous year while Light Commercial Vehicle tyres increased by around 7%. The Small Commercial Vehicle tyres grew by 11% in the 4-wheeled category, while it rose by 3% in the 3-wheeled category, over the previous year. Passenger and SUV showed a 7% growth. The Farm category grew at 1%. The Motorcycle and Scooter categories rose by 10% and 6% respectively. The OTR category grew at 17%.



Exports

Tyre exports have been steadily increasing in the last one year with recovery in tyre demand from overseas markets and rising competitiveness of Indian tyre makers, both in terms of quality and pricing. The overall tyre exports grew by a strong 10 to 12% and are estimated to have already crossed ₹ 12,000 crores during the current fiscal. Reflecting this upsurge in overall tyre exports, overall your company's export (including Indian Rupee exports) turnover stood at ₹ 1566 crores as compared to the previous year turnover of ₹ 1353 crores.

Your Company in fact grew above the industry average with 16% growth for the full fiscal year and this improved performance was a reflection of the initiatives undertaken in our strong markets.

The African countries continue to be a key volume driver of export growth, notwithstanding the geo-political developments and foreign exchange availability in some of these markets. ASEAN, SAARC and Middle Eastern countries continue to be key destinations and drivers of our export growth. However, a heightening of protectionism in the form of increased import regulations and high tariffs (especially in South East Asia – Thailand, Indonesia and Bangladesh) could possibly temper the future growth of our exports.

Discussion on Financial Performance with respect to Operational Performance

(₹ Crores)

	2018-2019	2017-2018
Revenue from operations	15837	15181
Other Income	417	329
Total Income	16254	15510
Profit before tax	1609	1602
Provision for tax	512	510
Profit after tax	1097	1092

The revenue from operations of the Company for the Current year stood at ₹ 15837 crores against ₹ 15181 crores for the Previous year ended 31st March, 2018. During the current year ended 31st March, 2019, the Earnings Before Interest and Depreciation (EBIDTA) stood at ₹ 2663

crores as against ₹ 2552 crores in the previous year ended 31st March 2018. After providing for Depreciation and Interest, the Profit Before Tax for the year ended 31st March 2019 is ₹ 1609 crores as compared to ₹ 1602 crores in the previous year. After making provision for Income Tax, the Net Profit for the year ended 31st March, 2019 is ₹ 1097 crores as compared to ₹ 1092 crores in the previous year ended 31st March, 2018.

The prices of certain raw materials have increased during the year while prices of certain other raw materials have reduced the aforesaid adverse impact. Overall raw material costs have increased relatively when compared to the previous year.

Key Financial Ratios

There is no significant change (i.e. 25% or more) in key financial ratios viz. Debtors Turnover, Inventory Turnover, Interest Coverage Ratio, Current Ratio, Debt Equity Ratio, Operating Profit Margin (%) and Net Profit Margin (%). The return on net worth has changed from 12.02% to 10.66%. The reduction in Return on Net Worth compared to the previous year is due to increase in operational costs.

Outlook

The global economic activity shows unmistakable signs of a recession. India is projected to grow between 6 to 6.5% per annum for the fiscal year 2020.

The year 2019 witnessed cyclical upswings and downsides in the fortunes of automakers. In view of credit availability and retail sentiments, it is expected that the domestic sales volumes of both Commercial Vehicles and Personal Vehicles may register only a nominal growth, if any.

Further, clarity on this would emerge after the full impact of the Budget is felt by the market. Hence, one is cautiously optimistic for the short term.

Internal Control Systems and their Adequacy

Your Company has established internal control systems commensurate with the size and nature of business. It has in place well-documented procedures, covering various financial and operational functions. Company, through its own Internal Audit Department, carries out periodical Audits at various locations and functions based on the Plan as approved by the Audit Committee. Some of the salient features of the

Internal control systems are:-

- (i) An integrated ERP system connecting all Plants, Sales Offices, Head Office, etc.
- (ii) Systems and Procedures are periodically reviewed to keep pace with the growing size and complexity of Company's operations.
- (iii) Preparation of annual Budget for operations and services and monitoring the same against the actuals at periodic intervals.
- (iv) Assets are recorded and system put in place to safeguard against any losses or unauthorized use or disposal.
- (v) Periodic physical verification of fixed assets and inventories.
- (vi) Observations arising out of Internal Audit are reviewed at the Audit Committee meeting and follow up action taken.
- (vii) Presentations are made to the Audit Committee/Risk Management Committee on risks and action proposed to mitigate such risks.

Risks and Concerns

The key risks for the Company are volatility in raw material prices, currency fluctuation which could lead to increase in cost of imports and uncertainty in OE demand.

The concerns are increase in flow of low priced tyres from countries with whom the Company has free trade agreements, the likely changeover from internal combustion engine to electric vehicles which could disrupt the market in the short term, consistent supply of natural rubber meeting quality norms and the need to constantly realign products in line with changes in regulatory frameworks and standards.

Human Resources

Your Company continues with the philosophy of thrust and focus on human resources for its continued success. We owe our success and dominance in the market to the dedication and hard work of our employees who have overcome all challenges to meet the daunting challenges of the market and the ever increasing quality expectations of the customers across the length and breadth of the country as well as overseas.

In order to strengthen our human resource for meeting the future challenges and expansion plans, we have focused on hiring the best resources available and retaining and developing our existing talent pool.

We also concentrated on acquisition of top talent from premier institutes to build a Leadership talent pool especially Research & Development and Sales & Marketing the key areas of our operation for product superiority and market dominance.

Our Talent Management strategy is in tune with our growth needs and we focus intensively on developing internal resources for critical positions along with need based recruitment for specific lateral positions.

Our human resource development is focussed on our Company's mission to have competitive edge in technology & excellence in manufacturing. All our training programs are designed and tailor made to meet our specific requirements. Training effectiveness measurement is an integral part of our learning and development strategy. We have introduced e-learning as part of our learning & development road map.

We continued imparting teambuilding and collaboration training to our workmen to enhance the team cohesiveness. Leadership training for union leaders and opinion makers also continued through the year, thereby keeping with our commitment of shaping the future of our plants.

The total employee strength as on 31st March, 2019 was 16505.

We maintained cordial and harmonious Industrial relations in all our manufacturing units through our various employee engagement initiatives and focus on improving the work culture, enhancing productivity and enriching the quality of life of the workforce and maintaining our supremacy in the market.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or forecast may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Your Company has always adhered to good corporate governance practices and maintained the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations.

Your Company's Corporate Governance framework ensures timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements, leadership and governance of the company. It encourages cooperation between the Company and the stakeholders for better participation in the Corporate Governance processes.

Your Company believes that good corporate governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders.

2. Board of Directors

(a) Composition of the Board:

The Board comprises of 16 Directors which includes a Chairman & Managing Director, a Vice Chairman and Managing Director, a Managing Director, 2 Whole-time Directors, 2 Non-Executive Directors and 9 Independent Directors. None of the Directors on the Board is a member of more than 10 committees or act as Chairman of more than 5 committees across all listed companies and unlisted public limited companies in which he/she is a Director.

(b) Attendance of Directors at Board Meetings during the financial year ended 31.03.2019 and at the last Annual General Meeting, outside directorships and board committee memberships and number of shares held as on 31.03.2019:

Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2019	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee Memberships in other Public Limited Companies	Attended last AGM held on 09.08.2018	No. of Shares held
Mr. K M Mammen Chairman & Managing Director	Promoter Executive Director	4	4	Nil	Nil	Yes	16048
Mr. Arun Mammen Vice Chairman and Managing Director	Promoter Executive Director	3	4	Nil	2 –Chairman	Yes	27560
Mr. Rahul Mammen Mappillai Managing Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	4538
Mr. Samir Thariyan Mappillai Whole-time Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	4470

Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2019	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee Memberships in other Public Limited Companies	Attended last AGM held on 09.08.2018	No. of Shares held
Mr. Varun Mammen Whole-time Director	Promoter Executive Director	Nil	4	Nil	Nil	Yes	8706
Mr. Ashok Jacob	Independent Director	Nil	1	Nil	Nil	No	1856
Mr. V Sridhar	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Mr. Vijay R Kirloskar	Independent Director	4	1	i. Kirloskar Electric Company Limited - Executive Chairman ii. BATLIBOI Limited - Non-Executive - Independent Director	1	No	355
Mr. N Kumar	Independent Director	8	4	i. Take Solutions Limited - Non-Executive - Independent Director, Chairperson ii. Entertainment Network (India) Limited - Non-Executive - Independent Director iii. Bharti Infratel Limited - Non-Executive - Independent Director iv. Larsen and Toubro Limited - Non-Executive - Independent Director v. L&T Technology Services Limited - Non-Executive - Independent Director vi. MPHASIS Limited - Non-Executive - Independent Director	4-Chairman 3-Member	Yes	Nil



Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2019	Names of the other listed entities where the person is a director and the category of directorship	No. of Committee Memberships in other Public Limited Companies	Attended last AGM held on 09.08.2018	No. of Shares held
Mr. Ranjit I Jesudasen	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Dr. Salim Joseph Thomas	Independent Director	Nil	3	Nil	Nil	Yes	Nil
Mr. Jacob Kurian	Independent Director	Nil	3	Nil	Nil	Yes	129
Mr. M Meyyappan	Independent Director	Nil	2	Nil	Nil	No	Nil
Dr. (Mrs.) Cibi Mammen	Promoter Non-Executive Director	2	4	Nil	Nil	Yes	500
Mrs. Ambika Mammen	Promoter Non-Executive Director	2	4	Nil	Nil	Yes	2489
Mrs. Vimla Abraham*	Independent Director	Nil	1	Nil	Nil	NA	Nil
Persons who have ceased to be directors during the financial year							
Dr. K C Mammen**	Promoter Non-Executive Director	3	1	Nil	Nil	No	9043

* Inducted into the Board w.e.f. 05.02.2019.

**Ceased w.e.f. 09.11.2018

For Committee memberships, the chairmanship and membership in Audit / Stakeholders Relationship Committee in all public limited companies, alone are considered. The Committee memberships of Directors are within the limits prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as "Listing Regulations").

Mr K M Mammen and Mr Arun Mammen are brothers. Mrs Ambika Mammen is the wife of Mr K M Mammen. Dr. (Mrs) Cibi Mammen is the wife of Mr Arun Mammen. Mr Rahul Mammen Mappillai and Mr Samir Thariyan Mappillai are the sons of Mr K M Mammen and Mrs Ambika Mammen. None of the other Directors are related to any Board Member.

(c) **Dates of Board meetings:**

During the financial year ended 31st March, 2019, four Board Meetings were held on 03.05.2018, 09.08.2018, 08.11.2018 and 07.02.2019.

(d) **Information placed before the Board:**

The Board of Directors periodically reviews reports regarding operations, capital expenditure proposals, statutory compliance and other required information as enumerated in Part A of Schedule II of the Listing regulations and as required under relevant provisions of the Companies Act, 2013.

(e) **Familiarization Programme:**

Presentations/briefings are made at the meeting of the Board of Directors/Committees by KMP's/ Senior Executives of the Company on industry scenario, Company's operating and financial performance, raw material scenario, industrial relations status, marketing strategies, risk management etc. The details of familiarization programme are available on the Company's web site at: <http://www.mrftyres.com/downloads/download.php?filename=familiarisation-programme-forindependent-directors.pdf>.

3. **Audit Committee**

(i) **Reference:**

The powers, role and terms of reference of the Audit Committee covers the areas as mentioned under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors. These, inter alia, include oversight of Company's financial reporting process, internal financial controls, reviewing the adequacy of the internal audit function, reviewing with management the quarterly/ annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration, approval of related party transactions, evaluation of risk management systems etc.

(ii) **Composition:**

The Audit Committee comprises of 3 Directors and all of them being Non-Executive Independent Directors. The members of the Committee are as follows:

Mr. Jacob Kurian	Chairman
Mr. V Sridhar	Member
Mr. Ranjit I Jesudasen	Member

Mr. S Dhanvanth Kumar, Company Secretary, is the Secretary of the Committee.

Mr. K M Mammen, Chairman & Managing Director, Mr. Arun Mammen, Vice Chairman and Managing Director and Mr. Rahul Mammen Mappillai, Managing Director are permanent invitees. The Vice President Finance, Head of Internal Audit, Statutory Auditors and other Executives, as considered appropriate, also attend the meetings by invitation.

(iii) **Meetings and Attendance:**

During the financial year ended 31st March, 2019, the Audit Committee met on the following dates: 03.05.2018, 09.08.2018, 08.11.2018 and 07.02.2019.

The members and attendance of committee members are given below:

Name of the Member	Meetings Attended
Mr. Jacob Kurian	3
Mr. V Sridhar	4
Mr. Ranjit I Jesudasen	4

4. **Nomination and Remuneration Committee**

(i) **Reference:**

In accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the terms of reference of the Committee include the following namely formulation of criteria for determining qualifications, positive attributes and independence of director, recommending



to the Board a policy relating to remuneration of directors, key managerial personnel and other employees, formulation of criteria for evaluation of directors performance, devising a policy on Board diversity, identifying persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal.

(ii) Composition:

The Committee comprises of 3 Non-Executive Independent Directors and an Executive Director. The Chairman is a Non-Executive Independent Director. The Committee comprises of:

Mr. Ranjit I Jesudasen	Chairman
Mr. V Sridhar	Member
Mr. Jacob Kurian	Member
Mr. K M Mammen	Member

Mr. S Dhanvanth Kumar, Company Secretary, is the Secretary of the Committee.

(iii) Meetings and Attendance:

During the financial year ended 31st March, 2019, the Committee met on 03.05.2018, 09.08.2018 and 08.11.2018. All the members of the Committee were present for all the meetings.

5. Criteria for determining the qualifications, positive attributes and Independence of a Director

Candidates for the position of a Director shall be a person of integrity and possess requisite education, experience and capability to make a significant contribution to the deliberations of the Board of Directors. Apart from the above, the Board candidate should be of the highest moral and ethical character. The candidate must exhibit independence, objectivity and be capable of serving as a representative of the stakeholder. The candidate should have the personal qualities to be able to make an active contribution to Board

deliberations. These qualities include intelligence, inter-personal skills, independence, communication skills and commitment. The Board candidate should not have any subsisting relationships with any organization which is a competitor to the Company. The Board candidate should be able to develop a good working relationship with other Board members. This apart, the Directors must satisfy the qualification requirements laid down under the Companies Act, 2013, the Listing Regulations and any other applicable law and in case of Independent Directors, the criteria of independence as laid down in those laws.

6. Performance evaluation of Independent Directors

The criteria for evaluation of the Independent Directors will be attendance, participation in deliberations, understanding the Company's business and that of the industry and guiding the Company in decisions affecting the business and additionally based on the roles and responsibilities as specified in Schedule IV of the Companies Act, 2013.

The Board carried out evaluation of the performance of the Independent Directors on the basis of the criteria laid down. The evaluation was done by the Board of Directors except the Director who was evaluated.

7. Remuneration of Directors

a. Remuneration Policy:

A policy on remuneration of Directors, Key Managerial Personnel ("KMP") and Senior Management and other staff was put in place by Nomination and Remuneration Committee on 23.07.2014 and approved by the Board of Directors at its meeting held on 30.10.2014.

The Policy provides as follows:

(i) Non-Executive Directors:

The Non-Executive Directors (including Independent Directors) may be paid remuneration by way of sitting fees for attending meetings of Board or Committee thereof.

The Directors may also be reimbursed any expenses in connection with attending the meetings of the Board or Committee or in connection with the business of the Company.

The quantum of fees shall be determined, from time to time, by the Board subject to ceiling / limits as provided under Companies Act, 2013 and rules made thereunder.

- (ii) Chairman & Managing Director, Managing Director(s) / Whole-time Director(s):

The level and composition of remuneration will be reasonable and sufficient to attract, retain and motivate directors of quality to run the Company successfully. The remuneration package should adequately compensate them for the high level of responsibilities shouldered by them and sensitivity of the position held. The level of remuneration shall take into consideration the professional expertise, past credentials and potential of the person concerned. The compensation package may comprise of a fixed compensation package in the nature of monthly and annual pay-out, provision of perquisites, contribution to retirement benefits, health and insurance and any other benefits (including provision of loans on such terms as to interest, repayment and security as determined by the Board) and commission on profits, in such proportion and quantum as decided from time to time based on the Company's business needs and requirements and prevailing practices in industry.

Besides the above, the remuneration to be paid to Chairman & Managing Director, Managing Director(s) and Whole-time Director(s) shall be governed by the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

- (iii) KMP's (other than MD's and WD's), Senior Management Personnel and other Staff:

The level and composition of remuneration will be reasonable and sufficient to attract, retain and motivate

persons of the quality required to handle appropriate management roles in the Company successfully. The level of remuneration may be based on the qualification, experience and expertise and potential of the person concerned and also the responsibilities to be shouldered, criticality of the job to the Company's business and any other criteria as considered appropriate. The compensation package may comprise of a fixed compensation package in the nature of monthly and annual payout, provision of perquisites, contribution to retirement benefits, health and insurance and any other benefits (including provision of loans on such terms as to interest, repayment and security as determined by the Board) and variable pay (having a clear relationship to performance which will meet appropriate benchmarks relevant to the working of the Company and its goals), in such proportion and quantum as decided from time to time based on the Company's business needs and requirements and prevailing practices in industry.

- (iv) Directors and Officers' Insurance:

Where any insurance is taken by the Company on behalf of its Directors, KMP's / Senior Management Personnel, Staff etc., for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

b. Details of Remuneration to all the Directors for the financial year ended 31.03.2019:

- (i) The aggregate value of salary and perquisites and commission paid to the Chairman and Managing Director/Vice Chairman and Managing Director/ Managing Director and Whole-time Directors for the financial year ended 31.03.2019 are as follows:

(a) Name	(b) Designation	(c) Salary and perquisites (₹)	(d) Commission (₹)	(e) Total (₹)
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(a) Mr. K M Mammen	(b) Chairman & Managing Director	(c) 162388774	(d) 112725000	(e) 275113774
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(a) Mr Arun Mammen (b) Vice Chairman and Managing Director (c) 118329325 (d) 104427000 (e) 222756325
 (a) Mr Rahul Mammen Mappillai (b) Managing Director (c) 102877191 (d) 90770400 (e) 193647591
 (a) Mr Samir Thariyan Mappillai (b) Whole-time Director (c) 19819312 (d) 14400000 (e) 34219312 (a) Mr Varun Mammen (b) Whole-time Director (c) 19558219 (d) 14400000 (e) 33958219.

Note: Salary and perquisites include all elements of remuneration i.e., salary, allowances and benefits but excluding gratuity and leave benefits. The Company has not issued any stock options to any of the directors. The Chairman and Managing Director/ Vice Chairman and Managing Director/ Managing Director/ Whole-time Directors are appointed by shareholders for a period of five years at a time.

- (ii) The sitting fees paid for the financial year ended 31.03.2019 to Non-Executive Directors are as follows:

(a) Name (b) Sitting fees (₹)

(a) Dr. K C Mammen (b) 20000; (a) Mr Ashok Jacob (b) 20000; (a) Mr V Sridhar (b) 200000; (a) Mr Vijay R Kirloskar (b) 20000; (a) Mr N Kumar (b) 80000; (a) Mr Ranjit I Jesudasen (b) 240000; (a) Dr. Salim Joseph Thomas (b) 60000; (a) Mr Jacob Kurian (b) 150000; (a) Mr M Meyyappan (b) 40000; (a) Dr. (Mrs) Cibi Mammen (b) 80000; (a) Mrs Ambika Mammen (b) 80000; (a) Mrs Vimla Abraham (b) 20000;

Sitting fees are paid to Non-Executive Directors within the limits prescribed under the Companies Act, 2013.

There were no material pecuniary relationships or transactions by Non-Executive Directors vis-à-vis the Company as per the materiality threshold laid down in Listing Regulations and also as per the Policy on Materiality of Related Party Transactions framed pursuant to the said Regulations.

8. Stakeholders' Relationship Committee

(i) Reference:

The Committee looks into redressal of grievances of the investors namely shareholders and fixed deposit holders and other security holders. The Committee deals with grievances pertaining to transfer of shares, non-receipt of annual report, non-receipt of dividend, dematerialisation / rematerialisation of shares, complaint letters received from Stock Exchanges, SEBI, non-receipt of interest warrants, repayment of fixed deposit issues etc. The Board of Directors have delegated the power of approving transfer/transmission of shares to a share transfer committee.

(ii) Composition:

The Committee comprises of 3 Directors. The Chairman of the Committee is a Non-Executive Independent Director.

The members of the Committee are:

Mr. V Sridhar	Chairman
Mr. Ranjit I Jesudasen	Member
Mr. K M Mammen	Member

Mr S Dhanvanth Kumar, Company Secretary, is the Secretary of the Committee.

(iii) Meeting and Attendance:

During the financial year ended 31st March, 2019, the Stakeholders' Relationship Committee met on 03.05.2018. All the members of the Committee were present for the meeting. 24 investor complaints were received during the financial year ended 31.03.2019. All the complaints were redressed and no complaints were pending at the year end.

9. Risk Management Committee

In compliance with Regulation 21 of the Listing Regulations, the Company constituted a Risk Management Committee. The Committee comprises of three Directors and two senior executives are as follows:

Mr. K M Mammen	Chairman
Mr. Arun Mammen	Member
Mr. Rahul Mammen Mappillai	Member
Mr. Ravi Mannath	Member
Mr. Madhu P Nainan	Member

The Committee's role inter-alia is to monitor and review the risk management plan of the Company. The Committee's composition is in compliance with the provisions of Regulation 21 of the Listing Regulation.

The Committee met on 27.04.2018, 02.08.2018 and 23.10.2018. All the members of the Committee were present for all the meetings.

10. General Body Meetings

- (a) The Company held its last Three Annual General Meetings as under:

AGM for the Year	Date	Time	Venue
2014-2016	11-08-2016	11.00 A.M	TTK Auditorium, 'The Music Academy' No.168, TTK Road, Chennai - 600 014
2016-2017	04-08-2017	11.00 A.M	- do -
2017-2018	09-08-2018	11.00 A.M	- do -

- (b) Details of Special resolution passed during the last 3 Annual General Meetings:

Date of AGM	Particulars of Special Resolution passed
11-08-2016	No Special Resolution was passed.
04-08-2017	(i) Amendments to the Articles of Association. (ii) Approval for increasing the strength of the Board beyond 15.
09-08-2018	Approval for issue of Secured/Unsecured Non-Convertible Debentures for an amount not exceeding ₹ 500 Crores on a private placement basis.

- (c) Postal Ballot:

During the financial year, the Board sought the consent of the shareholders of the Company for passing Special Resolution for Re-appointment of Mr. K M Mammen as Managing Director of the Company for a further period of 5 years commencing from 8th February, 2019 through postal ballot as per the notice to the shareholders dated 8th November, 2018.

Mr. N C Sarabeswaran, Chartered Accountant, was appointed as Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

The above special resolution was passed with requisite majority with the percentage of votes cast in favour for the resolution mentioned above being 99.38% of the total number of valid votes.

Voting Pattern of the special resolution passed through postal ballot, are as follows:

Particulars	Physical	E-Voting	Total
Number of Postal Ballots received	383	435	818
Total number of Valid Votes	1772773	784860	2557633
Number of Valid Votes cast in favour of the Resolution	1772510	769336	2541846
Number of Valid Votes cast against the Resolution	263	15524	15787
Number of Invalid Postal Ballots	6	-	6
Number of invalid votes	106	-	106

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended and applicable provisions of the Listing Regulations, were duly followed for conducting the postal ballot process during the year for approving the special resolution mentioned above.

As on the date of this report, the Company do not propose to pass any special resolution by way of Postal Ballot.



11. Means of Communication

Quarterly/half yearly results are disclosed to Stock Exchanges and also published in daily newspapers viz., Business Standard (all over India) and Makkal Kural (Vernacular). As per the requirements of Regulation 46 of the Listing Regulations, the quarterly/half yearly results and the press release issued annually are displayed on the Company's website www.mrfityres.com. The Company provides information to the Stock Exchanges as per the requirements of the Listing Regulations. No presentations were made to institutional investors / analysts. The Company has a designated e-mail address viz., mrfshare@mrfmail.com, exclusively for investor servicing.

12. Dividend Distribution Policy

Pursuant to Regulation 43A of the Listing Regulations, the Company is required to formulate a dividend distribution policy which shall be disclosed in its annual report and on its website.

The objective of this policy is to provide the dividend distribution framework to the stakeholders of the Company. A decision of the Board of Directors to recommend / declare dividend would be based on the financial parameters and the internal and external factors namely current year's profits after tax of the Company, operating cash flows and treasury position keeping in view total debt to equity ratio, accumulated reserves, future capital expenditure / expansion, strategic investments and working capital requirements, providing for unforeseen events and contingencies with financial implications, overall macro-economic scenario / regulatory environment, future business prospects and industry outlook, past dividend trends, any other financial parameter or factor as considered relevant or appropriate by the Board of Directors.

Based on the decision of the Board of Directors, from time to time, the retained earnings will be utilised to meet the Company's long term financial requirements (including capital expenditure, debt service obligations, other liabilities etc.), improve financial ratios, declaration of dividend, issue of bonus shares, buy-back of shares and any other purpose permitted by the Companies Act, 2013.

Based on the financial parameters and other factors mentioned above, the shareholders may/may not expect dividend for any year. The Board of Directors may declare interim dividend(s) as and when

they consider it fit, and recommend final dividend to the shareholders for their approval in the general meeting of the Company. Presently, the authorised capital of the Company comprises of only one class of shares. In the event of the Company issuing any other class of shares, this policy would be suitably amended.

The dividend distribution shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder, Listing Regulations and other legislations governing dividend, as in force from time to time.

13. General Shareholder Information

a) Annual General Meeting:

Date and Time : 09.08.2019, 11.00 A.M
Venue : TTK Auditorium
'The Music Academy'
No. 168, TTK Road,
Chennai - 600 014

b) Financial Year: 1st April to 31st March.

c) Dividend payment date:

Interim Dividend : 28.11.2018
₹ 3 per share (30%)
II Interim Dividend : 25.02.2019
₹ 3 per share (30%)
Final Dividend : 16.08.2019, ₹ 54/- per share (540%),
(subject to approval of shareholders)

d) Listing on Stock Exchanges at:

1. National Stock Exchange of India Ltd., (NSE)
Exchange Plaza, 5th Floor, Plot No. C/1, 5 G Block,
Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.
2. Bombay Stock Exchange Ltd., (BSE)
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street,
Mumbai 400 001.

Equity ISIN : INE883A01011

Listing fees upto the year ending 31st March, 2020 have been paid to the above mentioned Stock Exchanges.

