MRF
THE MASTERS OF INDIAN ROADS

India's Largest Tyre Manufacturer

ANNUAL REPORT 2019-20

CONTENT

CHAIRMAN'S MESSAGE

Dear Shareholders,

We are passing through the most disruptive and uncertain times in modern human history. The world is enveloped by Covid-19 and no country is free from this pandemic and the resultant economic crisis has aggravated the global community's hardship. However, I have no doubt India and the world economy will emerge stronger and bounce back quickly and I also strongly believe that every adversity presents multiple new opportunities.

The work culture has changed dramatically across all industries. The tyre industry is also riding this wave of change.

It has been two months since the Government lifted the lockdown and we are still finding our way to establishing economic levels of production. We have had to deal with Covid-19 cases in our manufacturing plants from time to time and this has affected our production momentum.

Fortunately, the demand for tyres, particularly from the Farm and Commercial Sector has not been affected much and we are able to cater to these market segments. The Government's initiative, prohibiting the import of tyres is a welcome relief, as it will definitely alleviate our problem to a great extent.

The forecast of a normal monsoon and its timely onset has boosted the expectations of a bumper crop output and this augurs well for the rural economy. This can strengthen rural income and demand, which will see a spurt in demand for two-wheelers and tractors. Thus, a recovery in the rural economy will be a relief to the Indian tyre industry.

Currently, the automobile industry is also passing through tough times as the demand for four wheelers and two wheelers is at an unprecedented low. The industry has moved to BS VI vehicles which are slowly getting absorbed in the market. We are expecting to see a fair growth in demand for vehicles, and I am sure that the automobile industry will come out of this slump with reasonable growth in the near future.

MRF has registered a total income of Rs.16322 Crores for the year ended 31st March 2020. This year marks the 33rd year since your Company has become the market leader in India. MRF is focused on strengthening its position through this period of uncertainty with uncompromising emphasis on quality, as it has been one of the major factors helping us take a leadership position in the industry in almost all the segments of the market.

We will continue to pursue this path so that MRF Tyres always remains every customer's first choice.

I would like to thank the shareholders, investors, Central and State Governments, lenders, suppliers and customers for their consistent and resolute support. I thank all my colleagues on the Board for guiding the company during this crucial phase with their insights, support and encouragement.

Please keep safe and stay healthy.

Best wishes.

K.M. MAMMEN
Chairman & Managing Director

NEW PRODUCT LAUNCHES

TRUCK RADIALS

MRF STEEL MUSCLE S3C8 PLUS 11.00 R 20

The Construction Trucks which are predominantly on overloads are shifting gradually to the size 11 x 20 from the existing 10 x 20. Since most of these operations are more on off-road applications, MRF has released a new tyre for this application which has gained traction in the market.

TWO WHEELER TYRES

MRF NYLOGRIP EZEERIDE

MRF Nylogrip Ezeeride is a premium street pattern tyre for motorcycles and has been introduced in 13 sizes covering a wide range of motorcycles for front and rear fitments in tube type and tubeless variants.

FARM TYRES

MRF SHAKTI LIFE N4

The 8.00-16 size MRF Shakti Life N4 is a front fitment tyre used in 4-wheel drive tractors with low HP (<25hp). These smaller HP tractors are used primarily in small land holdings like plantations, orchards, vineyards etc. The tyre is supplied to OEMs like Captain, Kubota, M&M and VST Tillers.

PASSENGER CAR TYRES

OE FITMENTS

MRF was at the forefront of OE fitment for BS VI ready vehicles with its range of high-tech tyres.

MRF WANDERER STREET

MRF Wanderer Street which delivers excellent performance both on and off road was chosen as original fitment for the Hyundai Venue, Kia Carnival, Maruti Brezza and Tata Nexon EV.

MRF ZVTV

MRF ZVTV engineered for comfort, handling and stability was chosen as original fitment for the new 2020 Honda City, Hyundai Grand i10 Nios and Aura, Maruti S-Presso, Renault Triber and the Tata Altroz.

MRF MUSCLEZONE

MRF MUSCLEZONE

MRF continues to set benchmarks in tyre care and the newest retail brand which caters 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. With the inauguration of new outlets in Sivakasi and Ahmednagar, there are currently 8 Musclezone outlets in the country.

PAINTS & COATINGS

MRF Vapocure Paints closed the year with a volume growth of 11% and a value growth of 9% in a year which was truncated due to Covid-19.

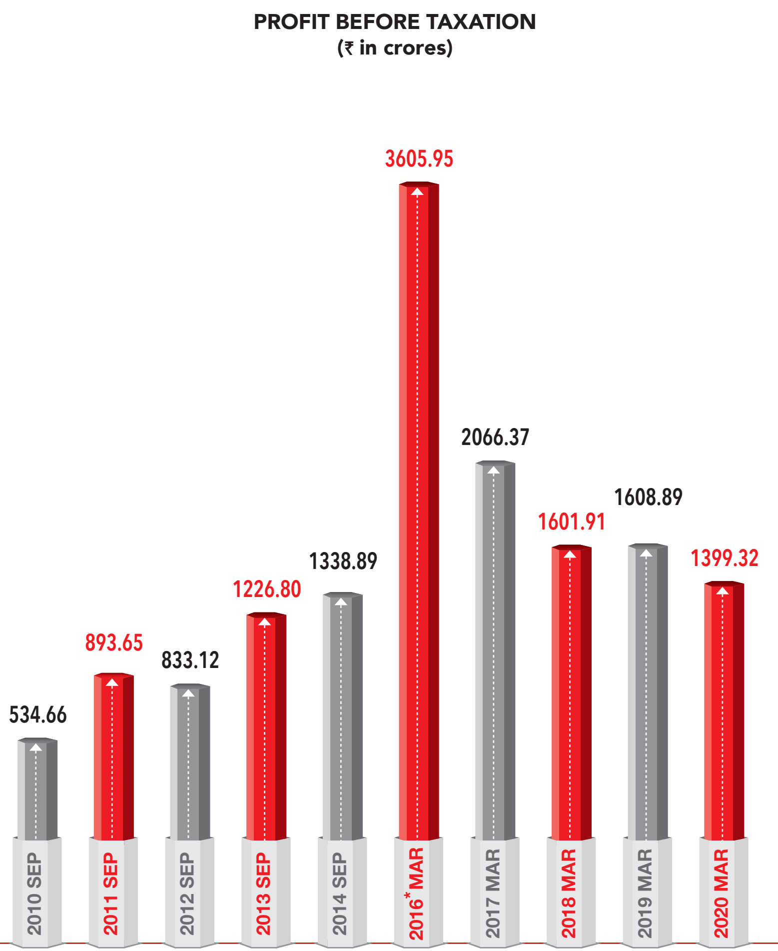
To complete our offerings in the wall finishes portfolio, the business launched economy wall finishes Campus Exterior Emulsion, Visa Interior Emulsion along with Economy Wall Primers for Exterior and Interior. SPECTA PU Enamel was also launched to satisfy the need for an enamel paint in the market.

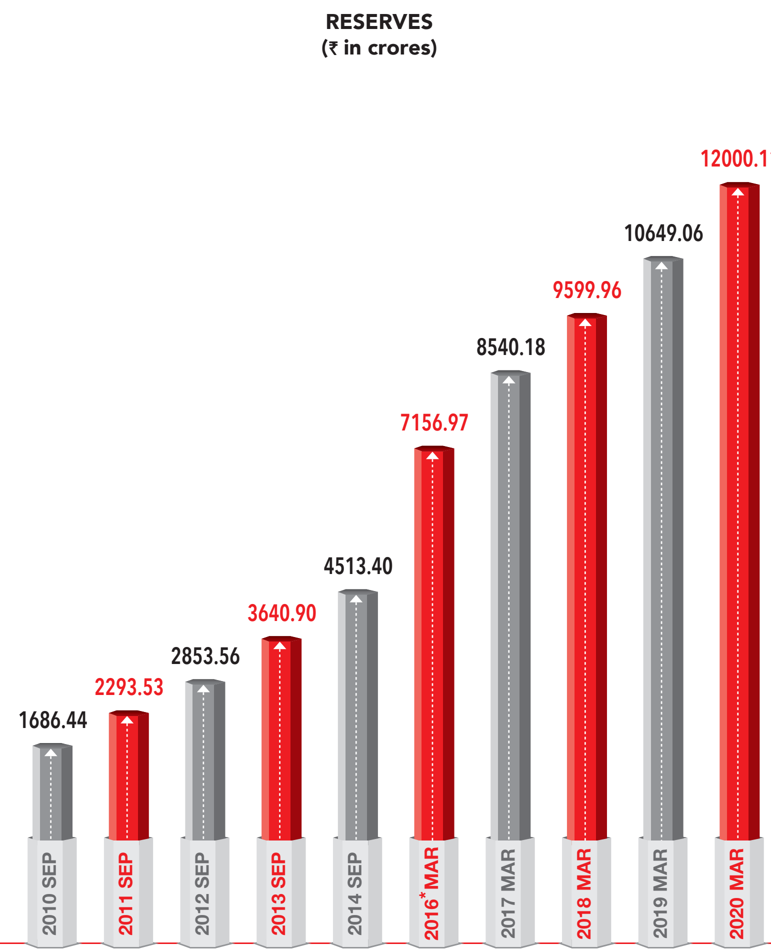
258 Waterbased Tint Machines have been installed pan-India upto now and the plan is to speed up installations of more machines. “Paint Preview” services were launched for B2C customers along with “sampling” for wall finishes which helped convert sites.

M-Circle, a dealer engagement program was launched for select dealers in the country. This program was introduced mainly to foster competitiveness, loyalty and speedy growth of channel partners.

A new green field plant at Anambakkam near Chengalpet, Tamil Nadu is on the verge of completion and likely to commence commercial production from September 2020 with a capacity to produce 8,400 kl per annum of water-based paints.

RACING AHEAD

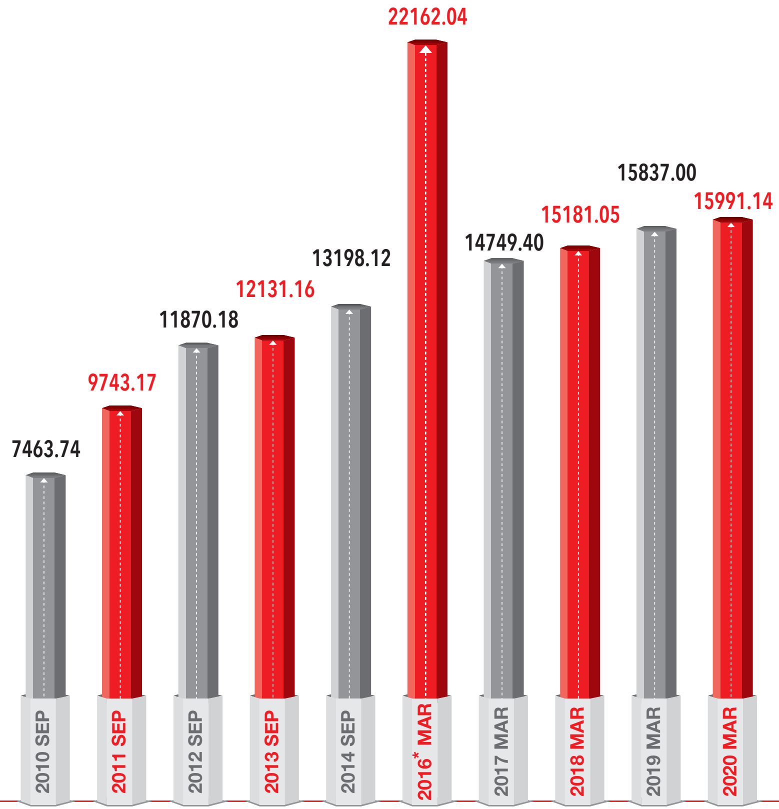




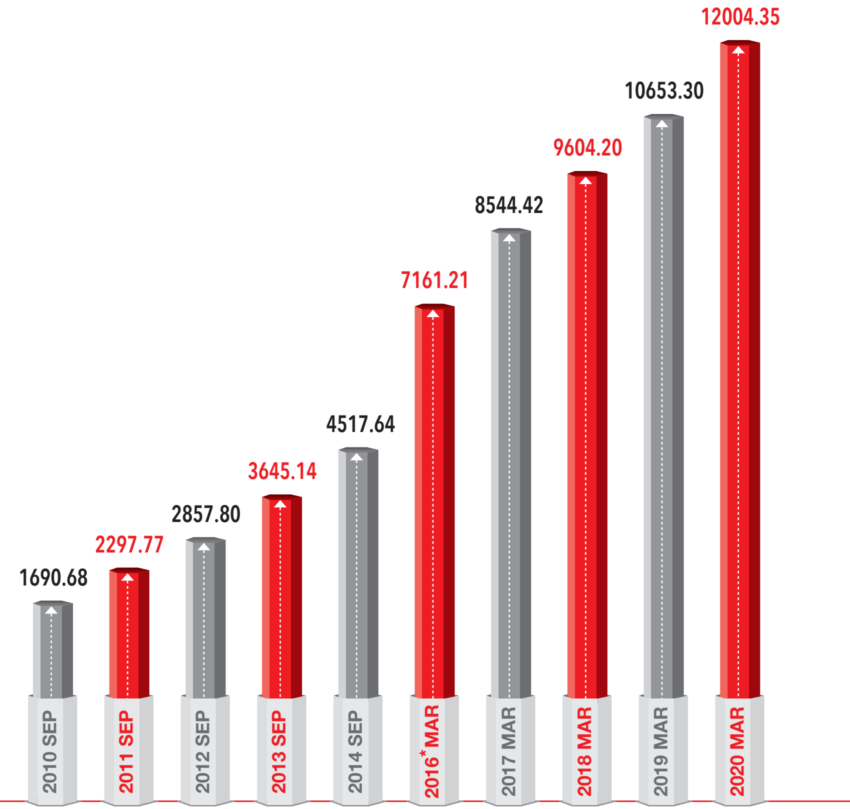
*For the 18 months period ended 31.03.2016

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

RANJIT I. JESUDASEN

Dr. SALIM JOSEPH THOMAS

JACOB KURIAN

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		2020	2019	2018	2017	2014-16	2014	2013	2012	2011	2010
₹ Crores	Sales	15991.14	15837.00	15181.05	14749.40	22162.04	13198.12	12131.16	11870.18	9743.17	7463.74
	Other Income	330.50	417.47	328.50	328.61	321.17	65.08	29.03	32.01	25.31	18.11
	Total Income	16321.64	16254.47	15509.55	15078.01	22483.21	13263.20	12160.19	11902.19	9768.48	7481.85
	Profit before Taxation	1399.32	1608.89	1601.91	2066.37	3605.95	1338.89	1226.80	833.12	893.65	534.66
	Provision for Taxation	4.34	512.02	509.63	615.29	1132.05	441.00	424.59	260.76	274.23	180.68
	Profit after Taxation	1394.98	1096.87	1092.28	1451.08	2473.90	897.89	802.21	572.36	619.42	353.98
	Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
	Reserves	12000.11	10649.06	9599.96	8540.18	7156.97	4513.40	3640.90	2853.56	2293.53	1686.44
	Net Worth	12004.35	10653.30	9604.20	8544.42	7161.21	4517.64	3645.14	2857.80	2297.77	1690.68
	Fixed Assets Gross	14132.66	10779.79	9027.88	7560.09	6306.56	6954.43	5834.14	5477.16	4874.07	3865.62

BOARD'S REPORT

Your Directors have pleasure in presenting to you the Fifty Ninth Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2020.

Financial Results

₹ Crores

	2019 - 2020	2018 - 2019
Total Income	16322	16254
Profit before tax	1399	1609
Provision for taxation	4	512
Profit for the year	1395	1097

Performance Overview

During the financial year ended 31st March, 2020, your Company's total income is ₹ 16322 crores as against ₹ 16254 crores in the previous year. The profit before tax stood at ₹ 1399 crores for the year as against ₹1609 crores for the previous financial year. The net provision for tax (current tax and deferred tax) for the year is ₹ 4 crores (previous year ₹ 512 crores) because the Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income Tax for the year ended 31st March, 2020 and re-measured the deferred tax liabilities / assets on the rates prescribed in the said section. After making provision for income tax, the net profit for the year ended 31st March 2020 is ₹ 1395 crores as against ₹ 1097 crores for the previous financial year. During the year, depreciation was higher at ₹ 981 Crores (Previous year ₹ 806 crores) due to higher capitalisation.

Across the board, there was an overall decrease in all segments adding up to a 3.5% decrease in total tyre production.

Your Company's manufacturing facilities, sales offices, godowns and administrative offices were closed from 25th March, 2020 due to lockdown announced by Central and State Governments on account of COVID 19 pandemic. From 3rd week of April, 2020, operations have commenced and the same is expected to steadily scale up. However, the uncertainties of the market continues.

The Company's exports (including Indian Rupees Exports) stood at ₹ 1651 crores for the financial year ended 31st March, 2020, as against ₹ 1566 crores for the previous year.

During the financial year, your Company has partly commissioned Phase 1 of its greenfield unit at Dahej Industrial Area, Vagra Taluka, Bharuch district in Gujarat.

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 Report.

Dividend

Two interim dividends of ₹ 3/- each per share (30% each) for the financial year ended 31st March, 2020 were declared by the Board of Directors on 8th November, 2019 and on 10th February, 2020. The Board of Directors is now pleased to recommend a final dividend of ₹ 94/- per share (940%) 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 and shall be subject to deduction of Income tax at source. With this, the total dividend for the financial year ended 31st March, 2020 works out to ₹ 100/- per share (1000%). The total amount of dividend aggregates to ₹ 42.41 crores. The above dividend declared by the Company is in accordance with dividend distribution policy of the Company.

The Directors recommend that after making provision for taxation and dividend, an amount of ₹ 1364 crores be transferred to general reserve. With this, the Company's Reserves and Surplus stands at ₹ 12000 crores.

Industrial Relations

Overall, the Industrial Relations in all our Manufacturing Units have been harmonious and cordial. Long Term Settlement has been concluded in Medak Plant. Both production & productivity 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, 2020 was ₹ 1881.32 crores and the aggregate profit after tax was ₹ 26.89 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 26d 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 2019-2020, exceeded 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, 2020;

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 29th May, 2020. 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.

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.mrftyres.com/downloads/download.php?filename=Corporate-Social-Responsibility-policy.pdf. The details of the CSR initiatives undertaken during the financial year ended 31st March, 2020 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 2nd May, 2019, based on the recommendation of Nomination and Remuneration Committee and performance evaluation report had recommended 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 for a second term of 5 (Five) consecutive years commencing from 29th September, 2019. The aforesaid appointments were approved by the shareholders at the Annual General Meeting of the Company held on 9th August, 2019.

Mr. N Kumar and Mr. M Meyyappan, Independent Directors, have not sought re-appointment upon completion of their tenure and consequently retired from the Board on 28th September, 2019. The Board places on record its sincere appreciation and gratitude to Mr. N Kumar and Mr. M Meyyappan for the valuable services rendered by them during their tenure on the Board.

As required under Section 152 of the Companies Act, 2013, Mr. Varun Mammen (DIN: 07804025), Whole-time Director and Dr (Mrs) Cibi Mammen (DIN: 00287146), Director of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment.

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.

The Board is of the opinion that all the Independent Directors re-appointed during the year under review are person's of integrity and possess relevant expertise and experience to act as Independent Directors of the Company. The Independent Directors of the Company have confirmed that they have registered with the Indian Institute of Corporate Affairs, Manesar and have included their name in the databank of Independent Directors within the statutory timeline and that 2 Independent Directors (who do not meet the criteria specified for exemption) are required to appear for the online proficiency test within a period of one year have confirmed that they will appear for the proficiency test within the statutory timelines.

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 meetings, attendance and effectiveness of the deliberations etc.

The Board 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 and fulfilment of independence criteria and independence from management.

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 Report.

Information required to be disclosed as per the Companies Act,2013 are set out in the Corporate Governance Report namely details on :

a) Number of Board meetings held - Para 2(c) of the Corporate Governance Report.

b) Constitution of the Audit Committee - Para 3(ii) of the Corporate Governance Report.

c) Remuneration Policy of the Company (including directors remuneration)- Para 7a of the Corporate Governance Report

d) Company's policy on directors' appointment including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 - Para 5, 6 of the Corporate Governance Report

e) Related Party Transactions -Para 14(a) of the Corporate Governance Report.

f) Vigil Mechanism - Para 14 (c) of the Corporate Governance Report.

The details of related party transactions are given in note 27d 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 had discontinued acceptance of fixed deposits with effect from 31st March 2019 and all deposits have been repaid. No fresh deposits have been accepted subsequently.

Awards received during the year

Your Company has been awarded the "Highest Export Award 2018-19" by the All India Rubber Industries Association (AIRIA) and "Top Export Award" by the Chemical And Allied Products Export Promotion Council, India (CAPEXIL).

MRF was also awarded for "Best Product development" and "Best Sales Support" by leading car manufacturers in the country.

Auditors

Messrs SCA AND ASSOCIATES, Mumbai (Firm Regn. No.101174W) and Messrs Mahesh, Virender & Sriram, Hyderabad (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, 2020, 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, 2021, 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, 2020. 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, 2020 is attached as Annexure-IV to this Report.

Material changes and commitments affecting the financial position since 31st March 2020.

Given the uncertainty around the severity and duration of the COVID-19, it is difficult to accurately assess the financial impact on future performance at this point of time. Demand is however expected to be less than normal. The company has a strong net worth, low levels of debt and favourable liquidity position. The Company have also serviced all its debt obligations in a timely manner. The Company does not foresee any incremental risk with regard to its ability to service financial arrangements and recoverability of its assets including inventory and receivables at this point in time.

Other Matters

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
29th June, 2020.

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 evaluated.

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

The following measures implemented to reduce specific fuel consumption:

a) Introduction of energy monitoring system to capture consumption upto system auxiliary level and setting of alerts to optimize consumptions.

b) Horizontal deployment of best energy conservation features to other machines.

c) Heat recovery improvements from the process waste heat and compressor exhaust to maximize steam generation performance.

d) Process changes to reduce steam consumption.

The following measures implemented to reduce specific power consumption:

a) Conversion of pneumatic based system to hydraulic and motorised system in applicable areas to reduce compressed air energy.

b) Waste heat system based air conditioning applications.

c) Systems to switch off equipment to minimize equipment idle running.

d) Monitoring air leak and corrections in plants to reduce the compressed air energy.

e) Compressed air management system for compressors to optimize the compressor energy based on demand.

(ii) Steps taken by Company for utilising alternate source of energy:

a) Maximize the reuse of waste water from effluent treatment plant (ETP) and sewage treatment plant (STP) back to process.

b) Power purchase from open access enables option of wind based power usage.

c) Usage of harvested rain water in place of purchased water.

d) Evaluation of power from solar power plants is under consideration.

e) Evaluation of nitrogen based cure system to minimize the steam and power consumption in progress.

(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 are listed below:

a) Installation of air consumption measuring instruments at individual sections for better monitoring and optimization.

b) Use of energy efficient lighting system and controlling of lighting based on lux level sensors.

c) Usage of variable frequency drives (VFDs) in pumps and blowers.

d) Water consumption monitoring system to track consumption and further optimize.

Key on-going proposals are as listed below:

a) Proposals to reduce steam losses in steam distribution network.

b) Changing over from furnace oil (FO) based steam generation with alternate fuels.

c) Proposals to improve compressed air quality and losses in air distribution network.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS

1. Efforts made towards technology absorption, adaptation and innovation:

   a. Joint R&D with Indian and Foreign Universities and Research Institutes

   Towards continued excellence in technology and product performance, in addition to the robust in-house R&D, we started R&D projects with Institutions of Eminence in India (including PhD programs and consultancy projects) and abroad. The projects involve a comprehensive scientific understanding of the interfaces in tyres, materials and design parameters on noise, vibration and harshness (NVH), exploration of new and sustainable (bio-derived) materials including nano and nanostructured materials with the overall stated goal of the company to continuously advance green and sustainable tyre technology to protect the environment from greenhouse gas emissions (tyres with low rolling resistance), improve tyre safety, reduce tyre noise, etc. The joint R&D programs result in PhDs, international publications and patents.

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

   To improve sustainability of tyre manufacture, MRF is working on a multipronged strategy, which includes reduction in CO_2 emission by developing low RR tyres. To further improve environmental friendly nature of our products, we made some changes in the raw material mix for two wheeler and passenger car tyres.

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

   c. Key product developments:

   Your company has adopted sustainability as our main goal and protecting the 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 Indian and global passenger car OEMs. Similar activities are 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 (without compromise in grip) will improve fuel-efficiency and safety.

   Materials group has embarked on developing import substitution of raw materials such as resins, rubber, wax, process aid, etc. which will help in their easy availability and cost-saving.

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)
		2019 - 2020
R & D Expenses		
(a)	Capital (Including Buildings)	34.65
(b)	Recurring	71.78

C. FOREIGN EXCHANGE EARNINGS & OUTGO

	(₹ Crores)
	2019-2020
Foreign Exchange Earnings	1399.96
Foreign Exchange Outgo	4338.47

On behalf of the Board of Directors

Chennai
29th June, 2020.

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, provide safe drinking water, skill development, sports training and measures for reducing inequalities faced by socially & economically backward groups, environment protection. The CSR policy is available on the Company's website and the web-link is: https://www.mrftyres.com/downloads/download.php?filename=Corporate-Social-Responsibility-policy.pdf. During the last financial year, the Company obtained requisite regulatory approvals for setting up 'MRF Foundation', a registered trust for the purpose of carrying out CSR activities. The Trust commenced activities during the last quarter of the year.

2. The Composition of the CSR Committee:
   Mr. K M Mammen – Chairman
   Mr. Arun Mammen – Member
   Mr. Rahul Mammen Mappillai – Member
   Mr. Ranjit I Jesudasen – Member

3. Average net profit of the Company for last three financial years : ₹ 1560.89 Crores.

4. Prescribed CSR expenditure (two per cent of the average net profit of the last three financial years): ₹ 31.22 Crores.

5. Details of CSR spent during the financial year ended 31.03.2020:

   (a) Total amount spent for the financial year ended 31.03.2020:

Towards CSR expenditure obligation for financial year 2019-20	₹ 31.22 crores
Towards shortfall in CSR spending during the financial year 2014-2016	₹ 13.46 Crores
Towards part of the shortfall in CSR spending for the financial year 2016-2017 (including provision of Rs.15 crores)	₹ 21.67 Crores
Total	**₹ 66.35 Crores**

   (b) Amount unspent, if any: Nil

   (c) Manner in which the amount spent during the financial year ended 31.03.2020 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	Planting trees in nearby Perambalur District	Environmental sustainability	Local: Perambalur, Tamil Nadu	0.40	0.21	0.23	Direct
2	Providing RO plant for potable and safe drinking water for Ankanpally, Maddikunta & Suraram villages.	Providing safe drinking water	Local: Sangareddy, Telangana	0.42	0.08	0.41	Direct

(₹ 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
3	Infrastructure development including renovation of basket ball court and volley ball court for Kendriya Vidyalaya, Vadavathoor, Kottayam	Promotion of Education	Local: Kottayam, Kerala	0.17	0.07	0.15	Implementing Agency - Kendriya Vidyalaya
4	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	0.08	0.24	Direct
5	Completion of Government High School, Mittapet.	Promotion of Education	Local: Arkonam, Tamil Nadu	0.64	0.41	0.41	Direct
6	Providing Benches for school children in Government Secondary High School, Suraram Village in Medak.	Promotion of Education	Local: Medak, Telangana	0.01	0.01	0.01	Direct
7	Providing training for development of pace bowlers through MRF Pace Foundation	Training to promote Sports	Local: Chennai, Tamil Nadu	4.60	4.60	4.60	Direct / Implementation Agency - MRF Foundation
8	Training for under privileged youngsters to become commercial vehicle drivers through MRF Institute of Driver Development.	Vocational skills	Local: Chennai, Tamil Nadu	1.08	1.03	1.03	Direct
9	Providing tables & benches for Government ITI, Puliamangalam, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.11	0.11	0.11	Direct
10	Providing Computers, printer, laptop, steel cupboard, plastic chairs, ceiling fans, tables, sports equipment's and water purifier to Government Higher Secondary School, Mudhur, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.06	0.06	0.06	Direct
11	Providing Computers to Government Girls Higher Secondary School, Guruvarajpet, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.05	0.04	0.04	Direct
12	Providing Computers to M K Government Boys Higher Secondary School, Guruvarajpet, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.05	0.04	0.04	Direct
13	Providing CCTV cameras with installation & Computer to Don Bosco Nursery & Primary School, Ichiputhur, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.01	0.01	0.01	Direct
14	Providing chairs and sports articles - Panchayat Union Middle School, Perumuchi, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.01	0.01	0.01	Direct
15	Providing Computers to Panchayat Union Middle School, Thanigai Polur, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.005	0.004	0.004	Direct
16	Providing plastic chairs - Panchayat Union Middle School, Kizhavanam, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.004	0.001	0.001	Direct

(₹ 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
17	Providing sitting & writing benches, steel cupboard, Panchayat Union Primary School, Alliappanthangal, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.003	0.003	0.003	Direct
18	Providing office table & water purifier Panchayat Union Middle School, Poyyappakkam, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.003	0.002	0.002	Direct
19	Providing office tables & plastic chairs - Panchayat Union Middle School, Cheyyur, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.003	0.003	0.003	Direct
20	Providing steel cupboard & wash basin - Govt. Municipal Middle School – East, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.002	0.002	0.002	Direct
21	Providing financial Assistance for Anti-Tobacco Ad film competition organised by Goa Dental College	Preventive Health Care	Local: Panjim Goa	0.03	0.03	0.03	Direct
22	Providing dialysis equipment including ICU facility at CERTH-INDIA Puducherry	Promoting Health Care including Preventive Health Care	Local: Dubraypet, Puducherry	0.67	0.67	0.67	Through Implementing Agency – MRF Foundation (in association with CERTH-INDIA, Puducherry)
23	Providing fire fighting equipment's to Puducherry Fire Department for refresher training	Promotion of Education	Local: Madukarai, Puducherry	0.03	0.03	0.03	Direct
24	Providing High Mast LED Pole Lamp Fixture in Kottayam	Rural Development	Local: Kottayam, Kerala	0.02	0.02	0.02	Direct
25	National consciousness for preserving & revitalization of environment – De-silting of water bodies in Puducherry	Conservation of natural resources and maintaining quality of water	Local: Pandasozhanallur, Puducherry	0.03	0.03	0.03	Direct
26	Construction of Stage for Kasi Koil Kuppam, Ennore (Adjacent to our Factory) – Public Function Hall for use by the local residents	Measures for reducing inequalities faced by socially & economically backward groups	Local: Chennai, Tamil Nadu	0.45	0.43	0.43	Direct
27	Providing deep borewell with power pump and pipe laying for Tiruttani Muncipality	Rural Development	Local: Tiruttani, Chennai, Tamil Nadu	0.09	0.09	0.09	Direct
28	Construction of Community hall at Thiruvottiyur, Kuppam, adjacent to our Factory for use by the local residents	Measures for reducing inequalities faced by socially & economically backward groups	Local: Chennai, Tamil Nadu	1.90	0.14	0.14	Direct

(₹ 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
29	Shade for School assembly –Government High School, Ganjem	Promotion of Education	Local: Usgao, Goa	0.02	0.02	0.02	Direct
30	Renovation of Science Laboratories of various schools in Goa (a) Govt High School, Ganjem b) Matoshri Anandbai V Marathe School, Dharbondora	Promotion of Education	Local: Usgao, Goa	0.11	0.10	0.10	Direct
31	Providing Chairs & Tables for Govt. Public Health Centre – Piliem Dharbandora, Goa, and Providing Sanitary Napkin Vending Machine for Schools	Promoting health Care including preventive healthcare	Local: PHC, Piliem Dharbandora, Goa	0.03	0.03	0.03	Direct
32	Providing Smart classrooms to Sarvodaya High School, Usgaon Goa	Promotion of Education	Local: Usgao, Goa	0.05	0.05	0.05	Direct
33	Providing computers, printer,scanner, table and benches, toilet facility and borewell for drinking water purposes to Government Higher Secondary School, Kumpinipet, Arkonam.	Promotion of Education	Local: Arkonam, Tamil Nadu	0.21	0.01	0.01	Direct
34	Providing laser printer, projector, sitting & writing benches, to Panchayat Union Middle School, Ichiputhur, Arakonam and also for renovation of class rooms, construction of compound wall etc.	Promotion of Education	Local: Arkonam, Tamil Nadu	0.16	0.02	0.02	Direct
35	Installation of Reverse Vending Smart Dust Bin at various places in Arakonam	Ensuring Environmental Sustainability	Local: Arakonam, Tamil Nadu	0.11	0.09	0.09	Direct
36	Providing Toilet facilities for boys, girls & staff to Panchayat Union Primary School, Ameerpet, Arkonam	Promotion of Education	Local: Arkonam, Tamil Nadu	0.09	0.03	0.03	Direct
37	Installation High Mast lights on National High ways NH09(New NH69) at Suraram Village Road adjacent to our factory	Rural Development Projects	Local: Medak, Telangana	1.22	0.87	0.87	Direct
38	Contribution to Telanganaku Haritha Haram (Green Belt)	Environmental Sustainability & Ecological Balance	Local: Medak, Telangana	0.59	0.58	0.58	Direct (in association with District Collector, Sangareddy)
39	Renovation of building & laying of Compound Wall for Rural Health Centre at Atmakur Village	Promoting Health Care	Local: Medak, Telangana	0.22	0.22	0.22	Direct (in association with District Collector, Sangareddy)
40	National consciousness for preserving and revitalization of environment – desilting of water bodies.	Environmental Sustainability & Ecological Balance	Local : Pandashozhanallur, Pondicherry	0.03	0.01	0.01	Direct

(₹ 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
41	Supply and installation of LED televisions & necessary cable connections for Perambalur Government Schools and 8 District Education Offices.	Promotion of Education	Local: Perambalur, Tamil Nadu	0.32	0.28	0.28	Direct
42	Preventive care and Antenatal mini camps for tribals in villages in Sittilingi Valley, Dharmapuri Dist.	Promoting healthcare including preventive healthcare	Local: Dharmapuri Dist., Tamil Nadu	0.05	0.03	0.03	Implementing Agency-TRIBAL Health care Initiative
43	Installation of CCTV cameras at Police Checkpost near Ennore Express Highway	Promotion of Education	Local: Chennai, Tamil Nadu	0.06	0.06	0.06	Direct
44	Providing support for massive afforestation programme in Vellore District.	Environmental sustainability, Ecological Balance	Local: Vellore District, Tamil Nadu	0.10	0.10	0.10	Direct (in association with District Collector, Vellore)
45	Setting up a Trauma Operation Theatre at Christian Medical College	Promotion Of Health Care	Local: Vellore, Tamil Nadu	1.50	1.50	1.50	Implementing Agency MRF Foundation (in association with CMC, Vellore)
46	Transfer to the corpus of MRF Foundation for the purpose of setting up a new Driver Development Centre for MRF Institute of Driver Development.	Vocational Skills	Local: Chennai, Tamil Nadu	130.00	53.46	53.46	Implementing Agency -MRF Foundation

Total	65.67
Administrative Cost	0.68
Grand Total	66.35

6. Reasons for not spending the amount during the financial year ended 31.03.2020:

   Not Applicable.

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
29th June, 2020

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, 2020
(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), in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and I am 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, 2020 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 and in the manner 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, 2020 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, 2018;

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, 2018.

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 of India 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. Vijay R Kirloskar, Mr. V Sridhar, Mr. Ranjit I Jesudasen, Dr. Salim Joseph Thomas, Mr. Jacob Kurian and Mr. Ashok Jacob were re-appointed as Independent Directors of the Company for a second term of 5 (Five) consecutive years commencing from 29th September, 2019. The aforesaid appointments were approved by the shareholders through Special Resolutions at the Annual General Meeting of the Company held 9th August, 2019.

Mr. N Kumar and Mr. M Meyyappan, Independent Directors, have not sought re-appointment upon completion of their tenure as approved by the shareholders by Postal Ballot held in 2014 and consequently retired from the Board on 28th September, 2019.

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.

K ELANGOVAN
Place: Chennai — Company Secretary in Practice
Date: 29th June,2020 — FCS No.1808, CP No. 3552
UDIN: F001808B000459001

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.

K ELANGOVAN
Place: Chennai — Company Secretary in Practice
Date: 29th June, 2020 — FCS No.1808, CP No. 3552
UDIN: F001808B000459001

ANNEXURE IV TO THE BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
For the financial year ended 31.03.2020

[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 01-04-2019				No. of Shares held as on 31-03-2020				% change during the financial year ended 31.03.2020
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group including persons acting in concert									
(1) Indian									
a) Individual/HUF	545330	-	545330	12.86	539410	-	539410	12.72	-0.14
b) Central Govt. / State Govt.(s)		-	-	-		-	-	-	-
c) Bodies Corporates	611990	-	611990	14.43	618853	-	618853	14.59	0.16
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (A) (1)	1157320	-	1157320	27.29	1158263	-	1158263	27.31	0.02
(2) Foreign									
a) NRI-Individuals	19031	-	19031	0.45	24031	-	24031	0.57	0.12
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL: (A) (2)	19031	-	19031	0.45	24031	-	24031	0.57	0.12
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	1176351	-	1176351	27.74	1182294	-	1182294	27.88	0.14
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	491111	100	491211	11.58	479123	100	479223	11.30	-0.28
b) Banks/FI	5859	240	6099	0.14	3800	237	4037	0.10	-0.04
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	149205	-	149205	3.52	99854	-	99854	2.35	-1.17
g) FII's	264209	100	264309	6.23	222350	100	222450	5.25	-0.99
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Qualified Institutional Buyers (QIB)	-	-	-	-	168500	-	168500	3.97	3.97
Alternate Investment Funds	-	-	-	-	1969	-	1969	0.05	0.05
SUB-TOTAL (B)(1):	910384	440	910824	21.48	975596	437	976033	23.01	1.54
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	342565	663214	1005779	23.71	262062	663164	925226	21.82	-1.89
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	719211	68283	787494	18.57	737727	59168	796895	18.79	0.22
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)	1061776	1092192	2153968	50.79	999789	1083027	2082816	49.11	-1.68
Total Public Shareholding (B) = (B)(1)+(B)(2)	1972160	1092632	3064792	72.26	1975385	1083464	3058849	72.12	-0.14
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3148511	1092632	4241143	100.00	3157679	1083464	4241143	100.00	0.00

(ii) Shareholding of Promoter and Promoter Group including persons acting in concert

Sl. No.	Shareholder's Name	Shareholding as on 01-04-2019			Shareholding as on 31-03-2020			% change in shareholding during the financial year ended 31.03.2020
		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	-	0.00
2	Mrs. AMBIKA MAMMEN	2489	0.06	-	2489	0.06	-	0.00
3	Mr. RAHUL MAMMEN MAPPILLAI	4538	0.11	-	4538	0.11	-	0.00
4	Mr. SAMIR THARIYAN MAPPILLAI	4470	0.11	-	4470	0.11	-	0.00
5	Mrs. MEERA MAMMEN	15840	0.37	-	15840	0.37	-	0.00
6	Mr. VARUN MAMMEN	8706	0.21	-	8706	0.21	-	0.00
7	Mrs. ADITI MAMMEN GUPTA	4741	0.11	-	4744	0.11	-	0.00
8	Mr. ARUN MAMMEN	27560	0.65	-	27560	0.65	-	0.00
9	Mrs. CIBI MAMMEN	500	0.01	-	500	0.01	-	0.00
10	Mrs. RAMANI JOSEPH	2509	0.06	-	2509	0.06	-	0.00
11	Mr. KIRAN JOSEPH	2100	0.05	-	2100	0.05	-	0.00
12	Mr. JOSEPH K S	905	0.02	-	905	0.02	-	0.00
13	Mrs. ANNU KURIEN	12640	0.30	-	12640	0.30	-	0.00
14	Mrs. MARY KURIEN	10839	0.26	-	10839	0.26	-	0.00
15	Mrs. SARAH THOMAS	12664	0.30	-	12664	0.30	-	0.00
16	Mrs. ANNAMMA PHILIP	12700	0.30	0.01	5700	0.13	-	-0.17
17	Mr. MAMMEN PHILIP	10700	0.25	-	7700	0.18	-	-0.07
18	Mr. PETER PHILIP	2352	0.06	-	2352	0.06	-	0.00
19	Mrs. MEERA PHILIP	33627	0.79	-	33627	0.79	-	0.00
20	Mr.KARUN PHILIP	0	0.00	-	5000	0.12	-	0.12
21	Mr.KAVITA PHILIP	0	0.00	-	5000	0.12	-	0.12
22	Mr. ADITH POULOSE MAMMEN	1635	0.04	-	1635	0.04	-	0.00
23	Ms. RADHIKA MARIA MAMMEN	600	0.01	-	600	0.01	-	0.00
24	Mr. ROHAN MATHEW MAMMEN	1635	0.04	-	1635	0.04	-	0.00
25	Mrs. THANGAM MAMMEN	5981	0.14	-	5981	0.14	-	0.00
26	Mr. CHALAKUZHY POULOSE MAMMEN	530	0.01	-	530	0.01	-	0.00
27	Mr. PHILIP MATHEW	11762	0.28	-	11762	0.28	-	0.00
28	Mrs. BINA MATHEW	1568	0.04	-	1568	0.04	-	0.00
29	Mr. AMIT MATHEW	4520	0.11	-	4520	0.11	-	0.00
30	Mr. RIYAD MATHEW	4520	0.11	-	4520	0.11	-	0.00
31	Ms. SHREYA JOSEPH	5120	0.12	-	5120	0.12	-	0.00
32	Mr. MAMMEN MATHEW	11015	0.26	-	11015	0.26	-	0.00
33	Mrs. PREMA MAMMEN MATHEW	10881	0.26	-	10881	0.26	-	0.00
34	Mr. JAYANT MAMMEN MATHEW	2190	0.05	-	2190	0.05	-	0.00
35	Ms. MARIAM MAMMEN MATHEW	100	0.00	-	100	0.00	-	0.00
36	Mr. JACOB MATHEW	20977	0.49	-	20977	0.49	-	0.00
37	Mrs. AMMU MATHEW	2650	0.06	-	2650	0.06	-	0.00