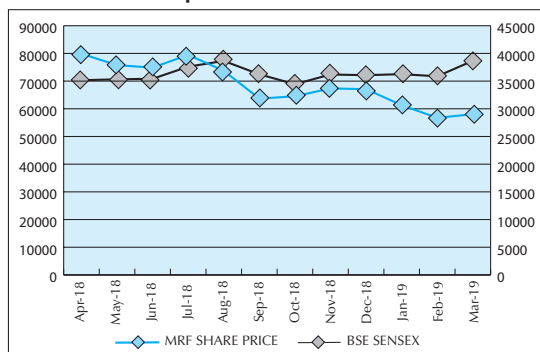
e) **Stock Code:**

Bombay Stock Exchange	Code	500290
National Stock Exchange	Symbol	MRF

f) **Market Price Data:**

Month	Bombay Stock Exchange [BSE]			National Stock Exchange [NSE]		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April-2018	81423.00	72428.90	11325	81425.95	72542.35	176863
May-2018	81300.00	72769.70	9797	81400.00	72701.00	167501
June-2018	76700.00	72472.40	7358	76774.90	72605.00	99297
July-2018	81097.65	73840.00	10609	81190.95	73666.00	122282
August-2018	80372.45	73000.00	11615	80396.80	73000.00	168784
September-2018	74300.00	62352.30	18645	74169.95	62500.00	137398
October-2018	65861.45	59494.60	11314	64900.00	59601.00	167065
November-2018	69311.90	64571.60	8045	69340.00	64498.05	119673
December-2018	69883.55	63693.45	15398	69900.00	63666.00	120194
January-2019	67422.45	60556.00	10068	67400.00	60540.15	108669
February-2019	62642.00	53901.45	11297	62699.90	54125.00	194796
March-2019	58700.70	55837.20	14610	58790.00	55895.15	127056

g) **Stock Performance: (Monthly Closing Price)**
Performance in comparison to BSE SENSEX



h) **Registrars and Transfer Agents:** In-house Share Transfer
MRF Limited
No. 114, Grems Road,
Chennai - 600 006

In terms of SEBI Circular No. O&CC/FITC/CIR-15/2002 dated 27th December, 2002, your Company is carrying out both physical transfer work as well as electronic connectivity, in-house.

In-house Investor relations department provides various services viz., dematerialisation and rematerialisation of shares, Share transfers/transmissions, disbursement of dividend, unclaimed shares, IEPF, Issue of duplicate share certificates, dissemination of information and fixed deposit related activities. Members are therefore requested to communicate on matters pertaining to physical shares to Secretarial Department, MRF Limited, No. 114, Grems Road, Chennai 600 006.

i) **Share Transfer System:**

The average time taken for processing and registration of share transfer requests received is less than 12 days. All dematerialisation requests are normally processed within 10 days.

j) **Distribution of shareholding: (as at 31.3.2019)**

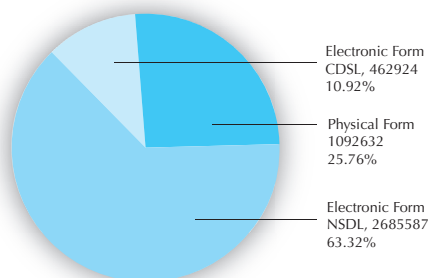
Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	61012	99.32	723895	17.07
501 - 1000	140	0.23	99861	2.35
1001 - 2000	89	0.14	125126	2.95
2001 - 3000	42	0.07	103881	2.45
3001 - 4000	26	0.04	92782	2.19
4001 - 5000	15	0.02	69409	1.64
5001 - 10000	46	0.08	329206	7.76
10001 and above	59	0.10	2696983	63.59
Total	61429	100.00	4241143	100.00



k) Dematerialization of Shares and Liquidity:

74.24% of total equity capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2019. All requests for dematerialization of shares were processed within the stipulated time period and no share certificates were pending for dematerialization.

Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 17-01-2000 as per notification issued by the Securities and Exchange Board of India (SEBI).



l) Outstanding GDR/Warrants/any other convertible instruments:

The Company does not have any outstanding GDR / Warrants / any other convertible instruments.

m) Debenture Trustee: Axis Trustee Services Limited

Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

n) Commodity price risk or foreign exchange risk and hedging activities:

As per SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15/11/2018, we give below the disclosures regarding Commodity risks faced by the Company in the format given below:

- i) Risk Management Policy of the Company with respect to commodities including through hedging:

The Company's purchasing strategy does not involve hedging activities and speculative buying. The risks are limited by sourcing from different countries and regions and having medium to short term contracts with prices linked to well accepted market indices and published reports.

- ii) Exposure of the Company to commodity risks faced by the entity throughout the year.

A) Total exposure of the Company to commodities in INR: ₹ 3118.94 Crores

B) Exposure of the Company to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Natural Rubber	₹ 3118.94 Crores	248043 MT	NIL	NIL	NIL	NIL	NIL

- (iii) Foreign Currency Risks:

The Company's policy on hedging foreign currency risks is explained in the notes to the financial statements.

o) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- i. Number of complaints filed during the financial year: Nil
ii. Number of complaints disposed of during the financial year: Nil
iii. Number of complaints pending as on end of the financial year: Nil

p) Plant Locations:

1. Tiruvottiyur — Tiruvottiyur, Chennai, Tamil Nadu.
2. Kottayam — Vadavathoor, Kottayam, Kerala.
3. Goa — Usgao, Ponda, Goa.
4. Arkonam — Ichiputhur, Arkonam, Tamil Nadu.

5. Medak — Sadasivapet, Sangareddy, Telangana.
6. Puducherry — Eripakkam Village, Nettapakkam Commune, Puducherry.
7. Ankenpally — Sadasivapet, Sangareddy, Telangana.
8. Perambalur — Naranamangalam Village & Post, Alathur Taluk, Perambalur District (near Trichy), Tamil Nadu.

q) Address for Correspondence: MRF Limited
No. 114, Greams Road,
Chennai – 600 006.
Tel : (044) 28292777
Fax: (044) 28295087
E-mail : mrfshare@mrfmail.com

14. Other Disclosures

- (a) As required under applicable Listing Regulations, your Company has adopted a policy on related party transactions, Policy for determination of materiality and a Policy on materiality of related party transactions, which were approved by the Board of Directors and uploaded on the Company's Website: <https://www.mrftyres.com/downloads/download.php?filename=Related-Party-Transaction-Policy.pdf>, <http://www.mrftyres.com/downloads/download.php?filename=policy-for-determination-of-materiality.pdf>, <https://www.mrftyres.com/downloads/download.php?filename=policy-on-materiality-of-related-party-transactions.pdf>. Requisite approvals from the Audit Committee / Board have been obtained for the transactions as stipulated under applicable law.

The details of related party transactions during the financial year ended 31st March, 2019 are given in the financial statements. During the year under review, your Company has entered into transactions with MRF SG PTE. LTD, a wholly owned subsidiary of your Company for purchase of Raw materials and the total value of transactions executed during financial year 2018-2019 exceed the materiality threshold adopted by the Company. These transactions were in the ordinary course of business and were on an arms length basis, details of which are provided

in Annexure V of the Board's Report as required under section 134(3)(b) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

There are no transactions with any person or entity belonging to the promoters/promoter group which hold(s) 10% or more share holding in the Company.

- (b) The Company has complied with the requirements of the Stock Exchanges/SEBI and statutory authority on all matters related to capital markets during the last three years. No penalties, strictures were imposed on the Company by the Stock Exchange/SEBI or any other statutory authority in respect of the same.
- (c) The Company has established a vigil mechanism pursuant to the requirements of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations. No personnel have been denied access to the chairman of the Audit Committee to report genuine concerns. Establishment of vigil mechanism is hosted on the website of the Company under the web link: <http://www.mrftyres.com/downloads/download.php?filename=vigil-Mechanism.pdf>.
- (d) The Company has complied with the mandatory requirements of Corporate Governance prescribed in Schedule II, Part A to D of the Listing Regulations.
- (e) The Company has complied with all the applicable mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- (f) The Board has laid down a Code of Conduct for all Directors and senior management staff of the Company. The code suitably incorporates for the Independent Directors their duties as Independent Directors as laid down in Schedule IV of the Companies Act, 2013. The code of conduct is available on the website: www.mrftyres.com. All Directors and members of the senior management have affirmed their compliance with the code of conduct.

Your Company has also adopted a Code of Conduct to regulate, monitor and report trading by Designated persons as



per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors and designated persons who could have access to unpublished price sensitive information of the Company are governed by the Code. An annual disclosure was taken from the Directors and designated persons, as at the end of the year.

- (g) The Audit Committee reviews the financial statements of the unlisted Subsidiary Companies. The minutes of the Board Meetings of the unlisted subsidiary companies are placed at the Board meeting of the Company.

Your Company has formulated a policy on material subsidiary as required under Regulation 16 of the Listing Regulations and the policy is hosted on the website of the Company under the web link: <http://www.mrityres.com/downloads/download.php?filename=material-subsidary-policy.pdf>. The Company does not have any material unlisted subsidiary Company.

- (h) The Company has issued a formal letter of appointment to all the Independent Directors. The terms and conditions of their appointment have been disclosed on the Company's website under the web link: <http://www.mrityres.com/downloads/download.php?filename=Terms-and-Conditionsof-Appointment-of-Independent-Directors.pdf>.

During the year, a meeting of the Independent Directors was held as prescribed under applicable Listing Regulations and the Companies Act, 2013. In the opinion of the Board Independent Director(s) fulfills the conditions specified in the Listing Regulations and are Independent of the Management.

- (i) As required by the amendments to SEBI (Listing Obligations and Disclosure Requirements) 2015, the Board has identified the list of core skills/ expertise/ competencies as required in the context of its business / sector, for it to function effectively. The details are as follows: General Business / Industry awareness, Functional knowledge, General Management / Administration, Communication and Collaborative approach. It is confirmed that the above core skills/ expertise/ competencies are available with the Board.
- (j) A Certificate has been received from Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai, that

none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

- (k) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors for the Financial year ended 31st March, 2019 is ₹ 7043692.
- (l) List of Credit rating obtained by the Company: The Ratings given by CARE Ratings Limited for Long term Bank Facilities (Working Capital Fund Based) to the extent of ₹ 2100 crores and Short term Bank Facilities (Working Capital Non Fund Based) to the extent of ₹ 550 crores of the Company are CARE AAA; Stable [Triple A; Outlook: Stable] and CARE A1+ [A One Plus], respectively.

For Fixed Deposit Programme to the extent of ₹ 50 crores, CARE Ratings Limited have given a rating of CARE AAA (FD); Stable [Triple A (Fixed Deposit); Outlook: Stable].

For the Non-Convertible debentures (NCD) of ₹ 500 crores, CARE Ratings Limited has given a rating of CARE AAA; Stable [Triple A; Outlook: Stable] and ICRA Limited has given a rating of [ICRA] AAA (Stable).

For the Term Loan/NCD of ₹ 100 crores, CARE Ratings Limited has given a rating of CARE AAA; Stable [Triple A; Outlook: Stable].

For the proposed NCD of ₹ 500 crores, CARE Ratings Limited has given a rating of CARE AAA; Stable [Triple A; Outlook: Stable] and for the proposed NCD of ₹ 100 crores, ICRA Limited has given a rating of [ICRA] AAA (Stable).

All the above credit ratings were reaffirmed by CARE Ratings Limited and ICRA Limited.

- (m) There was no Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of Listing Regulations.

- (n) There was no instance during the financial year 2018-2019, where the Board of Directors has not accepted the recommendation of any committee of the Board which it was mandatorily required to accept.

15. Discretionary requirements as specified in Part E of Schedule II of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015:

a. Maintaining Non-Executive Chairman's Office:

Not Applicable as the Chairman is an Executive Director.

b. Shareholder Rights:

The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website: www.mrftyres.com and in Stock Exchange websites namely www.connect2nse.com and <http://listing.bseindia.com>. Therefore, no individual communications are sent to the shareholders in this regard.

c. Audit Qualification:

There are no qualifications in the Auditors' Report on the accounts for the financial year ended 31.03.2019.

Adoptions of other non-mandatory requirements are being reviewed from time to time.

16. CEO / CFO Certification

Mr. Rahul Mammen Mappillai, Managing Director and Mr. Madhu P Nainan, Vice President Finance, have certified to the Board regarding the financial statements for the financial year ended 31st March, 2019 in accordance with Regulation 17(8) of Listing Regulations.

17. Equity shares in MRF - Unclaimed Suspense Account:

As required by the provisions of Regulation 39 (4) read with Schedule V (F) of Listing Regulations, the Company has transferred the unclaimed shares lying in possession of the Company to MRF – Unclaimed Suspense Account. The status of unclaimed shares lying in MRF - Unclaimed Suspense Account as on 31.03.2019 are as under:

Particulars	Number of Members	Number of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the beginning of the financial year.	341	9496
Number of shareholders who approached the Company for transfer of the shares from suspense account during the FY 2018-19	15	512
Shareholders to whom shares were transferred from the suspense account during the year	15	512
Shares transferred to Investor Education and Protection Fund Authority as required by Section 124 (6) of the Companies Act, 2013 read with rules thereunder.	38	1557
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on 31.03.2019	288	7427

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

18. Declaration

As required by Para D of Schedule V to the Listing Regulations, it is hereby confirmed and declared that all the members of the Board and senior management have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2019.

On behalf of the Board of Directors

Place: Chennai
Date: 2nd May, 2019

K M MAMMEN
Chairman & Managing Director



INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF MRF LIMITED

1. We, SCA AND ASSOCIATES & MAHESH, VIRENDER & SRIRAM, Chartered Accountants, the Statutory Auditors of MRF LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended 31 March, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

MANAGEMENT'S RESPONSIBILITY

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

AUDITORS' RESPONSIBILITY

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Paras C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2019.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Regn. No. 101174W

Shivratan Agarwal
Partner
Mem. No. 104180

Chennai, Dated May 02, 2019

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Regn. No. 001939S

B R Mahesh
Partner
Mem. No. 18628

BUSINESS RESPONSIBILITY REPORT (BRR)

Section A: General information about the Company

1.	Corporate Identity Number (CIN)	L25111TN1960PLC004306
2.	Name of the Company	MRF LIMITED
3.	Registered address	114, Greams Road, Chennai 600006
4.	Website	www.mrf tyres.com
5.	E-mail Id	mrfshare@mrfmail.com
6.	Financial year reported	1st April, 2018 to 31st March, 2019
7.	Your Company is engaged in (industrial activity code-wise)	
	Group*	Description
	221	Manufacture and sale of Automotive tyres, Tubes, Flaps etc.

*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

8. The key products that your Company manufactures (as per Balance Sheet) are:

Automotive tyres, tubes, flaps etc.

9. Total number of locations where business activity is undertaken by your Company: (On a standalone basis)

- i. Number of International locations – 3
- ii. Number of National Locations – 204

10. Markets served by your Company:

Local	State	National	International
✓	✓	✓	✓

Section B: Financial details of the Company

1. Paid up Capital : ₹ 4,24,11,430
2. Total Turnover (Revenue from operations) : 15837 Crores.
3. Total profit after taxes : ₹ 1097 Crores.
4. Total spending on corporate social responsibility (CSR) as percentage of profit after tax (PAT) (%): Your Company's total spending on CSR for the financial year April 2018 to March 2019 is ₹ 26.35 crores which is 2.40% of PAT.
5. Some of the areas for which expenditure in 4 above has been incurred: Sports Training, developing vocational skills, enhancement of livelihood, provide safe drinking water, healthcare, promotion of education and rural development projects.

Section C: Other details

1. Does the Company have any Subsidiary Company/ Companies? Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): The subsidiary companies being unlisted companies have not yet commenced any such activities.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

Section D: Business Responsibility Information

1. Details of Director/Directors responsible for BR
 - a. Details of the Directors responsible for implementation of the BR policy
 - a) Mr. K M Mammen (DIN : 00020202), Chairman & Managing Director, Tel. No. : +91 44 28292777, E-mail Id : mrfshare@mrfmail.com
 - b) Mr. Arun Mammen (DIN : 00018558), Vice Chairman and Managing Director, Tel. No. : +91 44 28292777, E-mail Id : mrfshare@mrfmail.com



b. Details of the BR head

Same as above.

2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/policies (Reply in Y/N)

MRF has always adhered to good business practices in all facets of its operations. The Company adopts sound corporate governance processes and procedures. The Company has been an ISO certified organisation for several years. All the manufacturing locations of MRF are certified for Environment (OHSAS& EMS) & Quality Management System (TS16949) by TUV –Nord (certifying body).

The Board of Directors has also adopted a Business Responsibility Policy (“BR Policy”) addressing the principles set out in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs). This policy is operationalized and supported by various other policies, procedures, guidelines and manuals.

Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the Policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? ^b	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Directors?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	www.mrftyres.com/shareholder-info-policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders’ grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes:

- P1 - Ethics etc., P2 - Product Responsibility, P3 - Employee Wellbeing, P4 - Stakeholder Engagement, P5 - Human Rights, P6 - Environment, P7 - Public Policy, P8 - CSR, P9 - Customer Relations.
- The policies have been formulated taking into consideration statutory requirements (which are modelled based on national and international conventions/standards) and applicable standards of ISO 9001, ISO 14001, OHSAS 18001.

- (b) If answer to the question at serial number (a) against any principal, is 'No', please explain why: Not applicable.

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Board of Directors of the Company, annually reviews the various initiatives forming part of the BR performance of the Company. The CSR Committee reviews the implementation of the projects/ programmes/activities once in about 6 months. The Chairman & Managing Director and the Vice Chairman & Managing Director deliberate on issues relating to the BR when the respective functional review is done (1-6 months).

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is uploaded on the website of the Company – www.mrf tyres.com/financial-results.

Section E: (Principle-wise Performance)

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes. The Company has laid down a Code of Conduct for the Company. This covers issues, inter alia, related to ethics etc. It extends to all dealings between the Company and its stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the financial year 2018-19, 24 complaints were received from the shareholders, which have been attended to. The complaints are in the nature of non-receipt of dividends, rejection of share transfer, share transmissions, demat requests etc. The Stakeholders' Relationship Committee at its meetings reviews the complaints and the status of their resolution.

Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

a) Your Company is committed to environmental sustainability and production of tyres with reduced rolling resistance. Your Company has developed several tyres meeting the R117 and AIS142 regulations. The new fuel efficient tyres, 215/60 R16 95H WST A1TL (with a rolling resistance coefficient), 235/60 R18 103H WST A1TL and 255/60 R18 108H MKS TL are the typical examples for our commitment to environmental sustainability.

b) Yet another means to achieve environmental sustainability is by the adoption of tyre raw materials from environmentally benign sources such as natural products, biomass, etc. We have started using such materials in PCR and TBR tyres. R&D is in progress with respect to futuristic materials.

c) Your Company Research and Development has also started working on several raw materials with local manufacturers to facilitate import substitution.

2. Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

We at MRF believe in sustainable sourcing and most of our raw material suppliers have minimum ISO 9001 certification and about 83% of our manufactured inputs are sourced from suppliers who have ISO 14001.

Our vendors are committed to MRF Supplier Code of conduct and Green procurement policy guidelines. We along with our supply chain focus our activities to improve performance of our products



and services including transportation which are environment friendly.

3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Your Company has developed some local vendors for execution of activities like servicing and maintenance of machines, mould repair, engineering correction jobs etc.

4. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Your Company do not recycle any product. Work-in-progress (WIP) compounds not meeting dimensional requirements are reworked with Parent compound. Dust collector black and chemicals used in Non critical products. Company sells scrap to authorised recyclers who converts them to usable materials (Scrap Fabric, Trimmings, empty barrels, waste oil etc.).

Principle 3

1. Please indicate the total number of employees: 16505 permanent employees.
2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 10591
3. Please indicate the number of permanent women employees: 44
4. Please indicate the number of permanent employees with disabilities: 51
5. Do you have an employee association that is recognized by management: Yes
6. What percentage of your permanent employees is members of this recognized employee association? 100% of workmen are members of Unions. 93% of the unionised employees are members of recognised unions.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees – 70.90% (b) Permanent Women Employees – 20.45% (c) Casual/Temporary/Contractual Employees – 36.43% (d) Employees with Disabilities – 23.53%.

Principle 4

1. Has the Company mapped its internal and external stakeholders? Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders - Underprivileged rural youth.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The MRF Institute of Drivers development (MIDD), a pioneering institute providing driver training to Light and Heavy commercial vehicles has a track record of 3 decades. Right from its inception, the institute epitomized a mission far nobler than merely training drivers. The objective was of moulding rural youngsters who were deprived of opportunities, into competent and cultured professionals, contributing immensely to the road transport industry and the society at large. The institute has turned out 197 drivers

during the year 2018-19, including 85 drivers who have done a refresher course. Immediately after training, placement assistance is provided for all needy drivers, with reputed transporters and fleet operators.

Principle 5

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? While the Company's human resource policies are intended to ensure adherence with applicable labour laws governing work place practices, contractual obligations are also stipulated in engagements with suppliers and contractors on compliance with applicable regulations.
2. How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the management? Nil

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Your Company's EHS Policy Covers all manufacturing plants of the Company and scope extends to employees, contractors and customers. The policy addresses compliance to legal, statutory, regulatory and customer specific requirements related to environment, health and safety.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. Yes. Identification of Green House Gas emissions and initiation to reduce emission are continuous ongoing activities.
3. Does the Company identify and assess potential environmental risks?

Yes. As part of Environmental Management System (EMS), the environmental risks are identified, assessed through Environmental

Aspect and Impact Assessment Form. Based on this, Environmental Management Programs (EMP) are initiated. All our Plants are certified for EMS ISO 14001: 2015 by TuV Nord.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Yes. Projects on clean technology, energy efficiency, renewable energy are part of continuous ongoing activities in plants.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. Evaluating proposals for Roof mounted Solar power plants. Details are also provided in Annexure I to the Board's Report.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Your Company's manufacturing processes are designed to operate in a manner that Emissions/Waste generated by the company are within the permissible limits given by CPCB/SPCB. The reports are submitted periodically to the respective State PCBs. The same is being reviewed and verified during external audits for ISO 14001 certification.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. Not resolved to satisfaction) as on end of financial year.

Nil

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:
 - (a) Automotive Tyre Manufacturers Association
 - (b) Confederation of Indian Industry
 - (c) Federation of Indian Chambers of Commerce and Industry



2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

We initiate our own welfare programme. With the above associations, we have ventured into skill development of rubber growers. We, on our own, run drivers' training institute, not only to meet the shortage of drivers but also to inculcate good ethical practices amongst these drivers. This programme provides an opportunity for underprivileged youth to become competent and cultured professionals in the road transport industry.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof. The Company has constituted a Corporate Social Responsibility Committee. Based on the CSR Committee's recommendation, the Board has approved a CSR policy. Details of the policy and the programmes undertaken are given in the CSR Report. (Annexure II to the Board's Report).
2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

In-house team / external NGO / government structures.

3. Have you done any impact assessment of your initiative? The CSR Committee reviews the implementation of the projects undertaken. Reports are sought from the implementing agencies to understand the impact of the initiatives. Likewise in case of inhouse projects, the same is reviewed and monitored.
4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

Details are given in the CSR Report. (Annexure II to the Board's Report)

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company's CSR projects have been primarily focussed on sports training, skill development enhancement of livelihood, provide safe drinking water, health care projects, education and rural development projects. All these projects have achieved their objectives in terms of adoption by the community.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

0.18% of customer complaints are pending as at the end of the financial year.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./Remarks (additional information) – No/NA as only passenger, some select motorcycle tyres and tubes carry labels.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

A proceeding is pending before the Competition Commission of India in respect of automotive tyres. The proceeding has been initiated against major manufacturers of these products and pertains to product pricing. This proceeding has been challenged before appropriate judicial forum and the same is pending.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Yes

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of MRF Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2019, and its profit(financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	Our Response
1	<p><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</i></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, effect of variable considerations and the appropriateness of the basis used to recognise revenue at a point in time or over a period of time.</p>	<p><i>Principal Audit Procedures</i></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <p>Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</p> <p>Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</p> <p>Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</p> <p>Our procedures did not identify any material exceptions.</p>



Sr. No.	Key Audit Matter	Our Response
2.	<p>Defined benefit obligation</p> <p>The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>
3.	<p>Warranty Provision</p> <p>The Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data.</p>	<p>We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision.</p>

4. Information Other than the Standalone financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required

to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

6. Auditor's Responsibility for the audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial

controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships



and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Note 27 (n) to the Standalone financial statements;
 - ii. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg.No.101174W

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg.No.001939S

Shivratan Agarwal
Partner
Mem.No.104180

Place: Chennai
Date : 02nd May, 2019

B R Mahesh
Partner
Mem.No.18628

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF
EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MRF
LIMITED**

- i) In respect of its Fixed Assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
 - As explained to us, the Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. As regards materials lying with third parties, confirmations have been obtained;
- iii) The Company has not granted any loans, secured or unsecured during the year to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the clauses 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of grant of loans and making investments, as applicable.
- v) The Company has complied with the directives issued by Reserve Bank of India and the Provisions of Section 73 to 76 of the Act, and the rules framed thereunder with regard to deposits accepted from the public. We are informed by the management that no order has

been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii) a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Goods and Services Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.
- b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	₹ Crores
CENTRAL SALES TAX ACT, 1956 and VAT LAWS			
Sales tax / VAT and penalty	1999-2000, 2000-01, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2014-15, 2015-16, 2016-17, 2017-18	Appellate Commissioner	3.57
	1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2013-14, 2014-15, 2016-17	Appellate Tribunal	17.82



Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	₹ Crores
	1996-97, 2006-07 to 2016-17	High Court	24.68
	1996-97, 2000-01 to 2002-03	Supreme Court	0.12
CUSTOMS ACT, 1962			
Customs Duty and penalty	2016-17	Appellate Tribunal	11.23
	1992-93 to 1994-95	High Court	74.89
CENTRAL EXCISE ACT, 1944 and Finance Act 1994			
Excise duty, Service tax and penalty	2012-13 to 2016-17	Director General Goods and Service Tax	221.31
	1997-98, 2006-07, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18	Appellate Commissioner	2.61
	2008-09 to 2016-17	Appellate Tribunal	22.80
	2001-02	Supreme Court	0.06
INCOME TAX, 1961			
Income Tax	2009-10, 2013-14, 2015-16	Appellate Commissioner	22.77
	2010-11, 2014-15	Appellate Tribunal	20.78
	2002-03 and 2004-05	High Court	4.51

- viii) The Company has not defaulted in repayment of its loans or borrowings to banks and debenture holders.
- ix) The Company has not raised any moneys by way of Initial public offer or further Public offer (Including debt instruments), during the year. Moneys raised by way of Term Loan were applied for the purpose for which those are raised.
- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been

noticed or reported during the year, nor have we been informed of any such case by the management.

- xi) The managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii) The Company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the order are not applicable to the Company.
- xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, and the details have been disclosed in the Financial statements Refer Note 27(e) as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of share or fully or partly paid convertible debentures during the year and accordingly provisions of clause (xiv) of Para 3 of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, provisions of clause (xv) of Para 3 of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions clause (xvi) of Para 3 of the Order are not applicable to the Company.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg.No.101174W

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg.No.001939S

Shivratan Agarwal
Partner
Mem.No.104180
Place: Chennai
Date : 02nd May, 2019

B R Mahesh
Partner
Mem.No.18628

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF
EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF
MRF LIMITED.**

**1. REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER
FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION
3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of MRF LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**2. MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL
CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

3. AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by The Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**4. MEANING OF INTERNAL FINANCIAL CONTROLS OVER
FINANCIAL REPORTING**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the



Company's assets that could have a material effect on the financial statements.

5. INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting

and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg.No.101174W

Shivratan Agarwal
Partner
Mem.No.104180

Place: Chennai
Date : 02nd May, 2019

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg.No.001939S

B R Mahesh
Partner
Mem.No.18628

MRE LIMITED, CHENNAI**BALANCE SHEET AS AT 31ST MARCH, 2019**

	Note	As at 31.03.2019	₹ Crores As at 31.03.2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2 (a)	6751.32	6057.84
Capital Work-in-Progress	2 (b)	1403.19	1078.84
Other Intangible Assets	2 (c)	16.20	17.47
Financial Assets:			
Investments	3	1078.00	1092.42
Loans	4	0.31	1.57
Other financial assets	5	16.03	14.76
Other non-current assets	6	642.13	342.31
Current Assets			
Inventories	7	2950.93	2172.07
Financial Assets:			
Investments	3	2770.39	3054.02
Trade Receivables	8	2361.62	2135.92
Cash and cash equivalents	9	57.52	98.79
Bank balances other than cash and cash equivalents	10	2.55	39.84
Loans	4	0.61	1.90
Other financial assets	5	13.74	8.64
Other current assets	6	162.94	185.41
Assets Classified as held for sale	2(d)	0.20	-
TOTAL ASSETS		18227.68	16301.80
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	SOCE	4.24	4.24
Other Equity	SOCE	10649.06	9599.96
Total Equity		10653.30	9604.20
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	11	1054.73	1319.33
Provisions	12	167.80	152.74
Deferred Tax Liabilities (Net)	13	839.20	619.01
Other non-current liabilities	14	76.29	58.08
Current Liabilities			
Financial Liabilities			
Borrowings	11	408.86	229.08
Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	15	21.25	17.33
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	15	2306.39	1981.63
Other Financial Liabilities	16	761.65	530.41
Other Current Liabilities	14	1781.13	1638.90
Provisions	12	149.23	142.83
Current Tax Liabilities (Net)		7.85	8.26
Total Liabilities		7574.38	6697.60
TOTAL EQUITY AND LIABILITIES		18227.68	16301.80
Significant Accounting Policies	1		
Accompanying Notes are an integral part of these financial statements			
This is the Balance Sheet referred to in our report of even date			
For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM			
Chartered Accountants	Chartered Accountants	JACOB KURIAN	K M MAMMEN
Firm Regn. No. 101174W	Firm Regn. No. 001939S	V SRIDHAR	Chairman & Managing Director
Shivratan Agarwal	B R Mahesh	MADHU P NAINAN	S DHANVANTH KUMAR
Partner	Partner	Vice President Finance	Company Secretary
Mem. No. 104180	Mem. No. 18628		
Chennai, Dated 2nd May, 2019			



MRF LIMITED, CHENNAI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

			₹ Crores
	Note	Year Ended 31.03.2019	Year ended 31.03.2018
INCOME			
Revenue from Contracts with Customers	17	15837.00	15181.05
Other Income	18	417.47	328.50
TOTAL INCOME		16254.47	15509.55
EXPENSES			
Cost of materials consumed	19	10220.40	8946.93
Purchases of Stock-in-Trade	27(q(2))	29.86	44.89
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	20	(608.60)	76.04
Employee Benefits expense	21	1144.28	1074.65
Finance Costs	22	247.79	245.17
Depreciation and Amortisation expense	2 (a) & (c)	806.27	705.34
Excise Duty		-	405.15
Other Expenses	23	2805.58	2409.47
TOTAL EXPENSES		14645.58	13907.64
PROFIT BEFORE TAX		1608.89	1601.91
TAX EXPENSE			
Current Tax (Net of Excess Provision of Earlier Years Written back - ₹ Nil (previous year - ₹ 16.84 Crores))		330.00	390.77
Deferred Tax		182.02	118.86
TOTAL TAX EXPENSE		512.02	509.63
PROFIT FOR THE YEAR		1096.87	1092.28
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans		(9.74)	(4.28)
Income Tax relating to items that will not be reclassified to Profit or Loss		3.40	1.48
Items that may be reclassified to Profit or Loss			
Designated Cash Flow Hedges		(16.56)	1.37
Income tax relating to items that may be reclassified to Profit or Loss		5.79	(0.46)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(17.11)	(1.89)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1079.76	1090.39
EARNINGS PER EQUITY SHARE	27 (p)		
Basic		2586.26	2575.43
Diluted		2586.26	2575.43

Significant Accounting Policies

1

Accompanying Notes are an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM
Chartered Accountants Chartered Accountants
Firm Regn. No. 101174W Firm Regn. No. 001939S

Shivratan Agarwal
Partner
Mem. No. 104180

B R Mahesh
Partner
Mem. No. 18628

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai, Dated 2nd May, 2019

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2019

₹ Crores

EQUITY SHARE CAPITAL

		As at 31.03.2019	As at 31.03.2018
	<u>Number</u>	<u>Amount</u>	<u>Amount</u>
Authorised Share Capital	9000000	9.00	9.00
Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies)	4241143	4.24	4.24
Subscribed Share Capital	4241143	4.24	4.24
Fully Paid-up Share Capital	4241143	4.24	4.24
Balance at the beginning of the year	4241143	4.24	4.24
Changes in equity share capital during the year:	-	-	-
Balance at the end of the reporting year	4241143	4.24	4.24

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year ₹ 2.54 Crores) which has already been distributed during the Financial Year 2018-19.

Shares in the Company held by each shareholder holding more than five percent shares

	As at 31.03.2019		As at 31.03.2018	
	No.	%	No.	%
Comprehensive Investment and Finance Company Private Limited	440294	10.38%	439844	10.37%
MOWI Foundation	507984	11.98%	507984	11.98%



₹ Crores

OTHER EQUITY	Reserves and Surplus				Other Comprehensive Income(OCI)		TOTAL
	Securities Premium	General Reserve	Debenture redemption reserve	Retained Earnings	Effective portion of Cash Flow Hedges	Remeasurements of Defined Benefit Plans	
Balance at the beginning of the comparative year - 1st April 2017	9.42	8476.24	88.62	-	(6.17)	(27.93)	8540.18
Profit for the Comparative Year ending 31st March, 2018	-	-	-	1092.28	-	-	1092.28
Other Comprehensive Income for the Comparative Year ending 31st March, 2018	-	-	-	-	0.91	(2.80)	(1.89)
Total Comprehensive Income for the Comparative year	-	-	-	1092.28	0.91	(2.80)	1090.39
Transactions with owners in their capacity as owners:							
Dividends and Dividend Distribution Tax;							
- Interim Dividends (₹ 6 per share)	-	-	-	(2.54)	-	-	(2.54)
- Final Dividend (₹ 54 per share)	-	-	-	(22.91)	-	-	(22.91)
- Dividend Distribution Tax	-	-	-	(5.16)	-	-	(5.16)
Transfer to General Reserve	-	1046.89	-	(1046.89)	-	-	-
Transfer (from) / to Debenture Redemption Reserve	-	-	14.78	(14.78)	-	-	-
Balance at the beginning of the year	9.42	9523.13	103.40	-	(5.26)	(30.73)	9599.96
Profit for the Current Reporting year ending 31st March, 2019	-	-	-	1096.87	-	-	1096.87
Other Comprehensive Income	-	-	-	-	(10.77)	(6.34)	(17.11)
Total Comprehensive Income for the Reporting year	-	-	-	1096.87	(10.77)	(6.34)	1079.76

₹ Crores

OTHER EQUITY (Contd.)	Reserves and Surplus				Other Comprehensive Income(OCI)		TOTAL
	Securities Premium	General Reserve	Debenture redemption reserve	Retained Earnings	Effective portion of Cash Flow Hedges	Remeasurements of Defined Benefit Plans	
Total Comprehensive Income for the Reporting year	-	-	-	1096.87	(10.77)	(6.34)	1079.76
Transactions with owners in their capacity as owners:							
Dividends and Dividend Distribution Tax;							
- Interim Dividends (₹ 6 per share)	-	-	-	(2.54)	-	-	(2.54)
- Final Dividend (₹ 54 per share)	-	-	-	(22.91)	-	-	(22.91)
- Dividend Distribution Tax	-	-	-	(5.21)	-	-	(5.21)
Transfer to General Reserve	-	1054.08	-	(1054.08)	-	-	-
Transfer from / (to) Debenture Redemption Reserve	-	-	12.13	(12.13)	-	-	-
Balance at the end of the reporting year ending 31st March, 2019	9.42	10577.21	115.53	-	(16.03)	(37.07)	10649.06

Nature and Purpose of each component of equity	Nature and Purpose
Securities Premium	Amounts received in excess of par value on issue of shares is classified as Securities Premium.
General Reserve	General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss.
Debenture Redemption Reserve	Debenture Redemption Reserve is created against the balance redemption liability of Debentures issued by the Company as per statutory requirements.
Effective portion of Cash Flow Hedges	Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments").
Remeasurements of Defined Benefit Plans	Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.

This is the Statement of Changes in Equity (SOCE) referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

Chartered Accountants

Firm Regn. No. 101174W

Chartered Accountants

Firm Regn. No. 001939S

Shivratan Agarwal

Partner

Mem. No. 104180

Chennai, Dated 2nd May, 2019

B R Mahesh

Partner

Mem. No. 18628

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director



MRF LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

₹ Crores

	Year ended 31.03.2019	Year ended 31.03 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX	1608.89	1601.91
Adjustment for :		
Depreciation	806.27	705.34
Reversal of Impairment of Assets / Financial Assets	(0.10)	(0.44)
Unrealised Exchange (Gain) / Loss	1.61	(2.92)
Finance Cost	247.79	245.17
Interest Income	(10.39)	(25.82)
Dividend Income	(0.13)	(0.32)
Loss / (Gain) on Sale / Disposal of Property Plant and Equipment	5.90	1.03
Fair Value changes in Investments	(99.20)	(226.49)
Fair Value changes in Financial Instruments	42.04	28.85
Loss / (Gain) on Sale of Investments	(204.79)	(4.70)
Bad Debts written off	0.25	0.15
Other Adjustments	(19.84)	(2.71)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	2378.30	2319.05
Trade receivables	(230.46)	(169.81)
Other receivables	13.28	72.81
Inventories	(778.86)	220.85
Trade Payable and Provisions	343.40	354.46
Other liabilities	59.26	197.02
CASH GENERATED FROM OPERATIONS	1784.92	2994.38
Direct Taxes paid	(404.70)	(465.41)
NET CASH FROM OPERATING ACTIVITIES	1380.22	2528.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1960.32)	(1529.80)
Proceeds from sale of Property, Plant and Equipment	0.42	2.65
Purchase of Investments	(2116.46)	(2997.46)
Proceeds from sale of Investments	2718.50	2476.56
Fixed Deposits with Banks matured	38.39	54.15
Loans (Financial assets) given	0.89	1.73
Interest Income	8.62	22.21
Dividend income	0.13	0.32
NET CASH USED IN INVESTING ACTIVITIES	(1309.83)	(1969.64)

MRF LIMITED, CHENNAI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

₹ Crores

	Year ended 31.03.2019	Year ended 31.03 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments) / Proceeds from Working Capital Facilities (Net)	178.68	(344.96)
Proceeds from Term Loans	150.00	284.36
Repayment of Term Loans	(150.42)	(269.60)
Repayment of Fixed Deposits	(3.57)	(1.64)
Sales Tax Deferral	(8.79)	(34.93)
Deferred payment Credit	(0.48)	(0.43)
Interest paid	(246.42)	(241.08)
Dividend and Dividend Distribution Tax	(30.66)	(30.61)
NET CASH FROM FINANCING ACTIVITIES	(111.66)	(638.89)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(41.27)	(79.56)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2018	Refer	178.35
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2019	Note 9	98.79

Note to Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the Indirect Method.

2. Reconciliation of Financing Liabilities

₹ Crores

	31.03.2019	31.03.2018
Opening Balance	1772.44	2143.14
Cash inflow/ (outflow) of non-current borrowings	(101.41)	82.38
Cash inflow /(outflow) of current borrowings	266.83	(449.58)
Changes in fair values	(3.19)	(1.37)
Other Changes	(1.77)	(2.13)
Changes in unclaimed deposits and unpaid dividend	0.06	-
Closing Balance	1932.96	1772.44

This is the Cash Flow Statement referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

Chartered Accountants Chartered Accountants

Firm Regn. No. 101174W Firm Regn. No. 001939S

JACOB KURIAN

Shivratan Agarwal

B R Mahesh

 MADHU P NAINAN
Vice President Finance

 S DHANVANTH KUMAR
Company Secretary

 V SRIDHAR
Directors

 K M MAMMEN
Chairman & Managing Director

Partner

Partner

Mem. No. 104180

Mem. No. 18628

Chennai, Dated 2nd May, 2019



NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

A) **General Information**

MRF Limited (the “Company”) is a limited Company, incorporated on 5th November, 1960 in India, whose shares are publicly traded.

The Company is India’s largest tyre manufacturer and ranked amongst the Top 20 Global Manufacturers, with 9 state-of-the-art factories across India. It is also India’s largest Original Equipment Manufacturer (OEM) tyre supplier with an expansive tyre range from two-wheelers to fighter aircrafts.

The Registered Office is located at No.114, Greams Road, Chennai-600 006.

The Company is the ultimate parent of MRF Limited Group.

B) **Basis of preparation of financial statements**

The principal accounting policies applied in the preparation of these financial statements are set out in Para C below. These policies have been consistently applied to all the years presented.

i. **Statement of Compliance**

These Separate financial statements (also known as Standalone Financial Statements) have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

ii. **Basis of preparation and presentation**

The financial statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013, except for the following material item that has been measured at fair value as required by relevant Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value (refer Note C(19).) and
- b) Any other item as specifically stated in the accounting policy.(refer Note 27(h))

The Financial Statement are presented in INR and all values are rounded off to Rupees Crores unless otherwise stated.

The Company reclassifies comparative amounts, unless impracticable and whenever the Company changes the presentation or classification of items in its financial statements materially. No such material reclassification has been made during the year.

The financial statements of the Company for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the directors on 2nd May, 2019.

iii. **Major Sources of Estimation Uncertainty**

In the application of accounting policy which are described in note (C) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.

The few critical estimations and judgments made in applying accounting policies are:

Property, Plant and Equipment:

Useful life of Property Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain assets based on technical advice which

considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods.

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Company is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Company is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset.

Impairment of Financial Assets:

The Company impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date.

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.(refer Note 27(h))

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

C) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of the transition date, measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount /



rebate, import duties, non-refundable taxes, cost of replacing the component parts, borrowing costs (as per sl.no.14 below) and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying amount of such items. The carrying amount of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as 'stores and spares' forming part of the inventory. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date when the asset is derecognised.

Description of the Asset	Estimated Useful life (on single shift working)
Tangible:	
Land – Leasehold	Primary period of lease
Building – Factory	30 Years
– Other than factory buildings	60 Years
Plant and Equipment	5-21 Years
Moulds	6 Years
Furniture and Fixtures	5 Years
Computer Servers	5 Years
Computers	3 Years
Office Equipment	5 Years
Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils	10 Years
Renewable Energy Saving Device – Windmills	22 Years
Vehicles	5 Years
Aircraft	10 and 20 Years
Intangible:	
Software	5 Years

Depreciation on the property, plant and equipment, is provided over the useful life of assets based on management estimates which is in line with the useful life indicated in Schedule II to the Companies Act, 2013. Depreciation on all assets except Renewable Energy Saving Devices is provided on straight line basis whereas depreciation on renewable energy saving devices is provided on reducing balance basis. Plant and Machinery, Moulds, Vehicles, Furniture and Fixtures and Computer Servers are depreciated based on management estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support.

Depreciation on property plant and equipment added/ disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further, the Company has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation in compliance with Schedule II of the Companies Act, 2013.

2) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible Assets are amortised over 5 years on straight-line method over the estimated useful economic life of the assets.

The Company undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The Company recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Intangible Assets under Development till the time they are available for use in the manner intended at which moment they are treated as Intangible Assets and amortised over their estimated useful life.

3) Assets held for Sale:

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the "Held for Sale" criteria.

4) Impairment of tangible (PPE) and intangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such



transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

5) Inventories:

Inventories consisting of stores and spares, raw materials, Work in progress, Stock in Trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost.

The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of inputs tax credits under various tax laws.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred in bringing the inventories to their present location and condition.

Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories

are sold, the carrying amount of those items are recognised as expenses in the period in which the related revenue is recognised.

6) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item (i.e. PPE), are generally capitalised at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of minimum lease payments. Where the Company has right to sell the leased asset at fair value on the date of sale, it is considered that substantially all the risks and benefits incidental to ownership of the leased items have been transferred. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease on straight line basis other than those cases where the escalations are linked to expected general inflation in which case they are charged on contractual terms.

7) Government Grants:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities in respect of loans/ assistance received subsequent to the date of transition.

8) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the

unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition is based on scientific basis as per past trends of such claims. The initial estimate of warranty-related costs is revised annually.

Contingent Assets are not recognised, however, disclosed in financial statement when inflow of economic benefits is probable

9) Foreign Currency Transactions:

The financial statements of Company are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. . At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Effective 1st April, 2018, the Company has adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown



in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to equity shareholders:

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity along with any tax thereon.

12) Cash Flows and Cash and Cash Equivalents:

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

13) Revenue Recognition:

The Company derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps and Tread Rubber.

Effective 1st April, 2018, the Company has applied Ind AS 115 "Revenue from contracts with customers" which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method and the comparative information in the statement of profit and loss is not restated – i.e., the comparative information continues to be reported under Ind

AS 18. Refer Note 1(c) – Significant accounting policies – Revenue recognition in the Annual Report of the Company for the year ended 31st March, 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

The following is a summary of significant accounting policies related to revenue recognition:

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

The Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are

netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgements in revenue recognition.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/ prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Dividend Income

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income:

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

14) Borrowing costs:

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition/ construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalised as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The capitalisation on borrowing costs commences when the Company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

15) Employee Benefits:

a) Short term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognised during the period in which the employee renders related services and are



measured at undiscounted amount expected to be paid when the liabilities are settled.

b) Long Term Employee Benefits:

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit is accrued over the period of employment using the same methodology as used for defined benefits post employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit or Loss in which they arise except those included in cost of assets as permitted. The benefit is valued annually by independent actuary.

c) Post Employment Benefits:

The Company provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contributions plan such as provident fund, pension fund and superannuation fund.

d) Defined benefits Plans:

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

Eligible employees of the Company receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Company contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The Company has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year-end no shortfall remains unprovided for.

e) Defined Contribution Plans

Payments to defined contribution retirement benefit plans, viz., Provident Fund for certain eligible employees, Pension Fund and Superannuation benefits are recognised as an expense when employees have rendered the service entitling them to the contribution.

16) Taxes on Income:

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

a) Current Tax:

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum alternate tax) or normal provision of Income Tax Act. Tax on Income for the current year is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/appeals.

b) Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent

that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternate Tax(MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

17) Earnings per Share:

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

18) Current versus non-current classification:

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.



- a) An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
 - Held primarily for the purpose of trading,
 - Expected to be realised within twelve months after the reporting period, or
 - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

- b) A liability is current when:
- It is expected to be settled in the normal operating cycle,
 - It is held primarily for the purpose of trading,
 - It is due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

- c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

19) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and disclosure purposes in these financial

statements is determined on such basis except for Inventories, Leases and value in use of non financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

20) **Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) **Financial Assets**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Investments in subsidiaries

Investments in equity shares of subsidiaries are carried at cost less impairment. Impairment is provided for on the basis explained in Paragraph (4) of Note C above.

Financial assets other than investment in subsidiaries

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, Investment in units of Mutual Funds, loans/ advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the

difference between transaction price and fair value is recognised in Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the



principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to Profit or Loss.

Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognised in the Statement of profit and loss.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may

have to pay.

Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.
- Financial assets (excluding equity instruments) measured at fair value through other comprehensive income (FVTOCI).

ECL is measured through a loss allowance on a following basis after considering the value of recoverable security:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognised during the period is recognised as expense/income in the statement of profit and loss.

b) Financial Liabilities

The Company's financial liabilities includes borrowings, trade payable, accrued expenses and other payables.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss depending upon the level of fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

Financial Liabilities at Fair value through profit and loss (FVTPL):

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) Derivatives

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognised in the Statement of Profit and Loss



immediately unless the derivative is designated and effective as a hedging instrument and is recognised in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability (this is also referred to as “Basis Adjustment”).

D) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on 30th March, 2019 through companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new IND AS and amendments to IND AS which are applicable on 1st April 2019.

i) Issue of IND AS 116 – Leases

IND AS 116 Leases will replace the existing lease standard, IND AS 17 and related interpretations.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value.

Currently operating lease expenses are charged to statement of profit and loss account. As regards accounting requirements of lessor are concerned, IND AS 116 substantially carries forward the requirements in IND AS 17.

The Company is proposing to use the “Modified Retrospective Approach” for transition to IND AS 116 and accordingly take the cumulative adjustments to retained earnings on the date of initial application (1st April 2019) and will not restate the

comparative information. The Company will recognize a lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use assets at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application.

In accordance with the standard the Company will elect not to apply the requirements of IND AS 116 to short term leases and for which the underlying asset is of low value.

On transition to IND AS 116, the Company will be using the practical expedient provided in the standard and will not reassess whether a contract is or contains a lease, at the date of initial application. As on the transition date the Company will recognize new assets and liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to amortization charge for the right to use assets and interest accrued on lease liability.

The Company is currently evaluating the effect of adoption as on the transition date.

ii) Amendments to existing issued Ind AS

The MCA has also carried out amendments to the following accounting standards:–

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

The amendment needs to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Companies have used or plan to use in their income tax filing which

has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Company is proposing to use retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application without adjusting comparatives. The Company will adopt the standard on 1st April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application, i.e., 1st April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income Taxes:

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Company is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement:

The amendments require an entity to use updated assumptions to determine current service and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company does not have any impact on account of this amendment.

Amendment to Ind AS 23 – Consideration of outstanding specific borrowing in capitalisation rate:

The amendments clarify that an entity shall exclude from the calculation of capitalisation rate borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The Company is in the process of evaluating the impact of this amendments on the separate and consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

(₹ Crores)

NOTE 2 (a): PROPERTY, PLANT AND EQUIPMENT													Note 2 (c): INTANGIBLES	Note 2 (d): ASSETS CLASSIFIED AS HELD FOR SALE
Particulars	Land		Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Air Crafft	Office equipment	Computers	Moulds	Other Assets	Total	Computer Software	Plant & Machinery
	Freehold	Leased												
GROSS BLOCK														
Carrying Value as at 31.03.2017	524.22	84.53	1433.92	3995.95	13.46	25.27	-	22.59	29.58	325.45	237.19	6692.16	20.97	-
Additions	1.87	-	338.68	778.54	3.92	4.92	-	5.36	7.25	88.96	57.30	1286.80	9.95	-
Disposals	-	-	(2.71)	(33.07)	(0.55)	(1.78)	-	(0.73)	(4.64)	(14.23)	(3.11)	(60.82)	(0.02)	-
Carrying Value as at 31.03.2018	526.09	84.53	1769.89	4741.42	16.83	28.41	-	27.22	32.19	400.18	291.38	7918.14	30.90	-
Additions	-	13.05	153.71	1021.53	4.14	15.29	82.99	8.16	12.75	116.43	72.15	1500.20	4.80	-
Disposals	-	-	(4.62)	(36.87)	(0.71)	(1.31)	-	(2.09)	(9.53)	(16.33)	(9.65)	(81.11)	(0.24)	-
Carrying Value as at 31.03.2019	526.09	97.58	1918.98	5726.08	20.26	42.39	82.99	33.29	35.41	500.28	353.88	9337.23	35.46	3.91
DEPRECIATION BLOCK														
Accumulated depreciation / amortisation as at 31.03.2017	-	0.37	83.08	944.39	6.12	7.44	-	8.90	14.52	97.08	55.91	1217.81	7.74	-
Depreciation/Amortisation for the year	-	0.92	51.07	519.89	3.03	5.62	-	5.34	7.26	66.69	39.81	699.63	5.71	-
Disposals	-	-	(0.20)	(32.28)	(0.50)	(1.63)	-	(0.73)	(4.63)	(14.16)	(3.01)	(57.14)	(0.02)	-
Accumulated depreciation / Amortisation as at 31.03.2018	-	1.29	133.95	1432.00	8.65	11.43	-	13.51	17.15	149.61	92.71	1860.30	13.43	-
Depreciation/Amortisation for the year	-	1.05	59.91	586.72	3.31	6.94	4.40	5.94	8.31	77.42	46.20	800.20	6.07	-
Disposals	-	-	(0.67)	(34.97)	(0.65)	(1.23)	-	(2.05)	(9.52)	(16.29)	(9.21)	(74.59)	(0.24)	-
Accumulated depreciation / Amortisation as at 31.03.2019	-	2.34	193.19	1983.75	11.31	17.14	4.40	17.40	15.94	210.74	129.70	2585.91	19.26	3.71
NET BLOCK														
As at 31.03.2018	526.09	83.24	1635.94	3309.42	8.18	16.98	-	13.71	15.04	250.57	198.67	6057.84	17.47	-
As at 31.03.2019	526.09	95.24	1725.79	3742.33	8.95	25.25	78.59	15.89	19.47	289.54	224.18	6751.32	16.20	0.20
NOTE 2 (b). CAPITAL WORK-IN-PROGRESS														
As at 31.03.2018													1078.84	
As at 31.03.2019													1403.19	

Note: 1. Freehold land includes agricultural land - ₹0.12 Crores (31st March, 2018 - ₹0.12 Crores).

2. Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.

3. The amount of Borrowing Cost capitalised during the year ended 31st March, 2019 - ₹11.16 Crores (Year ended 31st March, 2018 - ₹3.02 Crores.)

4. The Company has classified the leasehold land as a finance lease, after exercise of judgement based on evaluation of facts and circumstances and considering the indicators envisaged in Para 10 and 11 of Ind AS 17 "Leases".