Sl. No.	Shareholder's Name	Shareholding as on 01-04-2019			Shareholding as on 31-03-2020			% change in shareholding during the financial year ended 31.03.2020
		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	
38	Mr. HARSHA MATHEW	1250	0.03	-	1250	0.03	-	0.00
39	Ms. MALINI MATHEW	1800	0.04	-	1800	0.04	-	0.00
40	COMPREHENSIVE INVESTMENT AND FINANCE COMPANY PVT. LTD.	440294	10.38	-	440719	10.39	-	0.01
41	PENINSULAR INVESTMENTS PRIVATE LIMITED	124087	2.93	-	124087	2.93	-	0.00
42	Mr. MAMMEN EAPEN	4128	0.10	-	4128	0.10	-	0.00
43	Mrs. OMANA MAMMEN	4703	0.11	-	4703	0.11	-	0.00
44	Ms. SHILPA MAMMEN	4412	0.10	-	4412	0.10	-	0.00
45	Ms. SHIRIN MAMMEN	5450	0.13	-	5450	0.13	-	0.00
46	Mrs. SARA LUKOSE	2568	0.06	-	0	0.00	-	-0.06
47	Mrs. GEETHA ZACHARIAH	4829	0.11	-	6113	0.14	-	0.03
48	Mrs. MEERA NINAN	4881	0.12	-	6167	0.15	-	0.03
49	Mrs. SUSY THOMAS	5278	0.12	-	5278	0.12	-	0.00
50	Ms. ANNA THOMAS CHACKO	1291	0.03	-	1291	0.03	-	0.00
51	Mrs. ASWATHY VARGHESE	9450	0.22	-	9450	0.22	-	0.00
52	Ms. ROSHIN VARGHESE	6679	0.16	-	6679	0.16	-	0.00
53	Mrs. SUSAN KURIAN	9950	0.23	-	9137	0.22	-	-0.01
54	Ms. HANNAH KURIAN	600	0.01	-	600	0.01	-	0.00
55	Mrs. TARA JOSEPH	3150	0.07	-	3150	0.07	-	0.00
56	Mrs. SOMA PHILIPS	2000	0.05	-	2000	0.05	-	0.00
57	Mr. PETER K PHILIPS	2341	0.06	-	2341	0.06	-	0.00
58	Mr. JOSEPH KANIANTHRA PHILIPS	1000	0.02	-	1000	0.02	-	0.00
59	Mrs. ELIZABETH JACOB MATTHAI	4000	0.09	-	4000	0.09	-	0.00
60	Mrs. THANKAMMA JACOB	16096	0.38	-	0	0.00	-	-0.38
61	Mrs. BEEBI MAMMEN	20237	0.48	-	20237	0.48	-	0.00
62	Mr. JACOB MAMMEN	35111	0.83	-	35111	0.83	-	0.00
63	Mr. ROY MAMMEN	11458	0.27	-	12894	0.30	-	0.03
64	Mrs. RACHEL KATTUKARAN	2587	0.06	-	5587	0.13	-	0.07
65	Mr.KIRAN KATTUKARAN	0	0.00	-	5830	0.14	-	0.14
66	Mr.ELA KATTUKARAN	0	0.00	-	5830	0.14	-	0.14
67	Mrs. ACCAMMA KURUVILLA	2348	0.06	-	2348	0.06	-	0.00
68	Mrs. ANITA MANI	1344	0.03	-	1344	0.03	-	0.00
69	Mrs. USHA EAPEN GEORGE	1253	0.03	-	1253	0.03	-	0.00
70	Mr. VIKRAM KURUVILLA	121	0.00	-	109	0.00	-	0.00
71	Mr. KANDATHIL MATHEW JACOB	28	0.00	-	28	0.00	-	0.00
72	Mrs. ASHWATHI JACOB	151	0.00	-	151	0.00	-	0.00
73	Mr. M A MATHEW	6595	0.16	-	6595	0.16	-	0.00
74	Mrs. SHONA BHOJNAGARWALA	50	0.00	-	50	0.00	-	0.00

Sl. No.	Shareholder's Name	Shareholding as on 01-04-2019			Shareholding as on 31-03-2020			% change in shareholding during the financial year ended 31.03.2020
		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	
75	Mrs. PREMINDA JACOB	98	0.00	-	98	0.00	-	0.00
76	Mrs. MARIEN MATHEW	160	0.00	-	160	0.00	-	0.00
77	Mrs. LATHA MATTHEW	5723	0.13	-	5723	0.13	-	0.00
78	Miss. NISHA SARAH MATTHEW	164	0.00	-	164	0.00	-	0.00
79	Miss. NITHYA SUSAN MATTHEW	169	0.00	-	169	0.00	-	0.00
80	Mrs. SHANTA MAMMEN	3438	0.08	-	4438	0.10	-	0.02
81	Mr. GEORGE MAMMEN	2308	0.05	-	1308	0.03	-	-0.02
82	Dr. ANNA RAPHAEL	258	0.01	-	258	0.01	-	0.00
83	Mr. MICAH MAMMEN PARAMBI	100	0.00	-	100	0.00	-	0.00
84	Miss. MARIA MAMMEN	84	0.00	-	84	0.00	-	0.00
85	Ms. MARIKA MAMMEN APPIAH	100	0.00	-	100	0.00	-	0.00
86	Mr. ASHOK KURIYAN	1878	0.04	-	1878	0.04	-	0.00
87	Mrs. SARA KURIYAN	1880	0.04	-	1880	0.04	-	0.00
88	Mr. KIRAN KURIYAN	403	0.01	-	403	0.01	-	0.00
89	Mr. ZACHARIAH KURIYAN	3411	0.08	-	3411	0.08	-	0.00
90	Mrs. REENU ZACHARIAH	517	0.01	-	517	0.01	-	0.00
91	Mr. K Z KURIYAN	650	0.02	-	650	0.02	-	0.00
92	Mr. K K MAMMEN MAPPILLAI	7402	0.17	-	7402	0.17	-	0.00
93	Mrs. GEETHA MAMMEN	250	0.01	-	250	0.01	-	0.00
94	DEVON MACHINES PVT. LTD.	1000	0.02	-	1000	0.02	-	0.00
95	M M HOUSING PRIVATE LIMITED	179	0.00	-	179	0.00	-	0.00
96	MAMMEN MAPPILLAI INVESTMENTS LTD.	1209	0.03	-	1209	0.03	-	0.00
97	THE MALAYALA MANORAMA COMPANY LIMITED	6109	0.14	-	6109	0.14	-	0.00
98	BADRA ESTATES AND INDUSTRIES LIMITED	7180	0.17	-	7180	0.17	-	0.00
99	Mr. ARJUN JOSEPH	2100	0.05		2100	0.05	-	0.00
100	Mrs. SUSAN ABRAHAM	138	0.00	-	138	0.00	-	0.00
101	M. M. PUBLICATIONS LIMITED	300	0.01	-	300	0.01	-	0.00
102	STABLE INVESTMENTS AND FINANCE COMPANY LTD.	4314	0.10	-	4314	0.10	-	0.00
103	Dr. K C MAMMEN	9043	0.21	-	9043	0.21	-	0.00
104	Mrs. SARASU JACOB	14434	0.34	-	14334	0.34	-	0.00
105	Mrs. ANNAMMA MAMMEN	11265	0.27	-	11265	0.27	-	0.00
106	Mrs. MAMY PHILIP	7350	0.17	-	7350	0.17	-	0.00
107	Ms. ANNA PHILIP	350	0.01	-	350	0.01	-	0.00
108	JCEE MANUFACTURING AND SERVICES PVT. LTD.	8500	0.20	-	10365	0.24	-	0.04
109	BRAGA INDUSTRIES LLP	18818	0.44	-	23391	0.55	-	0.11
110	SARAH CHERIAN TRUST	4950	0.12	-	4950	0.12	-	0.00
111	KMMMF PVT. TRUST	36987	0.87	-	36987	0.87	-	0.00
	Total	**1176351**	**27.74**	**0.01**	**1182294**	**27.88**	**-**	**0.14**

(iii) Change in Shareholding of Promoter and Promoter Group including persons acting in concert

Sl. No.	Name of the Shareholder	Shareholding as on 01-04-2019		Increase/Decrease in Shareholding	Cumulative Shareholding during the financial year ended 31-03-2020	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
1	Comprehensive Investment and Finance Company Pvt. Ltd.	440294	10.38	-	-	-
	Date wise increase / decrease with reason					
	18-03-2020 - TRANSFER	-	-	25	440319	10.38
	19-03-2020 - TRANSFER	-	-	400	440719	10.39
2	Braga Industries LLP	18818	0.44	-	-	-
	Date wise increase / decrease with reason					
	01-04-2019 - TRANSFER	-	-	500	19318	0.46
	27-06-2019 - TRANSFER	-	-	560	19878	0.47
	27-02-2020 - TRANSFER	-	-	260	20138	0.47
	28-02-2020 - TRANSFER	-	-	903	21041	0.50
	03-03-2020 - TRANSFER	-	-	145	21186	0.50
	04-03-2020 - TRANSFER	-	-	375	21561	0.51
	06-03-2020 - TRANSFER	-	-	277	21838	0.51
	09-03-2020 - TRANSFER	-	-	203	22041	0.52
	12-03-2020 - TRANSFER	-	-	650	22691	0.54
	12-03-2020 - TRANSFER	-	-	11	22702	0.54
	13-03-2020 - TRANSFER			250	22952	0.54
	18-03-2020 - TRANSFER			439	23391	0.55
3	Mrs Susan Kurian	9950	0.23	-	-	-
	Date wise increase / decrease with reason					
	01-04-2019 - TRANSFER	-	-	-200	9750	0.23
	20-05-2019 - TRANSFER	-	-	-200	9550	0.23
	03-06-2019 - TRANSFER	-	-	-100	9450	0.22
	20-06-2019 - TRANSFER	-	-	-36	9414	0.22
	21-06-2019 - TRANSFER	-	-	-27	9387	0.22
	24-06-2019 - TRANSFER	-	-	-150	9237	0.22
	25-06-2019 - TRANSFER	-	-	-100	9137	0.22
4	Mrs Sarasu Jacob	14434	0.34	-	-	-
	Date wise increase / decrease with reason					
	25-06-2019 - TRANSFER	-	-	-100	14334	0.34
5	Mr Karun Philip	0	0.00	-	-	-
	Date wise increase / decrease with reason					
	17-05-2019 - TRANSFER	-	-	1000	1000	0.02
	28-02-2020 - TRANSFER	-	-	4000	5000	0.12
6	Mr Mammen Philip	10700	0.25	-	-	-
	Date wise increase / decrease with reason					
	17-05-2019 - TRANSFER	-	-	-1000	9700	0.23
	28-02-2020 - TRANSFER	-	-	-2000	7700	0.18
7	JCEE Manufacturing and Services Private Limited	8500	0.20	-	-	-
	Date wise increase / decrease with reason					
	27-06-2019 - TRANSFER	-	-	4	8504	0.20
	28-06-2019 - TRANSFER	-	-	436	8940	0.21
	11-12-2019 - TRANSFER	-	-	400	9340	0.22
	12-12-2019 - TRANSFER	-	-	4	9344	0.22
	13-12-2019 - TRANSFER	-	-	596	9940	0.23
	18-03-2020 - TRANSFER	-	-	425	10365	0.24

Sl. No.	Name of the Shareholder	Shareholding as on 01-04-2019		Increase/Decrease in Shareholding	Cumulative Shareholding during the financial year ended 31-03-2020	
		No. of Shares	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
8	Mr Kiran Kattukaran	0	0	-	-	-
	Date wise increase / decrease with reason					
	01-08-2019 - TRANSFER	-	-	5830	5830	0.14
9	Mrs Meera Ninan	4881	0.12	-	-	-
	Date wise increase / decrease with reason					
	24-05-2019 - TRANSFER	-	-	1	4882	0.12
	19-07-2019 - TRANSFER	-	-	1	4883	0.12
	16-10-2019 - TRANSFER	-	-	1284	6167	0.15
10	Mrs Geetha Zachariah	4829	0.11			
	Date wise increase / decrease with reason					
	16-10-2019 - TRANSFER	-	-	1284	6113	0.14
11	Mrs Ela Kattukaran	0	0.00			
	Date wise increase / decrease with reason					
	01-08-2019 - TRANSFER	-	-	5830	5830	0.14
12	Mrs Rachel Kattukaran	2587	0.06			
	Date wise increase / decrease with reason					
	01-08-2019 - TRANSFER	-	-	3000	5587	0.13
13	Mr Roy Mammen	11458	0.27			
	Date wise increase / decrease with reason					
	01-08-2019 - TRANSFER	-	-	1436	12894	0.30
14	Mrs Kavita Philip	0	0.00			
	Date wise increase / decrease with reason					
	29-08-2019 - TRANSFER	-	-	1000	1000	0.02
	28-02-2020 - TRANSFER	-	-	4000	5000	0.12
15	Mrs Annamma Philip	12700	0.30			
	Date wise increase / decrease with reason					
	29-08-2019 - TRANSFER	-	-	-1000	11700	0.28
	28-02-2020 - TRANSFER	-	-	-6000	5700	0.13
16	Mr George Mammen	2308	0.05			
	Date wise increase / decrease with reason					
	02-03-2020 - TRANSFER	-	-	-1000	1308	0.03
17	Mrs Shanta Mammen	3438	0.08	-	-	-
	Date wise increase / decrease with reason					
	02-03-2020 - TRANSFER	-	-	1000	4438	0.10
18	Mrs Thankamma Jacob	16096	0.38	-	-	-
	Date wise increase / decrease with reason					
	01-08-2019 - TRANSFER	-	-	-16096	0	0.00
19	Mrs Sara Lukose	2568	0.06			
	Date wise increase / decrease with reason					
	16-10-2019 - TRANSFER	-	-	-2568	0	0.00
20	Mr Vikram Kuruvilla	121	0.00	-	-	-
	Date wise increase / decrease with reason					
	24-05-2019 - TRANSFER	-	-	-4	117	0.00
	21-06-2019 - TRANSFER	-	-	-2	115	0.00
	05-07-2019 - TRANSFER	-	-	-6	109	0.00
21	Aditi Mammen Gupta	4741	0.11	-	-	-
	Date wise increase / decrease with reason					
	14-06-2019 - TRANSFER	-	-	3	4744	0.11

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding as on 01-04-2019		Cumulative Shareholding during the financial year ended 31-03-2020	
		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	86639	2.04	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-13463	-0.32	73176	1.72
	At the end of the year [March 31, 2020]			73176	1.72
2	Enam Securities Pvt. Ltd.				
	At the Beginning of the year	173180	4.08	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-29930	-0.71	143250	3.38
	At the end of the year [March 31, 2020]			143250	3.38
3	Investor Education and Protection Fund Authority				
	At the Beginning of the year	47237	1.11	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	302	0.01	47539	1.12
	At the end of the year [March 31, 2020]			47539	1.12
4	SBI Mutual Fund A/c				
	At the Beginning of the year	78945	1.86	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	8067	0.19	87012	2.05
	At the end of the year [March 31, 2020]			87012	2.05
5	Kotak Mahindra Mutual Fund A/c				
	At the Beginning of the year	60904	1.44	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-980	-0.02	59924	1.41
	At the end of the year [March 31, 2020]			59924	1.41
6	MOWI Foundation				
	At the Beginning of the year	507984	11.98	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-	-		
	At the end of the year [March 31, 2020]			507984	11.98
7	Evertrue Charitable and Educational Foundation				
	At the Beginning of the year	126855	2.99	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-	-		
	At the end of the year [March 31, 2020]			126855	2.99
8	The New India Assurance Company Limited				
	At the Beginning of the year	90045	2.12	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	-4606	-0.11	85439	2.01
	At the end of the year [March 31, 2020]			85439	2.01
9	Life Insurance Corporation of India				
	At the Beginning of the year	0	0.00	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	49828	1.17	49828	1.17
	At the end of the year [March 31, 2020]			49828	1.17
10	Tata Mutual Fund				
	At the Beginning of the year	38621	0.91	-	-
	Transaction [Transfers] from April 1, 2019 upto March 31, 2020	5893	0.14	44514	1.05
	At the end of the year [March 31, 2020]			44514	1.05

Notes:

1. 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.
2. Top ten Shareholders is as on 31.03.2020.

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	For each of the Directors & KMP	Shareholding as on 01-04-2019		Increase/ Decrease in shareholding	Cumulative Shareholding during the financial year ended 31-03-2020	
		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	129	0.00	-	-	-
	Date wise increase / decrease with reason	-	-	-	129	0.00
13	Mr. M MEYYAPPAN *	-	-	-	-	-
	Date wise increase / decrease with reason	-	-	-		
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

*Ceased to be Directors w.e.f 28.09.2019

V INDEBTEDNESS (₹ Crores)

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

Particulars	**Secured Loans excluding fixed deposits**	**Unsecured Loans**	**Fixed Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year (as on 01.04.2019)				
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
Change in Indebtedness during the Financial Year - Prinicipal Only				
Additions	80.92	-	-	80.92
Reduction	(326.47)	(243.12)	-	(569.59)
Net Change	(245.55)	(243.12)	-	(488.67)
Indebtedness at the end of the financial year (as on 31.03.2020)				
i) Principal Amount	661.50	710.68	-	1372.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	30.45	13.88	-	44.33
Total (i + ii + iii)	691.95	724.56	-	1416.51

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	118578000	111628080	96645216	18120000	18120000	363091296
	b) Value of Perquisites u/s 17(2) of Income Tax Act, 1961	50124513	11687741	10687833	5751286	5738709	83990082
	c) Profits in lieu of Salary under section 17(3) of Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	116325000	108027000	94370400	18000000	18000000	354722400
5	Others Please Specify	-	-	-	-	-	-
Total		285027513	231342821	201703449	41871286	41858709	801803778
Ceiling as per the Act (₹ in Crore)		₹ 175.38 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												
Independent Directors	**Mr. Ashok Jacob**	**Mr. V Sridhar**	**Mr. Vijay R Kirloskar**	**Mr. N Kumar**	**Mr. Ranjit I Jesudasen**	**Dr. Salim Joseph Thomas**	**Mr. Jacob Kurien**	**Mr. M Meyyappan**	**Mrs Vimla Abraham**			**Total Amount**	
Fees for Attending Board / Committee Meetings	40000	200000	50000	-	240000	70000	190000	40000	90000				920000
Commission	-	-	-	-	-	-	-	-	-				-
Others	-	-	-	-	-	-	-	-	-				-
Total (1)	40000	200000	50000	0	240000	70000	190000	40000	90000				920000
Other Non-Executive Directors										**Dr. (Mrs.) Cibi Mammen**	**Mrs. Ambika Mammen**		
Fees for Attending Board / Committee Meetings										65000	90000		155000
Commission										-	-		-
Others										-	-		-
Total (2)										65000	90000		155000
Total (B) = (1 + 2)										-	-		1075000
Total Managerial Remuneration (A + B)													802878778
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. S Dhanvanth Kumar (Company Secretary)	**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	12374512	15528336
	b)	Value of Perquisites u/s 17(2) of Income Tax Act, 1961	2410665	2634710
	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			14785177	18163046

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offence during the financial year ended 31st March, 2020.

Chennai
29th June, 2020

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, 2020, 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, 2020 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 2019 - March 2020

   (d) Salient terms of transactions including transactions value: 1629.87 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.

   (f) Amount paid in advance : Nil.

On behalf of the Board of Directors

Chennai
29th June, 2020

K M MAMMEN
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

The year 2019-20 saw your Company maintaining its leadership position in the Indian market. Your Company continues to be ranked among the world's top 20 Tyre manufacturers.

Global economy which was showing signs of deceleration in 2018 slowed to an estimated 3% in 2019 as compared to 3.7% in 2018. In the second half of 2019, there were signs of world economy bottoming out with intermittent favourable news on US-China trade negotiations, lower fears of a hard Brexit and accommodative monetary policy of Governments.