5. Capital expenditure on Research and Development (including Building) during the year - ₹55.50 Crores (previous year - ₹110.86 Crores) refer Note 27 i (ii).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 3: INVESTMENTS

Particulars	Face Value ₹	No. of Shares / Units (in Nos.)		(₹ Crores)	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Non-Current Investments					
Fully Paid-up					
Quoted					
Equity Shares (at fair value through Profit or Loss)				6.00	4.46
Unquoted					
In Mutual Fund Units: (at fair value through Profit or Loss)					
Income Plan: Growth Option				1050.28	1066.24
Others: (at fair value through Profit or Loss)*				0.07	0.07
*Note: The Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Company has carried these investments at it transaction value considering it to be its fair value.					
Unquoted					
Subsidiary Companies: (At Cost)					
Ordinary Shares in MRF SG PTE. LTD.	-	1273200	1273200	6.11	6.11
Equity Shares in MRF Corp Ltd. - ₹1500 (31.03.2018 - ₹1500)	10	50100	50100	-	-
Equity Shares in MRF International Ltd.	10	532470	532470	0.53	0.53
Equity Shares in MRF Lanka Pvt. Ltd.	Sri Lankan ₹ 10	34160324	34160324	15.01	15.01
Total				1078.00	1092.42
Aggregate Market Value of Quoted Investments				6.00	4.46
Aggregate Amount of Unquoted Investments				1072.00	1087.96

Current Investments

Fully paid up -Unquoted

In Mutual Fund Units: (at fair value through Profit or Loss)

Income Plan: Growth Option	2770.39	3054.02
Aggregate Amount of Unquoted Investments	2770.39	3054.02



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 4 : LOANS (Unsecured, considered good)

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Loans to employees	0.31	1.57	0.61	1.90
	0.31	1.57	0.61	1.90

NOTE 5 : OTHER FINANCIAL ASSETS

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Bank deposits with more than 12 months maturity	1.05	2.09	-	-
Others:				
Security Deposits	1.67	1.02	-	-
Interest Accrued on Loans and Deposits	-	-	2.61	3.02
Salary and wage advance	-	-	11.13	5.62
Deposits - Rent	13.31	11.65	-	-
	16.03	14.76	13.74	8.64

NOTE 6 : OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Capital Advances	380.00	205.52	-	-
Advances other than capital advances:				
Security Deposits	54.21	49.81	-	-
Advances to Employees	-	-	18.00	39.78
	434.21	255.33	18.00	39.78
Others				
Advance payment of Income Tax / Tax Deducted at Source (after adjusting provision)	207.44	85.79	-	-
Balance with Statutory authorities	-	-	20.17	11.13
Advances recoverable in cash or kind	0.48	1.19	105.68	118.04
Prepaid Expenses	-	-	19.09	16.46
	207.92	86.98	144.94	145.63
	642.13	342.31	162.94	185.41

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 7 : INVENTORIES

	As at 31.03.2019	₹ Crores As at 31.03.2018
Raw Materials	1007.37	867.95
Raw Materials in transit	91.30	82.20
Work-in-progress	271.48	210.14
Finished goods	1218.45	670.53
Stock-in-trade	41.29	41.95
Stores and spares	321.04	299.30
	2950.93	2172.07

NOTE 8 : TRADE RECEIVABLES

	As at 31.03.2019	₹ Crores As at 31.03.2018
Trade receivables		
Secured, considered good	1326.73	1239.02
Unsecured, considered good	1034.89	896.90
Trade Receivables - credit impaired	2.17	2.27
Less: Impairment provision on Expected Credit Loss Model	(2.17)	(2.27)
	2361.62	2135.92

Of the above, trade receivables due from a subsidiary Company (Refer Note 27 (e))

0.29 0.03

Note: The Company has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

NOTE 9 : CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

	As at 31.03.2019	₹ Crores As at 31.03.2018
Balances with Banks	8.49	47.46
Cheques, drafts on hand; and	48.14	50.24
Cash on hand	0.89	1.09
	57.52	98.79

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31.03.2019	₹ Crores As at 31.03.2018
Deposits with original maturity of more than 3 months, but less than 12 months	-	37.35
Others:		
Unclaimed Dividend Account	2.55	2.49
	2.55	39.84



NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 11 : BORROWINGS

	As at 31.03.2019	₹ Crores As at 31.03.2018
NON CURRENT		
<u>Secured</u>		
Debentures;		
10.09% Secured Redeemable Non Convertible Debentures of ₹10,00,000/- each	340.00	500.00
<u>Unsecured</u>		
Term loans from Banks;		
External Commercial Borrowings (ECB)	709.55	804.82
Sales tax deferral scheme	-	8.79
<u>Others</u>		
Deferred payment liabilities	5.18	5.72
	1054.73	1319.33
CURRENT		
<u>Secured</u>		
Loans repayable on demand		
- from banks	407.05	228.37
Interest accrued on above	1.81	0.71
	408.86	229.08
	1463.59	1548.41

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 27 (j)

NOTE 12 : PROVISIONS

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits	41.62	36.51	48.33	43.14
Others:				
Warranty and others (Refer Note 27(d))	126.18	116.23	100.90	99.69
	167.80	152.74	149.23	142.83

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

	₹ Crores	
	As at 31.03.2019	As at 31.03.2018
Deferred Tax Liabilities:		
Arising on account of difference in carrying amount and tax base of PPE and Intangibles	613.61	531.75
Unrealised gain/(loss) on FVTPL debt Mutual Funds	282.87	176.87
Other adjustments	6.76	7.74
	903.24	716.36
Deferred Tax Asset:		
Accrued Expenses allowable on Actual Payments	(35.77)	(30.91)
On remeasurements of defined benefit plans	(19.67)	(16.27)
On revaluation of designated cash flow hedges	(8.60)	(2.81)
	(64.04)	(49.99)
MAT Credit	-	(47.36)
	839.20	619.01

NOTE 14 : OTHER LIABILITIES

	₹ Crores			
	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Contract Liabilities	-	-	37.98	24.14
Others				
Dealers' Security Deposit	-	-	1410.71	1323.52
Retention Money	32.58	21.26	-	-
Statutory Dues	-	-	260.07	210.48
Liabilities for expenses	-	-	41.18	38.78
Others	43.71	36.82	31.19	41.98
	76.29	58.08	1781.13	1638.90

During the year ended 31st March, 2019, the Company recognised revenue of ₹ 19.57 Crores (Previous year - ₹ 9.83 Crores) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under:

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
As at beginning of the year	24.14	10.91
Recognised as revenue from contracts with customers	(481.04)	(435.11)
Advance from customers received during the year	494.88	448.34
Balance at the close of the year	37.98	24.14



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 15 : TRADE PAYABLES

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Outstanding dues of Micro and Small Enterprises (Refer Note 27(g))	21.25	17.33
Outstanding dues of Creditors other than Micro and Small Enterprises	2306.39	1981.63
	2327.64	1998.96
Of the above:		
Acceptances	325.20	307.60
Payable to Subsidiary Companies net of receivables of ₹ 0.46 crores (previour year ₹ NIL (Refer Note 27 (e)))	658.85	474.99

NOTE 16 : OTHER FINANCIAL LIABILITIES

₹ Crores

	Current	
	As at 31.03.2019	As at 31.03.2018
Current maturities of long-term debt	403.92	152.21
Interest accrued on above	62.90	65.55
Fixed Deposit	-	3.57
Interest accrued on above	-	0.21
Unclaimed dividends	2.55	2.49
Others:		
Employee benefits	119.72	162.00
Liabilities for expenses	127.01	129.34
Derivatives (Net)	35.94	6.38
Others	9.61	8.66
	761.65	530.41

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 17 : REVENUE FROM CONTRACTS WITH CUSTOMERS

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Revenue from Operations:		
Sale of Goods (Refer note 27(f))	15734.50	15103.31
Sale of Services	34.50	30.91
Other Operating Revenues:		
Scrap Sales	68.00	45.11
Miscellaneous	-	1.72
	15837.00	15181.05

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported.(refer note 27(f))

Reconciliation of revenue recognised with the contracted price is as follows:

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Gross Sales (Contracted Price)	16321.92	15634.76
Reductions towards variable consideration (Product, Turnover and Prompt payment discount)	(299.53)	(290.83)
Claims preferred against obligation (Note 1(C-13))	(185.39)	(162.88)
Revenue recognised	15837.00	15181.05

NOTE 18 : OTHER INCOME

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Interest Income	10.39	25.82
Dividend Income	0.13	0.32
Export Incentives	77.75	28.08
Subsidy from State Government	-	17.54
Net gain on sale of Investments classified as FVTPL	204.79	4.70
Net gains on fair value changes on financial assets classified as FVTPL	99.20	226.49
Refund of Purchase Tax	13.19	-
Impairment provision written back	0.10	0.44
Miscellaneous Income	11.92	25.11
	417.47	328.50



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 19 : COST OF MATERIALS CONSUMED

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Stock of Raw Materials	950.15	1013.44
Purchases during the year	10368.92	8883.64
Closing Stock of Raw Materials	(1098.67)	(950.15)
	10220.40	8946.93

NOTE 20 : CHANGES IN INVENTORIES OF FINISHED GOODS STOCK-IN-TRADE AND WORK-IN-PROGRESS

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Closing Stock:		
Finished Goods	1218.45	670.53
Stock-in-Trade	41.29	41.95
Work-in-Progress	271.48	210.14
	1531.22	922.62
Less: Opening Stock:		
Finished Goods	670.53	857.49
Stock-in-Trade	41.95	28.36
Work-in-Progress	210.14	221.86
	922.62	1107.71
Differential Excise Duty on Opening and Closing stock of Finished Goods	-	(109.05)
	(608.60)	76.04

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries and Wages	945.30	884.44
Contribution to provident and other funds	90.03	87.38
Staff welfare expenses	108.95	102.83
	1144.28	1074.65

NOTE 22 : FINANCE COSTS

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Interest on Loans and Deposits	193.37	187.09
Interest on Debentures	50.45	50.45
Interest on Deferred Payment Credit	0.70	0.76
Other Borrowing Costs:		
Unwinding of discount relating to Long Term Liabilities	3.13	6.13
Other Charges	0.14	0.74
	247.79	245.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 23 : OTHER EXPENSES

	₹ Crores	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Stores and Spares Consumed	357.34	312.30
Power and Fuel	762.93	637.65
Processing Expenses	235.48	190.83
Rent	72.05	63.71
Rates and Taxes	13.62	11.04
Insurance	20.68	19.02
Printing and Stationery	8.55	7.52
Repairs and Renewals:		
Buildings	23.91	22.73
Plant and Machinery	143.16	114.34
Other Assets	61.57	51.49
Travelling and Conveyance	47.31	45.26
Communication Expenses	5.65	6.46
Vehicle Expenses	11.02	9.38
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.53	0.47
Tax Audit fee	0.09	0.08
Other Services	0.07	0.11
Reimbursement of Expenses	0.01	0.05
	0.70	0.71
Cost Auditors Remuneration:		
Audit fee	0.07	0.06
Directors' Fees	0.10	0.10
Directors' Travelling Expenses	6.53	5.49
Advertisement	303.95	259.79
Warranty	8.94	32.81
Sales tax absorbed by the Company	0.60	0.49
Bad debts written off	0.25	0.15
Commission	3.14	2.51
Freight and Forwarding (Net)	522.29	466.77
Loss on Sale of Fixed Asset	5.90	1.03
Net Loss on Foreign Currency Transactions	40.45	24.81
Bank Charges	4.96	4.40
Miscellaneous Expenses	144.43	118.62
	2805.58	2409.47



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 24 :

A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Company monitors using a gearing ratio which is net debts divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, less cash and short term deposit.

	₹ Crores	
Particulars	31.03.2019	31.03.2018
Interest bearing Loans and Borrowings	1860.84	1686.63
Less: Cash and Short Term Deposits	(57.52)	(136.14)
Net Debt	1803.32	1550.49
Equity	4.24	4.24
Other Equity	10649.06	9599.96
Total Capital	10653.30	9604.20
Capital and Net Debt	12456.62	11154.69
Gearing Ratio %	14.48%	13.90%

B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk:

The Company borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. The Company due to its AAA rated status commands one of the cheapest source of funding. Interest rate is fixed for the tenor of the Long term loans availed by the Company. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31st March, 2019 would have been decreased/increased by ₹ 2.48 crores.(Previous year - ₹ 2.24 crores)

b) Currency Risk:

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR:

Unhedged Short Term Exposures:			₹ Crores
		31.03.2019	31.03.2018
Financial Assets	USD	194.42	165.08
Financial Liabilities	USD	150.53	63.57

The company is mainly exposed to changes in US Dollar. The sensitivity to a 3% (Previous year - 0.25%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) ₹ 0.75 Crores (previous year - ₹ 0.22 Crores).

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Hedged Foreign Currency exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

The Company also enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The outstanding position and exposures are as under:

i) Foreign Currency forward contracts designated as Hedge Instruments:

	Currency	Amount	₹ Crores	Nature	Cross Currency
Currency/Interest Rate Swap	USD	125.67 Million (150.00) Million	798.07 (948.49)	ECB Loan	INR
Forward Contract	USD	111.92 Million (-)	816.86 (-)	Import purchase	INR

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

	Currency	Amount	₹ Crores	Nature	Cross Currency
Forward Contract	USD	- (2.02) Million	- (12.90)	Buyer's Line of Credit	INR
Forward Contract	USD	48.06 Million (172.08) Million	341.51 (1133.73)	Import purchase	INR

Figures in brackets are in respect of Previous year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2019:

Particulars	₹ Crores	
	Year ended 31st March 2019	Year ended 31st March 2018
Balance at the beginning of the year	(5.26)	(6.17)
Gain / (Loss) recognized in other comprehensive income during the year	(16.56)	1.37
Designated Cash flow hedge	16.92	-
Hedged Transaction resulting in recognition of Non Financial Asset (also referred to as "Basis Adjustment")	(16.92)	-
Tax impact on above	5.79	(0.46)
Balance at the end of the year	(16.03)	(5.26)

c) Price Risk

The Company is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities like Natural Rubber, Synthetic Rubber and other Chemicals, the Company enters into purchase contracts on a short to medium Term and forward foreign exchange contracts are entered into to bring in stability of price fluctuations.

The Company's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The company manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March, 2019 the investments in debt mutual funds amounts to ₹ 3820.67 Crores. A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 38 Crores on either side in the statement of profit and loss.

ii) Credit Risk

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Company's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipment and other institutional sales, the Company carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2019 is 0.28% (31st March, 2018-0.27%) of the total trade receivables.

There are no transactions with single customer which amounts to 10% or more of the Company's revenue.

The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31st March, 2019 was ₹ 2.17 crores and for the year ended 31st March, 2018 was ₹ 2.27 crores.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	₹ Crores	
	Year ended 31st March 2019	Year ended 31st March 2018
Balance at the beginning	2.27	2.71
Impairment loss recognised	-	-
Impairment loss reversed	(0.10)	(0.44)
Balance at the end	2.17	2.27

The Company holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Company is of the opinion that its mutual fund investments have low credit risk.

iii) Liquidity Risk

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Company has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2019 are as under:

Particulars	Refer Note	₹ Crores			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings	Note 11 & 16	875.68 (450.62)	901.62 (757.01)	151.87 (559.23)	1.24 (3.09)
Trade Payable	Note 15	2327.64 (1998.96)	- (-)	- (-)	- (-)
Other Financial Liabilities	Note 16	172.56 (144.38)	- (-)	- (-)	- (-)
Employee Benefit liabilities	Note 16	119.72 (162.00)	- (-)	- (-)	- (-)
Unclaimed dividends	Note 16	2.55 (2.49)	- (-)	- (-)	- (-)

Figures in brackets are in respect of Previous year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 25 : Fair Values and Hierarchy

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values: ₹ Crores

Particulars	Hierarchy	Carrying Value		Fair Value	
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Financial Assets					
- Investments	Level One	3727.47	3898.23	3826.67	4124.72
Financial Liabilities					
- Borrowings	Level Two	1524.74	1542.03	1521.55	1537.09

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Fair Value of financial assets and liabilities included is the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair value.

1. The Fair values of Mutual Funds and Quoted Equities are based on NAV / Quoted Price at the reporting date. Further, the Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non-participative shares and normally no dividend is accrued. The Company has carried these investments at its transaction value considering it to be its fair value.
2. The Company enters into Derivative financial instruments with counterparties principally with Banks with investment grade credit ratings. The Interest Rate swaps, foreign exchange forward contracts are valued using valuation techniques which employs the use of market observable inputs namely, Marked-to-Market.

NOTE 26 : Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Accounting Profit before Income Tax	1608.89	1601.91
At statutory income tax rate of 34.944% (31st March 2018: 34.608%)	562.21	554.39
Additional deduction on Research and Development expense	(37.90)	(63.80)
Effect of non-deductible expenses/ other adjustments	(12.29)	19.04
	512.02	509.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 27 : ADDITIONAL/EXPLANATORY INFORMATION

- a. The Company has opted for historical cost of Property, Plant and Equipment / intangible assets as per Indian GAAP as the deemed cost on the opening balance sheet date. The carrying amount of those assets as per para 30 of IND AS 101 are as under:

					₹ Crores
Sl. No.	Class of Property, Plant and Equipment	As at Transition Date 01.10.2014	Deletion Upto 31.03.2019	Accumulated Depreciation as at 31.03.2019	As at 31.03.2019
1	Land – Freehold	345.56	1.09	-	344.47
2	Land – Leasehold	2.69	-	0.43	2.26
3	Buildings	815.41	14.95	111.84	688.62
4	Plant and Equipment	1982.97	132.13	1045.97	804.87
5	Furniture and Fixtures	6.40	2.10	4.07	0.23
6	Vehicles	13.80	8.15	4.45	1.20
7	Office Equipments	8.91	4.48	3.60	0.83
8	Computers	13.12	9.44	2.95	0.73
9	Moulds	139.73	59.29	70.30	10.14
10	Other Assets	93.05	28.92	38.28	25.85
11	Computer Software	7.04	0.26	6.72	0.06
		3428.68	260.81	1288.61	1879.26

- b. Disclosure required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and section 186(4) of the Companies Act, 2013:
1. Amount of Loans and advances in the nature of loans outstanding from subsidiaries - ₹ Nil (Previous year - ₹ Nil)
 2. Loans to employees have been considered to be outside the purview of disclosure requirements.
 3. Investment by Loanee in the shares of the Parent Company - Nil (Previous year - Nil):



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

- c. The Company's leasing arrangements are in respect of operating leases for premises (residential, office and godowns). The leasing arrangements, which are not non-cancellable, range between eleven months and ten years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent.

Lease rentals charged during the year

	Refer Note	31.03.2019	₹ Crores <u>31.03.2018</u>
Lease rent expense	23	72.05	63.71

Future minimum lease payable

	31.03.2019	₹ Crores <u>31.03.2018</u>
Future minimum lease payable		
Not later than 1 year	59.31	51.69
Later than 1 year and not later than 5 years	167.75	143.09
Later than 5 years	79.52	84.44

- d. Movement in provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Asset".

	<u>As at</u> <u>31.03.2018</u>	<u>Provided</u> <u>during the year</u>	<u>Used during the</u> <u>year</u>	<u>Reversed</u> <u>during the year</u>	<u>Unwinding</u> <u>discounts</u>	<u>As at</u> <u>31.03.2019</u>
(i) Warranty	148.92 (114.64)	196.04 (198.05)	185.39 (162.88)	- (-)	0.09 (0.89)	159.48 (148.92)
(ii) Litigation and related disputes	67.00 (65.70)	0.60 (1.60)	- (0.06)	- (0.24)	- (-)	67.60 (67.00)

Notes:

- Cash outflow towards warranty provision would generally occur during the next two years.
- Litigation and related disputes represents estimates mainly for probable claims arising out of litigation/disputes pending with authorities under various statutes (i.e. Service Tax, Excise and Customs Duty, Electricity/Fuel Surcharge, Cess). The probability and the timing of the outflow with regard to these matters will depend on the final outcome of the litigations/disputes.
- Figures in brackets are in respect of Previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

e. Related party disclosures:

(a) Names of related parties and nature of relationship where control exists are as under:

Subsidiary Companies:	i) MRF Corp Ltd.
	ii) MRF International Ltd.
	iii) MRF Lanka (Private) Ltd.
	iv) MRF SG PTE. LTD.

(b) Names of related parties and nature of relationship with whom transactions have taken place:

Key Management Personnel:	i) Mr. K.M. Mammen, Chairman and Managing Director
	ii) Mr. Arun Mammen, Vice Chairman and Managing Director
	iii) Mr. Rahul Mammen Mappillai, Managing Director
	iv) Mr. Samir Thariyan Mappillai, Whole-time Director
	v) Mr. Varun Mammen, Whole-time Director
	vi) Mr. Ravi Mannath, Company Secretary (Upto 9th August, 2018)
	vii) Mr. S. Dhanvanth Kumar, Company Secretary (w.e.f 10th August, 2018)
	viii) Mr. Madhu P Nainan, Vice President Finance

Close Members of the family of	i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
Key Management Personnel:	ii) Dr.(Mrs) Cibi Mammen, Director (Wife of Vice Chairman and Managing Director)
	iii) Mrs. Meera Mammen (Mother of Mr. Varun Mammen)

Companies in which Directors are interested:	Badra Estate & Industries Limited, Devon Machines Pvt. Ltd., Coastal Rubber Equipments Pvt. Ltd., Kirloskar Electric Company Ltd., Braga Industries LLP, Funkskool (India) Ltd., Gokul Rubber & Tea Plantations Ltd., VPC Freight Forwarders Pvt. Ltd., Madras Christian College, MM Rubber Co. Ltd., Chennai International Centre
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Other Related Parties:	Mr.Jacob Kurian- Director, MRF Ltd Executives Provident Fund Trust, MRF Management Staff Gratuity Scheme, MRF Employees Gratuity Scheme, MRF Managers' Superannuation Scheme.
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(c) Transactions with related parties (excluding reimbursements)

Nature of Transactions		₹ Crores					
i) Subsidiary Companies:	<u>MRF Lanka (Private) Ltd.</u>		<u>MRF Corp Limited</u>		<u>MRF SG PTE. LTD.</u>		
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018	
Sale of Materials	0.48	-	-	-	-	-	-
Purchase of Materials	-	-	2.97	3.09	1587.79	1316.30	
Sale of Finished Goods	1.17	0.63	-	-	-	-	-
Dividend Received	-	0.18	0.10	0.10	-	-	-
Lease Rent received	-	-	0.14	0.14	-	-	-
<u>Outstanding:</u>							
Investments	15.01	15.01	-	-	6.11	6.11	
Trade Receivable	0.29	0.03	-	-	-	-	-
Other Receivables	-	-	0.25	-	-	-	-
Trade Payable	0.03	-	0.22	0.31	658.85	474.58	
Other Payable	-	-	-	0.10	-	-	-
ii) Compensation of Key Management Personnel:							₹ Crores
	<u>Sitting Fees</u>		<u>Remuneration*</u>		<u>Commission Payable</u>		
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019	Year Ended 31.03.2018	As at 31.03.2019	As at 31.03.2018	
Short Term Employee Benefit (including Commission Payable)	-	-	79.11	72.67	-	-	
Commission Payable	-	-	-	-	33.67	30.64	
iii) Compensation to close members of the family of Key Management Personnel:	0.02	0.02	1.80	1.54	-	-	

*Remuneration does not include provisions made for Gratuity and Leave benefits as they are determined on an actuarial basis for the Company as a whole.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

iv) Companies in which Directors are interested:

Purchase of Raw Materials/ Components/Machinery	Coastal Rubber Equipments Pvt. Ltd. - ₹ 72.36 Crores (Previous Year - ₹ 62.45 Crores), Devon Machines Pvt. Ltd. - ₹ 15.31 Crores (Previous Year- ₹ 16.88 Crores), Braga Industries LLP - ₹ 88.60 Crores (Previous Year - ₹ 83.05 Crores).
Selling & Distribution Expenses	Funskool (India) Ltd. ₹ 1.41 Crores.(Previous Year - ₹ 1.40 Crores)
Payment towards Services	VPC Freight Forwarders Pvt. Ltd. - ₹ 3.12 Crores (Previous Year - ₹ 3.32 Crores), Coastal Rubber Equipments Pvt. Ltd.- ₹ 2.54 Crores (Previous Year- ₹ 1.69 Crores), Braga Industries LLP- ₹ 2.53 Crores (Previous Year - ₹ 0.64 Crores), Madras Christian College- ₹ 0.03 Crores (Previous Year - ₹ 0.08 Crores), M M Rubber Company Ltd - ₹ 0.11 Crores (Previous Year ₹ 0.05 Crores), Chennai International Center- Nil (Previous Year - ₹ 0.03 Crores), Kirloskar Electric Company Limited- Nil (Previous Year ₹ 0.10 Crores)
Lease Rent Received	Funskool (India) Ltd. - ₹ 0.63 Crores (Previous Year- ₹ 1.18 Crores)
Sale of Materials	Funskool (India) Ltd. - ₹ 0.07 Crores (Previous Year- ₹ 0.01 Crores)
<u>Balance Outstanding:</u>	
Payable	Devon Machines Pvt. Ltd. - ₹ 0.30 Crores (Previous Year - ₹ 0.22 Crores), Coastal Rubber Equipment Pvt. Ltd. - ₹ 0.92 Crores (Previous Year - ₹ 1.07 Crores), Braga Industries LLP - ₹ 12.38 Crores (Previous Year - ₹ 11.04 Crores), VPC Freight Forwarders Pvt Ltd. - ₹ 0.01 Crores (Previous Year- Nil)
Receivable	Funskool India Ltd. - ₹ 0.16 Crores (Previous Year- ₹ 0.26 Crores)

v) Other Related Parties:

Professional Charges	Mr. Jacob Kurien - ₹ 0.10 Crores (Previous Year- ₹ 0.14 Crores.)
Contributions	MRF Ltd. Executives Provident Fund Trust - ₹ 11.18 Crores (Previous Year- ₹ 9.95 Crores), MRF Management Staff Gratuity Scheme - ₹ 13.47 Crores (Previous Year- ₹ 9.20 Crores), MRF Employees Gratuity Scheme - ₹ 9.53 Crores (Previous Year- ₹ 15.80 Crores), MRF Managers' Superannuation Scheme - ₹ 15.80 Crores (Previous Year- ₹ 13.97 Crores).
<u>Balance Outstanding:</u>	
Contributions Payable	MRF Ltd Executives Provident Fund Trust - ₹ 0.96 Crores (Previous Year - ₹ 0.87 Crores), MRF Management Staff Gratuity Scheme - ₹ 20.22 Crores (Previous Year - ₹ 17.64 Crores), MRF Employees Gratuity Scheme - ₹ 21.47 Crores (Previous Year - ₹ 18.73 Crores).

(d) Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

f. Disclosures under IND AS 108 - "Operating Segment":

The Company is engaged inter alia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Company's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Company.

Entity wide disclosure required by IND AS 108 are as detailed below:

Particulars	Year ended 31.03.2019	₹ Crores Year ended 31.03.2018
(i) Products:		
Automobile Tyres	14160.44	13484.72
Automobile Tubes	1152.49	1153.71
Others	421.57	464.88
	<u>15734.50</u>	<u>15103.31</u>
(ii) Revenue from Customers:		
India	14168.57	13750.24
Outside India	1565.93	1353.07
	<u>15734.50</u>	<u>15103.31</u>
(iii) Non-Current Assets:		
India	9907.11	8605.14
Outside India	0.07	0.07

g. Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under:

Particulars	31.03.2019	₹ Crores 31.03.2018
(i) Principal amounts remaining unpaid to suppliers as at the end of the accounting year	21.25	17.33
(ii) Interest accrued and due to suppliers on above amount, unpaid	0.07	0.05
(iii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year	0.22	0.19
(iv) The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	0.01	0.01
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.08	0.06
(vi) The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	0.55	0.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

h. Disclosures as per IND AS - 19 - Employee Benefits

- 1) The contributions to MRF Limited Executives Provident Fund Trust is a defined benefit plan in terms of the definition mentioned in para 7 of IND AS -19 the accounting for which is to be done on an actuarial basis. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31st March 2019 and for the year ended 31st March 2018.

The details of fund and plan assets are given below:

	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
<u>Particulars</u>		
Fair value of plan assets	219.30	188.72
Present value of defined benefit obligations	216.93	187.66
Net excess/(Shortfall)	2.37	1.06

The plan assets have been primarily invested in Government securities, Corporate bonds and Exchange Traded Funds

The principal assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Projection is restricted to five years or earlier, if retirement occurs.

Expected guaranteed interest rate - 8.55% (Previous Year - 8.55%)

Discount rate - 7.62% (Previous Year - 8.58%)

- 2) During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
<u>Particulars</u>		
i) Employer's contribution to Provident Fund and Family Pension Fund	50.66	47.34
ii) Employer's contribution to Superannuation Fund	15.43	13.65
iii) Leave Encashment - Unfunded	12.41	9.33
iv) Defined benefit obligation:		
a) Post Retirement Medical Benefit - Unfunded	0.05	(0.10)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

b) The valuation results for the defined benefit gratuity plan as at 31-3-2019 are produced in the tables below:

i) Changes in the Present Value of Obligation

<u>Particulars</u>	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
Present Value of Obligation as at the beginning	296.81	268.85
Current Service Cost	15.85	16.84
Interest Expense or Cost	23.13	20.42
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	1.52	(5.64)
- experience variance (i.e. Actual experience vs assumptions)	7.93	10.86
Past Service Cost	-	0.06
Benefits Paid	(15.25)	(14.58)
Present Value of Obligation as at the end	329.99	296.81

ii) Changes in the Fair Value of Plan Assets

<u>Particulars</u>	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
Fair Value of Plan Assets as at the beginning	260.44	231.50
Investment Income	20.30	17.58
Employer's Contribution	23.00	25.00
Benefits Paid	(15.25)	(14.58)
Return on plan assets, excluding amount recognised in net interest expense	(0.19)	0.94
Fair Value of Plan Assets as at the end	288.30	260.44

iii) Expenses Recognised in the Income Statement

<u>Particulars</u>	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
Current Service Cost	15.85	16.84
Past Service Cost	-	0.06
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	2.83	2.84
Payable/(Recoverable) to / from a subsidiary Company	(0.46)	0.10
Expenses Recognised in the Income Statement	18.22	19.84

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

iv)	Other Comprehensive Income		₹ Crores
	<u>Particulars</u>	Year Ended 31.03.2019	Year Ended 31.03.2018
	Actuarial (gains) / losses		
	- change in financial assumptions	1.52	(5.64)
	- experience variance (i.e. Actual experience vs assumptions)	7.93	10.86
	Return on plan assets, excluding amount recognised in net interest expense	0.19	(0.94)
	Payable/(Recoverable) from a subsidiary Company	0.10	-
	Components of defined benefit costs recognised in other comprehensive income	9.74	4.28
v)	Major categories of Plan Assets (as percentage of Total Plan Assets)		
	<u>Particulars</u>	As at 31.03.2019	As at 31.03.2018
	Funds managed by Insurer	100%	100%
	- In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.		
	- The group gratuity Policy with LIC includes employees of MRF Corp Ltd, a Subsidiary Company		
vi)	Actuarial Assumptions		
a.	<u>Financial Assumptions</u>		
	The principal financial assumptions used in the valuation are shown in the table below:		
	<u>Particulars</u>	As at 31.03.2019	As at 31.03.2018
	Discount rate (per annum)	7.75%	7.80%
	Salary growth rate (per annum)	5.50%	5.50%
b.	<u>Demographic Assumptions</u>		
	<u>Particulars</u>	As at 31.03.2019	As at 31.03.2018
	Mortality Rate (% of IALM 06-08)	100%	100%
	Withdrawal rates, based on age: (per annum)		
	Up to 30 years	3.00%	3.00%
	31 - 44 years	2.00%	2.00%
	Above 44 years	1.00%	1.00%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

			₹ Crores	
			As at 31.03.2019	As at 31.03.2018
Defined Benefit Obligation (Base)			329.99	296.81
Particulars	31.03.2019		31.03.2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	363.15	301.51	326.98	270.91
(% change compared to base due to sensitivity)	10.10%	-8.60%	10.20%	-8.70%
Salary Growth Rate (- / + 1%)	300.65	363.61	270.15	327.37
(% change compared to base due to sensitivity)	-8.90%	10.20%	-9.00%	10.30%
Attrition Rate (- / + 50%)	327.44	332.28	294.34	299.02
(% change compared to base due to sensitivity)	-0.80%	0.70%	-0.80%	0.70%
Mortality Rate (- / + 10%)	329.31	330.65	296.18	297.41
(% change compared to base due to sensitivity)	-0.20%	0.20%	-0.20%	0.20%

b. Asset Liability Matching Strategies

The scheme is managed on funded basis.

c. Effect of Plan on Entity's Future Cash Flows

- Funding arrangements and Funding Policy

The scheme is managed on funded basis.

- Expected Contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year

- Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)

		₹ Crores	
		31.03.2019	31.03.2018
		38.04	34.69
		9 years	10 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

- Expected cash flows over the next (valued on undiscounted basis):			₹ Crores
		31.03.2019	31.03.2018
	1 year	38.10	35.35
	2 to 5 years	95.67	81.08
	6 to 10 years	164.55	145.85
	More than 10 years	529.72	494.66
v) Other Long Term Employee Benefits:			₹ Crores
	<u>Particulars</u>	As at 31.03.2019	As at 31.03.2018
	Present value of obligation as at 31st March 2019		
	Leave Encashment	41.56	36.68
	Post Retirement Medical Benefits	5.32	5.22
i.	(i) Revenue expenditure on Research and Development activities during the year ended 31st March 2019:		₹ Crores
	<u>Particulars</u>	Year Ended 31.03.2019	Year Ended 31.03.2018
	1) Salaries, Wages and Other Benefits	28.93	24.73
	2) Repairs and Maintenance	5.15	3.54
	3) Power	4.69	2.38
	4) Travelling and Vehicle Running	4.74	4.64
	5) Cost of Materials/Tyres used for Rallies / Test Purpose	5.11	3.10
	6) Other Research & Development Expenses	7.18	9.71
		55.80	48.10
	(ii) Capital Expenditure on research and development (excluding Building) during the year, as certified by the management is ₹ 50.05 Crores (Previous year - ₹ 98.86 Crores).		
	This information complies with the terms of the Research and Development recognition granted upto 31st March 2019 for the Company's in-house Research and Development activities by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, vide their Letter No.TU/IV-RD/118/2018 dated 13th July, 2018.		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

j. Terms of Repayment and Security Description of Borrowings: (refer note 11)

a) **Current Borrowings**

Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of 7.85% to 8.45% (Previous year 7.85% to 9.75%)

Rupee Export Packing Credit is repayable within a year and carries interest rates at the rate of 7.95% to 8.40% (Previous year 5.77% to 7.95%).

Buyer's Line of Credit from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and are repayable within a year and carries interest at the rate of LIBOR plus 35bps (Previous year - LIBOR plus 4bps to LIBOR plus 60bps)

b) **Non-Current Borrowings**

- i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the Company in respect of Debentures are secured by way of a legal mortgage of Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the Company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

5000, 10.09% Non-convertible Debentures of ₹10,00,000 each are to be redeemed at par in three instalments as stated below:

Debenture Series	10.09% NCD's (Previous Year 10.09%) ₹ Crores	Dates of Redemption
Series I	160.00	27/05/2019
Series II	160.00	27/05/2020
Series III	180.00	27/05/2021
	<u>500.00</u>	

- ii) ECB(Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd.)

- a) USD 15 Million availed in October, 2013 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.50% (Previous year- six months USD LIBOR plus margin of 1.50%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2017.
- b) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year-six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.

- iii) ECB(Unsecured) from the Mizuho Bank, Ltd.

- a) USD 15 Million availed in January, 2014 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.50% (Previous year- six months USD LIBOR plus margin of 1.50%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2018.
- b) USD 25 Million availed in February, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year- six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning February, 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

- iv) ECB (Unsecured) from the CITI Bank availed in January, 2015 amounting to USD 20 Million is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.30% (Previous year- six months BBA LIBOR plus margin of 1.30%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2019.
- v) "ECB(Unsecured) from the HSBC Bank
 - a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.
 - b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- vi) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- Not applicable) payable monthly. The said Loan is repayable in one full installment in February, 2024.
- vii) Interest free Unsecured Loan availed under Sales tax Deferral Scheme got repayed during the financial year ended 31st March, 2019.
- viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.
- ix) Fixed Deposits are Unsecured and got repayed during the financial year ended 31st March, 2019 with interest of 9.5%. (Previous year - 9.50%)
- k. Events Occurring after the Balance Sheet date

The proposed final dividend for Financial Year 2018-19 amounting to ₹ 22.91 Crores will be recognised as distribution to owners during the financial year 2019-20 on its approval by Shareholders. The proposed final dividend per share amounts to ₹ 54/-
- l. (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 3989.78 Crores (Previous Year ₹ 942.70 Crores)
- m. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceeding three financial years on corporate social responsibility(CSR) Activities. A CSR Committee has been formed by the Company as per the Act. The funds were primarily allocated to the activities which are specified in Schedule VII of the Companies Act, 2013.

- a) Gross amount required to be spent by the Company during the year is ₹ 42.73 Crores (Previous Year - ₹ 43.04 Crores).
- b) Amount spent during the year on:

<u>Particulars</u>	In cash	yet to be paid in cash	Total
Construction/acquisition of any asset	7.87	-	7.87
	(-)	(-)	(-)
On purposes other than (1) above	18.48	0.04	18.52
	(9.47)	(0.02)	(9.49)

Previous year figures are in brackets



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

n. Contingent Liabilities not provided for:

- (i) Guarantees given by the Banks - ₹ 51.14 Crores (Previous Year - ₹ 37.56 Crores)
- (ii) Letters of Credit issued by the Banks - ₹ 450.41 Crores (Previous Year - ₹ 97.69 Crores)
- (iii) Claims not acknowledged as debts:
 - (a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 46.20 Crores (Previous Year - ₹ 48.39 Crores)
 - (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 335.51 Crores (Previous Year - ₹ 98.23 Crores)
 - (c) Disputed Income Tax Demands - ₹ 85.58 Crores (Previous Year - ₹ 127.60 Crores). Against the said demand the Company has deposited an amount of ₹ 37.51 Crores (Previous Year - ₹ 31.96 Crores)
 - (d) Contested EPF Demands pending before Appellate Tribunal- ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

o. The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.21 Crores (Previous year - ₹ 0.54 Crores)

p. Earnings Per Share

Particulars

		Year Ended 31.03.2019	Year Ended 31.03.2018
Profit after taxation	₹ Crores	1096.87	1092.28
Number of equity shares (Face Value ₹10/-)	Nos.	4241143	4241143
Earnings per share	₹	2586.26	2575.43

q. Other Notes:

	Year ended 31.03.2019		Year ended 31.03.2018	
	% of total Consumption	Value	% of total Consumption	Value
1) Value of imported/indigenous raw material/ stores and spares consumed :				
Raw Materials				
Imported at landed cost	37.06	3787.25	34.62	3097.74
Indigenous	62.94	6433.15	65.38	5849.19
	100.00	10220.40	100.00	8946.93
Stores and Spares				
Imported at landed cost	10.17	36.34	10.11	31.57
Indigenous	89.83	321.00	89.89	280.73
	100.00	357.34	100.00	312.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

	Year ended 31.03.2019	₹ Crores Year ended 31.03.2018
2) Details of Purchase of Traded Goods under broad heads:		
T and S Equipments	19.07	34.15
Sports Goods	8.37	8.91
Others	2.42	1.83
	<u>29.86</u>	<u>44.89</u>
3) CIF Value of Imports:		
a. Raw Materials	3472.74	2838.54
b. Components and Spare Parts	68.98	58.29
c. Capital Goods	321.23	514.81
4) Earnings in Foreign Exchange:		
FOB Value of Exports	1330.30	1145.82
Freight and Insurance	14.37	10.65
Dividend	-	0.18
Others	0.21	3.06
Note: FOB Value of Exports excludes export sales in Indian Rupee		
5) Expenditure in Foreign Currency paid or payable by the Company:		
a. Interest and Finance Charges	2.61	5.68
b. Professional and Consultation Fees	10.03	6.62
c. Travelling	1.91	2.94
d. Advertisements	75.76	53.24
e. Traded goods	4.82	4.36
f. Insurance	3.32	2.95
g. Product warranty claims	2.15	2.34
h. Others	11.36	12.32

For SCA AND ASSOCIATES
Chartered Accountants
Firm Regn. No. 101174W

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Regn. No. 001939S

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Shivratan Agarwal
Partner
Mem. No. 104180

B R Mahesh
Partner
Mem. No. 18628

Chennai, Dated 2nd May, 2019



CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MRF LIMITED

1. Opinion

We have audited the accompanying consolidated financial statements of MRF Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Group as at 31st March, 2019, and its profit(financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	Our Response
1	<i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of "Revenue from Contracts with Customers" (new revenue accounting standard).</i> The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, effect of variable considerations and the appropriateness of the basis used to recognise revenue at a point in time or over a period of time.	Principal Audit Procedures Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. Tested the relevant information technology systems access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard. Our procedures did not identify any material exceptions.



Sr. No.	Key Audit Matter	Our Response
2	Defined benefit obligation The valuation of the retirement benefit schemes in the Group is determined with reference to various actuarial assumptions including discount rate, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation.	We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit. We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.
3.	Warranty Provision The Holding Company makes an estimated provision for assurance type warranties at the point of sale. This estimate is based on historical claims data.	We understood and tested the controls over the assumptions applied in arriving at the warranty provision, particularly vouching of relevant data elements with provision calculations; validation of formula used in the warranty spread sheet; management review control of the relevant internal and external factors impacting the provision.

4. Information Other than the Consolidated financial statements and Auditor's Report thereon

The Holding Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial

position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

6. Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



7. Other Matters

We did not audit the financial statements / financial information of certain subsidiaries whose financial statements / financial information reflect total assets of ₹ 894.79 Crores as at 31st March, 2019, total revenues of ₹ 1821.07 Crores, total net profit after tax of ₹ 29.84 Crores and total comprehensive income of ₹ 29.92 Crores for the year ended on that date, as considered in the Consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

8. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the

Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiary companies which are incorporated in India, to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated financial statements disclose the impact of pending litigations on the Consolidated financial position of the Group – Refer Note 26 (j) to the Consolidated financial statements;
 - ii. The Group has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg.No.101174W

Shivratan Agarwal
Partner
Mem.No.104180

Place: Chennai
Date: 2nd May, 2019

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg.No.001939S

B R Mahesh
Partner
Mem.No.18628

**“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF
EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
MRF LIMITED.**

1. Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of MRF LIMITED (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

2. Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

3. Auditors’ Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls over Financial Reporting of the Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10)

of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of a subsidiary Company incorporated in India, in terms of their report referred to in other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company and its subsidiary companies which are incorporated in India.

4. Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally



accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

5. **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

7. **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary companies, incorporated in India, is based on the report of the auditors.

For SCA AND ASSOCIATES
Chartered Accountants
Firm Reg.No.101174W

For MAHESH, VIRENDER & SRIRAM
Chartered Accountants
Firm Reg.No.001939S

Shivratan Agarwal
Partner
Mem.No.104180

B R Mahesh
Partner
Mem.No.18628

Place: Chennai
Date: 2nd May, 2019

MRF LIMITED, CHENNAI**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019**

	Note	As at 31.03.2019	₹ Crores As at 31.03.2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2 (a)	6769.77	6074.70
Capital Work-in-Progress	2 (b)	1403.47	1078.91
Other Intangible Assets	2 (c)	16.23	17.47
Financial Assets:			
Investments	3	1057.00	1071.27
Loans	4	0.36	1.63
Other financial assets	5	88.05	17.13
Deferred Tax Assets (Net)	6	0.06	0.26
Other non-current assets	7	642.52	342.61
Current Assets			
Inventories	8	2993.20	2197.33
Financial Assets:			
Investments	3	2797.68	3073.73
Trade Receivables	9	2382.71	2149.93
Cash and cash equivalents	10	101.95	193.06
Bank balances other than cash and cash equivalents	11	2.55	39.84
Loans	4	0.61	1.90
Other financial assets	5	14.02	8.63
Other current assets	7	170.88	210.08
Assets Classified as held for sale	2(d)	0.20	-
TOTAL ASSETS		18441.26	16478.48
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	SOCE	4.24	4.24
Other Equity	SOCE	10833.11	9733.95
Non Controlling Interest		0.12	0.12
Total Equity		10837.47	9738.31
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities:			
Borrowings	12	1054.73	1319.33
Provisions	13	168.11	153.04
Deferred Tax Liabilities (Net)	14	840.20	619.83
Other non-current liabilities	15	76.32	58.08
Current Liabilities			
Financial Liabilities:			
Borrowings	12	1047.66	691.36
Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	16	21.25	17.33
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	16	1688.13	1551.18
Other Financial Liabilities	17	763.32	533.71
Other Current Liabilities	15	1783.82	1640.64
Provisions	13	149.48	142.73
Current Tax Liabilities (Net)		10.77	12.94
Total Liabilities		7603.79	6740.17
TOTAL EQUITY AND LIABILITIES		18441.26	16478.48

Significant Accounting Policies and key accounting estimates and Judgement.

1

Accompanying Notes are an integral part of these financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

Chartered Accountants Firm Regn. No. 101174W Chartered Accountants Firm Regn. No. 001939S

Shivratan Agarwal

B R Mahesh

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Partner
Mem. No. 104180

Partner
Mem. No. 18628

Chennai, Dated 2nd May, 2019


MRF LIMITED, CHENNAI
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ Crores

	Note	Year Ended 31.03.2019	Year Ended 31.03.2018
INCOME			
Revenue from Contracts with Customers	18	16062.46	15364.97
Other Income	19	421.73	330.65
TOTAL INCOME		16484.19	15695.62
EXPENSES			
Cost of materials consumed	20	10292.57	8985.38
Purchases of Stock-in-Trade		30.60	45.96
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	21	(613.83)	77.61
Employee Benefits expense	22	1165.28	1092.36
Finance Costs	23	267.31	253.12
Depreciation and Amortisation expense	2 (a) & (c)	807.60	706.72
Excise Duty		-	410.59
Other Expenses	24	2882.48	2471.23
TOTAL EXPENSES		14832.01	14042.97
PROFIT BEFORE TAX		1652.18	1652.65
TAX EXPENSE			
Current Tax (Net of Excess Provision of Earlier Years Written back - ₹ Nil (previous year - ₹ 16.84 Crores))		339.17	402.14
Deferred Tax		182.40	118.90
TOTAL TAX EXPENSE		521.57	521.04
PROFIT FOR THE YEAR		1130.61	1131.61
NON-CONTROLLING INTEREST - ₹ 55125 (Previous Year - ₹ 49609)		0.01	-
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified to Profit or Loss:			
Remeasurements of Defined benefit plans		(9.63)	(3.93)
Income Tax relating to items that will not be reclassified to Profit or Loss		3.37	1.48
Items that may be reclassified to Profit or Loss:			
Exchange differences in translating the financial statements of foreign operations		16.26	(2.01)
Designated Cash Flow Hedges		(16.56)	1.37
Income tax relating to items that may be reclassified to Profit or Loss		5.79	(0.46)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(0.77)	(3.55)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1129.85	1128.06
EARNINGS PER EQUITY SHARE			
	26 (b)		
Basic		2665.82	2668.17
Diluted		2665.82	2668.17
Significant Accounting Policies and key accounting estimates and judgement.	1		

Accompanying Notes are an integral part of these financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

 Chartered Accountants
Firm Regn. No. 101174W

 Chartered Accountants
Firm Regn. No. 001939S

 MADHU P NAINAN
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 K M MAMMEN
Chairman & Managing Director

 Shivratna Agarwal
Partner
Mem. No. 104180
Chennai, Dated 2nd May, 2019

 B R Mahesh
Partner
Mem. No. 18628

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2019

		₹ Crores
	As at 31.03.2019	As at 31.03.2018
EQUITY SHARE CAPITAL	Number	Amount
Authorised Share Capital	9000000	9.00
Issued Share Capital (Excludes 71 bonus shares not issued and not allotted on non-payment of call monies)	4241143	4.24
Subscribed Share Capital	4241143	4.24
Fully Paid-up Share Capital	4241143	4.24
Balance at the beginning of the year	4241143	4.24
Changes in equity share capital during the year:	-	-
Balance at the end of the reporting year	4241143	4.24

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The Holding Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

The Holding Company has declared two interim dividends aggregating to ₹ 2.54 Crores (Previous year - ₹ 2.54 Crores) which has already been distributed during the Financial Year 2018-19.

Shares in the Company held by each shareholder holding more than five percent shares	As at 31.03.2019		As at 31.03.2018	
	No.	%	No.	%
Comprehensive Investment and Finance Company Private Limited	440294	10.38%	439844	10.37%
MOWI Foundation	507984	11.98%	507984	11.98%



MRF LIMITED, CHENNAI

₹ Crores

OTHER EQUITY	Reserves and Surplus						Other Comprehensive Income			TOTAL
	Securities Premium	Capital Reserve	General Reserve	Capital Redemption reserve	Debenture redemption reserve	Retained Earnings	Effective portion of Cash Flow Hedges	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Reserve	
Balance at the beginning of the comparative reporting year - 1st April, 2017	9.42	0.05	8572.61	0.44	88.62	(0.00)	(6.17)	(28.22)	(0.23)	8636.52
Profit for the Comparative Year ending 31st March, 2018	-	-	-	-	-	1131.61	-	-	-	1131.61
Other Comprehensive Income for the Comparative Year ending 31st March, 2018	-	-	-	-	-	-	0.91	(2.45)	(2.01)	(3.55)
Total Comprehensive Income for the Comparative Year	-	-	-	-	-	1131.61	0.91	(2.45)	(2.01)	1128.06
Transactions with owners in their capacity as owners:										
Dividends & Dividend Distribution Tax;										
- Interim Dividends (₹ 6 per share)	-	-	-	-	-	(2.54)	-	-	-	(2.54)
- Final Dividend (₹ 54 per share)	-	-	-	-	-	(22.91)	-	-	-	(22.91)
- Dividend Distribution Tax	-	-	-	-	-	(5.18)	-	-	-	(5.18)
Add/(Less) Adjustments during the year						-			-	-
Transfer to General Reserve	-	-	1086.20	-	-	(1086.20)	-	-	-	-
Transfer from / to Debenture Redemption Reserve	-	-	-	-	14.78	(14.78)	-	-	-	-
Balance at the beginning of the year	9.42	0.05	9658.81	0.44	103.40	(0.00)	(5.26)	(30.67)	(2.24)	9733.95
Balance at the end of the comparative reporting period B/F	9.42	0.05	9658.81	0.44	103.40	(0.00)	(5.26)	(30.67)	(2.24)	9733.95
Profit for the Current Reporting Year ending 31st March, 2019	-	-	-	-	-	1130.61	-	-	-	1130.61
Other Comprehensive Income for the Current Reporting year ending 31st March, 2019	-	-	-	-	-	-	(10.77)	(6.26)	16.26	(0.77)
Total Comprehensive Income attributable to the Owners of the Company for the Reporting Year	-	-	-	-	-	1130.61	(10.77)	(6.26)	16.26	1129.84

₹ Crores

OTHER EQUITY	Reserves and Surplus						Other Comprehensive Income			TOTAL
	Securities Premium	Capital Reserve	General Reserve	Capital Redemption reserve	Debenture redemption reserve	Retained Earnings	Effective portion of Cash Flow Hedges	Remeasurements of Defined Benefit Plans	Foreign Currency Translation Reserve	
Transactions with owners in their capacity as owners:										
Dividends & Dividend Distribution Tax;										-
- Interim Dividends (₹ 6 per share)	-	-	-	-	-	(2.54)	-	-	-	(2.54)
- Final Dividend (₹ 54 per share)	-	-	-	-	-	(22.91)	-	-	-	(22.91)
- Dividend Distribution Tax	-	-	-	-	-	(5.23)	-	-	-	(5.23)
Add/(Less) Adjustments during the year							-	-	-	-
Transfer to General Reserve	-	-	1087.80	-	-	(1087.80)	-	-	-	-
Transfer from/to Debenture Redemption Reserve	-	-	-	-	12.13	(12.13)	-	-	-	-
Balance at the end of the reporting year ending 31st March, 2019	9.42	0.05	10746.61	0.44	115.53	-	(16.03)	(36.93)	14.02	10833.11

Nature and Purpose of each component of equity	Nature and Purpose
Securities Premium	Amounts received in excess of par value on issue of shares is classified as Securities Premium.
Capital Reserve	Capital reserve was created on purchase of shares by the parent company.
General Reserve	General Reserve represents accumulated profits and is created by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss.
Capital Redemption Reserve	Capital Redemption Reserve represents statutory reserve created upon buyback of equity shares in the earlier years.
Debenture Redemption Reserve	Debenture Redemption Reserve is created against the balance redemption liability of Debentures issued by the Holding Company as per statutory requirements.
Effective portion of Cash Flow Hedges	Gains / Losses on Effective portion of cashflow hedges are initially recognized in Other Comprehensive Income as per IND AS 109. These gains or losses are reclassified to the Statement of Profit or Loss when the forecasted transaction affects earnings, except for hedge transactions resulting in recognition of non financial assets which are included in the carrying amount of the asset ("Basis Adjustments").
Remeasurements of Defined Benefit Plans	Gains / Losses arising on Remeasurements of Defined Benefit Plans are recognised in the Other Comprehensive Income as per IND AS-19 and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.
Foreign Currency Translation Reserve	Exchange differences relating to the translation of the results and net assets of the groups foreign operations from their functional currencies to the Group's presentation currency, i.e, Indian Rupees.

This is the Consolidated Statement of Equity referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM
Chartered Accountants Chartered Accountants
Firm Regn. No. 101174W Firm Regn. No. 001939S

Shivratan Agarwal
Partner
Mem. No. 104180
Chennai, Dated 2nd May, 2019

B R Mahesh
Partner
Mem. No. 18628

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director


MRF LIMITED, CHENNAI
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

₹ Crores

	Year ended 31.03.2019	Year ended 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX	1652.18	1652.65
Adjustment for:		
Depreciation	807.60	706.72
Reversal of Impairment of Assets / Financial Assets	(0.10)	(0.44)
Unrealised Exchange (Gain) / Loss	16.26	(1.86)
Impairment of Financial Assets	0.07	0.09
Finance Cost	267.31	253.12
Interest Income	(13.09)	(27.33)
Dividend Income	(0.03)	(0.05)
Loss / (Gain) on Sale / Disposal of Property Plant and Equipment	5.90	0.97
Fair Value changes in Investments	(100.92)	(227.30)
Fair Value changes in Financial Instruments	42.04	26.48
Loss / (Gain) on Sale of Investments	(204.79)	(4.70)
Bad Debts written off	0.29	0.16
Other Adjustments	(19.83)	(2.71)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	800.71	723.15
Trade receivables	2452.89	2375.80
Other receivables	(237.65)	(177.95)
Inventories	29.52	54.32
Trade Payable and Provisions	(795.87)	227.94
Other liabilities	117.35	167.33
CASH GENERATED FROM OPERATIONS	102.24	240.65
Direct Taxes paid	(784.41)	512.29
NET CASH FROM OPERATING ACTIVITIES	1668.48	2888.09
	(415.63)	(475.11)
	1252.85	2412.98
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment	(1963.76)	(1566.75)
Proceeds from sale of Property Plant and Equipment	0.42	2.71
Purchase of Investments	(2122.46)	(3007.48)
Proceeds from sale of Investments	2718.50	2476.58
Fixed Deposits with Banks matured	(30.82)	55.45
Loans (Financial assets) given	0.90	1.86
Interest Income	11.04	23.70
Dividend income	0.03	0.05
NET CASH USED IN INVESTING ACTIVITIES	(1386.15)	(2013.88)

MRF LIMITED, CHENNAI**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

₹ Crores

	Year ended 31.03.2019	Year ended 31.03.2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments) / Proceeds from Working Capital Facilities (Net)	356.30	(145.61)
Proceeds from Term Loans	150.00	284.36
Repayments of Term Loans	(150.42)	(269.60)
Repayments of Fixed Deposits	(3.57)	(1.64)
Sales Tax Deferral	(8.79)	(34.93)
Deferred payment Credit	(0.48)	(0.43)
Interest paid	(270.17)	(254.10)
Dividend and Dividend Distribution Tax	(30.68)	(30.63)
NET CASH FROM FINANCING ACTIVITIES	42.19	(452.58)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(91.11)	(53.48)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2018	193.06	246.54
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2019	101.95	193.06

Notes to Consolidated Cash Flow Statement:

1. The above Consolidated Cash Flow Statement has been prepared under the Indirect Method.

2. Reconciliation of Financing Liabilities

₹ Crores

	31.03.2019	31.03.2018
Opening Balance	2234.72	2405.00
Cash inflow/ (outflow) of non-current borrowings	(101.41)	82.38
Cash inflow /(outflow) of current borrowings	444.45	(250.22)
Changes in fair values	(3.19)	(1.37)
Other Changes	(2.87)	(1.07)
Changes in unclaimed deposits and unpaid dividend	0.06	-
Closing Balance	2571.76	2234.72

This is the Consolidated Cash Flow statement referred to in our report of even date.