The Covid 19 Pandemic is having a severe impact on human lives and livelihoods. The impact on world economy is uncertain and would depend, among others, on the pathway of the pandemic, the efficacy of the containment efforts and the extent of demand and supply disruptions. Commodity prices have been severely impacted. IMF in its initial assessment (World Economic Outlook) in April, 2020 projected World economy to grow at -3% in 2020, much worse than during the financial crisis of 2008-2009 while expecting world economy to be at pre Covid levels by 1st quarter of 2021. However, the impact of the pandemic is more severe than initially estimated. IMF has in June,2020 revised the forecast for global growth to -4.9% for 2020. Recovery is expected to be more gradual than previously estimated.

Market & Industry Overview

India entered 2019-20 against the backdrop of slowing growth. The growth of the last quarter of 2018-19 had dropped to a multi quarter low of 5.8%. Growth further slowed down to 5% in the first quarter of 2019-20 on massive slowdown in consumption and private sector investments. The Government took various measures to shore up growth including reduction in corporate taxes. Reserve Bank of India in December 2019 projected the real GDP growth to be at 5% for the financial year 2020. While Agriculture and Mining showed improved performance over the year, manufacturing and construction decelerated over the quarters.

Budget 2020 laid emphasis on infrastructure development besides focusing on rural and agricultural sector. Customs duty on electric vehicles were increased to encourage domestic production.

However, the Covid 19 pandemic impacted the last quarter and GDP growth for financial year 2020 is now reported at 4.2%. Covid 19 resulted in huge disruptions in the Economy. Government quickly imposed lockdown and other containment measures. This impacted supply chain, mobility and transportation. There was large scale dislocation of labour market. Government announced a slew of measures to combat the impact of Covid 19. A big focus has been on MSME considering its high employment generation. Reserve Bank of India also stepped in with liquidity measures, reduction in the Repo rate to 4% and easing the repayment of loans. Government also announced some reforms - increasing FDI limits in Defence production, strategic divestment of PSUs, privatization of Power distribution in Union Territories and commercial mining of Coal.

With the easing of lockdown, Industry and Manufacturing have started picking up but will have to now deal with demand disruption.

IMF in its April estimate had forecasted a 1.9% growth for the Indian economy (World Economic Outlook) for 2021 which in June, 2020 was revised to a contraction of 4.5%, considering the longer lockdown period and slower than anticipated recovery.

As 2019 ended, the world automotive industry was already showing signs of slowing down. The decline was due to certain markets reaching maximum automobile saturation. Some estimates show that the pandemic induced recession will result in world automobile production falling by over 10% in 2020.

The slowdown in the Indian economy was reflected in the automobile sector as well. While the domestic production grew at a 7% CAGR between financial year 2015 to financial year 2019, there was a negative growth of 15% in financial year 2020. The decline was seen across Vehicle segments. Exports also witnessed a decline with steep declines in Medium and Heavy Commercial Vehicles (M&HCV) but Passenger Vehicles and 2 & 3 wheelers managed to show positive growth.

Medium and Heavy Commercial Vehicles (M&HCV) went through a turmoil in financial year 2020 with a 47% decline in production for the full year. Imminent transition to BS VI norms resulted in postponement of purchases. Liquidity issue with NBFCs also did not help matters.

Indian Passenger Car Industry has seen a drop in the last financial year due to a host of reasons ranging from GDP growth and change over to the new BS V1 norms. In the financial year 2019-20, there has been a 14% drop in new vehicle production. The Industry was affected by a overall slowdown in the Economy. Added to this was the requirement to phase out all BS IV models and stocks ahead of the 01st April 2020 deadline.

The Two Wheeler industry recorded declines in all 4 quarters of the year. Exports, however, recorded an increase. The decline was larger in Scooter space as compared to Motorcycle. Cost of ownership increased following higher insurance costs. Besides, weak consumer sentiment also impacted volumes. The segment saw launch of a number of new models. Your Company was the preferred choice of fitment in most of these new launches. The year also saw launches in the electric vehicle space. The 2 wheeler Industry has transitioned to BS V1 sufficiently early which also led to higher prices.

Tractor production declined by 15% in financial year 2020 which was a cyclical impact. Good monsoon last year has left reservoirs with high water levels. This year's monsoon is also predicted to be normal. The agriculture sector is expected to show decent growth.

Tyre Industry enhanced capacity in financial year 2020 but capacity utilisation declined because of contraction in the Original Equipment (OE) segment. Tyre production recorded a negative 8% growth. Replacement Sales declined marginally. The sharpest drop was in the Commercial segment. However, Export of Tyres registered an increase of 8%.

Automobile Industry in the coming year would see new trends, with the Industry trying to recover from the covid 19 induced recession. There could be a preference for personal mobility with entry level vehicles standing to benefit. E-Commerce would see more traction which will drive sales of Light Commercial Vehicles. 2 Wheelers also could see traction since they are used for last mile delivery.

The way forward for the Automobile industry and the Tyre industry is not clear given the uncertainties brought about by the pandemic. The road to recovery will not be smooth given the impact on disposable incomes, consumer behaviour and credit availability. The bright spot would be the rural and semi urban areas. Tractors and 2 Wheelers are likely to do better than other segments.

Product wise Performance

During fiscal 2019-20, your Company achieved a total income of ₹ 16322 crores. Across the board, there was an overall decrease in all segments adding up to a 3.5% decrease in total tyre production. In the Heavy Commercial Vehicle segment, the decrease was 3% over the previous year while Light Commercial Vehicle tyres decreased by around 3%. The Small Commercial Vehicle tyres declined by 5% in the 4-wheeled segment, while it rose by 3% in the 3-wheeled segment, over the previous year. Passenger & Sports Utility Vehicle (SUV) showed a decline of 10%. The Farm segment declined by 6%. The Motorcycle and Scooter segments declined by 1% and 5% respectively. The Off- The Road Tyre (OTR) segment declined by 9%.

Exports

Exports of tyres has seen good traction in the past few years, thanks to increased demand and preference for Indian brands. Despite stiff competition from Chinese brands and those from other Far eastern countries, export of Indian tyres registered good growth.

The overall tyre exports is estimated to have grown in volume terms by 8 % during the current fiscal. This momentum was also reflected in the growth of exports of your company. The overall exports of your Company stood at ₹ 1651 crores against the previous year of ₹ 1566 crores.

Superior product offerings across categories coupled with aggressive focus on channel development has helped your Company increase share and build strong brand preference across all key markets.

Africa, Middle East, SAARC & some ASEAN countries will continue to drive growth for us in the coming years. However, import restrictions and increased regulations in countries like Indonesia & Thailand will act as a dampener to growth.

Discussion on Financial Performance with respect to Operational Performance

(₹ Crores)

	2019-2020	2018-2019
Revenue from operations	15991	15837
Other Income	331	417
Total Income	16322	16254
Profit before tax	1399	1609
Provision for tax	4	512
Profit after tax	1395	1097

The revenue from operations of the Company for the 2019-2020 stood at ₹ 15991 crores against ₹ 15837 crores for the previous year ended 31st March 2019. During the year ending 31st March 2020, the Earnings Before Interest and Depreciation (EBIDTA) stood at ₹ 2654 crores as against ₹ 2663 crores in the previous year ended 31st March, 2019. After providing for Depreciation and Interest, the Profit Before Tax for the year ended 31st March 2020 is ₹ 1399 crores as compared to ₹ 1609 crores in the previous year ended 31st March 2019. The net provision for tax (current tax and deferred tax) for the year is ₹ 4 crores (previous year ₹ 512 crores) because the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income Tax for the year ended 31st March 2020 and re-measured the Deferred Tax Liabilities / Assets on the rates prescribed in the said section. After making provision for Income Tax, the net profit for the year ended 31st March 2020 is ₹ 1395 crores as against ₹ 1097 crores in the previous year ended 31st March 2019.

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, Operating Profit Margin (%) except for Net Profit Margin (%) which increased from 6.75% to 8.55% and Debt Equity Ratio which dropped from 0.14% to 0.10%.

During the year, the Net profit margin of the Company increased from 6.75% to 8.55% due to reversal of deferred tax expenses of ₹ 397.46 crores.

The reason for the drop in debt equity ratio is that the Company during the year repaid long term debt of ₹ 403 crores. Apart from the above, the Company also during the year reversed an amount of ₹ 115.53 crores remaining in Debenture Redemption Reserve along with addition of this year's profit to General Reserve. This resulted in reduction of debt equity ratio from 0.14% to 0.10%.

The return on net worth has increased from 10.66% to 12.23%. The increase in Return on Net Worth during the year when compared to the previous year is due to the reversal of deferred tax expenses of ₹ 397.46 crores.

Awards and Accolades

Your Company has been awarded the "Highest Export Award 2018-19" by the All India Rubber Industries Association (AIRIA). and "Top Export Award" by the Chemical And Allied Products Export Promotion Council, India (CAPEXIL).

MRF was also awarded for "Best Product development" and "Best Sales Support" by leading Car Manufacturers in the country.

Opportunities and Threats

As the economy tries to recover from the disruption caused by the Covid pandemic, Companies which are able to quickly ramp up their supply chain are likely to gain.

Rural sector holds promise in the current financial year. Monsoon for the current year is on to a promising start. Higher rural income will be a boost to the struggling economy and to the Auto Industry. The Central Government recently announced its intention to free up inter-state trade in all agricultural commodities and intra state trade in specific farm produces which should beneficially impact rural incomes.

Import of Tyres being moved from the free list to the restricted list, which was recently announced, will also be a positive to the Industry.

Outlook

The way forward for the Automobile industry and the Tyre industry is not clear given the uncertainties brought about by the pandemic. The road to recovery will not be smooth given the impact on disposable incomes, consumer behaviour and credit availability. Some experts estimate that auto industry volumes will be down by 25% in financial year 2021. The bright spot would be the rural and semi urban areas. Tractors and two Wheelers are likely to do better than other segments.

Internal Control Systems and their Adequacy

Your Company has established internal control systems commensurate with the size and nature of business. It has put in place systems and controls across the Company 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 Audit 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 at periodic intervals.

(iv) Assets are recorded and system put in place to safeguard against any losses or unauthorized disposal.

(v) Periodic physical verification of fixed assets and Inventories.

(vi) Key observations arising out of the Internal Audit are reviewed at the Audit Committee meeting and follow up action taken.

Risks and Concerns

The key risks in Financial Year 2020-21 are the uncertainties arising out of the COVID pandemic.

Demand is expected to be markedly less than normal because of overall macroeconomic drivers both at the national and global level. Further the issues posed by the COVID Pandemic will result in the automobile industry remaining in slow lane in Financial Year 2020-21. The slowdown in growth in these segments will pose a challenge to the company's performance.

On the operations side, operating the manufacturing facilities, sales offices, stocking points and administrative offices in the face of lockdowns, restrictions in movements between states and districts, restrictions on public transport, risks of shut downs because of prevalence of infections, availability of contract labour etc. will pose challenges in maintaining production to meet market demand.

There could also be challenges faced with regard to availability of raw materials because of COVID-19 related issues faced by vendors. Apart from this, volatility in raw material prices would be a key risk.

The concerns are meeting changing regulatory requirements with respect to finished products and getting consistent supply of raw materials which meets our quality requirements (particularly natural rubber which is a major input).

Human Resources

Your Company is a value driven organization and the core value underlying our corporate philosophy is "trusteeship" and "proprietary interest", aimed at developing a customer-focused, high-performance organization which creates value for all its stakeholders.

The Company has a rich organizational culture rooted in its core values of respect for people and belief in empowerment. In dealing with each other, the values which are at the core of our HR Philosophy - trust, teamwork, mutuality and collaboration, objectivity, self-respect and human dignity are upheld. The management is committed to the growth of its people and the core focus is 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, customer taste and preferences of the customers across the length and breadth of the country as well as in overseas market.

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 in Research & Development and Sales & Marketing, the key areas of our operation for product superiority and market dominance.

We leverage human capital for competitiveness by nurturing knowledge, entrepreneurship and creativity.

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 throughout the year, thereby keeping with our commitment of shaping the future of our plants.

The total employee strength as on 31st March, 2020 was 17375.

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 is all about maintaining valuable relationship and trust with all stakeholders. We ensure that timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements, leadership and governance of the company are shared with all the stakeholders. 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 14 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 7 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 31.03.2020 and at the last Annual General Meeting, outside directorships and board committee memberships and number of shares held as on 31.03.2020:

Name	Composition and Category	No. of Directorships in other Public Ltd. Companies	No. of Board Meetings attended during the financial year ended 31.03.2020	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 09.08.2019	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	1 –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 31.03.2020	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 09.08.2019	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	2	Nil	Nil	Yes	1856
Mr. V Sridhar*	Independent Director	Nil	4	Nil	Nil	Yes	Nil
Mr. Vijay R Kirloskar*	Independent Director	4	2	i. Kirloskar Electric Company Limited - Executive Chairman ii. BATLIBOI Limited - Non-Executive Independent Director	1	No	355
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	4	Nil	Nil	Yes	129
Dr. (Mrs.) Cibi Mammen	Promoter Non-Executive Director	2	3	Nil	Nil	Yes	500
Mrs. Ambika Mammen	Promoter Non-Executive Director	2	4	Nil	Nil	Yes	2489
Mrs. Vimla Abraham	Independent Director	Nil	4	Nil	Nil	Yes	Nil

Persons who have ceased to be directors during the financial year:

Name	Composition and Category	No. of Board Meetings attended during the financial year ended 31.03.2020	Attended last AGM held on 09.08.2019	No. of Shares held
Mr. N Kumar **	Independent Director	0	No	NA
Mr. M Meyyappan **	Independent Director	2	Yes	NA

* Re–appointed as Independent Directors for another term of five years, w.e.f. 29.09.2019 at the AGM held on 09.08.2019.

**Ceased as Independent Directors w.e.f 28.09.2019.

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, 2020, four Board Meetings were held on 02.05.2019, 09.08.2019, 08.11.2019 and 10.02.2020.

(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, 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-for-independent-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, 2020, the Audit Committee met on the following dates: 02.05.2019, 08.08.2019, 08.11.2019 and 10.02.2020. All the members of the Committee were present for all the meetings.

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 and also recommend to the Board remuneration payable to Senior Management.

(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, 2020, the Committee met on 02.05.2019 and 08.08.2019. 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 is 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 and fulfillment of independence criteria and independence from management.

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 31.03.2020

(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 31.03.2020 are as follows:

(a) Name (b) Designation (c) Salary and perquisites (₹) (d) Commission (₹) (e) Total (₹)

(a) Mr. K M Mammen (b) Chairman & Managing Director (c) 168702513 (d) 116325000 (e) 285027513 (a) Mr Arun Mammen (b) Vice Chairman and Managing Director (c) 123315821 (d) 108027000 (e) 231342821 (a) Mr Rahul Mammen Mappillai (b) Managing Director (c) 107333049 (d) 94370400 (e) 201703449 (a) Mr Samir Thariyan Mappillai (b) Whole-time Director (c)23871286 (d) 18000000 (e) 41871286 (a) Mr Varun Mammen (b) Whole-time Director (c) 23858709 (d) 18000000 (e) 41858709.

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 31.03.2020 to Non-Executive Directors are as follows:

(a) Name (b) Sitting fees (₹)

(a) Mr Ashok Jacob (b)40000; (a) Mr V Sridhar (b) 200000; (a) Mr Vijay R Kirloskar (b) 50000; (a) Mr N Kumar (b)Nil; (a) Mr Ranjit I Jesudasen (b) 240000; (a) Dr. Salim Joseph Thomas (b) 70000; (a) Mr Jacob Kurian (b) 190000; (a) Mr M Meyyappan (b) 40000; (a) Dr. (Mrs) Cibi Mammen (b) 65000; (a) Mrs Ambika Mammen (b) 90000; (a) Mrs Vimla Abraham (b) 90000.

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-a-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.

As required under the Listing Regulations, the Company has taken a Directors and Officers Liability Insurance

(D&O) on behalf of all Directors including Independent Directors of the Company.

8. Stakeholders' Relationship Committee

(i) Reference

The Committee looks into redressal of grievances of the investors namely shareholders 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, etc. The Board of Directors has delegated the power of approving transfer/ transmission of shares.

(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, 2020, the Stakeholders' Relationship Committee met on 02.05.2019. All the members of the Committee were present for the meeting. 20 investor complaints were received during the financial year ended 31.03.2020. 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 who are as follows:

Mr. K M Mammen	Chairman
Mr. Arun Mammen	Member
Mr. Rahul Mammen Mappillai	Member
Mr. S Dhanvanth Kumar*	Member
Mr. Madhu P Nainan	Member

* Mr. S Dhanvanth Kumar was included as member in the place of Mr. Ravi Mannath w.e.f. 09.08.2019.

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

The Committee met on 29th May, 2020. All the members of the Committee were present for the meeting.

10. General Body Meetings

a. The Company held its last Three Annual General Meetings as under:

AGM for the Year	Date	Time	Venue
2016-2017	04-08-2017	11.00 A.M	TTK Auditorium, 'The Music Academy' No.168, TTK Road, Chennai - 600 014
2017-2018	09-08-2018	11.00 A.M	- do -
2018-2019	09-08-2019	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
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.

Date of AGM	Particulars of Special Resolution passed
09-08-2019	(i) Re-appointment of Mr. Vijay R Kirloskar as an Independent Director for 2nd term of 5 consecutive years. (ii) Re-appointment of Mr. V Sridhar as an Independent Director for 2nd term of 5 consecutive years. (iii) Re-appointment of Mr. Ranjit I Jesudasen as an Independent Director for 2nd term of 5 consecutive years. (iv) Re-appointment of Dr. Salim Joseph Thomas as an Independent Director for 2nd term of 5 consecutive years. (v) Re-appointment of Mr. Jacob Kurian as an Independent Director for 2nd term of 5 consecutive years. (vi) Re-appointment of Mr. Ashok Jacob as an Independent Director for 2nd term of 5 consecutive years.

c. No Postal Ballot was conducted during the year.

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.mrftyres.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 : Thursday, 24th September 2020 at 11 a.m.

Venue : The Company is conducting meeting through Video Conference (VC) / Other Audio Visual Means (OAVM) .

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

c) **Dividend payment date:**

Interim Dividend : 29.11.2019
₹ 3 per share (30%)

II Interim Dividend : 03.03.2020
₹ 3 per share (30%)

Final Dividend : 16.10.2020, ₹ 94/- per share (940%), (Subject to approval of shareholders)

d) **Listing on Stock Exchanges:**

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, 2021 have been paid to the above mentioned Stock Exchanges

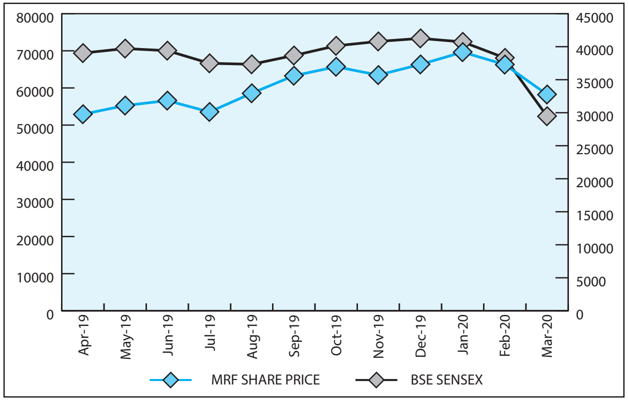
e) **Stock Code**

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-2019	61500.00	52550.15	9439	61684.00	52500.00	126442
May-2019	57890.00	51850.00	15693	57928.05	51586.30	169596
June-2019	58279.95	54161.90	9494	57741.05	54114.90	114041
July-2019	57050.00	52701.00	10218	57147.95	52636.55	107665
August-2019	59460.00	52500.00	6950	59499.00	52411.15	110742
September-2019	67425.00	57501.70	8017	67467.00	57495.05	139631
October-2019	66300.00	60355.00	5896	66300.00	60283.55	108463
November-2019	66399.05	62421.15	5437	66495.60	62400.00	95125
December-2019	66906.80	61219.00	9001	66990.00	61252.00	103800
January-2020	70964.55	64285.35	12019	70999.95	64300.00	183014
February-2020	73500.00	65304.95	7846	73565.70	65315.00	168515
March-2020	68448.85	50000.00	13796	68558.35	49915.10	314798

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, Greams Road,
Chennai - 600 006

In terms of SEBI Circular No. O&CC/FITTC/CIR-15/2002 dated 27th December, 2002, your Company is carrying out both physical share registry 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 etc. Members are therefore requested to communicate on matters pertaining to physical shares to Secretarial Department, MRF Limited, No. 114, Greams Road, Chennai 600 006.

i) **Share Transfer System**

SEBI has mandated that, effective from 1st April, 2019, no share can be transferred in physical mode. However, shares which were lodged for transfer prior to this date and were rejected for technical reasons can be transferred subsequently upon the removal/ satisfaction of the technical defects/requirements. The average time taken for processing and registration of such transfer requests is less than 12 days. All dematerialisation requests are normally processed within 10 days.