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

Chartered Accountants
Firm Regn. No. 101174WChartered Accountants
Firm Regn. No. 001939SShivratan Agarwal
Partner
Mem. No. 104180
Chennai, Dated 2nd May, 2019B R Mahesh
Partner
Mem. No. 18628MADHU P NAINAN
Vice President FinanceS DHANVANTH KUMAR
Company SecretaryJACOB KURIAN
V SRIDHAR
DirectorsK M MAMMEN
Chairman & Managing Director



NOTE 1 – BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES UNDER IND AS

A) General Information

The Consolidated financial statements comprise financial statements of MRF Limited (The Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31st March, 2019.

The Group, except for MRF Corp Ltd., a subsidiary Company, is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber, Conveyor Belt and trading in rubber. MRF Corp Ltd., is engaged in the manufacture of speciality coatings.

B) Principles of Consolidation:

The Consolidated financial statements comprise of the financial statements of the Holding Company and the following subsidiaries as on 31st March, 2019:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on	Accounting Period covered for consolidation
MRF Corp Ltd.	India	100%	March 31, 2019	April 1st, 2018 – March 31st, 2019
MRF International Ltd.	India	94.66%	March 31, 2019	April 1st, 2018 – March 31st, 2019
MRF Lanka Pvt. Ltd.	Sri Lanka	100%	March 31, 2019	April 1st, 2018 – March 31st, 2019
MRF SG PTE. LTD.	Singapore	100%	March 31, 2019	April 1st, 2018 – March 31st, 2019

The Consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March, 2019. Control is achieved when the Holding Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Holding Company controls an investee if and only if the Holding Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Holding Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Holding Company's voting rights and potential voting rights.
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated financial statements from the date the Holding Company gains control until the date the Holding Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated financial statements for like transactions and events in similar circumstances, appropriate

adjustments, if material, are made to that group's financial statements in preparing the Consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Holding Company, i.e., year ended on 31 March.

Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries.
- b) Offset (eliminate) the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and Property, Plant and Equipment are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Holding Company's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Holding Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Holding Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Holding Company had directly disposed of the related assets or liabilities.

C) Basis of preparation of financial statements

The principal accounting policies applied in the preparation of these Consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

i. Statement of Compliance

The Consolidated financial statements have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

ii. Basis of preparation and presentation

The Consolidated financial statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013, except for the following items that have been measured at fair value as required by relevant IND AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value (refer Note D(19)) and
- b) Any other item as specifically stated in the accounting policy.



The Consolidated Financial Statement are presented in INR and all values are rounded off to Rupees Crores unless otherwise stated.

The group reclassifies comparative amounts, unless impracticable and whenever the group changes the presentation or classification of items in its financial statements materially. No such material reclassification has been made during the year.

The Consolidated Financial Statements of the Group for the year ended 31st March, 2019 were authorised for issue in accordance with a resolution of the directors on 2nd May, 2019.

iii. Major Sources of Estimation Uncertainty

In the application of accounting policy which are described in para (D) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future period.

The few critical estimations and judgments made in applying accounting policies are:

Property, Plant and Equipment:

Useful life of Property Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act,

2013 and on certain assets based on technical advice which considered the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support. The Group reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods.

Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Group is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Group is required to estimate the cash flows to be generated from using the asset. The fair value of an asset is estimated using a valuation technique where observable prices are not available. Further, the discount rate used in value in use calculations includes an estimate of risk assessment specific to the asset.

Impairment of Financial Assets:

The Group impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date.

Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

D) Summary of Significant Accounting Policies:

1) Property, Plant and Equipment (PPE)

The Group has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of the transition date, measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price after deducting trade discount / rebate, import duties, non-refundable taxes, cost of replacing

the component parts, borrowing costs (as per sl.no.14 below) and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management, and the initial estimates of the cost of dismantling /removing the item and restoring the site on which it is located.

Spare parts procured along with the Plant and Equipment or subsequently which has a useful life of more than 1 year and considering the concept of materiality evaluated by management are capitalised and added to the carrying amount of such items. The carrying amount of items of PPE and spare parts that are replaced is derecognised when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as 'stores and spares' forming part of the inventory. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on derecognition of an item of property, Plant and Equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss when asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date when the asset is derecognised.



Description of the Asset	Estimated Useful life (on single shift working)
Tangible:	
Land – Leasehold	Primary period of lease
Building – Factory	30 Years
– Other than factory buildings	60 Years
Plant and Equipment	5-21 Years
Moulds	6 Years
Furniture and Fixtures	5 Years
Computer Servers	5 Years
Computers	3 Years
Office Equipment	5 Years
Other Assets, viz., Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils	10 Years
Renewable Energy Saving Device – Windmills	22 Years
Vehicles	5 Years
Aircraft	10 and 20 Years
Intangible:	
Software	5 Years

Depreciation on the Property, Plant and Equipment, is provided over the useful life of assets based on management estimates which is in line with the useful life indicated in Schedule II to the Companies Act, 2013. Depreciation on all assets except Renewable Energy Saving Devices is provided on straight line basis whereas depreciation on renewable energy saving devices is provided on reducing balance basis. Plant and Machinery, Moulds, Vehicles, Furniture and Fixtures and Computer Servers are depreciated based on management estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support.

Depreciation on Property Plant and Equipment added/ disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further, the Group has identified and determined separate useful life for each major component of Property, Plant and Equipment, if they are materially different from that of the remaining assets, for providing depreciation in compliance with Schedule II of the Companies Act, 2013.

In respect of Property, Plant & Equipment of MRF Lanka Pvt. Ltd. and MRF SG PTE. LTD. depreciation is provided on straight line method based on management estimate of useful life of assets based on internal technical evaluation, except for certain Property, Plant and Equipment namely Building, Plant and Machinery, Moulds and Equipments of MRF Lanka Pvt Ltd, which are depreciated on Written Down Value method. The proportion of depreciation of the subsidiaries to the total depreciation of the group is not material.

2) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated statement of profit and loss when the asset is derecognised.

Intangible Assets are amortised over 5 years on straight-line method over the estimated useful economic life of the assets.

The group undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The group recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Intangible Assets under Development till the time they are available for use in the manner intended at which moment they are treated as Intangible Assets and amortised over their estimated useful life.

3) Assets held for Sale:

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/amortization and its recoverable amount at the date when it no longer meets the "Held for Sale" criteria.

4) Impairment of tangible (PPE) and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount

of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Consolidated statement of profit and loss

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Consolidated statement of profit and loss.

5) Inventories:

Inventories consisting of stores and spares, raw materials, work-in-progress, stock in trade and finished goods are valued at lower of cost and net realisable value. However, materials held for use in production of inventories are not written down below cost, if the finished products are expected to be sold at or above cost.

The cost is computed on FIFO basis except for stores and spares which are on daily moving Weighted Average Cost basis and is net of input tax credits under various tax laws.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred



in bringing the inventories to their present location and condition.

Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

Inventory obsolescence is based on assessment of the future uses. Obsolete and slow moving items are subjected to continuous technical monitoring and are valued at lower of cost and estimated net realisable value. When Inventories are sold, the carrying amount of those items are recognized as expenses in the period in which the related revenue is recognized.

6) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item (i.e. PPE), are generally capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of minimum lease payments. Where the group has right to sell the leased asset at fair value on the date of sale, it is considered that substantially all the risks and benefits incidental to ownership of the leased items have been transferred. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Consolidated statement of profit and loss.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to Consolidated statement of profit and loss over the period of lease on straight line basis other than those cases where the escalations are linked to expected general inflation in which case they are charged on contractual terms.

7) Government Grants:

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities in respect of loans/ assistance received subsequent to the date of transition.

8) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined

based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions for warranty-related costs are recognized when the product is sold to the customer. Initial recognition is based on scientific basis as per past trends of such claims. The initial estimate of warranty-related costs is revised annually.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

9) Foreign Currency Transactions:

The financial statements of Group are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Effective 1st April, 2018, the Group has adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the exchange rate prevailing at the reporting date and their statement of profit and loss are translated at the exchange rate prevailing on the date of transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation for consolidation are recognised in consolidated statement of OCI. On disposal of foreign operation, the relevant component of OCI is reclassified to consolidated statement of profit and loss.

10) Share Capital and Securities Premium:

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

11) Dividend Distribution to equity shareholders:

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.



12) **Cash Flows and Cash and Cash Equivalents**

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

13) **Revenue Recognition:**

The Group derives revenues primarily from sale of goods comprising of Automobile Tyres, Tubes, Flaps, Tread Rubber, Speciality Coatings and trading in rubber.

Effective 1st April, 2018, the Group has applied Ind AS 115 “Revenue from contracts with customers” which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method and the comparative information in the statement of profit and loss is not restated – i.e., the comparative information continues to be reported under Ind AS 18. Refer Note 1(D) – Significant accounting policies – Revenue recognition in the Annual Report of the Group for the year ended 31st March, 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

The following is a summary of new and/or revised significant accounting policies related to revenue recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects

the consideration the Group expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover/product/prompt payment discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Group recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

The Holding Company provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers and are assurance type warranties. Claims preferred during the year against such obligations are netted off from revenue, consistent with its current practice. Provision for warranties is made for probable future claims on sales effected and are estimated based on previous claim experience and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Use of significant judgments in revenue recognition.

- Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover/product/

prompt payment discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Dividend Income

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

14) Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition/construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use

are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The capitalisation on borrowing costs commences when the group incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

15) Employee Benefits:

a) Short term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

b) Long Term Employee Benefits:

The cost of providing long term employee benefit such as earned leave is measured as the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period. The expected costs of the benefit is accrued over the period of employment using the same methodology as used for defined benefits post employment plans. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated statement of profit and loss in which they arise except those included in cost of assets



as permitted. The benefit is valued annually by independent actuary.

c) Post Employment Benefits:

The Group provides the following post employment benefits:

- i) Defined benefit plans such as gratuity, trust managed Provident Fund and post-retirement medical benefit (PRMB); and
- ii) Defined contribution plans such as provident fund, pension fund and superannuation fund.

d) Defined benefits Plans:

The cost of providing benefits on account of gratuity and post retirement medical benefits / obligations are determined using the projected unit credit method on the basis of actuarial valuation made at the end of each balance sheet date, which recognises each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation. The yearly expenses on account of these benefits are provided in the books of accounts.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated statement of profit and loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognized in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in

which they occur. Re-measurements are not reclassified to the Consolidated statement of profit and loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognized in the Consolidated statement of profit and loss except those included in cost of assets as permitted in the period in which they occur.

Eligible employees of the Group receive benefits from a provident fund trust which is a defined benefit plan. Both the eligible employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees salary. The Group contributes a part of the contribution to the provident fund trusts. The trusts invests in specific designated instruments as permitted by Indian Law. The remaining portion is contributed to the Government Administered Pension Fund. The rate at which the annual interest is payable to the beneficiaries by the trusts is administered by the Government. The Group has obligation to make good the shortfall, if any, between the return from investments of the Trusts and the notified interest rate. However, as at the year end no shortfall remains unprovided for.

e) Defined Contribution Plans

Payments to defined contribution retirement benefit plans, viz., Provident Fund for certain eligible employees, Pension Fund and Superannuation benefits are recognized as an expense when employees have rendered the service entitling them to the contribution.

16) Taxes on Income:

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognized in the Consolidated statement of profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) **Current Tax:**

Current tax includes provision for Income Tax computed under Special provision (i.e., Minimum alternate tax) or normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/appeals.

b) **Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternate Tax(MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Holding Company and subsidiaries incorporated in India will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the group will pay normal income tax during the specified period.

The deferred tax assets (Net) and deferred tax liabilities(Net) are determined separately for the parent and each subsidiary Group, as per their applicable laws and then aggregated.

17) **Earnings per Share:**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the period.

18) **Current versus non-current classification:**

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) **An asset is current when it is:**

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or



- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

19) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis except for Inventories, Leases and value in use of non financial assets. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing

the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

20) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

a) **Financial Assets**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual rights to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Group.

Financial assets other than investment in subsidiaries

Financial assets of the Group comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies other than in subsidiaries, investment in units of Mutual Funds, loans/advances to employee / related parties / others, security deposit, claims recoverable etc.

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated statement of profit and loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Consolidated statement of profit and loss and in other cases spread over life of the financial instrument using effective interest method.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of profit and loss. The losses arising from impairment are recognized in the consolidated statement of profit and loss in finance costs.

Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to Profit or Loss.



Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Consolidated statement of profit and loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Impairment of financial assets

The Group assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.
- Financial assets (excluding equity instruments) measured at fair value through other comprehensive income (FVTOCI).

ECL is measured through a loss allowance on a following basis after considering the value of recoverable security:

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Group follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Group to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Group assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Consolidated statement of profit and loss.

b) Financial Liabilities

The Group's financial liabilities include borrowings, trade payable, accrued expenses and other payables.

Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Consolidated statement of profit and loss depending upon the level of fair value.

Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:

Financial Liabilities classified as Amortised Cost:

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of costs of assets is included as Finance costs in the Consolidated statement of profit and loss.

Financial Liabilities at Fair value through profit and loss (FVTPL)

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) Derivatives

Derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognized in the Consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument and is recognized in Other Comprehensive Income (OCI). Cash flow hedges shall be reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If hedge of a forecast transaction results in the recognition of a non-financial asset or a non-financial liability, then the gain or loss that are accumulated in the cash flow hedge reserve is recognised in the initial cost or other carrying amount of the asset or liability this is also referred to as “Basis Adjustment”.



E) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on 30th March, 2019 through companies (Indian Accounting Standards) Amendment Rules, 2019 has notified the following new IND AS and amendments to IND AS which are applicable on 1st April 2019.

i) Issue of IND AS 116 – Leases

IND AS 116 Leases will replace the existing lease standard, IND AS 17 and related interpretations.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value.

Currently operating lease expenses are charged to statement of profit and loss account. As regards accounting requirements of lessor are concerned IND AS 116, Substantially carries forward the requirements in IND AS 17.

The Group is proposing to use the “Modified Retrospective Approach” for transition to IND AS 116 and accordingly take the cumulative adjustments to retained earnings on the date of initial application (1st April 2019) and will not restate the comparative information. The Group will recognize a lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use assets at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application.

In accordance with the standard the Group will elect not to apply the requirements of IND AS 116 to short term leases and for which the underlying asset is of low value.

On transition to IND AS 116, the Group will be using the practical expedient provided in the standard and will not reassess whether a contract is or contains a lease, at the date of initial application. As on the transition date the Group will recognize new assets and liabilities for its operating lease of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to amortization charge for the right to use assets and interest accrued on lease liability.

The Group is currently evaluating the effect of adoption as on the transition date.

ii) Amendments to existing issued IND AS

The MCA as also carried out amendments to the following accounting standards:

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

The amendment needs to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, company’s need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the company’s have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group is proposing to

use retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application without adjusting comparatives. The Group will adopt the standard on 1st April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application, i.e., 1st April, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 – Income Taxes:

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Group is currently evaluating the effect of this amendment on the standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement:

The amendments require an entity to use updated assumptions to determine current service and

net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Group does not have any impact on account of this amendment.

Amendment to Ind AS 23 – Consideration of outstanding specific borrowing in capitalisation rate –

The amendments clarify that an entity shall exclude from the calculation of capitalisation rate borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The Group is in the process of evaluating the impact of this amendments on the separate and consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

(₹ Crores)

NOTE 2 (a): PROPERTY, PLANT AND EQUIPMENT													Note 2 (c): Intangibles	Note 2 (d): Assets Classified as Held for Sale
Particulars	Land		Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Air Craft	Office equipment	Computers	Moulds	Other Assets	Total	Computer Software	Plant & Machinery
	Freehold	Leased												
GROSS BLOCK														
Carrying Value as at 31st March, 2017	526.44	84.53	1,436.53	4,004.91	14.31	25.60		22.90	29.89	325.64	239.64	6,710.39	21.02	
Additions	1.87	-	340.34	779.26	3.94	5.02		5.39	7.28	89.91	57.37	1,290.38	9.95	
Disposals	-	-	(2.71)	(33.07)	(0.55)	(1.78)		(0.73)	(4.64)	(14.23)	(3.11)	(60.82)	(0.02)	
Carrying Value as at 31st March, 2018	528.31	84.53	1,774.16	4,751.10	17.70	28.84	-	27.56	32.53	401.32	293.90	7,939.95	30.95	
Additions	-	13.05	153.97	1,023.71	4.17	15.29	82.99	8.16	12.82	116.46	72.51	1,503.13	4.82	
Disposals*	-	-	(4.62)	(36.87)	(0.71)	(1.31)		(2.09)	(9.53)	(16.33)	(9.65)	(81.11)	(0.24)	
Carrying Value as at 31st March, 2019	528.31	97.58	1,923.51	5,737.94	21.16	42.82	82.99	33.63	35.82	501.45	356.76	9,361.97	35.53	3.91
DEPRECIATION BLOCK														
Accumulated depreciation/ Amortisation as at 31st March, 2017	-	0.37	83.57	945.53	6.67	7.60		9.03	14.74	97.22	56.65	1,221.38	7.79	
Depreciation/Amortisation for the year	-	0.92	51.29	520.43	3.16	5.68		5.41	7.30	66.73	40.09	701.01	5.71	
Disposals	-	-	(0.20)	(32.28)	(0.50)	(1.63)		(0.73)	(4.63)	(14.16)	(3.01)	(57.14)	(0.02)	
Impairment/(Reversal) of Impairment	-	-	-	-	-	-		-	-	-	-	-	-	
Accumulated depreciation / Amortisation as at 31st March, 2018	-	1.29	134.66	1,433.68	9.33	11.65	-	13.71	17.41	149.79	93.73	1,865.25	13.48	3.71
Depreciation/Amortisation for the year	-	1.05	60.12	587.25	3.40	7.00	4.40	6.00	8.36	77.45	46.51	801.54	6.06	
Disposals	-	-	(0.67)	(34.97)	(0.65)	(1.23)		(2.05)	(9.52)	(16.29)	(9.21)	(74.59)	(0.24)	
Impairment/(Reversal) of Impairment	-	-	-	-	-	-		-	-	-	-	-	-	
Accumulated depreciation / Amortisation as at 31st March, 2019	-	2.34	194.11	1,985.96	12.08	17.42	4.40	17.66	16.25	210.95	131.03	2,592.20	19.30	
NET BLOCK														
As at 31st March, 2018	528.31	83.24	1,639.50	3,317.42	8.37	17.19	-	13.85	15.12	251.53	200.17	6,074.70	17.47	
As at 31st March, 2019	528.31	95.24	1,729.40	3,751.98	9.08	25.40	78.59	15.97	19.57	290.50	225.73	6,769.77	16.23	0.20
NOTE 2 (b). CAPITAL WORK-IN-PROGRESS														
As at 31.03.2018												1,078.91		
As at 31.03.2019												1,403.47		

Note: 1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2018 - ₹ 0.12 Crores).

2. Other assets represents Electrical Fittings, Fire Fighting/Other Equipments and Canteen Utensils.

3. The amount of Borrowing Cost capitalised during the year ended 31st March, 2019 - ₹ 11.16 Crores (Year ended 31st March, 2018 - ₹ 3.02 Crores.)

4. The Holding Company has classified the leasehold land as a finance lease, after exercise of judgement based on evaluation of facts and circumstances and considering the indicators envisaged in Para 10 and 11 of Ind AS 17 "Leases".

5. Capital expenditure on Research and Development (including Building) during the year - ₹ 55.50 Crores (previous year ₹ 110.86 Crores)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 3: INVESTMENTS

	(₹ Crores)	
	As at 31.03.2019	As at 31.03.2018
Non-Current Investments		
Fully Paid-up		
Quoted		
Equity Shares (at fair value through Profit or Loss)	6.64	4.96
Unquoted		
In Mutual Fund Units: (at fair value through Profit or Loss)		
Income Plan: Growth Option	1050.29	1066.24
Others: (at fair value through Profit or Loss)*	0.07	0.07
* Note: The Holding Company had invested in Co-operative Societies and in certain other companies towards the corpus. These are non participative shares and normally no dividend is accrued. The Holding Company has carried these investments at its transaction value considering it to be its fair value.		
	1057.00	1071.27
Aggregate Market Value of Quoted Investments	6.64	4.96
Aggregate Amount of Unquoted Investments	1050.36	1066.31
Current Investments		
Fully paid up - Unquoted		
In Mutual Fund Units: (at fair value through Profit or Loss)		
Income Plan: Growth Option	2797.68	3073.73
Aggregate Amount of Unquoted Investments	2797.68	3073.73



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 4: LOANS (Unsecured, considered good)

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Loans to employees	0.36	1.63	0.61	1.90
	0.36	1.63	0.61	1.90

NOTE 5: OTHER FINANCIAL ASSETS

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Bank deposits with more than 12 months maturity	72.44	4.33	-	-
Others:				
Security Deposits	1.67	1.02	-	-
Interest Accrued on Loans, Deposits etc	0.49	-	2.90	3.03
Salary and wage advance	-	-	11.12	5.60
Deposits - Rent	13.45	11.78	-	-
	88.05	17.13	14.02	8.63

NOTE 6: DEFERRED TAX ASSETS (NET)

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Deferred Tax Liability:		
Arising on account of timing difference in:		
- Depreciation	(0.17)	(0.15)
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	0.09	0.07
- Carried Forward Business Losses	0.14	0.34
Deferred Tax Asset (Net)	0.06	0.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 7: OTHER ASSETS

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Capital Advances	380.29	205.72	0.21	0.03
Advances other than capital advances:				
Security Deposits	54.31	49.91	-	-
Advances to Employees	-	-	18.07	39.88
	434.60	255.63	18.28	39.91
Others:				
Advance payment of Income Tax / Tax Deducted at Source (after adjusting provision)	207.44	85.79	-	-
Balance with statutory authorities	-	-	20.90	11.81
Advances recoverable in cash or kind	0.48	1.19	112.12	141.66
Prepaid Expenses	-	-	19.58	16.70
	207.92	86.98	152.60	170.17
	642.52	342.61	170.88	210.08



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 8: INVENTORIES

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Raw Materials	1022.73	872.42
Raw Materials in transit	91.25	81.42
Work-in-progress	272.04	210.48
Finished goods	1240.65	688.34
Stock-in-trade	44.67	44.71
Stores and spares	321.86	299.96
	2993.20	2197.33

NOTE 9: TRADE RECEIVABLES

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Trade receivables		
Secured, considered good	1327.09	1239.64
Unsecured, considered good	1055.62	910.29
Trade Receivables - credit impaired	2.56	2.59
Less: Impairment provision on Expected Credit Loss Model	(2.56)	(2.59)
	2382.71	2149.93

Note: The Group has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

NOTE 10: CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Balances with Banks	51.51	139.31
Cheques, drafts on hand; and	49.53	52.64
Cash on hand	0.91	1.11
	101.95	193.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 11: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Deposits with original maturity of more than 3 months, but less than 12 months	-	37.35
Others:		
Unclaimed Dividend Account	2.55	2.49
	2.55	39.84

NOTE 12: BORROWINGS

₹ Crores

	As at 31.03.2019	As at 31.03.2018
NON-CURRENT		
<u>Secured</u>		
Debtentures:		
10.09% Secured Redeemable Non-Convertible Debtentures of ₹ 10,00,000/- each	340.00	500.00
<u>Unsecured</u>		
Term loans from Banks:		
- External Commercial Borrowings (ECB)	709.55	804.82
Sales tax deferral scheme	-	8.79
<u>Others</u>		
Deferred payment liabilities	5.18	5.72
	1054.73	1319.33
CURRENT		
<u>Secured</u>		
Loans repayable on demand		
- from banks	407.05	228.37
Interest accrued on above	1.81	0.71
<u>Unsecured</u>		
- from banks	633.38	460.15
Interest accrued on above	5.42	2.13
(The interest rate on the above said loans range from 0.20% to 0.25% p.a. above the ICE USD LIBOR. (Previous Year - 0.20% to 0.25% p.a. above ICE USD LIBOR))		
	1047.66	691.36
	2102.39	2010.69

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 26 (g).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 13: PROVISIONS

₹ Crores

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits	41.93	36.81	48.58	43.04
Others:				
Warranty and others	126.18	116.23	100.90	99.69
	168.11	153.04	149.48	142.73

NOTE 14: DEFERRED TAX LIABILITIES (NET)

₹ Crores

	As at 31.03.2019	As at 31.03.2018
Deferred Tax Liabilities:		
Arising on account of difference in carrying amount and tax base of PPE and Intangibles	614.63	532.76
Unrealised (gain)/loss on FVTPL debt Mutual Funds	282.87	176.87
Other adjustments	6.76	7.74
	904.26	717.37
Deferred Tax Asset:		
Accrued Expenses allowable on Actual Payments	(35.79)	(31.10)
On remeasurements of defined benefit plans	(19.67)	(16.27)
On revaluation of designated cash flow hedges	(8.60)	(2.81)
	(64.06)	(50.18)
MAT Credit	-	(47.36)
	840.20	619.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

NOTE 15: OTHER LIABILITIES

	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
Contract Liabilities	-	-	39.34	25.48
Others:				
Dealers' Security Deposit	-	-	1411.76	1323.52
Retention Money	32.58	21.26	-	-
Statutory Dues	-	-	259.90	210.53
Liabilities for expenses	-	-	41.50	39.12
Others	43.74	36.82	31.32	41.99
	76.32	58.08	1783.82	1640.64

During the year ended 31st March, 2019, the group recognised revenue of ₹ 19.57 Crores (Previous year - ₹ 9.83 Crores) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under;

	Year Ended 31.03.2019	Year Ended 31.03.2018
As at beginning of the year	25.48	10.91
Recognised as revenue from contracts with customers	(481.04)	(435.11)
Advance from customers received during the year	494.90	449.68
Balance at the close of the year	39.34	25.48

NOTE 16: TRADE PAYABLES

	As at 31.03.2019	As at 31.03.2018
Outstanding dues of Micro and Small Enterprises	21.25	17.33
Outstanding dues of Creditors other than Micro and Small Enterprises	1688.13	1551.18
	1709.38	1568.51
Of the above:		
Acceptances	325.20	307.60

NOTE 17: OTHER FINANCIAL LIABILITIES

	Current	
	As at 31.03.2019	As at 31.03.2018
Current maturities of long-term debt	403.92	152.21
Interest accrued on above	62.90	65.55
Fixed Deposit	-	3.57
Interest accrued on above	-	0.21
Unclaimed dividends	2.55	2.49
Others:		
Employee benefits	119.75	162.02
Liabilities for expenses	127.03	129.32
Derivatives (Net)	35.94	8.08
Others	11.23	10.26
	763.32	533.71