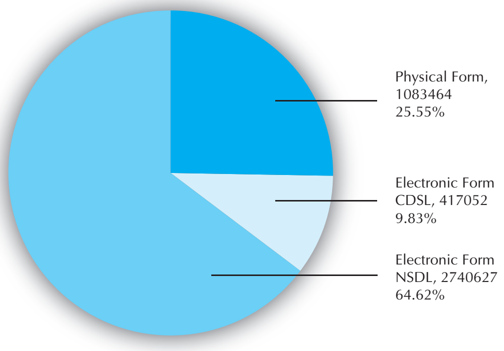
j) **Distribution of shareholding: (as at 31.03.2020)**

Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	62848	99.38	705075	16.63
501 - 1000	127	0.20	91239	2.15
1001 - 2000	90	0.14	129291	3.05
2001 - 3000	38	0.06	94263	2.22
3001 - 4000	13	0.02	45579	1.07
4001 - 5000	21	0.03	97139	2.29
5001 - 10000	45	0.07	314499	7.42
10001 and above	61	0.10	2764058	65.17
TOTAL	**63243**	**100.00**	**4241143**	**100.00**

k) **Dematerialization of Shares and Liquidity**

74.45% of total equity capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2020. 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
The Ruby, 2nd Floor, (SW),
29, Senapati Bapat Marg, Dadar West
Mumbai - 400 028

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 long 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: ₹ 3074.54 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	₹ 3074.54 Crores	225801 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.
9. Dahej — Plot No.D-2/16, Dahej Industrial Area, Taluka Vagra, GalendaVillage, Bharuch Dist., Gujarat

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 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-fordetermination-of materiality.pdf.,https://www.mrftyres.com/downloads/download.php?filename=policy-on-materiality-of-related-partytransactions.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, 2020 are given in note 27d of 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 2019-2020 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 shareholding 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.mrftyres.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.mrftyres.com/downloads/download.php?filename=Terms-and-Condiions-of-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 under the SEBI (Listing Obligations & Disclosures) Regulations, 2015, the Board of Directors have identified the following core skills / expertise / competencies as required in the context of its business and sector for it to function effectively.

Core skills / expertise / competencies
General Business / Industry awareness
Functional Knowledge / General Management / Administration
Communication and collaborative approach

The Board collectively has the abovementioned skills / expertise / competence. The names of directors and the skills they possess are given below:

Name of the Director	General Business/ Industry awareness	Functional knowledge/ General Management/ Administration	Communication and Collaborative approach
Mr. K M Mammen	✓	✓	✓
Mr. Arun Mammen	✓	✓	✓
Mr. Rahul Mammen Mappillai	✓	✓	✓
Mr Samir Thariyan Mappillai	✓	✓	✓
Mr. Varun Mammen	✓	✓	✓
Mr. Ashok Jacob	✓	✓	✓
Mr. V Sridhar	✓	✓	✓
Mr. Vijay R Kirloskar	✓	✓	✓
Mr. Ranjit I Jesudasen	✓	✓	✓

Name of the Director	General Business/ Industry awareness	Functional knowledge/ General Management/ Administration	Communication and Collaborative approach
Dr. Salim Joseph Thomas	✓	✓	✓
Mr. Jacob Kurian	✓	✓	✓
Dr. (Mrs) Cibi Mammen	✓	✓	✓
Mrs. Ambika Mammen	✓	✓	✓
Mrs. Vimla Abraham	✓	✓	✓

(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) Pursuant to the SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr K Elangovan, Elangovan Associates, Company Secretaries, Chennai, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There are no observations or adverse remarks in the said report.

(l) 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, 2020 is ₹ 0.97 Crores.

(m) 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 ₹ 2000 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 the Non-Convertible debentures (NCD) of ₹ 340 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 issue of ₹ 500 crores, CARE Ratings Limited has given a rating of CARE AAA; Stable [Triple A; Outlook: Stable] and for the proposed NCD issue of ₹ 260 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.

(n) There was no preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

(o) There was no instance during the financial year 2019-2020, where the Board of Directors has not accepted the recommendation of any committee of the Board which it was mandatorily required to accept.

(p) Your Company has formulated a policy for determination of materiality of any event or information as required under Regulation 30 of the Listing Regulations and the policy is hosted on the website of the Company under the web link: https://www.mrftyres.com/downloads/download.php?filename=Policy-for-determination-of-Materiality.pdf

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 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 31.03.2020.

d. The internal audit head presents the internal audit observation to the audit Committee.

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, 2020 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 31.03.2020 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.	288	7427
Number of shareholders who approached the Company for transfer of the shares from suspense account during the FY 2019-20	15	342
Shareholders to whom shares were transferred from the suspense account during the year	15	342
Shares transferred to Investor Education and Protection Fund Authority as required by Section 124 (6) of the Companies Act, 2013 read with rules thereunder.	13	384

Particulars	Number of Members	Number of Shares
Aggregate number of shareholders and the outstanding shares lying in the suspense account as on 31.03.2020	260	6701

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

18. Transfer of shares to Investor Education and Protection Fund (IEPF)

Pursuant to the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules"), dividends that are unpaid or unclaimed for a period of seven (7) years from the date of their transfer are required to be transferred by the Company to the IEPF, administered by the Central Government. Further, according to the said IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

During the financial year 2019-2020 the Company has transferred to IEPF, the following unclaimed dividends and corresponding shares thereto:

Particulars	Amount of Dividend (in ₹)	Number of Shares
1st Interim Dividend for the year ended 30.09.2012	239655	603
2nd Interim Dividend for the year ended 30.09.2012	255783	63

The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

19. 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, 2020.

On behalf of the Board of Directors

Place: Chennai
Date: 29th June, 2020

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, 2020, 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) as amended from time to time.

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, 2020.
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
UDIN: 20104180AAAAHC7147

Place : Mumbai
Date : 29th June, 2020.

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 20018628AAAAAQ5070

Place : Hyderabad
Date : 29th June, 2020.

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.mrftyres.com
5.	E-mail Id	mrfshare@mrfmail.com
6.	Financial year reported	1st April, 2019 to 31st March, 2020
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 – 197

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) : ₹ 15991 crores.
3. Total profit after taxes : ₹ 1395 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 2019 to March 2020 is ₹ 66.35 crores. Out of this ₹ 31.22 crores is towards obligation for financial year 2019-20 and ₹ 35.13 crores is towards the shortfall in spending of earlier years. The sum of ₹31.22 crores constitutes 2.24% of profit after tax for the year ended 31st March 2020.
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, measures for reducing inequalities faced by socially & economically backward groups 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 organization for several years. All the manufacturing locations of MRF are certified for Environment (OHSAS & EMS) and 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.

(a) 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:

a. 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.

b. The policies have been formulated taking into consideration statutory requirements (which are modeled 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 principle, 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.mrftyres.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 its operations. 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 2019-2020, 20 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 meeting 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 has adopted sustainability as our main goal and protecting the 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 Indian and global passenger car OEMs. MRF has developed several tyres meeting the R117 and AIS142 regulations.

   b) To improve sustainability of tyre manufacture, MRF is working on a multipronged strategy, which includes reduction in CO_2 emission by developing low RR tyres. To further improve environmental friendly nature of our products, we made some changes in the raw material mix for two wheeler and passenger car tyres.

   c) Towards import substitution, we are working on developing raw materials such as resource formaldehyde resin, emulsion SBR, microcrystalline wax, super tackifier resin, etc., jointly with domestic sources.

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.

   Your Company believes in sustainable sourcing and most of our raw material suppliers have minimum ISO 9001 certification and around 84% of our manufactured raw materials 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: 17375 permanent employees.
2. Please indicate the total number of employees hired on temporary/ contractual/casual basis: 10425
3. Please indicate the number of permanent women employees: 44
4. Please indicate the number of permanent employees with disabilities: 50
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. 87% of the unionised employees are members of recognized 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 – 42.89%; (b) Permanent Women Employees – 29.55%; (c) Casual/Temporary/Contractual Employees – 40.83%; (d) Employees with Disabilities – 48%.

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 Driver 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 156 drivers during the year 2019-20, including 36 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 with 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.

   Greenhouse gas emission reduction is proposed through identification of proposals to increase use of renewable energy, clean fuels and environment friendly materials are an ongoing activity.

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? The initiatives taken to lower carbon foot print are detailed in Annexure I of the Board's Report. These include use of energy efficient equipment, variable frequency drives, lighting management system, equipment idle run optimisation and process improvements to reduce steam consumption.

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. The key initiatives taken including installation of 0.5 MW solar power plant on factory roof top and operating 16 MW of wind mills. All new plants are designed for roof top solar plant installations. Replacement of furnace oil as fuel with natural gas is under consideration and evaluation. Details of the initiatives taken are detailed in Annexure I to the Board's Report. The Annual Report is uploaded on the website of the Company – www.mrftyres.com/financial results.

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

   The 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 / Own Foundation/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 in house 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 focused on sports training, skill development enhancement of livelihood, provide safe drinking water, health care projects, education, measures for reducing inequalities faced by socially & economically backward groups 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?

1.15% 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 2020, 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, as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March,2020, 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. Emphasis of Matters

We draw attention to Note 27 j ii) in the Notes to the Standalone Financial Statements which describes the impact of the outbreak of Corona virus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

4. 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	**Defined benefit obligation** 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.	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.

Sr. No.	Key Audit Matter	Our Response
2	**Warranty Provision** The 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.

5. 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.

6. 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 is responsible for overseeing the Company's financial reporting process.

7. 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 with reference to financial statements 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 upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Refer Note 27 j ii) to the Standalone Financial Statements which describes the impact of the outbreak of Corona virus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

- 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.

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.

8. 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.

e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 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 with reference to financial statements 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) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to 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 m 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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg. No. 101174W	Firm Reg. No. 001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No. 104180	Mem. No. 18628
UDIN: 20104180AAAAHA9421	UDIN: 20018628AAAAAO8028
Place : Mumbai	Place : Hyderabad
Date : 29th June, 2020.	Date : 29th June, 2020.

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

i) In respect of its Property, Plant and Equipment:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

b) 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;

c) 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 the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans granted and investments made during the year.

v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to 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 Service 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, 2020 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	4.63
	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	17.72
	1996-97, 2006-07 to 2016-17	High Court	15.05
	1996-97, 2000-01 to 2002-03	Supreme Court	0.12
CUSTOMS ACT, 1962			
Customs Duty and penalty	1992-93 to 1994-95	High Court	74.89

Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	₹ Crores
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	1.06
	2008-09 to 2016-17	Appellate Tribunal	21.65
	2001-02	Supreme Court	0.06
INCOME TAX, 1961			
Income Tax	2009-10, 2013-14, 2015-16	Appellate Commissioner	18.54
	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 Standalone Financial Statements in Refer Note 27d as required by the applicable Indian 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) 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 of clause (xvi) of Para 3 of the Order are not applicable to the Company.

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

Shivratan Agarwal
Partner
Mem. No. 104180
UDIN: 20104180AAAAHA9421

Place : Mumbai
Date : 29th June, 2020.

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

B R Mahesh
Partner
Mem. No. 18628
UDIN: 20018628AAAAAO8028

Place : Hyderabad
Date : 29th June, 2020.

"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 WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to Financial Statements of MRF LIMITED ("the Company") as of March 31, 2020 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 with reference to Financial Statements 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 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 with reference to Financial Statements were 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements includes obtaining an understanding of such internal financial controls, 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 with reference to Financial Statements.

4. MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Company's internal financial control with reference to Financial Statements 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 with reference to Financial Statements 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 WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements 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 with reference to Financial Statements and such controls were operating effectively as at March 31, 2020, 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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg. No. 101174W	Firm Reg. No. 001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No. 104180	Mem. No. 18628
UDIN: 20104180AAAAHA9421	UDIN: 20018628AAAAAO8028
Place : Mumbai	Place : Hyderabad
Date : 29th June, 2020.	Date : 29th June, 2020.

MRF LIMITED, CHENNAI

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ Crores)

	Note	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2 (a)	8820.72	6751.32
Capital Work-in-Progress	2 (b)	1734.56	1403.19
Other Intangible Assets	2 (c)	28.46	16.20
Financial Assets			
- Investments	3	26.53	1078.00
- Loans	4	12.22	0.31
- Other financial assets	5	18.22	16.03
Non Current Tax Asset (Net)		232.22	207.44
Other non-current assets	6	323.37	434.69
Current Assets			
Inventories	7	2852.69	2950.93
Financial Assets			
- Investments	3	1513.65	2770.39
- Trade Receivables	8	2257.03	2361.62
- Cash and cash equivalents	9	1104.23	57.52
- Bank balances other than cash and cash equivalents	10	2.62	2.55
- Loans	4	2.89	0.61
- Other financial assets	5	50.75	33.91
Other current assets	6	173.95	142.77
Assets Classified as held for sale	2(d)	-	0.20
TOTAL ASSETS		19154.11	18227.68
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	SOCE	4.24	4.24
Other Equity	SOCE	12000.11	10649.06
Total Equity		12004.35	10653.30
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
- Borrowings	11	779.03	1054.73
- Other Financial Liabilities	16	327.48	-
Provisions	12	189.16	167.80
Deferred Tax Liabilities (Net)	13	427.83	839.20
Other non-current liabilities	14	250.64	76.29
Current Liabilities			
Financial Liabilities			
- Borrowings	11	241.99	408.86
- Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	15	17.02	21.25
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	15	2323.12	2306.39
- Other Financial Liabilities	16	730.63	761.65
Other Current Liabilities	14	1709.78	1781.13
Provisions	12	153.08	149.23
Current Tax Liabilities (Net)		-	7.85
Total Liabilities		7149.76	7574.38
TOTAL EQUITY AND LIABILITIES		19154.11	18227.68
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				
Firm Reg. No. 101174W	Firm Reg. No. 001939S				
Shivratan Agarwal	B R Mahesh			JACOB KURIAN	
Partner	Partner	MADHU P NAINAN	S DHANVANTH KUMAR	V SRIDHAR	K M MAMMEN
Mem. No. 104180	Mem. No. 18628	Vice President Finance	Company Secretary	Directors	Chairman & Managing Director
Mumbai	Hyderabad		Chennai		
Dated 29th June, 2020					

MRF LIMITED, CHENNAI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

	Note	Year ended 31.03.2020	Year ended 31.03.2019
INCOME			
Revenue from Operations	17	15991.14	15837.00
Other Income	18	330.50	417.47
TOTAL INCOME		16321.64	16254.47
EXPENSES			
Cost of materials consumed	19	9461.73	10220.40
Purchases of Stock-in-Trade	27(p(2))	22.30	29.86
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	20	24.88	(608.60)
Employee Benefits expense	21	1320.51	1144.28
Finance Costs	22	274.26	247.79
Depreciation and Amortisation expense	2 (a (1, 2)) and (c)	980.62	806.27
Other Expenses	23	2838.02	2805.58
TOTAL EXPENSES		14922.32	14645.58
PROFIT BEFORE TAX		1399.32	1608.89
TAX EXPENSE (Refer Note 26)			
Current Tax		401.80	330.00
Deferred Tax		(397.46)	182.02
TOTAL TAX EXPENSE		4.34	512.02
PROFIT FOR THE YEAR		1394.98	1096.87
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans	27(g2iv)	(26.82)	(9.74)
Income Tax relating to items that will not be reclassified to Profit or Loss		6.75	3.40
Items that may be reclassified to Profit or Loss			
Designated Cash Flow Hedges		13.98	(16.56)
Income tax relating to items that may be reclassified to Profit or Loss		(3.52)	5.79
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(9.61)	(17.11)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1385.37	1079.76
EARNINGS PER EQUITY SHARE	27 o		
Basic		3289.16	2586.26
Diluted		3289.16	2586.26
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
Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

EQUITY SHARE CAPITAL

		As at 31.03.2020	As at 31.03.2019
	Number	Amount	Amount
Authorised Share Capital	9000000	9.00	9.00
Issued Share Capital (Excludes 71 bonus shares not issued and not alloted 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 2019-20.

Shares in the Company held by each shareholder holding more than five percent shares	As at 31.03.2020		As at 31.03.2019	
	No.	%	No.	%
Comprehensive Investment and Finance Company Private Limited	440719	10.39	440294	10.38
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	Remeasure-ments of Defined Benefit Plans	
Balance at the beginning of the comparative reporting year - 1st April 2018	**9.42**	**9523.13**	**103.40**	**-**	**(5.26)**	**(30.73)**	**9599.96**
Profit for the Comparative Year ending 31st March 2019	-	-	-	1096.87	-	-	1096.87
Other Comprehensive Income for the Comparative Year ending 31st March 2019	-	-	-	-	(10.77)	(6.34)	(17.11)
Total Comprehensive Income for the Comparative 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 beginning of the year	**9.42**	**10577.21**	**115.53**	**-**	**(16.03)**	**(37.07)**	**10649.06**
Transition impact of IND AS 116 (Net of Tax) (Ref Note 2(a 2)-1)	-	(20.58)	-	-	-	-	(20.58)
Profit for the Current Reporting year ending 31st March 2020	-	-	-	1394.98	-	-	1394.98
Other Comprehensive Income	-	-	-	-	10.46	(20.07)	(9.61)
Hedged Transaction resulting in recognition of Non Financial Asset (Basis Adjustment) (Refer Note 24Bi)b)iii)	-	-	-	-	16.92	-	16.92
Total Comprehensive Income for the Reporting year	**-**	**(20.58)**	**-**	**1394.98**	**27.38**	**(20.07)**	**1381.71**
Total Comprehensive Income for the Reporting year including Transition adjustment	**-**	**(20.58)**	**-**	**1394.98**	**27.38**	**(20.07)**	**1381.71**

(₹ 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	Remeasure-ments of Defined Benefit Plans	
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	-	1364.32	-	(1364.32)	-	-	-
Transfer (from)/to Debenture Redemption Reserve	-	115.53	(115.53)	-	-	-	-
Balance at the end of the reporting year ending 31st March 2020	**9.42**	**12036.48**	**-**	**-**	**11.35**	**(57.14)**	**12000.11**

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	In line with the amended Rule 18(7) of the Companies (Shares Capital and Debenture) Rules, 2014 with effect from 18th Sep 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020.
Retained Earnings	Retained earnings are the Profits that the company has earned till date, less any transfer to General reserve and Dividend.
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
Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

MRF LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

		Year ended 31.03.2020		Year ended 31.03.2019	
A. CASH FLOW FROM OPERATING ACTIVITIES :					
NET PROFIT BEFORE TAX			1399.32		1608.89
Adjustment for :					
Depreciation		980.62		806.27	
Reversal of Impairment of Assets / Financial Assets		-		(0.10)	
Unrealised Exchange (Gain) / Loss		(7.27)		1.61	
Government Grant Accrued		(0.02)		-	
Impairment of Financial Assets		0.14		-	
Finance Cost		274.26		247.79	
Interest Income		(15.27)		(10.39)	
Dividend Income		(0.12)		(0.13)	
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment		(0.54)		5.90	
Fair Value changes in Investments		(239.43)		(294.86)	
Fair Value changes in Financial Instruments	Refer Note 25 (B)	59.62		41.96	
Loss / (Gain) on Sale of Investments		(13.28)		(9.13)	
Bad Debts written off		0.02	1038.73	0.25	789.17
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES			2438.05		2398.06
Trade receivables		118.64		(230.46)	
Other receivables		(56.36)		13.28	
Inventories		98.24		(778.86)	
Trade Payable and Provisions		3.94		343.40	
Other liabilities		(89.04)	75.42	39.50	(613.14)
CASH GENERATED FROM OPERATIONS			2513.47		1784.92
Direct Taxes paid			(434.43)		(404.70)
NET CASH FROM OPERATING ACTIVITIES			2079.04		1380.22
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(2732.29)		(1960.32)	
Proceeds from sale of Property, Plant and Equipment		2.39		0.42	
Purchase of Investments		(2064.74)		(2116.46)	
Proceeds from sale of Investments		4625.66		2718.50	
Fixed Deposits with Banks matured		0.78		38.39	
Loans (Financial assets) given		(12.88)		0.89	
Interest Income		12.65		8.62	
Dividend income		0.12		0.13	
NET CASH USED IN INVESTING ACTIVITIES			(168.31)		(1309.83)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(₹ Crores)

		Year ended 31.03.2020		Year ended 31.03.2019	
C. CASH FLOW FROM FINANCING ACTIVITIES					
(Repayments) / Proceeds from Working Capital Facilities (Net)		(166.47)		178.68	
Proceeds from Term Loans		-		150.00	
Proceeds from SIPCOT Loan		80.92		-	
Repayment of Term Loans		(242.57)		(150.42)	
Repayment of Debentures		(160.00)		-	
Government Grant Accrued		0.02		-	
Repayment of Fixed Deposits		-		(3.57)	
Sales Tax Deferral		-		(8.79)	
Deferred payment Credit		(0.54)		(0.48)	
Payment of Lease Liability		(85.58)		-	
Interest paid		(259.14)		(246.42)	
Dividend and Corporate Dividend Tax		(30.66)		(30.66)	
NET CASH FROM FINANCING ACTIVITIES			(864.02)		(111.66)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			1046.71		(41.27)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2019	Refer Note 9		57.52		98.79
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2020	Refer Note 9		1104.23		57.52

Note to Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the Indirect Method.
2. Reconciliation of Financing Liabilities

(₹ Crores)

	31.03.2020	31.03.2019
Opening Balance	1932.96	1772.44
Cash inflow/ (outflow) of non-current borrowings	(281.77)	(101.41)
Cash inflow /(outflow) of current borrowings	(226.32)	266.83
Changes in fair values	6.07	(3.19)
Other Changes	(20.37)	(1.77)
Changes in unclaimed deposits and unpaid dividend	0.07	0.06
Closing Balance	1410.64	1932.96

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

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

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 10 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 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 1C)20) and

b) Any other item as specifically stated in the accounting policy.(refer Note 27g)

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, 2020 were authorised for issue in accordance with a resolution of the directors on 29th June, 2020.

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. (refer Note 1(C1))

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. (refer Note 1(C4))

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. (refer Note 1(C21(a))

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 27g)

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. (refer Note 1(C20))

Income Taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.(refer Note 1(C17))

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts. (refer Note 1(C6))

Allowance for credit losses on receivables :

The company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts . The company based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

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.15 below) and other costs that are directly attributable and necessary to bring 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 (Owned Assets):	
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

Description of the Asset	**Estimated Useful life (On Single shift working)**
Aircraft	10 and 20 Years
Right of Use Assets (Leased Assets) :	
- Buildings-Other than factory buildings	1-21 Years
- Vehicles	2 Years
- Land – Leasehold	Primary period of lease
Intangible(Owned Assets):	
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.

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 company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land,buildings and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates . Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

7) <u>Government Grants:</u>

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) <u>Provisions, Contingent Liabilities and Contingent Assets:</u>

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. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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.

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 book overdrafts. However, Book 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.

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. 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.

14) <u>Other Income :</u>

<u>Dividend Income</u>

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

<u>Interest Income</u>

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

15) <u>Borrowing costs:</u>

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.

16) <u>Employee Benefits:</u>

a) <u>Short term Employee Benefits</u>

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) <u>Long Term Employee Benefits</u>

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) <u>Post Employment Benefits</u>

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) <u>Defined benefits Plans</u>

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.

17) 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 is the expected tax payable/ receivable on the taxable income/ loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

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.

18) **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.

19) **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.

20) **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 / 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 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.

21) **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 on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy 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 mandatorily 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 relating to financial assets measured at FVTOCI 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) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2020.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

Property, plant and equipment	As at 31.03.2020	As at 31.03.2019
Owned Assets	8389.78	6656.08
Leased Assets	430.94	95.24
Total	8820.72	6751.32

NOTE 2 (b). CAPITAL WORK-IN-PROGRESS	1734.56	1403.19

(₹ Crores)

NOTE 2 (a 1) : Owned Assets												NOTE 2 (c) INTANGIBLES	NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE
Particulars	**Land Freehold**	**Buildings**	**Plant and equipment**	**Furniture and fixtures**	**Vehicles**	**Air Craft**	**Office equipment**	**Computers**	**Moulds**	**Other Assets**	**Total**	**Computer Software**	**Plant & Machinery**
GROSS BLOCK													
Carrying Value as at 31 March 2018	**526.09**	**1769.89**	**4741.42**	**16.83**	**28.41**	**-**	**27.22**	**32.19**	**400.18**	**291.38**	**7833.61**	**30.90**	**-**
Additions	-	153.71	1021.53	4.14	15.29	82.99	8.16	12.75	116.43	72.15	1487.15	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 March 2019	**526.09**	**1918.98**	**5726.08**	**20.26**	**42.39**	**82.99**	**33.29**	**35.41**	**500.28**	**353.88**	**9239.65**	**35.46**	**3.91**
Additions	44.49	767.43	1589.73	5.70	9.34	0.99	5.70	10.65	141.97	64.58	2640.58	19.83	-
Disposals	-	(0.11)	(15.97)	(1.50)	(2.25)	-	(3.27)	(0.56)	(6.00)	(8.91)	(38.57)	-	(3.91)
Carrying Value as at 31 March 2020	**570.58**	**2686.30**	**7299.84**	**24.46**	**49.48**	**83.98**	**35.72**	**45.50**	**636.25**	**409.55**	**11841.66**	**55.29**	**-**
Accumulated depreciation / Amortisation as at 31 March 2018	**-**	**133.95**	**1432.00**	**8.65**	**11.43**	**-**	**13.51**	**17.15**	**149.61**	**92.71**	**1859.01**	**13.43**	**-**
Depreciation / Amortisation for the year	-	59.91	586.72	3.31	6.94	4.40	5.94	8.31	77.42	46.20	799.15	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 March 2019	**-**	**193.19**	**1983.75**	**11.31**	**17.14**	**4.40**	**17.40**	**15.94**	**210.74**	**129.70**	**2583.57**	**19.26**	**3.71**
Depreciation / Amortisation for the year	-	73.01	657.19	3.57	7.75	5.91	6.30	9.38	90.29	51.78	905.18	7.57	-
Disposals	-	-	(15.66)	(1.41)	(2.12)	-	(3.26)	(0.55)	(5.60)	(8.27)	(36.87)	-	(3.71)
Accumulated depreciation / Amortisation as at 31 March 2020	**-**	**266.20**	**2625.28**	**13.47**	**22.77**	**10.31**	**20.44**	**24.77**	**295.43**	**173.21**	**3451.88**	**26.83**	**-**
Net Block													
As at 31 March 2019	**526.09**	**1725.79**	**3742.33**	**8.95**	**25.25**	**78.59**	**15.89**	**19.47**	**289.54**	**224.18**	**6656.08**	**16.20**	**0.20**
As at 31 March 2020	**570.58**	**2420.10**	**4674.56**	**10.99**	**26.71**	**73.67**	**15.28**	**20.73**	**340.82**	**236.34**	**8389.78**	**28.46**	**-**

Note:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2019 - ₹ 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, 2020 - ₹ 11.84 Crores (31st March, 2019 - ₹ 11.16 Crores.)
4. Capital expenditure on Research and Development (including Building) during the year - ₹ 34.65 Crores (31st March, 2019 ₹ 55.50 Crores) refer Note 27 h (ii).

NOTE 2 (a 2): Leased Assets

(₹ Crores)

Particulars	Land	Buildings	Vehicles	Total
Gross Block				
Carrying Value as at 31 March 2018	**84.53**	**-**	**-**	**84.53**
Additions	13.05	-	-	13.05
Disposals	-	-	-	-
Carrying Value as at 31 March 2019	**97.58**	**-**		**97.58**
Additions on account of transition to IND AS116		269.33	14.75	284.08
Additions	0.15	137.74	-	137.89
Disposals	(0.15)	(18.25)	-	(18.40)
Carrying Value as at 31 March 2020	**97.58**	**388.82**	**14.75**	**501.15**
Depreciation Block				
Accumulated depreciation / Amortisation as at 31 March 2018	**1.29**	**-**	**-**	**1.29**
Depreciation / Amortisation for the year	1.05	-	-	1.05
Disposals	-	-	-	-
Accumulated depreciation / Amortisation as at 31 March 2019	**2.34**	**-**	**-**	**2.34**
Depreciation / Amortisation for the year	1.06	56.98	9.83	67.87
Disposals	-	-	-	-
Accumulated depreciation / Amortisation as at 31 March 2020	**3.40**	**56.98**	**9.83**	**70.21**
Net Block				
As at 31 March 2019	**95.24**	**-**	**-**	**95.24**
As at 31 March 2020	**94.18**	**331.84**	**4.92**	**430.94**

Note:

1. The Company has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective method, and recognising the cumulative impact on the date of initial application i.e. 1st April, 2019. Accordingly, the comparative figures relating to the previous year have not been restated. This new IND AS 116 has resulted in recognising right of use assets of ₹ 284.08 Crores and corresponding lease liability of ₹ 315.34 Crores. The difference of ₹ 20.58 Crores (net of deferred tax assets created of ₹ 10.68 Crores) has been adjusted in retained earnings as at 1st April, 2019. In the statement of Profit & Loss Account for the Year ended 31st March 2020, the lease expenses, which was recognized under Other Expenditure in previous year is now recognized as Depreciation and Amortisation expenses for the right of use assets and Finance cost for the interest accrued on lease liability. Consequently, the expenditure in the above three heads of accounts are not comparable with the previous year. The net impact of adoption of this standard on the Profit After Tax is not material.
2. The Company has incurred ₹ 16.70 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 102.28 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 32.97 crores for the year ended 31st March, 2020.
3. The Company's leases mainly comprise of land, buildings and Vehicles. The Company mainly leases land and buildings for manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for Goods transportation.

NOTE 3: INVESTMENTS

Particulars	Face Value ₹	No. of Shares / Units		(₹ Crores)	
		As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
		Nos.			
Non-Current Investments					
Fully Paid-up					
Quoted					
Equity Shares (at fair value through Profit or Loss)				4.81	6.00
Unquoted					
In Mutual Fund Units: (at fair value through Profit or Loss)					
Income Plan: Growth Option				-	1050.28
Others: (at fair value through Profit or Loss) *				0.07	0.07
* Note: The Company had invested in Co-operative Societies, MRF Foundation 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.					
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 (31.03.2019 - ₹ 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 Rupee 10	34160324	34160324	15.01	15.01
Total				**26.53**	**1078.00**
Aggregate Market Value of Quoted Investments				4.81	6.00
Aggregate Amount of Unquoted Investments				21.72	1072.00

Current Investments		
Fully paid up -Unquoted		
In Mutual Fund Units: (at fair value through Profit or Loss)		
Income Plan: Growth Option	1513.65	2770.39
Aggregate Amount of Unquoted Investments	1513.65	2770.39

NOTE 4 : LOANS (Unsecured, considered good)

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Loans to employees	12.22	0.31	2.89	0.61
Total	12.22	0.31	2.89	0.61

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Bank deposits with more than 12 months maturity (excludes Interest accrued and due - ₹ 0.27 Crore, Previous year - ₹ 0.23 Crore)	0.27	1.05	-	-
Others:				
Fair value of Derivatives (Net)	-	-	39.72	-
Export Benefits receivables	-	-	7.25	20.17
Security Deposits	2.63	1.67	-	-
Interest Accrued on Loans and Deposits	-	-	2.88	2.61
Salary and wage advance	-	-	0.90	11.13
Deposits	15.32	13.31	-	-
Total	18.22	16.03	50.75	33.91

NOTE 6 : OTHER ASSETS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Capital Advances	263.96	380.00	-	-
Advances other than capital advances:				
Security Deposits (excludes Interest accrued and due - ₹ 2.61 Crore, Previous year - ₹ 2.38 Crore)	56.10	54.21	-	-
Advances to Employees	-	-	16.77	18.00
Sub Total	320.06	434.21	16.77	18.00
Others				
Advances recoverable in cash or kind	3.31	0.48	121.25	105.68
Prepaid Expenses	-	-	35.93	19.09
Sub Total	3.31	0.48	157.18	124.77
Total	323.37	434.69	173.95	142.77

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2020

NOTE 7 : INVENTORIES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Raw Materials	869.52	1007.37
Raw Materials in transit	139.08	91.30
Work-in-progress	232.70	271.48
Finished goods	1238.79	1218.45
Stock-in-trade	34.85	41.29
Stores and spares	337.75	321.04
Total	2852.69	2950.93

NOTE 8 : TRADE RECEIVABLES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Trade receivables		
Secured, considered good	1334.49	1326.73
Unsecured, considered good	922.54	1034.89
Trade Receivables - credit impaired	2.31	2.17
Less: Impairment provision on Expected Credit Loss (Refer Note 24Bii))	(2.31)	(2.17)
Total	2257.03	2361.62
Of the above, trade receivables due from a subsidiary Company (Refer Note 27d)	0.03	0.29

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)

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Balances with Banks		
- In Current accounts	31.11	8.49
- In Term deposits with original maturity of less than 3 months	1072.09	-
Cheques, drafts on hand; and	0.22	48.14
Cash on hand	0.81	0.89
Total	1104.23	57.52

NOTE 10 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Unclaimed Dividend Account	2.62	2.55
Total	2.62	2.55

NOTE 11 : BORROWINGS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
NON CURRENT		
Secured		
Debentures;		
- 10.09% Secured Redeemable Non Convertible Debentures of ₹10,00,000/- each	180.00	340.00
- Soft loan from SIPCOT (Measured at fair value)	61.50	-
Unsecured		
Term loans from Banks;		
- External Commercial Borrowings (ECB)	382.97	559.55
- Rupee Term Loan	150.00	150.00
Others		
Deferred payment liabilities	4.56	5.18
Sub Total	779.03	1054.73
CURRENT		
Secured		
Loans repayable on demand		
- from banks	240.58	407.05
Interest accrued on above	1.41	1.81
Sub Total	241.99	408.86
Total	1021.02	1463.59

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 27 i

NOTE 12 : PROVISIONS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits (refer Note 27 c)	45.33	41.62	53.13	48.33
Others:				
- Warranty and others (refer Note 27 c)	143.83	126.18	99.95	100.90
Total	189.16	167.80	153.08	149.23

NOTE 13 : DEFERRED TAX LIABILITIES - (NET)

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities :		
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	438.41	613.61
- Unrealised gain/(loss) on FVTPL debt Mutual Funds	55.93	282.87
- Other adjustments	1.72	6.76
	496.06	903.24
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	(26.04)	(35.77)
- On remeasurements of defined benefit plans	(27.95)	(19.67)
- On revaluation of designated cash flow hedges	(3.56)	(8.60)
-Transition impact of IND AS 116 - Lease	(10.68)	-
	(68.23)	(64.04)
Total	427.83	839.20

NOTE 14 : OTHER LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Contract Liabilities	-	-	83.68	37.98
Others:				
Dealers' Security Deposit	-	-	1450.30	1410.71
Retention Money	92.99	32.58	-	-
Statutory Dues	-	-	70.52	260.07
Liabilities for expenses	-	-	37.91	41.18
Deferred Income	154.14	40.02	-	-
Others	3.51	3.69	67.37	31.19
Total	250.64	76.29	1709.78	1781.13

During the year ended 31st March, 2020, the Company recognised revenue of ₹ 31.02 Crores (Previous year ₹ 19.57 Crores) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under:

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
As at beginning of the year	37.98	24.14
Recognised as revenue from contracts with customers	(31.02)	(19.57)
Advance from customers received during the year	76.72	33.41
Balance at the close of the year	83.68	37.98

NOTE 15 : TRADE PAYABLES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Outstanding dues of Micro and Small Enterprises (refer Note 27 f)	17.02	21.25
Outstanding dues of Creditors other than Micro and Small Enterprises	2323.12	2306.39
Total	2340.14	2327.64
Of the above:		
- Acceptances	438.81	325.20
- Payable to Subsidiary Companies (net of receivables of - ₹ 0.50 Crores, Previous year - ₹ 0.28 Crores) (refer Note 27 d)	491.42	658.79

NOTE 16 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Current maturities of long-term debt	-	-	344.08	403.92
Interest accrued on above	-	-	42.92	62.90
Unclaimed dividends	-	-	2.62	2.55
Others:				
Employee benefits	-	-	111.90	119.72
Liabilities for expenses	-	-	164.26	127.01
Fair Value of Derivatives (Net)	-	-	-	35.94
Lease Liability	327.48	-	54.73	-
Others	-	-	10.12	9.61
Total	327.48	-	730.63	761.65

NOTE 17 : REVENUE FROM OPERATIONS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from Contracts with Customers :		
Sale of Goods (refer Note 27e)	15887.43	15734.50
Sale of Services	26.82	34.50
Other Operating Revenues:		
Scrap Sales	76.89	68.00
Total	15991.14	15837.00

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 27e)

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

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Gross Sales (Contracted Price)	16550.58	16321.92
Reductions towards variable consideration (Product, Turnover and Prompt payment discount)	(332.38)	(299.53)
Claims preferred against obligation (Note 1 C13)	(227.06)	(185.39)
Revenue recognised	15991.14	15837.00

NOTE 18 : OTHER INCOME

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest Income	15.27	10.39
Dividend Income from Non Current Investment		
- From a Subsidiary	0.10	0.10
- Others	0.02	0.03
Government Grant :		
- Export Incentives	44.09	77.75
- Subsidy from State Government	1.80	-
- Others	5.23	2.93
Net gain on sale of Investments classified as FVTPL	13.28	9.13
Net gain on fair value changes on financial assets classified as FVTPL	239.43	294.86
Refund of Purchase Tax	-	13.19
Profit on Sale of Fixed Asset (Net)	0.54	-
Impairment provision written back	-	0.10
Miscellaneous Income	10.74	8.99
Total	330.50	417.47

NOTE 19 : COST OF MATERIALS CONSUMED

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Stock of Raw Materials	1098.67	950.15
Purchases during the year	9371.66	10368.92
Closing Stock of Raw Materials	(1008.60)	(1098.67)
Total	9461.73	10220.40

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

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Closing Stock:		
Finished Goods	1238.79	1218.45
Stock-in-Trade	34.85	41.29
Work-in-Progress	232.70	271.48
	1506.34	1531.22
Less: Opening 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
Total	24.88	(608.60)

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Salaries and Wages	1099.78	945.30
Contribution to provident and other funds	101.63	90.03
Staff welfare expenses	119.10	108.95
Total	1320.51	1144.28

NOTE 22 : FINANCE COSTS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest on Loans and Deposits	201.05	193.37
Interest on Debentures	36.78	50.45
Interest on Deferred Payment Credit	0.64	0.70
Interest on Lease liabilities	32.97	-
Other Borrowing Costs:		
Unwinding of discount relating to Long Term Liabilities	2.53	3.13
Other Charges	0.29	0.14
Total	274.26	247.79

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE 23 : OTHER EXPENSES

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Stores and Consumables	372.24	357.34
Power and Fuel	720.79	762.93
Processing Expenses	224.85	235.48
Rent	16.70	72.05
Rates and Taxes	12.24	13.62
Insurance	51.58	20.68
Printing and Stationery	9.48	8.55
Repairs and Renewals:		
Buildings	22.79	23.91
Plant and Machinery	134.33	143.16
Other Assets	77.16	61.57
Travelling and Conveyance	47.50	47.31
Communication Expenses	6.00	5.65
Vehicle Expenses	12.04	11.02
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.61	0.53
Tax Audit fee	0.10	0.09
Other Services	0.07	0.07
Reimbursement of Expenses	0.01	0.01
	0.79	0.70
Cost Auditors Remuneration:		
Audit fee	0.08	0.07
Directors' Fees	0.10	0.10
Directors' Travelling Expenses	6.69	6.53
Advertisement	300.35	303.95
Warranty	11.91	8.94
VAT absorbed by the company	1.87	0.60
Bad debts written off	0.02	0.25
Commission	4.12	3.14
Freight and Forwarding (Net)	528.55	522.29
Loss on Sale of Fixed Asset (Net)	-	5.90
Net Loss on Foreign Currency Transactions	29.01	40.45
Bank Charges	6.71	4.96
Provision for Impairment of Financial Assets	0.14	-
Corporate Social Responsibility Expenditure (refer Note 27 l)	66.35	26.39
Miscellaneous Expenses	173.63	118.04
Total	2838.02	2805.58

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	31.03.2020	31.03.2019
Interest bearing Loans and Borrowings	1372.18	1860.84
Less: Cash and Short Term Deposits	(1104.23)	(57.52)
Net Debt	267.95	1803.32
Equity	4.24	4.24
Other Equity	12000.11	10649.06
Total Capital	12004.35	10653.30
Capital and Net Debt	12272.30	12456.62
Gearing Ratio %	2.18	14.48

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.