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 18: REVENUE FROM CONTRACTS WITH CUSTOMERS

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Revenue from Operations:		
Sale Of Goods (refer note 26(e))	15959.71	15286.91
Sale Of Services	34.50	30.91
Other Operating Revenues:		
Scrap Sales	68.25	45.43
Miscellaneous	-	1.72
	16062.46	15364.97

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under IND AS 115 "Revenue from contracts with customers". Hence no separate disclosure of disaggregate revenues are reported. (refer note 26(e))

Reconciliation of revenue recognised with the contracted price is as follows:

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Gross Sales (Contracted Price)	16554.85	15824.17
Reductions towards variable consideration (Product, Turnover and Prompt payment discount)	(307.00)	(296.32)
Claims preferred against obligation (Note 1(D-13))	(185.39)	(162.88)
Revenue recognised	16062.46	15364.97

NOTE 19: OTHER INCOME

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Interest Income	13.09	27.33
Dividend Income	0.03	0.05
Export Incentives	77.75	28.08
Subsidy from State Government	-	17.54
Net gain on sale of Investments classified as FVTPL	204.79	4.70
Net gains on fair value changes on financial assets classified as FVTPL	100.92	227.70
Refund of Purchase Tax	13.19	-
Impairment provision written back	0.10	0.44
Miscellaneous Income	11.86	24.81
	421.73	330.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 20: COST OF MATERIALS CONSUMED

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Opening Stock of Raw Materials	953.84	1022.57
Purchases during the year	10452.72	8916.65
Closing Stock of Raw Materials	(1113.99)	(953.84)
	10292.57	8985.38

NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Closing Stock:		
Finished Goods	1240.65	688.34
Stock-in-Trade	44.67	44.71
Work-in-Progress	272.04	210.48
	<u>1557.36</u>	<u>943.53</u>
Less: Opening Stock:		
Finished Goods	688.34	877.09
Stock-in-Trade	44.71	30.51
Work-in-Progress	210.48	222.59
	<u>943.53</u>	<u>1130.19</u>
Differential Excise Duty on Opening and Closing stock of Finished Goods	-	(109.05)
	(613.83)	77.61

NOTE 22: EMPLOYEE BENEFITS EXPENSE

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Salaries and Wages	963.95	899.89
Contribution to provident and other funds	91.32	88.60
Staff welfare expenses	110.01	103.87
	1165.28	1092.36

NOTE 23: FINANCE COSTS

₹ Crores

	Year Ended 31.03.2019	Year Ended 31.03.2018
Interest on Loans and Deposits	212.89	195.04
Interest on Debentures	50.45	50.45
Interest on Deferred Payment Credit	0.70	0.76
Other Borrowing Costs:		
Unwinding of discount relating to Long Term Liabilities	3.13	6.13
Other Charges	0.14	0.74
	267.31	253.12



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 24: OTHER EXPENSES

	Year Ended 31.03.2019	₹ Crores Year Ended 31.03.2018
Stores and Spares Consumed	358.47	313.51
Power and Fuel	763.53	638.23
Processing Expenses	240.00	194.77
Rent	74.67	66.05
Rates and Taxes	13.70	11.31
Insurance	21.00	19.42
Printing and Stationery	8.75	7.76
Repairs and Renewals:		
Buildings	23.97	22.82
Plant and Machinery	143.42	114.53
Other Assets	61.84	51.70
Travelling and Conveyance	49.27	46.62
Communication Expenses	5.99	6.82
Vehicle Expenses	11.44	9.77
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.67	0.62
Tax Audit fee	0.11	0.10
Other Services	0.07	0.11
Reimbursement of Expenses	0.02	0.06
	0.87	0.89
Cost Auditors Remuneration:		
Audit fee	0.07	0.06
Directors' Fees	0.20	0.19
Directors' Travelling Expenses	6.53	5.49
Advertisement	323.11	268.45
Warranty	8.94	32.81
Sales tax absorbed by the Company	0.74	0.67
Bad debts written off (Net)	0.29	0.16
Commission	13.72	8.72
Freight and Forwarding (Net)	534.89	476.40
Loss on Sale of Fixed Asset	5.90	0.97
Net Loss on Foreign Currency Transactions	57.54	42.90
Bank Charges	6.09	5.62
Provision for impairment of Financial Assets	0.07	0.09
Miscellaneous Expenses	147.47	124.50
	2882.48	2471.23

NOTE 25:

A. Capital Management

For the purpose of Group's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Group. The primary objective of the Group's Capital Management is to maximise the Share Holder Value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and requirements of the financial covenants and to continue as a going concern. The Group monitors using a gearing ratio which is net debts divided by total capital plus net debt. The group includes within net debt, interest bearing loans and borrowings, less cash and short term deposit. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain an optimal capital structure, the group allocates its capital for distribution as dividend or reinvestment into business based on its long term financial plans.

B. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Group. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Group has assessed market risk, credit risk and liquidity risk to its financial instruments.

i) Market Risk

Is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans & borrowings, investments and foreign currency receivables, payables and borrowings.

a) Interest Rate Risk:

The Group borrows funds in Indian Rupees and Foreign currency, to meet both the long term and short term funding requirements. The Interest rate risk in terms of Foreign currency is managed through financial instruments available to convert floating rate liability into fixed rate liability. The Group due to its AAA rated status commands one of the cheapest source of funding. Interest rate is fixed for the tenor of the Long term loans availed by the Group. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the average outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the Group's profit for the year ended 31st March, 2019 would have been decreased/increased by ₹ 9.52 Crores (Previous year - ₹ 7.03 Crores).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

b) Currency Risk:

Foreign currency risks from financial instruments at the end of the reporting period expressed in INR:

Unhedged Short Term Exposures:

		31.03.2019	₹ Crores 31.03.2018
Financial Assets	USD	194.42	165.08
Financial Liabilities	USD	150.53	63.57

The Group is mainly exposed to changes in US Dollar. The sensitivity to a 3% (Previous year - 0.25%) increase or decrease in US Dollar against INR with all other variables held constant will be +/- ₹ 0.75 Crores (Previous year - ₹ 0.22 Crores).

The Sensitivity analysis is prepared on the net unhedged exposure of the Company at the reporting date.

Hedged Foreign Currency exposures:

Foreign Exchange forward Contracts on External Commercial borrowings and certain highly probable forecast transactions, are measured at fair value through OCI on being designated as Cash Flow Hedges.

The Group also enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The outstanding position and exposures are as under:

i) Foreign Currency forward contracts designated as Hedge Instruments:

	Currency	Amount	₹ Crores	Nature	Cross Currency
Currency/Interest Rate Swap	USD	125.67 Million (150.00) Million	798.07 (948.49)	ECB Loan	INR
Forward Contract	USD	111.92 Million (-)	816.86 (-)	Import purchase	

The terms of the foreign currency forward contracts match the terms of the transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

ii) Other Forward Contract Outstanding :

	Currency	Amount	₹ Crores	Nature	Cross Currency
Forward Contract	USD	- (2.02) Million	- (12.90)	Buyer's Line of Credit	INR
Forward Contract	USD	48.06 Million (172.08) Million	341.51 (1133.73)	Import purchase	INR
Forward Contract	USD	- (30.59) Million	- (199.38)	Sales	USD

Figures in brackets are in respect of Previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

c) **Price Risk:**

The Group is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities like Natural Rubber, Synthetic Rubber and other Chemicals, the Group enters into purchase contracts on a short to medium Term and forward foreign exchange contracts are entered into to bring in stability of price fluctuations.

The Group's investments in Quoted and Unquoted Securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The group manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March 2019 the investments in debt mutual funds amounts to ₹ 3820.67 Crores. A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional ₹ 38 Crores on either side in the statement of profit and loss.

ii) **Credit Risk**

Is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments viz., Investments in Equity Shares, Debt Funds and Balances with Banks.

The Group's marketing policies are well structured and all replacement sales are predominantly through dealers and the outstanding are secured by dealer deposits. As regards sales to Original Equipment and other institutional sales, the Group carries out periodic credit checks and also limits the exposure by establishing maximum payment period for customers and by offering prompt payment discounts. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31st March, 2019 is 0.28% (31st March, 2018 - 0.27%) of the total trade receivables.

The group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. The allowance for lifetime ECL on customer balances for the year ended 31st March, 2019 was ₹ 2.56 Crores and for the year ended 31st March, 2018 was ₹ 2.59 Crores.

	Year ended 31.03.2019	Year ended 31.03.2018
Balance at the beginning	2.59	2.94
Impairment loss recognised	0.07	0.09
Impairment loss reversed	(0.10)	(0.44)
Balance at the end	2.56	2.59

The Group holds cash and deposits with banks which are having highest safety rankings and hence has a low credit risk.

Investments in mutual funds are primarily debt funds, which have high safety ratings and are monitored on a monthly basis and the Group is of the opinion that its mutual fund investments have low credit risk.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

iii) Liquidity Risk

The Group manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Group has a system of forecasting rolling three months cash inflow and outflow and all liquidity requirements are planned.

All Long term borrowings are for a fixed tenor and generally these cannot be foreclosed.

The Group has access to various source of Short term funding and debt maturing within 12 months can be rolled over with existing lenders/new lenders, or repaid based on short term requirements.

Trade and other payables are plugged into the three months rolling cash flow forecast to ensure timely funding, if required.

All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The details of the contractual maturities of significant financial liabilities as at 31st March, 2019 are as under:

		₹ Crores			
	Refer Note	Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings	Note 12 & 17	1514.48 (912.90)	901.62 (757.01)	151.87 (559.23)	1.24 (3.09)
Trade Payable	Note 16	1709.38 (1568.51)	- (-)	- (-)	- (-)
Other Financial Liabilities	Note 17	174.20 (147.66)	- (-)	- (-)	- (-)
Employee Benefit liabilities	Note 17	119.75 (162.02)	- (-)	- (-)	- (-)
Unclaimed dividends	Note 17	2.55 (2.49)	- (-)	- (-)	- (-)

Figures in brackets are in respect of Previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

NOTE 26: ADDITIONAL / EXPLANATORY INFORMATION

a. Disclosures

- (i) The Notes to these consolidated Ind AS financial statements are disclosed to the extent relevant and necessary for presenting a true and fair view of the consolidated Ind AS financial statements based on section 129(4) of The Companies Act, 2013 and as clarified vide Circular No.39/2014 dated 14th October, 2014.
- (ii) Movement in Provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Assets" are the same as disclosed in the Standalone Ind AS Financial Statements.
- (iii) Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone Ind AS financial statements of the Company.

b. Earnings Per Share

Particulars		Year Ended 31.03.2019	Year Ended 31.03.2018
Profit after taxation	₹ Crores	1130.61	1131.61
Number of equity shares (Face Value ₹ 10/-)	Nos.	4241143	4241143
Earnings per share	₹	2665.82	2668.17

c. Related party disclosures:

- (a) Names of related parties and nature of relationship with whom transactions have taken place:

Key Management Personnel:	i) Mr. K.M. Mammen, Chairman and Managing Director
	ii) Mr. Arun Mammen, Vice Chairman and Managing Director
	iii) Mr. Rahul Mammen Mappillai, Managing Director
	iv) Mr. Samir Thariyan Mappillai, Whole-time Director
	v) Mr. Varun Mammen, Whole-time Director
	vi) Mr. Ravi Mannath, Company Secretary (Upto 9th August, 2018)
	vii) Mr. S. Dhanvanth Kumar, Company Secretary (w.e.f 10th August, 2018)
	viii) Mr. Madhu P Nainan, Vice President Finance

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

- iii) Companies in which Directors are interested:
- | | |
|--|--|
| Purchase of Raw Materials/
Components/Machinery | Coastal Rubber Equipments Pvt. Ltd. - ₹ 72.36 Crores (Previous Year- ₹ 62.45 Crores), Devon Machines Pvt. Ltd. - ₹ 15.31 Crores (Previous Year - ₹ 16.88 Crores), Braga Industries LLP - ₹ 88.60 Crores (Previous Year - ₹ 83.05 Crores). |
| Selling & Distribution Expenses | Funkskool (India) Ltd. - ₹ 1.41 Crores. (Previous Year - ₹ 1.40 Crores) |
| Payment towards Services | VPC Freight Forwarders Pvt. Ltd. - ₹ 3.12 Crores (Previous Year- ₹ 3.32 Crores), Coastal Rubber Equipments Pvt. Ltd. - ₹ 2.54 Crores (Previous Year- ₹ 1.69 Crores), Braga Industries LLP- ₹ 2.53 Crores (Previous Year - ₹ 0.64 Crores), Madras Christian College- ₹ 0.03 Crores (Previous Year - ₹ 0.08 Crores), M M Rubber Company Ltd. - ₹ 0.11 Crores (Previous Year ₹ 0.05 Crores), Chennai International Center-Nil (Previous Year - ₹ 0.03 Crores), Kirloskar Electric Company Limited-Nil (Previous Year ₹ 0.10 Crores) |
| Lease Rent Received | Funkskool (India) Ltd. ₹ 0.63 Crores (Previous Year- ₹ 1.18 Crores) |
| Sale of Materials | Funkskool (India) Ltd. ₹ 0.07 Crores (Previous Year- ₹ 0.01 Crores) |
| Balance Outstanding:
Payable | Devon Machines Pvt. Ltd. - ₹ 0.30 Crores (Previous Year - ₹ 0.22 Crores), Coastal Rubber Equipments Pvt. Ltd. - ₹ 0.92 Crores (Previous Year - ₹ 1.07 Crores), Braga Industries LLP - ₹ 12.38 Crores (Previous Year - ₹ 11.04 Crores), VPC Freight Forwarders Pvt. Ltd. - ₹ 0.01 Crores (Previous Year - Nil) |
| Receivable | Funkskool (India) Ltd. - ₹ 0.16 Crores (Previous Year - ₹ 0.26 Crores) |
- iv) Other Related Parties:
- | | |
|---|--|
| Professional Charges | Mr. Jacob Kurien - ₹ 0.10 Crores (Previous Year- ₹ 0.14 Crores) |
| Contributions | MRF Ltd. Executives Provident Fund Trust - ₹ 11.18 Crores (Previous Year - ₹ 9.95 Crores), MRF Management Staff Gratuity Scheme - ₹ 13.47 Crores (Previous Year - ₹ 9.20 Crores), MRF Employees Gratuity Scheme - ₹ 9.53 Crores (Previous Year - ₹ 15.80 Crores), MRF Managers' Superannuation Scheme - ₹ 15.80 Crores (Previous Year - ₹ 13.97 Crores). |
| Balance Outstanding:
Contributions Payable | MRF Ltd. Executives Provident Fund Trust - ₹ 0.96 Crores (Previous Year- ₹ 0.87 Crores), MRF Management Staff Gratuity Scheme - ₹ 20.22 Crores (Previous Year - ₹ 17.64 Crores), MRF Employees Gratuity Scheme - ₹ 21.47 Crores (Previous Year - ₹ 18.73 Crores). |
- c) Terms and conditions of transactions with related parties;
The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (Previous Year: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

d. Additional information on Net Assets and Share of Profit as at 31st March, 2019

Name of the entity		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income (OCI)	
		As % of consolidated net assets	Amount (₹ Crores)	As % of net Profit	Amount (₹ Crores)	As a % of OCI	Amount (₹ Crores)
Parent							
- MRF Ltd.	2018-19	98.08	10650.46	97.61	1608.89	100.47	(17.11)
	2017-18	98.34	9597.47	96.41	1601.91	122.73	(1.89)
Subsidiaries							
Indian							
- MRF Corp. Ltd.	2018-19	0.71	77.42	1.57	25.96	(0.47)	0.08
	2017-18	0.61	59.58	1.33	22.23	(22.73)	0.35
- MRF International Ltd.	2018-19	0.02	2.35	0.01	0.14		
	2017-18	0.02	2.25	0.01	0.13		
Foreign							
- MRF Lanka (P) Ltd.	2018-19	0.21	22.42	0.10	1.70		
	2017-18	0.22	21.89	0.05	0.80		
- MRF SG PTE. LTD.	2018-19	0.98	106.45	0.71	11.63		
	2017-18	0.81	78.74	2.20	36.52		
Minority Interest							
Indian Subsidiary	2018-19		0.12		-		-
	2017-18	-	0.12	-	-	-	-

e. Disclosures under Ind AS 108 - "Operating Segment": (Refer Note 26 (k))

The Group is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of IND AS - 108 - 'Operating Segment' are considered to constitute one single primary segment. The Group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND AS. Non-reportable segments has not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, operating segment disclosures for business/geographical segment are not applicable to the Group.

Entity wide disclosure as per paragraph 31 of IND AS 108:

	Year ended	₹ Crores
	31.03.2019	31.03.2018
(i) Products:		
Automobile Tyres	14160.44	13484.72
Automobile Tubes	1152.49	1153.71
Speciality Coating	216.99	174.58
Others	429.79	473.90
	15959.71	15286.91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

	Year ended 31.03.2019	₹ Crores Year ended 31.03.2018
(ii) Revenue from Customers:		
India	14385.06	13924.17
Outside India	1574.65	1362.74
	<u>15959.71</u>	<u>15286.91</u>
(iii) Non-Current Assets:		
India	9977.46	8603.98
Outside India	3.09	3.66
(iv) There are no transactions with single customer which amounts to 10% or more of the Company's revenue.		
f. Terms of Repayment and Security Description of Current Borrowings:		
i) Loans repayable on demand from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and carries interest rates at the rate of 7.85% to 8.45% (Previous year - 7.85% to 9.75%).		
ii) Rupee Export Packing Credit is repayable within a year and carries interest rates at the rate of 7.95% to 8.40% (Previous year - 5.77% to 7.95%).		
iii) Buyer's Line of Credit from banks are secured by hypothecation of Inventories and book debts, equivalent to the outstanding amount and are repayable within a year and carries interest at the rate of LIBOR plus 35bps (Previous year- LIBOR plus 4bps to LIBOR plus 60bps)		
g. Terms of Repayment and Security Description of Non Current Borrowings:		
i) The principal amount of Debentures, interest, remuneration to Debenture Trustees and all other costs, charges and expenses payable by the holding Company in respect of Debentures are secured by way of a legal mortgage of holding Company's land at Taluka Kadi, District Mehsana, Gujarat and hypothecation by way of a first charge on Plant and Machinery at the holding Company's plants at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

5000, 10.09% Non-convertible Debentures of ₹ 10,00,000 each are to be redeemed at par in three instalments as stated below:

Debenture Series	10.09% NCD's (Previous year - 10.09%) ₹ Crores	Dates of Redemption
Series I	160.00	27/05/2019
Series II	160.00	27/05/2020
Series III	180.00	27/05/2021
	<u>500.00</u>	

- ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name - Bank of Tokyo- Mitsubishi UFJ, Ltd.)
 - a) USD 15 Million availed in October, 2013 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.50% (Previous year- six months USD LIBOR plus margin of 1.50%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2017.
 - b) USD 20 Million availed in May, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year-six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning May, 2019.
- iii) ECB (Unsecured) from the Mizuho Bank, Ltd.
 - a) USD 15 Million availed in January, 2014 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.50% (Previous year- six months USD LIBOR plus margin of 1.50%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2018.
 - b) USD 25 Million availed in February, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months USD LIBOR plus margin of 1.00% (Previous year- six months USD LIBOR plus margin of 1.00%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning February, 2019.
- iv) ECB (Unsecured) from the CITI Bank availed in January, 2015 amounting to USD 20 Million is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.30% (Previous year- six months BBA LIBOR plus margin of 1.30%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning January, 2019.
- v) ECB(Unsecured) from the HSBC Bank
 - a) USD 20 Million availed in October, 2015 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 1.25% (Previous year- six months BBA LIBOR plus margin of 1.25%) payable half yearly. The said Loan is fully hedged and is repayable in three equal annual instalments at the end of fourth, fifth and sixth year beginning October, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

- b) USD 45 Million availed in December, 2017 is for capital expenditure. Interest is payable at a rate equal to the six months BBA LIBOR plus margin of 0.80% payable half yearly (Previous year- six months BBA LIBOR plus margin of 0.80%). The said Loan is fully hedged and is repayable in one full instalment in December, 2022.
- vi) Indian Rupee Term Loan of ₹ 150 Crores availed in February, 2019 is for capital expenditure. Interest is payable at a rate equal to the three months T-Bill rate plus a margin of 1.49% (Previous year- Not applicable) payable monthly. The said Loan is repayable in one full installment in February, 2024.
- vii) Interest free Unsecured Loan availed under Sales tax Deferral Scheme got repaid during the financial year ended 31st March 2019.
- viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.
- ix) Fixed Deposits are Unsecured and got repaid during the financial year ended 31st March, 2019 with interest of 9.5%. (Previous year - 9.50%)

h. Events Occurring after the Balance Sheet date

The proposed final dividend for Financial Year 2018-19 amounting to ₹ 22.91 Crores will be recognised as distribution to owners during the financial year 2019-20 on its approval by Shareholders. The proposed final dividend per share amounts to ₹ 54/-

i. Commitment:

Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 3989.78 Crores (Previous Year ₹ 942.70 Crores)

j. Contingent Liabilities not provided for:

- (i) Guarantees given by the Banks - ₹ 51.14 Crores (Previous Year - ₹ 37.56 Crores)
- (ii) Letters of Credit issued by the Banks - ₹ 450.41 Crores (Previous Year - ₹ 97.69 Crores)
- (iii) Claims not acknowledged as debts:
 - (a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 46.20 Crores (Previous Year - ₹ 48.39 Crores)
 - (b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 335.51 Crores (Previous Year - ₹ 98.23 Crores)
 - (c) Disputed Income Tax Demands - ₹ 85.58 Crores (Previous Year - ₹ 127.60 Crores). Against the said demand the Company has deposited an amount of ₹ 37.51 Crores (Previous Year - ₹ 31.96 Crores)
 - (d) Contested EPF Demands pending before Appellate Tribunal- ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2019

- k. The Group, except for MRF Corp Ltd., a subsidiary Company, is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of Ind AS 108 "Operating Segment" are considered to constitute one single primary segment. MRF Corp Ltd is engaged in the manufacture of Speciality Coatings and its revenues, results and assets do not meet the criteria specified for reportable segment prescribed in the Accounting Standard. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the Accounting Standard. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.
-

For SCA AND ASSOCIATES For MAHESH, VIRENDER & SRIRAM

Chartered Accountants

Chartered Accountants

Firm Regn. No. 101174W

Firm Regn. No. 001939S

Shivratan Agarwal
Partner

B R Mahesh
Partner

Mem. No. 104180
Chennai, Dated 2nd May, 2019

Mem. No. 18628

MADHU P NAINAN

Vice President Finance

S DHANVANTH KUMAR

Company Secretary

JACOB KURIAN

V SRIDHAR

Directors

K M MAMMEN

Chairman & Managing Director

FORM AOC-1

[Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies(Accounts) Rules, 2014]
Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

SUBSIDIARIES

₹ Crores

Sr. No	Name of the Subsidiary	The Date since when subsidiary was acquired	Reporting Period of the Subsidiary	Reporting Currency	Exchange Rate as on 31.03.2019	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Extent of Shareholding (in %)
1	MRF Corp Ltd	26.08.1985	1 st April, 2018 to 31 st March, 2019	INR	1	0.05	77.37	114.57	37.15	27.93	220.19	26.06	8.18	17.88	0.10*	100%
2	MRF International Ltd.	23.10.1992	1 st April, 2018 to 31 st March, 2019	INR	1	0.56	1.79	2.36	0.01	-	0.14	0.14	0.04	0.10	-	94.66%
3	MRF Lanka (P) Ltd.	15.06.2005	1 st April, 2018 to 31 st March, 2019	LKR	0.39	15.01	7.41	23.16	0.74	-	8.72	1.69	0.20	1.49	-	100%
4	MRF SG PTE. LTD.	23.07.2014	1 st April, 2018 to 31 st March, 2019	USD	69.14	6.11	100.35	757.06	650.60	-	1587.79	11.60	1.13	10.47	-	100%

* The Proposed Dividend is not recognised in the books as per IND AS.

JACOB KURIAN

MADHU P NAINAN

S DHANVANTH KUMAR

V SRIDHAR

K M MAMMEN

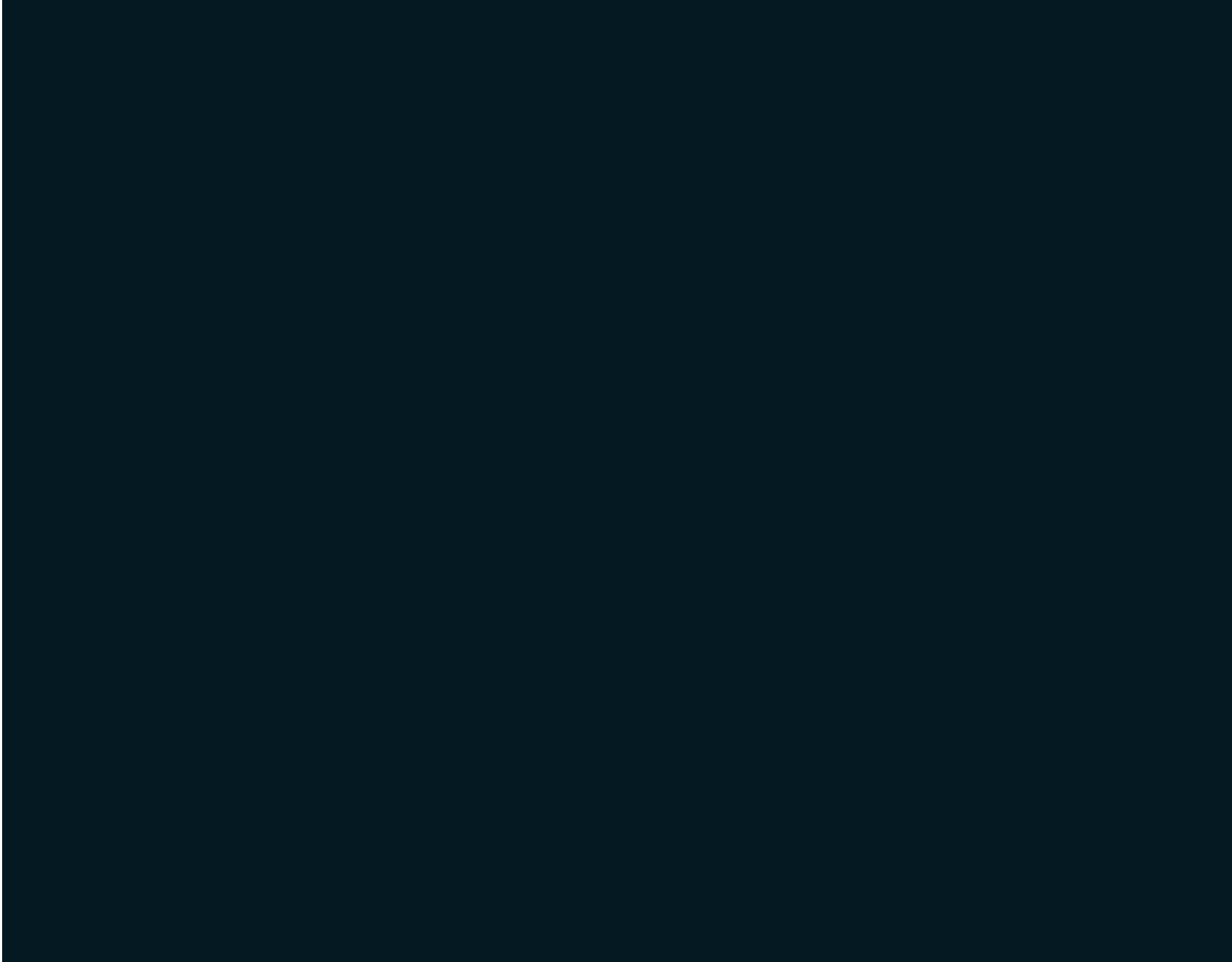
Vice President Finance

Company Secretary

Directors

Chairman & Managing Director

Chennai, Dated 2nd May, 2019





MRF Limited

No.114, Greams Road, Chennai - 600 006.

Tel: +91 44 28292777 Fax: +91 44 28295087

CIN: L25111TN1960PLC004306

E-mail: mrfshare@mrfmail.com Website: www.mrftyres.com



MRF LIMITED, Regd. Office: No. 114, Greams Road, Chennai 600 006, CIN: L25111TN1960PLC004306, Tel: 044-28292777, Fax: 91-44-28295087, E-mail: mrfshare@mrfmail.com, Website: www.mrf tyres.com

NOTICE

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the shareholders of MRF Limited will be held on Friday, the 9th August, 2019, at 11.00 A.M. at TTK Auditorium, "The Music Academy", No.168, TTK Road, Chennai 600 014, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Auditors thereon.
2. To declare a final dividend on equity shares.
3. To appoint a Director in place of Mr. Rahul Mammen Mappillai (DIN: 03325290), who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Mr. Samir Thariyan Mappillai (DIN: 07803982), who retires by rotation and being eligible, offers himself for re- appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Vijay R Kirloskar (DIN: 00031253) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. V Sridhar (DIN: 00020276) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Ranjit I Jesudasan (DIN: 00020181) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013,

Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Dr. Salim Joseph Thomas (DIN: 00033022) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company, including the period from 28th December, 2022 when he will attain 75 years of age.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Jacob Kurian (DIN: 00860095) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 read with

Schedule IV and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re-enactment(s) thereof, for the time being in force) and as recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Ashok Jacob (DIN: 00018605) who was appointed as an Independent Director and who holds office upto 28th September, 2019, being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024, on the Board of Directors of the Company.

RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby authorised to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

11. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 or any statutory modification or re-enactment thereof, Mr. C. Govindan Kutty, Cost Accountant (Membership No. 2881), appointed as Cost Auditor by the Board of Directors of the Company to conduct an audit of the Cost Records of the Company for the financial year ending 31st March, 2020, be paid a remuneration of ₹ 7.70 Lakhs (Rupees Seven Lakhs Seventy Thousand only) (excluding taxes, as applicable) in addition to reimbursement of out of pocket expenses and conveyance as recommended by the audit committee and approved by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution".

By Order of the Board,

Chennai
2nd May, 2019

S DHANVANTH KUMAR
Company Secretary

Notes:

- a) The information required to be provided as per section 102 of Companies Act, 2013, secretarial standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF



AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- c) A person can act as proxy on behalf of members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- d) The register of members and transfer books of the Company will remain closed from 3rd August, 2019 to 9th August, 2019, both days inclusive, for the purpose of payment of final dividend.
- e) If final dividend on the equity shares as recommended by the Directors is declared at the meeting, the payment will be made on or after 16th August, 2019 to the shareholders whose names appear on the Company's Register of Members on 9th August, 2019 and in case of shares held in demat form as per the beneficiary details furnished by NSDL and CDSL.
- f) In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) for this purpose.
- g) Members are requested to notify immediately if there is change in their address/ change in bank details by the claimants for the demise of any member as soon as possible to the Company's registered office quoting their ledger folio number. In respect of shares held in electronic form, members may notify these changes to their depository participants.
- h) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to their DP with whom they are maintaining their demat accounts. Members holding shares in physical form are required to submit their PAN and Bank account details to Company in terms of SEBI Circular dated 20th April, 2018.
- i) Institutional Members/Corporate Members (i.e. other than individuals, HUF, NRI etc.) intending to send their authorised representatives to attend annual general meeting are requested to submit before the commencement of annual general meeting a duly certified copy of their board resolution.
- j) Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the depositories and the Company will not entertain any direct request from such member for change/deletion in such bank details. Members may therefore give instructions regarding bank accounts to their respective depository participants only.
- k) The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits Companies to send soft copies of the annual report to all those shareholders who have registered their e-mail address

with the Company/depository participants. To support this green initiative, the shareholders holding shares both in physical/demat form are requested to register/update their e-mail address with the Company/depository participants. Accordingly, the Annual Report for the financial year ended 31st March, 2019, notice for Annual General Meeting etc, are being sent in electronic mode to those shareholders who have registered their e-mail address with the Company/depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

- l) As per the provisions of the Companies Act, 2013, facility for making nominations is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the Company. Members holding shares in electronic form may forward nomination form duly filled to their respective depository participants only.
- m) The Company is also extending the facility of NACH for the receipt of dividend. In case you wish to avail of this facility, please send NACH mandate form, (which could be obtained from the Company) duly filled in, to the registered office of the Company at the earliest. Members holding shares in electronic form may forward NACH details to their respective depository participants only.
- n) Under Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly, unclaimed dividend amounts upto final dividend 2010-2011 have been transferred to the said fund. The shareholders are advised to forward all unencashed dividend warrants from interim dividend 2011-2012 to the registered office of the Company for revalidation and encash the same before the respective due date of transfer to IEPF.

Last date for claiming unclaimed dividend from the Company is given below:

Year	Dividend	Date of Declaration	Last date for claiming unclaimed dividend
2011-2012	I-Interim	25-07-2012	25-08-2019
	II-Interim	25-10-2012	25-11-2019
	Final	07-02-2013	07-03-2020
2012-2013	I-Interim	25-07-2013	25-08-2020
	II-Interim	24-10-2013	24-11-2020
	Final	06-02-2014	06-03-2021
2013-2014	I-Interim	23-07-2014	23-08-2021
	II-Interim	30-10-2014	30-11-2021
	Final	12-02-2015	12-03-2022
2014-2016	I-Interim	27-07-2015	27-08-2022
	II-Interim	29-10-2015	29-11-2022
	Final	11-08-2016	11-09-2023
2016-2017	I-Interim	27-10-2016	27-11-2023
	II-Interim	03-02-2017	03-03-2024
	Final	04-08-2017	04-09-2024

Year	Dividend	Date of Declaration	Last date for claiming unclaimed dividend
2017-2018	I-Interim	10-11-2017	10-12-2024
	II-Interim	01-02-2018	01-03-2025
	Final	09-08-2018	09-09-2025
2018-2019	I-Interim	08-11-2018	08-12-2025
	II-Interim	07-02-2019	07-03-2026

- o) With respect to dividends which remain unclaimed for a period of 7 years or more, the Company in due compliance with Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, equity shares held both in physical and in demat form were transferred to IEPF Authority upto the financial year 2010-2011. Details of shares transferred to the IEPF Authority are available on the website of the Company, www.mrityres.com and on the website of the IEPF Authority, www.iepf.gov.in. Members may note that the shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the web link <http://iepf.gov.in/IEPFA/refund.html> or Contact Secretarial Department of the Company for lodging claim for refund of shares and/or dividend from the IEPF Authority.

- p) All relevant documents referred to in the accompanying notice and explanatory statement are available for inspection at the registered office of the Company during working hours upto the date of Annual General meeting.
- q) Annual Report of the Company circulated to the members of the Company is also available on Company's website: www.mrityres.com and also on the website of the respective Stock Exchanges.

- r) E-Voting:

In compliance with provisions of section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means.

The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by remote e-voting prior to the Annual General Meeting may attend the Annual General Meeting but shall not be entitled to cast their vote again.

The remote e-voting period commences on 6th August, 2019 (10.00 A.M.) and ends on 8th August, 2019, (5.00 P.M.). During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date of 2nd August, 2019, may cast their vote by remote e-voting.

The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The process and manner for e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 110880 then user ID is 110880001***.

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.



- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - "Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.
- Step 2 : Cast your vote electronically on NSDL e-Voting system.
- How to cast your vote electronically on NSDL e-Voting system?
- After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
 - After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
 - Select "EVEN" of company for which is 110880.
 - Now you are ready for e-Voting as the Voting page opens.
 - Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 - Upon confirmation, the message "Vote cast successfully" will be displayed.
 - You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 - Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to jandsca@gmail.com with a copy marked to evoting@nsdl.co.in.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.
 - You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
 - The voting rights of members shall be in proportion to their shareholding in the paid-up equity share capital of the Company as on the cut-off date i.e., 2nd August, 2019.
 - Any person, who acquires shares of the Company and become member of the Company after despatch of the notice and holding shares as of the cut-off date i.e., 2nd August, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
 - A person, whose name is recorded in the Register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting/ voting at the Annual General Meeting through ballot paper.
 - Mr. N C Sarabeswaran, Chartered Accountant, will be acting as the Scrutinizer for conducting the voting and remote e-voting process in a fair and transparent manner.
 - Members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility will be permitted to vote on the resolutions by use of ballot paper.
 - The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall prepare, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, www.mrfityres.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to BSE Limited & National Stock Exchange of India Limited.

EXPLANATORY STATEMENT

Item No. 3

In compliance with the provisions of section 152 of the Companies Act, 2013, Mr. Rahul Mammen Mappillai retires by rotation at the ensuing annual general

meeting of the Company. Mr. Rahul Mammen Mappillai being eligible has offered himself for re-appointment.

Mr Rahul Mammen Mappillai aged about 41 years, is on the Board of the Company since 25.11.2010. He holds a B.A. (Hons.) Economics degree from St Stephen's College, Delhi and a Masters degree in Business Administration (MBA) from the University of Michigan Ross School of Business, Ann Arbor, USA. He joined the Company as Corporate Manager- Planning and Development in 2003 and rose to the position of Vice President - Planning and Development. In 2010, he was appointed as Whole- time Director and in 2017 he was appointed as Managing Director of the Company.

Mr Rahul Mammen Mappillai holds directorships in MRF SG Pte Limited, Singapore and Chennai International Centre. He has varied experience in all major departments such as Corporate Planning, Manufacturing, Finance, Logistics, Research and Development and Engineering.

Mr Rahul Mammen Mappillai holds 4538 shares of the Company. He is not a member/chairman of any committee of the Board in which he is a Director other than MRF Ltd. During the last financial year, Mr Rahul Mammen Mappillai attended all the 4 Board meetings of the Company. The details of remuneration paid to Mr Rahul Mammen Mappillai for the year 2018-2019 are provided in the financial statements of the Company and in the Corporate Governance Report.

Mr Rahul Mammen Mappillai, Mr K M Mammen, Chairman and Managing Director (Father), Mrs. Ambika Mammen, Director (Mother) and Mr Samir Thariyan Mappillai (Brother) may be deemed to be concerned or interested in the above resolution.

None of the other Directors and key managerial personnel and their relatives are concerned or interested, financially or otherwise, in the above resolution.

Accordingly, the Board recommends this ordinary resolution for the approval of the shareholders.

Item No. 4

In compliance with the provisions of section 152 of the Companies Act, 2013, Mr. Samir Thariyan Mappillai retires by rotation at the ensuing annual general meeting of the Company. Mr. Samir Thariyan Mappillai being eligible has offered himself for re-appointment.

Mr Samir Thariyan Mappillai aged about 37 years, is on the Board of the Company since 4th August, 2017. Mr Samir Thariyan Mappillai has completed his B.A., Economics from St. Stephen's College, Delhi and M.A., (Economics) from the University of Madras. Thereafter, he did his Masters Degree in Business Administration (M.B.A.), from Kellogg School of Management, North-Western University, Illinois, USA. Mr Samir Thariyan Mappillai joined the Company as Corporate Manager in the Marketing department in 2010 and was later promoted as Deputy General Manager-Marketing in 2011 and General Manager – Marketing in 2014 in the Company. He has varied experience in all major functions in marketing and product development. In 2017, he was appointed as Whole- time Director of the Company.

Mr Samir Thariyan Mappillai holds 4470 shares of the Company. He is not holding any Directorship in other Companies. During the last financial year, Mr. Samir Thariyan Mappillai attended all the 4 Board meetings of the Company. The details of remuneration paid to Mr. Samir Thariyan Mappillai for the year 2018-2019 are provided in the financial statements of the Company and in the Corporate Governance Report.

Mr Samir Thariyan Mappillai, Mr. K M Mammen, Chairman and Managing Director (Father), Mrs. Ambika Mammen, Director (Mother) and Mr Rahul Mammen Mappillai, Managing Director (brother) may be deemed to be concerned or interested in the above resolution.

None of the other Directors and key managerial personnel and their relatives are concerned or interested, financially or otherwise, in the above resolution.

Accordingly, the Board recommends this ordinary resolution for the approval of the shareholders.

Item No. 5 to 10

The shareholders will recall the appointment of Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob as Independent Directors on the Board of the Company with effect from 29.09.2014 for a period of 5 (five) consecutive years by Postal Ballot held in 2014.

The Board of Directors of the Company at their meeting held on 2nd May, 2019 based on the recommendations of the Nomination & Remuneration Committee and the performance evaluation reports, recommended for the approval of the Members by way of special resolution, the re-appointment of Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob as Independent Directors of the Company in terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (including any statutory modification(s) or re-enactments(s) thereof for the time being in force), for a second term of 5(five) consecutive years from 29th September, 2019 to 28th September, 2024.

The Board of Directors state that the re-appointment of Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob would be in the interest of the Company and its Shareholders.

Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have consented to act as Independent Directors of the Company. The Company has received a notice(s) in writing from member(s) under Section 160 of the Companies Act, 2013 proposing the candidature(s) for the office of Independent Director(s) of the Company.

Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob will be eligible for remuneration as paid to other Non-Executive Directors (viz., sitting fees for attending Board/Committee Meetings and reimbursement of expenses for attending the meetings). The details of Sitting Fees paid to Independent Director(s) for the year 2018-2019 are provided in the Corporate Governance Report.

The Company has received declarations from Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob that they meet the criteria of independence as prescribed under Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



In the opinion of the Board, Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasan, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob fulfills the conditions specified in Sections 149, 152 and Schedule IV of the Companies Act, 2013, Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management of the Company.

Copies of draft letters of appointment of Independent Director(s) setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

None of the Directors and key managerial personnel are related to Mr. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasan, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob. Further, none of them or their relatives are concerned or interested, financially or otherwise, in the above resolution(s).

The profile of the Independent Directors (including details of attendance at Board Meetings during the year ended 31st March, 2019) is given below. It may be noted that in addition to getting the benefit of the views of the Directors during the Board Meetings, the Company is able to get the benefit of their inputs and guidance on various matters concerning the management and affairs of the Company through one-to-one discussions and consultations with them, when required. The Board is therefore of the view that the continued association with the Company by the Independent Directors will be of immense benefit to the Company.

a) Mr. Vijay R Kirloskar

Mr. Vijay R Kirloskar, aged about 68 years, is on the Board of the Company since 2nd November, 2000. Mr. Vijay R Kirloskar has completed his Bachelors degree in science and Engineering and Masters degree in Management Science & Engineering from Worcester Polytechnic Institute, MA, USA.

Mr. Vijay R Kirloskar is the Executive Chairman of Kirloskar Electronic Company Ltd. Mr. Vijay R Kirloskar has been instrumental in promoting the Kirloskar Companies business interest in South East Asia resulting in a good brand recognition for its products abroad. He has attended the world famous quality course at JUSE in Japan. Apart from being a Director in leading Engineering Companies in India, he has been Regional Chairman [South] in 1991 and Vice-President of Confederation of Indian Industry [CII] in 1998. He has been an active delegate in CII's Business Missions abroad. Mr. Vijay R Kirloskar was nominated as Chairman, Board of Governors of IIT-Delhi from April, 1997 to June, 2003. He is a member of the President Advisory Committee of Worcester Polytechnic Institute MA, USA. He is also a Board Member of the Indian Copper Development Centre, Kolkata.

Mr. Vijay R Kirloskar holds directorships in Batliboi Limited, Kirloskar Power Equipments Limited and Kirloskar Power Build Gears Limited. He is the member of Stakeholders Relationship Committee of Kirloskar Electric Company Ltd. During the last financial year, 4 Board meetings of the Company were held, out of which Mr. Vijay R Kirloskar attended 1 Board Meeting. Mr. Vijay R Kirloskar holds 355 shares of the Company.

b) Mr. V Sridhar

Mr. V Sridhar, aged about 66 years, is on the Board of the Company since 27th July, 2000. Mr. V Sridhar has completed his Bachelors degree in Arts.

Mr. V Sridhar has wide and varied experience in family business of M/s V Perumal Chetty & Sons, and is involved in International Freight forwarding, Customs clearing and Logistics business for over 30 years.

Mr. V Sridhar is not holding any Directorship in other Companies. During the last financial year, he attended all the 4 Board meetings of the Company. Mr. V Sridhar is not holding any shares of the Company.

c) Mr. Ranjit I Jesudasan

Mr. Ranjit I Jesudasan, aged about 65 years, is on the Board of the Company since 29th July, 2003. Mr. Ranjit I Jesudasan has completed his Bachelors degree in Commerce and Diploma in Export Management. He has undergone training in UK for post graduation in Export Management.

Mr. Ranjit I Jesudasan has over 45 years of experience in Shipping, Stevedoring, C & F and transportation, including Multi-modal cargo consolidation. He has been the Chairman of the Madras Steamer Agents Association and Vice-President of the Federation of the Ship Agents Association of India. He was the Chairman of the Expert Committee on Shipping with the Madras Chamber of Commerce & Industry and was also a trustee of the Chennai Port Trust from April 1996 to March 2000. Mr. Ranjit I Jesudasan has worked in senior positions with major International Companies in areas of Sales, Marketing and Operations besides General Management. He retired as Director on NYK Line India's Board and at the time of retirement he was the only Indian on NYK's Board.

Mr. Ranjit I Jesudasan holds directorships in Tirunelveli Vayu Energy Generation Private Limited, Mariana Express Lines Private Limited and Shuka Consultancy Services Private Limited. He is not a member/chairman of any committee of the Board in which he is a Director other than MRF Ltd. During the last financial year, Mr. Ranjit I Jesudasan attended all the 4 Board meetings of the Company. He is not holding any shares of the Company.

d) Dr. Salim Joseph Thomas

Dr. Salim Joseph Thomas aged about 71 years is on the Board of the Company since 23rd January, 2009. Dr. Salim Joseph Thomas is an MBBS Graduate from the Armed Forces Medical College, Pune. He obtained his MS [Gen.Surgery] in 1976 and MNAMS [Gen.Surgery] in 1979. Dr. Salim J Thomas has served in the Indian Navy from 1971-1986 and retired as Surgeon Commander. He was a Member of the First Indian Antarctic Expedition in 1981. Dr. Salim Joseph Thomas was awarded Nao Sena Medal [Navy Medal] for gallantry by the President of India in 1982. Presently, he is a Senior Consultant attached to the Apollo Speciality Hospital, Chennai. He is also a trustee of Sishya School, Chennai.

Dr. Salim Joseph Thomas holds a directorship in KI Thomas Educational Consultants Private Limited, a Company advising and dealing with school management. He is not a member/chairman of any committee of the Board in which he is a Director. He is not holding any shares of the Company. During the last financial year, 4 Board meetings of the Company were held, out of which Dr. Salim Joseph Thomas attended 3 Board Meetings.

Dr. Salim Joseph Thomas who is currently 71 years old would be completing 75 years of age during the proposed second term. As required under Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the above proposal is required to be approved by a special resolution. The Board is of the view that the continuance of Dr. Salim Joseph Thomas will be beneficial to the Company considering his contribution to the Board during his past association with the Company and with a view to provide continuity in the team of independent directors.

e) **Mr. Jacob Kurian**

Mr. Jacob Kurian aged about 61 years is on the Board of the Company since 25th July, 2012. Mr Jacob Kurian, graduated from Shriram College of Commerce at Delhi and followed that up with a Law degree from the Government Law College, Mumbai. He is a well known Advocate practicing in the Madras High Court. He has been in active practice for the past 36 years in areas of civil law with specialization in Intellectual Property Rights (IPR) and property law. He has experience in appearing before the Madras High Court, before the Intellectual Property Appellate Board and various trade mark tribunals. He is also regularly engaged by lawyers and law firms in India and abroad in connection with their legal work, in India. Mr Jacob Kurian has been invited to make presentations at various Seminars and Conferences, Indian and International, and has also taken a course for a batch of District Judges in Tamil Nadu to familiarize them with the latest developments in IPR Laws.

Mr. Jacob Kurian is holding 129 shares of the Company. He is not holding any Directorship in other Companies. During the last financial year, 4 Board meetings of the Company were held, out of which Mr. Jacob Kurian attended 3 Board Meetings.

f) **Mr. Ashok Jacob**

Mr. Ashok Jacob aged about 58 years is on the Board of the Company since 26th October, 1998. Mr. Ashok Jacob, has completed MBA from Wharton School, University of Pennsylvania. He has several decades of experience in asset management industry. Mr Ashok Jacob is currently the Executive Chairman of Ellerston Capital Limited, Australia. Ellerston Capital Limited is a Sydney based Asset Management Company. Mr. Ashok Jacob also holds directorship in Thorney Opportunities Limited. Mr. Ashok Jacob is the Chairman of Australia India Council since 2014. He is not a

member/chairman of any committee of the Board in which he is a Director. Mr. Ashok Jacob is holding 1856 shares of the Company. During the last financial year, 4 Board meetings of the Company were held, out of which Mr. Ashok Jacob attended 1 Board Meeting.

Accordingly, the Board recommends the Special Resolutions set out at Resolution Nos. 5 to 10 for the approval of the shareholders.

Item No: 11

The Board at its meeting held on 2nd May, 2019, on the recommendations of the Audit Committee, has appointed Mr. C Govindan Kutty, Cost Accountant as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 on a remuneration of ₹ 7.70 Lakhs (Rupees Seven Lakhs Seventy Thousand only) (excluding taxes, as applicable) plus reimbursement of out of pocket expenses.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the shareholders of the Company. The Board recommends the aforesaid resolution for approval of the shareholders.

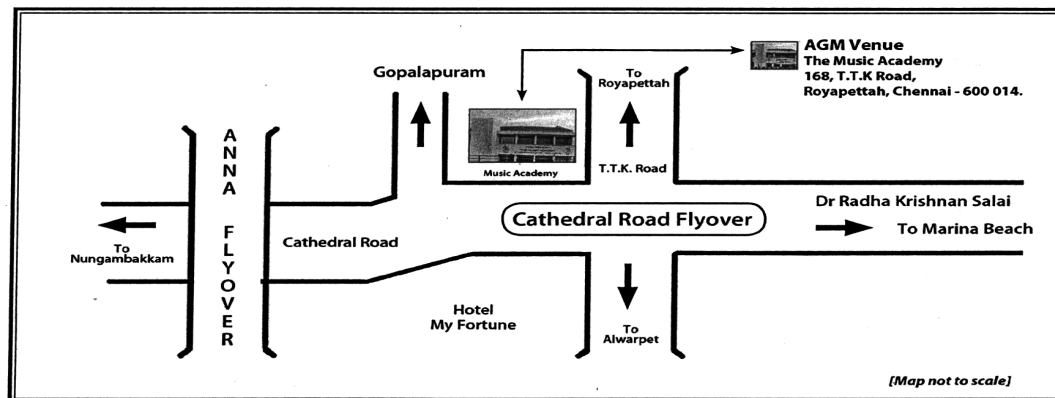
None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the above resolution.

Accordingly, the Board recommends the Ordinary Resolution set out at Resolution 11 for the approval of the shareholders.

Chennai
2nd May, 2019

By Order of the Board,
S DHANVANTH KUMAR
Company Secretary

Route Map for the Venue of Annual General Meeting of MRF Limited to be held on Friday, 9th August, 2019, at 11.00 A.M.





MRF LIMITED
CIN:L25111TN1960PLC004306
Regd. Office: No. 114, Greams Road, Chennai 600 006
Tel.:044-28292777,Fax: 91-44-28295087
Email:mrshare@mrmail.com, Website: www.mrftyres.com

ATTENDANCE SLIP

Folio No./DP ID & Client ID : Sl. No.:
of the member

Name of the Member(s) & :
Registered Address

I hereby record my presence at the FIFTYEIGHTH ANNUAL GENERAL MEETING of the Company held on Friday, the **9th August,2019** at 11.00 a.m. at TTK Auditorium, “The Music Academy”, No.168, TTK Road, Chennai 600 014

SIGNATURE OF MEMBER/ PROXY

Please hand over this attendance slip at the entrance of the meeting venue.
This attendance slip is valid only in case shares are held on the date of the Annual General Meeting.

ELECTRONIC VOTING PARTICULARS		
EVEN (E-Voting Event Number)	USER ID	PASSWORD

Note:

- Please read instructions given at Note No.(r) of the notice of the 58th Annual General Meeting of the Company before casting your vote through Remote e-Voting.
- Joint shareholders may obtain additional attendance slip at the entrance of the meeting venue.
- SHAREHOLDERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.**



MRF LIMITED
CIN:L25111TN1960PLC004306
Regd. Office: No. 114, Greams Road, Chennai 600 006
Tel.:044-28292777,Fax: 91-44-28295087
Email:mrshare@mrmail.com, Website: www.mrftyres.com
FORM NO.MGT 11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act,2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

No. of shares held :

Folio No/DP ID & Client ID :

E-mail ID :

I/We, being the member(s) holding shares of the above named Company, hereby appoint:

(1)Name..... Address.....
Email Id: Signature.....or failing him/her;
(2)Name..... Address.....
Email Id: Signature.....or failing him/her;
(3)Name..... Address.....

Email Id: Signature.....as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 58th Annual General Meeting of the Company, to be held at 11.00 A.M. on Friday, the 9th August, 2019, at TTK Auditorium, “The Music Academy”, No.168, TTK Road, Chennai 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	Vote	
		For	Against
1.	To adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Auditors thereon.		
2.	To declare a final dividend on equity shares.		
3.	To appoint a Director in place of Mr. Rahul Mammen Mappillai who retires by rotation and being eligible, offers himself for re- appointment.		
4.	To appoint a Director in place of Mr. Samir Thariyan Mappillai who retires by rotation and being eligible, offers himself for re- appointment.		
5.	To re-appoint Mr. Vijay R Kirloskar as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
6.	To re-appoint Mr. V Sridhar as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
7.	To re-appoint Mr. Ranjit I Jesudasen as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
8.	To re-appoint Dr.Salim Joseph Thomas as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
9.	To re-appoint Mr Jacob Kurian as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
10.	To re-appoint Mr Ashok Jacob as an Independent Director to hold office for a second term of 5 (five) consecutive years from 29.09.2019		
11.	To ratify the remuneration payable to Mr. C. GovindanKutty, Cost Auditor of the Company.		

Signed this..... day of..... 2019

Signature of Shareholder.....

Signature of Proxy holder (s).....

Affix
Revenue
Stamp

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.
- It is optional to indicate your preference by putting a 'X' in the appropriate column against the resolutions indicated in the Box above. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details before submission.
- A Proxy need not be a member of the Company. Members may note that a person shall not act as a Proxy for more than 50 members and holding in aggregate not more than Ten Percent of the total share capital of the Company carrying voting rights. However, a single person may act as a proxy for a member holding more than Ten Percent of the total share capital of the Company carrying voting rights, provided such person shall not act as a proxy for any other person.