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, 2020 would have been decreased/increased by - ₹ 5.03 Crores. (Previous year - ₹ 2.48 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)

	31.03.2020	31.03.2019
Financial Assets	221.64	194.42
Financial Liabilites	141.07	150.53

The company is mainly exposed to changes in US Dollar. The sensitivity to a 5% (Previous year 3%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) - ₹ 1.70 Crores (Previous year - ₹ 0.75 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	87.00	Million	555.51	ECB Loan	
		(125.67)	Million	(798.07)		INR
Forward Contract	USD	122.84	Million	909.11	Import purchase	
		(111.92)	Million	(816.86)		

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	8.92	Million	64.80	Import purchase	INR
		(48.06)	Million	(341.51)		

Figures in brackets are in respect of Previous year

iii) The following table provides the reconciliation of cash flow hedge for the year ended 31st March, 2020:

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Balance at the beginning of the year	(16.03)	(5.26)
Gain / (Loss) recognized in other comprehensive income during the year	13.98	(16.56)
Tax impact on above	(3.52)	5.79
Hedged Transaction resulting in recognition of Non Financial Asset (also referred to as "Basis Adjustment")	16.92	-
Balance at the end of the year	11.35	(16.03)

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, 2020 the investments in debt mutual funds amounts to - ₹ 1513.65 Crores (Previous year - ₹ 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 - ₹ 15 Crores (Previous year - ₹ 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 (O.E.), 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, 2020 is - 0.32% (31st March, 2019 - 0.28%) 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 31 March, 2020 was - ₹ 2.31 Crores and for the year ended 31 March, 2019 was - ₹ 2.17 Crores.

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Balance at the beginning	2.17	2.27
Impairment loss recognised	0.14	-
Impairment loss reversed	-	(0.10)
Balance at the end	2.31	2.17

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, 2020 are as under:

(₹ Crores)

	Refer Note	Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings	Note 11, 14 and 16	628.99	564.44	151.87	82.14
		(875.68)	(901.62)	(151.87)	(1.24)
Trade Payable	Note 15	2340.14	-	-	-
		(2327.64)	(-)	(-)	(-)
Other Financial Liabilities	Note 16	229.11	93.79	89.47	144.22
		(172.56)	(-)	(-)	(-)
Employee Benefit liabilities	Note 16	111.90	-	-	-
		(119.72)	(-)	(-)	(-)
Unclaimed dividends	Note 16	2.62	-	-	-
		(2.55)	(-)	(-)	(-)

Figures in brackets are in respect of Previous year

NOTE 25 :

A) 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Financial Assets					
- Investments	Level One	1279.03	3531.81	1518.46	3826.67
Financial Liabilities					
- Borrowings	Level Two	1159.96	1524.74	1166.03	1521.55

B) Fair Value changes in Financial Instruments

(₹ Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Employee Benefits Expense	0.97	0.37
- Foreign Currency Transactions	53.92	40.44
- Others	4.73	1.15
	59.62	41.96

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

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Accounting Profit before Income Tax	1,399.32	1,608.89
At statutory income tax rate of 25.168% (31 March 2019: 34.944%)	352.18	562.21
Rate reduction Impact and reversal of temporary differences	(304.23)	(41.52)
Additional deduction on Research and Development expense	(3.67)	(37.90)
Difference in Capital Gains tax payable	(26.62)	36.90
Effect of non-deductible expenses/other adjustments	(13.32)	(7.67)
Total	4.34	512.02

The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for Income Tax for the year ended 31st March, 2020 and re-measured the Deferred Tax Liabilities / Assets on the rates prescribed in the said section the full impact of this change has been recognised in the statement of profit and loss for the year.

NOTE 27 ADDITIONAL/EXPLANATORY INFORMATION :

a. 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 /to 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)

b. Lease Disclosure:

Maturity analysis of lease liabilities (₹ Crores)

Maturity Analysis - Contractual undiscounted cash flows	31.03.2020	31.03.2019
Less than 1 year	84.18	59.31
1-5 Years	316.34	167.75
More than 5 Years	170.55	79.52
Total undiscounted lease liabilities as at 31st March, 2020	571.07	306.58

c. Movement in provisions as required by IND AS - 37 - "Provisions, Contingent Liabilities and Contingent Asset". (₹ Crores)

	As at 31.03.2019	**Provided during the year**	**Used during the year**	**Reversed during the year**	**Unwinding discounts**	**As at 31.03.2020**
(i) Warranty	159.48	241.25	227.06	-	(0.08)	173.75
	(148.92)	(196.04)	(185.39)	-	(0.09)	(159.48)
(ii) Employee Benefits	89.95	51.90	42.00	1.39	-	98.46
	(79.65)	(33.30)	(23.00)	-	-	(89.95)
(iii) Litigation and related disputes	67.60	2.43	-	-	-	70.03
	(67.00)	(0.60)	-	-	-	(67.60)

Notes :

(i) Cash outflow towards warranty provision would generally occur during the next two years.

(ii) 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.

(iii) Figures in brackets are in respect of Previous year.

d. 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 (KMP) :	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.S.Dhanvanth Kumar, Company Secretary
	vii)	Mr. Madhu P Nainan, Vice President Finance
Close Members of the family of KMP :	i)	Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
	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. Braga Industries LLP, Automotive Tyre Manufacturers Association, Funskool (India) Ltd., VPC Freight Forwarders Pvt. Ltd.
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, MRF Foundation.

(c) Transactions with related parties (excluding reimbursements) (₹ Crores)

	Nature of Transaction	Subsidiary Companies	KMP	Close member of the KMP	Companies in which Directors are interested	Other Related Parties
		Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020	Year Ended 31 March 2020
i)	Sale of Materials	0.01	-	-	0.04	-
		(0.48)	-	-	(0.07)	-
ii)	Purchase of Materials/Machinery	1,631.90	-	-	180.40	-
		(1,590.76)	-	-	(176.27)	-
iii)	Sale of Finished Goods	1.05	-	-	-	-
		(1.17)	-	-	-	-
iv)	Payment towards Service	-	-	-	14.59	-
		-	-	-	(9.10)	-
v)	Selling and Distribution Expenses	-	-	-	1.38	-
		-	-	-	(1.41)	-
vi)	Dividend Received	0.10	-	-	-	-
		(0.10)	-	-	-	-
vii)	Other Receipts	0.14	-	-	0.84	-
		(0.14)	-	-	(0.78)	-
viii)	Professional charges	-	-	-	-	0.14
		-	-	-	-	(0.10)
ix)	Contribution to Retirement Benefit fund /Others	-	-	-	-	113.74
		-	-	-	-	(49.98)
	Compensation*					
x)	Short term Employee benefit (including Commission payable to KMP)	-	83.48	1.98	-	-
		-	(79.11)	(1.80)	-	-
xi)	Sitting fees	-	-	-	0.02	-
		-	-	-	(0.02)	-
	Outstanding as at Year End					
xii)	Investments	21.12	-	-	-	-
		(21.12)	-	-	-	-
xiii)	Trade Receivables	0.03	-	-	-	-
		(0.29)	-	-	-	-
xiv)	Other Receivables	0.50	-	-	0.65	-
		(0.28)	-	-	(0.16)	-
xv)	Trade Payables	491.92	-	-	14.06	-
		(659.07)	-	-	(13.61)	-
xvi)	Commission Payable	-	35.47	-	-	-
		-	(33.67)	-	-	-
xvii)	Contribution payable to Retirement Benefit fund /Others	-	-	-	-	63.83
		-	-	-	-	(42.65)

Figures in brackets are in respect of Previous year

(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 2020, 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.

e. Disclosures under Ind AS 108 - "Operating Segment":

The Company is engaged interalia in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber. 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:

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
(i) Products:		
Automobile Tyres	14407.85	14160.44
Automobile Tubes	1147.83	1152.49
Others	331.75	421.57
	15887.43	15734.50
(ii) Revenue from Customers:		
India	14236.24	14168.57
Outside India	1651.19	1565.93
	15887.43	15734.50
(iii) Non Current Assets:		
India	11196.23	9907.11
Outside India	0.07	0.07

f. 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:

(₹ Crores)

	Particulars	31.03.2020	31.03.2019
(i)	Principal amounts remaining unpaid to suppliers as at the end of the accounting year	17.02	21.25
(ii)	Interest accrued and due to suppliers on above amount, unpaid	0.07	0.07
(iii)	The amount of interest paid by the buyer in terms of Section16 of the MSMED Act, 2006, along with the amounts of the payment made to the Supplier beyond the appointed day during the accounting year	0.01	0.22
(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	0.08
(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	0.62	0.55

g. 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, 2020 and for the year ended 31st March 2019.

The details of fund and plan assets are given below :

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair value of plan assets	261.06	219.30
Present value of defined benefit obligations	260.89	216.93
Net excess/(Shortfall)	0.17	2.37

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 - 8.65% (Previous Year - 8.55%)

Discount rate - 6.63% (Previous Year - 7.62%)

2) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

(₹ Crores)

Particulars			Year Ended 31.03.2020	Year Ended 31.03.2019
i)	Employer's contribution to Provident Fund and Family Pension Fund		57.90	50.66
ii)	Employer's contribution to Superannuation Fund		17.42	15.43
iii)	Leave Encashment - Unfunded		11.18	12.41
iv)	Defined benefit obligation:			
	a)	Post Retirement Medical Benefit - Unfunded	1.00	0.05

b) The valuation results for the defined benefit gratuity plan as at 31-3-2020 are produced in the tables below:

i) Changes in the Present Value of Obligation

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present Value of Obligation as at the beginning	329.99	296.81
Current Service Cost	18.09	15.85
Interest Expense or Cost	25.63	23.13
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	(0.50)	-
- change in financial assumptions	13.86	1.52
- experience variance (i.e. Actual experience vs assumptions)	13.34	7.93
Past Service Cost	-	-
Benefits Paid	(14.48)	(15.25)
Present Value of Obligation as at the end	385.93	329.99

ii) Changes in the Fair Value of Plan Assets

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets as at the beginning	288.30	260.44
Investment Income	22.39	20.30
Employer's Contribution	42.00	23.00
Benefits Paid	(14.48)	(15.25)
Return on plan assets, excluding amount recognised in net interest expense	(0.05)	(0.19)
Fair Value of Plan Assets as at the end	338.16	288.30

iii) Expenses Recognised in the Income Statement

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	18.09	15.85
Past Service Cost	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	3.24	2.83
Payable/(Recoverable) to/ from a subsidiary company	(0.52)	(0.46)
Expenses Recognised in the Income Statement	20.81	18.22

iv) Other Comprehensive Income

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Actuarial (gains) / losses		
- change in demographic assumptions	(0.50)	-
- change in financial assumptions	13.86	1.52
- experience variance (i.e. Actual experience vs assumptions)	13.34	7.93
Return on plan assets, excluding amount recognised in net interest expense	0.05	0.19
Payable/(Recoverable) from a subsidiary company	0.07	0.10
Components of defined benefit costs recognised in other comprehensive income	26.82	9.74

v) Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As at 31.03.2020	As at 31.03.2019
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. Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate (per annum)	6.80%	7.75%
Salary growth rate (per annum)	0% for First year and 5.50% thereafter	5.50%

b. Demographic Assumptions

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality Rate % of IALM 2012-14 (% of IALM 2006-08)	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%

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 31.03.2020	As at 31.03.2019
Defined Benefit Obligation (Base)	385.93	329.99

Particulars	31.03.2020		31.03.2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	426.32	351.38	363.15	301.51
(% change compared to base due to sensitivity)	10.50%	-8.90%	10.10%	-8.60%
Salary Growth Rate (- / + 1%)	350.45	426.71	300.65	363.61
(% change compared to base due to sensitivity)	-9.20%	10.60%	-8.90%	10.20%
Attrition Rate (- / + 50%)	385.10	386.66	327.44	332.28
(% change compared to base due to sensitivity)	-0.20%	0.20%	-0.80%	0.70%
Mortality Rate (- / + 10%)	385.25	386.58	329.31	330.65

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

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.

(₹ Crores)

- Expected Contribution during the next annual reporting period	31.03.2020	31.03.2019
The Company's best estimate of Contribution during the next year	32.56	38.04

- Maturity Profile of Defined Benefit Obligation		
Weighted average duration (based on discounted cash flows)	10 years	10 years

(₹ Crores)

- Expected cash flows over the next (valued on undiscounted basis):	31.03.2020	31.03.2019
1 year	40.93	38.10
2 to 5 years	105.88	95.67
6 to 10 years	178.14	164.55
More than 10 years	545.35	529.72

v) Other Long Term Employee Benefits:

(₹ Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of obligation as at 31st March, 2020		
Leave Encashment	44.40	41.56
Post Retirement Medical Benefits	6.30	5.32

h. (i) Revenue expenditure on Research and Development activities during the year ended 31st March, 2020:

(₹ Crores)

Particulars		Year Ended 31.03.2020	Year Ended 31.03.2019
1)	Salaries, Wages and Other Benefits	39.00	28.93
2)	Repairs and Maintenance	11.57	5.15
3)	Power	6.30	4.69
4)	Travelling and Vehicle Running	3.34	4.74
5)	Cost of Materials/Tyres used for Rallies / Test Purpose	7.46	4.55
6)	Other Research and Development Expenses	4.11	7.18
		71.78	55.24

(ii) Capital Expenditure on Research and Development (excluding Building) during the year, as certified by the management is - ₹ 14.33 Crores (Previous year - ₹ 50.05 Crores).

This information complies with the terms of the Research and Development recognition granted upto 31st March, 2020 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.

i. 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 - 7.4% to 8.45% (Previous year - 7.85% to 8.45%)

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.

3400 (Previous year 5000), 10.09% Non convertible Debentures of ₹10,00,000 each are to be redeemed at par in three instalments as stated below:

Particulars	As at 31.03.2020		As at 31.03.2019	
	10.09% NCD's (Previous year 10.09%)	Dates of Redemption	10.09% NCD's (Previous year 10.09%)	Dates of Redemption
	(₹ Crores)		(₹ Crores)	
Series I	-	-	160.00	27/05/2019
Series II	160.00	27/05/2020	160.00	27/05/2020
Series III	180.00	27/05/2021	180.00	27/05/2021
	340.00		500.00	

ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd) 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 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.

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- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.

vii) Secured Loan availed under SIPCOT soft loan during the financial year ended 31st March 2020, Interest is payable at a rate of 0.10% (Previous year - Nil) payable quartely are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy,Tamil Nadu. This loan will be repaid in full in April 2033.

viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.

j. Events Occuring after the Balance Sheet date

i) The proposed final dividend for FY 2019-20 amounting to ₹39.87 Crores will be recognised as distribution to owners during the financial year 2020-21 on its approval by Shareholders. The proposed final dividend per share amounts to ₹94/-

ii) COVID 19 pandemic has severely affected the business environment and the economy. In order to reduce the impact of the pandemic, a nationwide lockdown was announced by the Government on 24th March 2020 and consequently, the Company's Plants, offices and godowns were closed. Post lifting of lockdown, most of the Company's operations have resumed. As on the date of the approval of the financial statements, the Company has a strong Net Worth and has serviced all its debt obligations in a timely manner. It does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations.

k. (i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1617.36 Crores (Previous Year - ₹3989.78 Crores)

l. 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,which for the financial year ended 31st March 2020 amounts to - ₹ 31.22 crores (Previous year - ₹ 43.04 crores). A CSR Committee has been formed by the Company as per the Act. During the financial year ended 31st March 2020, the Company has incurred an amount of ₹ 66.35 crores representing ₹ 31.22 crores for the current financial year and ₹ 35.13 crores towards shortfall in CSR spending of earlier years.

Amount spent during the year on:

(₹ Crores)

	Particulars	In cash	yet to be paid in cash	Total
1	Construction/acquisition of any asset	43.57	15.00	58.57
		(7.87)	(-)	(7.87)
2	On purposes other than (1) above	7.78	-	7.78
		(18.48)	(0.04)	(18.52)

Previous year figures are in brackets

m. Contingent Liabilities not provided for:

(i) Guarantees given by the Banks - ₹ 45.03 Crores (Previous Year - ₹ 51.14 Crores)

(ii) Letters of Credit issued by the Banks - ₹ 93.06 Crores (Previous Year - ₹ 450.41 Crores)

(iii) Claims not acknowledged as debts:

(a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 37.51 Crores (Previous Year- ₹ 46.20 Crores)

(b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 318.97 Crores (Previous Year - ₹ 335.51 Crores)

(c) Disputed Income Tax Demands - ₹ 93.38 Crores (Previous Year - ₹ 85.58 Crores). Against the said demand the company has deposited an amount of ₹ 49.55 Crores (Previous Year ₹ 37.51 Crores)

(d) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

n. The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.05 Crores (Previous year - ₹ 0.21 Crores).

o. Earnings Per Share

Particulars		Year Ended 31.03.2020	Year Ended 31.03.2019
Profit after taxation	₹ Crores	1394.98	1096.87
Number of equity shares (Face Value ₹ 10/-)	Nos.	4241143	4241143
Earnings per share	₹	3289.16	2586.26

p. Other Notes:

Particulars	Year Ended 31.03.2020 % of total Consumption	Year Ended 31.03.2020 Value ₹ Crores	Year Ended 31.03.2019 % of total Consumption	Year Ended 31.03.2019 Value ₹ Crores
1) Value of imported/indigenous raw material/ stores and spares consumed :				
Raw Materials				
Imported at landed cost	40.67	3847.81	37.06	3787.25
Indigenous	59.33	5613.92	62.94	6433.15
	100.00	9461.73	100.00	10220.40
Stores and Spares				
Imported at landed cost	8.88	33.05	10.17	36.34
Indigenous	91.12	339.19	89.83	321.00
	100.00	372.24	100.00	357.34

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
2) Details of Purchase of Traded Goods under broad heads:		
T and S Equipments	6.83	19.07
Sports Goods	9.36	8.37
Tyres and Tubes	3.43	-
Others	2.68	2.42
	22.30	29.86

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
3) CIF Value of Imports:		
a. Raw Materials	3016.15	3472.74
b. Components and Spare Parts	55.99	68.98
c. Capital Goods	1160.67	321.23

(₹ Crores)

	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
4)	Earnings in Foreign Exchange:		
	FOB Value of Exports	1384.45	1330.30
	Freight and Insurance	15.51	14.37
	Others	-	0.21

Note: FOB Value of Exports excludes export sales in Indian Rupee

		Year Ended 31.03.2020	Year Ended 31.03.2019
5)	Expenditure in Foreign Currency paid or payable by the Company:		
a.	Interest and Finance Charges	3.10	2.61
b.	Professional and Consultation Fees	9.38	10.03
c.	Travelling	8.52	1.91
d.	Advertisements	69.50	75.76
e.	Traded goods	3.49	4.82
f.	Insurance	3.62	3.32
g.	Product warranty claims	2.77	2.15
h.	Others	19.49	11.36

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

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, 2020, 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, as amended and other accounting principles generally accepted in India, of the Consolidated state of affairs (financial position) of the Group as at 31st March, 2020, and its Consolidated profit (financial performance including Other Comprehensive Income), the Consolidated Changes in Equity and its Consolidated 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. Emphasis of Matter

We draw your attention to Note 26 h(ii) to the Statement of Consolidated Financial Statements for the year ended March 31, 2020, which describes the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

4. 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.	**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.

Sr. No.	Key Audit Matter	Our Response
2.	**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.

5. 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.

6. 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 Indian Accounting Standards (Ind AS) 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

7. 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 upto the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. Refer Note 26 h(ii) to the Consolidated Financial Statements which describes the impact of the outbreak of Corona virus (COVID-19) on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.
- 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.

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.

8. Other Matters

We did not audit the financial statements / financial information of certain subsidiaries whose financial statements / financial information reflect total assets of ₹ 801.89 Crores as at 31st March, 2020, total revenues of ₹ 1881.17 Crores, total net profit after tax of ₹ 26.78 Crores and total comprehensive income of Rs. 26.84 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.

9. 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, 2020 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, 2020 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 with reference to Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".

g) As required by section 197(16) of the Act, based on our audit, we report that the Holding Company and its subsidiary companies has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to 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 26j 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	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg. No. 101174W	Firm Reg. No. 001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No. 104180	Mem. No. 18628
UDIN: 20104180AAAAHB3946	UDIN: 20018628AAAAAP6175
Place : Mumbai	Place : Hyderabad
Date : 29th June, 2020.	Date : 29th June, 2020.

"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 Financial Statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls with reference to Financial Statements 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 with reference to Financial Statements of the Holding 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 with reference to Financial Statements were 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements includes obtaining an understanding of such internal financial controls, 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 With reference to Financial Statements

A Company's internal financial control with reference to Financial Statements 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 with reference to Financial Statements 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 With reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements 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 with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2020, 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 with reference to Financial Statements in so far as it relates to subsidiary companies, incorporated in India, is based on the report of the auditors.

For SCA AND ASSOCIATES	For MAHESH, VIRENDER & SRIRAM
Chartered Accountants	Chartered Accountants
Firm Reg. No. 101174W	Firm Reg. No. 001939S
Shivratan Agarwal	B R Mahesh
Partner	Partner
Mem. No. 104180	Mem. No. 18628
UDIN: 20104180AAAAHB3946	UDIN: 20018628AAAAAP6175
Place : Mumbai	Place : Hyderabad
Date : 29th June, 2020.	Date : 29th June, 2020.

MRF LIMITED, CHENNAI

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ Crores)

	Note	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2 (a)	8841.27	6769.77
Capital Work-in-Progress	2 (b)	1740.94	1403.47
Other Intangible Assets	2 (c)	28.49	16.23
Financial Assets:			
- Investments	3	5.58	1057.00
- Loans	4	12.25	0.36
- Other financial assets	5	96.67	88.05
Non Current Tax Asset (Net)		232.22	207.44
Deferred Tax Assets (Net)	6	-	0.06
Other non-current assets	7	333.88	435.08
Current Assets			
Inventories	8	2905.18	2993.20
Financial Assets:			
- Investments	3	1513.75	2797.68
- Trade Receivables	9	2299.40	2382.71
- Cash and cash equivalents	10	1178.52	101.95
- Bank balances other than cash and cash equivalents	11	2.62	2.55
- Loans	4	2.89	0.61
- Other financial assets	5	52.58	34.92
Other current assets	7	196.10	149.98
Assets Classified as held for sale	2(d)	-	0.20
TOTAL ASSETS		19442.34	18441.26
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	SOCE	4.24	4.24
Other Equity	SOCE	12210.47	10833.11
Non Controlling Interest		0.13	0.12
Total Equity		12214.84	10837.47
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities:			
- Borrowings	12	779.03	1054.73
- Other Financial Liabilities	17	327.48	-
Provisions	13	189.72	168.11
Deferred Tax Liabilities (Net)	14	428.86	840.20
Other non-current liabilities	15	250.17	76.32
Current Liabilities			
Financial Liabilities:			
- Borrowings	12	731.03	1047.66
- Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises; and	16	17.02	21.25
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	16	1888.32	1688.13
- Other Financial Liabilities	17	732.39	763.32
Other Current Liabilities	15	1727.14	1783.82
Provisions	13	153.53	149.48
Current Tax Liabilities (Net)		2.81	10.77
Total Liabilities		7227.50	7603.79
TOTAL EQUITY AND LIABILITIES		19442.34	18441.26
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 Chartered Accountants Firm Reg. No. 101174W	For MAHESH, VIRENDER & SRIRAM Chartered Accountants Firm Reg. No. 001939S				
Shivratan Agarwal Partner Mem. No. 104180 Mumbai	B R Mahesh Partner Mem. No. 18628 Hyderabad	MADHU P NAINAN Vice President Finance	S DHANVANTH KUMAR Company Secretary	JACOB KURIAN V SRIDHAR Directors	K M MAMMEN Chairman & Managing Director

Chennai

Dated 29th June, 2020

MRF LIMITED, CHENNAI

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

	Note	Year ended 31.03.2020	Year ended 31.03.2019
INCOME			
Revenue from operations	18	16239.36	16062.46
Other Income	19	335.38	421.73
TOTAL INCOME		16574.74	16484.19
EXPENSES			
Cost of materials consumed	20	9577.04	10292.57
Purchases of Stock-in-Trade		22.59	30.60
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	21	17.40	(613.83)
Employee Benefits expense	22	1344.93	1165.28
Finance Costs	23	292.82	267.31
Depreciation and Amortisation expense	2 (a (1, 2)) and (c)	982.32	807.60
Other Expenses	24	2903.39	2882.48
TOTAL EXPENSES		15140.49	14832.01
PROFIT BEFORE TAX		1434.25	1652.18
TAX EXPENSE			
Current Tax		409.07	339.17
Deferred Tax		(397.39)	182.40
TOTAL TAX EXPENSE		11.68	521.57
PROFIT FOR THE YEAR		1422.57	1130.61
NON-CONTROLLING INTEREST - ₹ 57834 (Previous Year - ₹ 55125)		(0.01)	(0.01)
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans		(26.75)	(9.63)
Income Tax relating to items that will not be reclassified to Profit or Loss		6.73	3.37
Items that may be reclassified to Profit or Loss			
Exchange differences in translating the financial statements of foreign operations		(0.10)	16.26
Designated Cash Flow Hedges		13.98	(16.56)
Income tax relating to items that may be reclassified to Profit or Loss		(3.52)	5.79
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(9.66)	(0.77)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1412.90	1129.83
EARNINGS PER EQUITY SHARE	26 b		
Basic		3354.20	2665.82
Diluted		3354.20	2665.82
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
Chartered Accountants
Firm Reg. No. 101174W

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

EQUITY SHARE CAPITAL

		As at 31.03.2020	As at 31.03.2019
	Number	Amount	Amount
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 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 2019-20.

Shares in the Company held by each shareholder holding more than five percent shares	As at 31.03.2020		As at 31.03.2019	
	No.	%	No.	%
Comprehensive Investment and Finance Company Private Limited	440719	10.39	440294	10.38
MOWI Foundation	507984	11.98	507984	11.98

(₹ 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	Remeasure-ments of Defined Benefit Plans	Foreign Currency Translation Reserve	
Balance at the beginning of the comparative reporting year - 1st April 2018	**9.42**	**0.05**	**9658.81**	**0.44**	**103.40**	**-**	**(5.26)**	**(30.67)**	**(2.24)**	**9733.95**
Profit for the Comparative Year ending 31st March 2019	-	-	-	-	-	1130.61	-	-	-	1130.61
Other Comprehensive Income for the Comparative Year ending 31st March 2019	-	-	-	-	-	-	(10.77)	(6.26)	16.26	(0.77)
Total Comprehensive Income for the Comparative Year	**-**	**-**	**-**	**-**	**-**	**1130.61**	**(10.77)**	**(6.26)**	**16.26**	**1129.84**
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 beginning of the year	**9.42**	**0.05**	**10746.61**	**0.44**	**115.53**	**0.00**	**(16.03)**	**(36.93)**	**14.02**	**10833.11**
Balance at the end of the comparative reporting period B/F	**9.42**	**0.05**	**10746.61**	**0.44**	**115.53**	**0.00**	**(16.03)**	**(36.93)**	**14.02**	**10833.11**
Transition impact of IND AS 116 (Net of Tax) (Refer Note 2(a2)-1))			(20.58)							(20.58)
Profit for the Current Reporting Year ending 31st March 2020	-	-	-	-	-	1422.56	-	-	-	1422.56
Other Comprehensive Income for the Current Reporting year ending 31st March 2020	-	-	-	-	-	-	10.46	(20.02)	(0.10)	(9.66)
Hedged Transaction resulting in recognition of Non Financial Asset							16.92	-	-	16.92
Total Comprehensive Income attributable to the Owners of the Company for the Reporting Year	**-**	**-**	**(20.58)**	**-**	**-**	**1422.56**	**27.38**	**(20.02)**	**(0.10)**	**1409.24**

(₹ crores)

OTHER EQUITY (Contd.)	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	Remeasure-ments 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						(1.20)	-	-	-	(1.20)
Transfer to General Reserve	-	-	1390.68	-	-	(1390.68)	-	-	-	-
Transfer from / to Debenture Redemption Reserve	-	-	115.53	-	(115.53)	-	-	-	-	-
Balance at the end of the reporting year ending 31st March 2020	**9.42**	**0.05**	**12232.24**	**0.44**	**-**	**-**	**11.35**	**(56.95)**	**13.92**	**12210.47**

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	In line with the amended Rule 18(7) of the Companies (Share Capital and Debenture) Rules, 2014 with effect from 18th September, 2019, Debenture Redemption Reserve is no longer required to be maintained and hence the same is transferred back to General Reserve as on 31st March, 2020.
Retained Earnings	Retained earnings are the Profits that the group has earned till date, less any transfer to General reserve and Dividend.
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(SOCE) referred to in our report of even date.

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai
Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

MRF LIMITED, CHENNAI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ Crores)

	Year ended 31.03.2020		Year ended 31.03.2019	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
NET PROFIT BEFORE TAX		1434.25		1652.18
Adjustment for :				
Depreciation	982.32		807.60	
Reversal of Impairment of Assets / Financial Assets	-		(0.10)	
Unrealised Exchange (Gain) / Loss	(7.27)		16.26	
Impairment of Financial Assets	0.20		0.07	
Finance Cost	292.82		267.31	
Government Grant Accrued	(0.02)		-	
Interest Income	(21.92)		(13.09)	
Dividend Income	(0.03)		(0.03)	
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment	(0.54)		5.90	
Fair Value changes in Investments	(237.74)		(296.58)	
Fair Value changes in Financial Instruments	57.09		41.96	
Loss / (Gain) on Sale of Investments	(13.28)		(9.13)	
Bad Debts written off	0.05	1051.68	0.29	820.46
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		2485.93		2472.64
Trade receivables	97.29		(237.65)	
Other receivables	(72.37)		29.52	
Inventories	88.02		(795.87)	
Trade Payable and Provisions	187.92		117.35	
Other liabilities	(72.37)	228.49	82.49	(804.16)
CASH GENERATED FROM OPERATIONS		2714.42		1668.48
Direct Taxes paid		(441.81)		(415.63)
NET CASH FROM OPERATING ACTIVITIES		2272.61		1252.85
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(2752.36)		(1963.76)	
Proceeds from sale of Property, Plant and Equipment	2.47		0.42	
Purchase of Investments	(2065.74)		(2122.46)	
Proceeds from sale of Investments	4650.90		2718.50	
Fixed Deposits with Banks matured	(5.71)		(30.82)	
Loans (Financial assets) given	(12.86)		0.90	
Interest Income	19.58		11.04	
Dividend income	0.03		0.03	
NET CASH USED IN INVESTING ACTIVITIES		(163.69)		(1386.15)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(₹ Crores)

	Year ended 31.03.2020		Year ended 31.03.2019	
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayments) / Proceeds from Working Capital Facilities (Net)	(313.02)		356.30	
Proceeds from Term Loans	-		150.00	
Proceeds from SIPCOT Loan	80.92		-	
Repayments of Term Loans	(242.56)		(150.42)	
Repayments of Debentures	(160.00)		-	
Repayments of Fixed Deposits	-		(3.57)	
Sales Tax Deferral	-		(8.79)	
Government Grant Accrued	0.02		-	
Deferred payment Credit	(0.54)		(0.48)	
Payment of Lease Liability	(85.58)		-	
Interest paid	(280.91)		(270.17)	
Dividend and Dividend Distribution Tax	(30.68)		(30.68)	
NET CASH FROM FINANCING ACTIVITIES		(1032.35)		42.19
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1076.57		(91.11)
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2019 (Refer Note 10)		101.95		193.06
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2020 (Refer Note 10)		1178.52		101.95

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)

	31.03.2020	31.03.2019
Opening Balance	2571.77	2234.72
Cash inflow/ (outflow) of non-current borrowings	(341.62)	(101.41)
Cash inflow /(outflow) of current borrowings	(313.02)	444.46
Changes in fair values	6.07	(3.19)
Other Changes	(23.59)	(2.87)
Changes in unclaimed deposits and unpaid dividend	0.07	0.06
Closing Balance	1899.68	2571.77

This is the Consolidated Cash Flow statement referred to in our report of even date

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

Shivratan Agarwal
Partner
Mem. No. 104180
Mumbai

Dated 29th June, 2020

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

B R Mahesh
Partner
Mem. No. 18628
Hyderabad

MADHU P NAINAN
Vice President Finance

S DHANVANTH KUMAR
Company Secretary

JACOB KURIAN
V SRIDHAR
Directors

K M MAMMEN
Chairman & Managing Director

Chennai

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 2020.

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 trading in rubber. MRF Corp Ltd., is engaged in the manufacture of specialty 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, 2020:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on	Accounting Period covered for consolidation
MRF Corp Ltd.	India	100%	March 31, 2020	1st April, 2019 – 31st March, 2020
MRF International Ltd.	India	94.66%	March 31, 2020	1st April, 2019 – 31st March, 2020
MRF Lanka Pvt. Ltd.	Sri Lanka	100%	March 31, 2020	1st April, 2019 – 31st March, 2020
MRF SG PTE. LTD	Singapore	100%	March 31, 2020	1st April, 2019 – 31st March, 2020

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at 31st March 2020. 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 in 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 1(D20)) 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, 2020 were authorised for issue in accordance with a resolution of the directors on 29th June, 2020.

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. (refer Note 1(D1))

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. (refer Note 1(D4))

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. (refer Note 1(D21a))

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. (refer Note 1(D 20))

Income Taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (refer Note 1(D 17))

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the group has concluded that no changes are required to lease period relating to the existing lease contracts. (refer Note 1(D 6))

Allowance for credit losses on receivables :

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts . The Group based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

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.15 below) and other costs that are directly attributable and necessary to bring 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 (Owned Assets) :	
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

Description of the Asset (contd.)	Estimated Useful life (On Single shift working)
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
Right of Use Assets (Leased Assets) :	
- Buildings-Other than factory buildings	1-21 Years
- Vehicles	2 Years
-Land – Leasehold	Primary period of lease
Intangible(Owned Assets):	
Software	5 Years

Depreciation on the property, plant and equipment, is provided over the useful life of assets based on management estimates which is generally 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) **<u>Leases:</u>**

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land, buildings and vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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. Unavoidable cost are determined based on cost that are directly attributable to having and executing the contracts.

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.

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 they 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 book overdrafts. However, Book 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.

The following is a summary of 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.

14) Other Income :

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.

15) 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.

16) 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 contributions 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.

17) **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 normal provision of Income Tax Act. Tax on Income for the current period is determined on the basis of 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.

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.

18) **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.

19) **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.**

20) <u>Fair value measurement:</u>

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.

21) <u>Financial Instruments:</u>

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) <u>Financial Assets</u>

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.

<u>Financial assets other than investment in subsidiaries</u>

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 on the date of recognition if the fair value pertains to Level 1 or Level 2 of the fair value hierarchy 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 mandatorily 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 relating to financial assets measured at FVTOCI 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 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 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) notifies new standard for amendments to the existing standards. There is no such notifications which would have been applicable from 1st April 2020.

NOTE 2 (a) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crores)

Property, plant and equipment	As at 31.03.2020	As at 31.03.2019
Owned Assets	8410.33	6674.53
Leased Assets	430.94	95.24
Total	8841.27	6769.77

	As at 31.03.2020	As at 31.03.2019
NOTE 2 (b). CAPITAL WORK-IN-PROGRESS	1740.94	1403.47

(₹ Crores)

NOTE 2 (a 1) : Owned Assets												NOTE 2 (c) INTANGIBLES	NOTE 2 (d) ASSETS CLASSIFIED AS HELD FOR SALE
Particulars	**Land Freehold**	**Buildings**	**Plant and equipment**	**Furniture and fixtures**	**Vehicles**	**Air Craft**	**Office equipment**	**Computers**	**Moulds**	**Other Assets**	**Total**	**Computer Software**	**Plant & Machinery**
GROSS BLOCK													
Carrying Value as at 31 March 2018	**528.31**	**1,774.16**	**4,751.09**	**17.70**	**28.84**	**-**	**27.56**	**32.53**	**401.32**	**294.05**	**7,855.56**	**30.95**	
Additions	-	153.97	1,023.72	4.17	15.29	82.99	8.16	12.82	116.46	72.51	1,490.09	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 31 March 2019	**528.31**	**1,923.51**	**5,737.94**	**21.16**	**42.82**	**82.99**	**33.63**	**35.82**	**501.45**	**356.91**	**9,264.54**	**35.53**	**3.91**
Additions	44.50	767.44	1,592.34	6.22	9.46	0.99	5.71	10.74	142.04	65.02	2,644.46	19.83	-
Disposals	-	(0.11)	(16.11)	(1.55)	(2.25)	-	(3.27)	(0.56)	(6.00)	(8.94)	(38.79)	-	(3.91)
Carrying Value as at 31 March 2020	**572.81**	**2,690.84**	**7,314.17**	**25.83**	**50.03**	**83.98**	**36.07**	**46.00**	**637.49**	**412.99**	**11,870.21**	**55.36**	**-**
DEPRECIATION BLOCK													
Accumulated depreciation/ Amortisation as at 31 March 2018	**-**	**134.66**	**1,433.68**	**9.33**	**11.65**	**-**	**13.71**	**17.41**	**149.79**	**93.88**	**1,864.11**	**13.48**	**3.71**
Depreciation / Amortisation for the year	-	60.12	587.25	3.40	7.00	4.40	6.00	8.36	77.45	46.51	800.49	6.06	-
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 March 2019	**-**	**194.11**	**1,985.96**	**12.08**	**17.42**	**4.40**	**17.66**	**16.25**	**210.95**	**131.18**	**2,590.01**	**19.30**	**3.71**
Depreciation / Amortisation for the year	-	73.22	657.99	3.71	7.80	5.91	6.34	9.44	90.33	52.13	906.87	7.57	-
Disposals	-	-	(15.71)	(1.47)	(2.12)	-	(3.26)	(0.55)	(5.59)	(8.30)	(37.00)	-	**(3.71)**
Accumulated depreciation / Amortisation as at 31 March 2020	**-**	**267.33**	**2,628.24**	**14.32**	**23.10**	**10.31**	**20.74**	**25.14**	**295.69**	**175.01**	**3,459.88**	**26.87**	**-**
NET BLOCK													
As at 31 March 2019	**528.31**	**1,729.40**	**3,751.98**	**9.08**	**25.40**	**78.59**	**15.97**	**19.57**	**290.50**	**225.73**	**6,674.53**	**16.23**	**0.20**
As at 31 March 2020	**572.81**	**2,423.51**	**4,685.93**	**11.51**	**26.93**	**73.67**	**15.33**	**20.86**	**341.80**	**237.98**	**8,410.33**	**28.49**	**-**

Note:

1. Freehold land includes agricultural land - ₹ 0.12 Crores (31st March, 2019 - ₹ 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, 2020 - ₹ 11.84 Crores (31st March, 2019 - ₹ 11.16 Crores).
4. Capital expenditure on Research and Development (including Building) during the year - ₹ 34.65 Crores (31st March, 2019 - ₹ 55.50 Crores).

NOTE 2 (a 2): Leased Assets

(₹ Crores)

Particulars	Land	Buildings	Vehicles	Total
GROSS BLOCK				
Carrying Value as at 31 March 2018	**84.53**	**-**	**-**	**84.53**
Additions	13.05	-	-	13.05
Disposals	-	-	-	-
Carrying Value as at 31 March 2019	**97.58**	**-**	**-**	**97.58**
Additions on account of transition to IND AS116	-	269.33	14.75	284.08
Additions	0.15	137.74	-	137.89
Disposals	(0.15)	(18.25)	-	(18.40)
Carrying Value as at 31 March 2020	**97.58**	**388.82**	**14.75**	**501.15**
Depreciation Block				
Accumulated depreciation / Amortisation as at 31 March 2018	**1.29**	**-**	**-**	**1.29**
Depreciation / Amortisation for the year	1.05	-	-	1.05
Disposals	-	-	-	-
Accumulated depreciation / Amortisation as at 31 March 2019	**2.34**	**-**	**-**	**2.34**
Depreciation / Amortisation for the year	1.06	56.98	9.83	67.87
Disposals	-	-	-	-
Accumulated depreciation / Amortisation as at 31 March 2020	**3.40**	**56.98**	**9.83**	**70.21**
Net Block				
As at 31 March 2019	**95.24**	**-**	**-**	**95.24**
As at 31 March 2020	**94.18**	**331.84**	**4.92**	**430.94**

Note:

1. The Group has adopted Ind AS 116 effective from 1st April, 2019 using modified retrospective method and recognising the cumulative impact on the date of initial application i.e. 1st April, 2019. Accordingly, the comparative figures relating to the previous year have not been restated. This new Ind AS 116 has resulted in recognising right of use assets of ₹ 284.08 Crores and corresponding lease liability of ₹ 315.34 Crores. The difference of ₹ 20.58 Crores (net of deferred tax assets created of ₹ 10.68 Crores) has been adjusted in retained earnings as at 1st April, 2019. In the statement of profit & loss account for the year ended 31st March 2020, the lease expenses, which was recognized under other expenditure in previous year is now recognized as Depreciation and Amortisation expenses for the right of use assets and Finance cost for the interest accrued on lease liability. Consequently, the expenditure in the above three heads of accounts are not comparable with the previous year. The net impact of adoption of this standard on the Profit after Tax is not material.

2. The Group has incurred ₹ 19.62 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 105.20 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 32.97 crores for the year ended 31st March, 2020.

3. The Group's leases mainly comprise of land,buildings and Vehicles. The Group mainly leases land and buildings for manufacturing, warehouse facilities and sales offices. The Company also has leased vehicles for Goods Transportation.

NOTE 3: INVESTMENTS

(₹ Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Non-Current Investments		
Fully Paid-up		
Quoted		
Equity Shares (at fair value through Profit or Loss)	4.82	6.64
Unquoted		
In Mutual Fund Units: (at fair value through Profit or Loss)		
Income Plan: Growth Option	0.69	1050.29
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.		
Total	**5.58**	**1057.00**
Aggregate Market Value of Quoted Investments	4.82	6.64
Aggregate Amount of Unquoted Investments	0.76	1050.36

Particulars	As at 31.03.2020	As at 31.03.2019
Current Investments		
Fully paid up -Unquoted		
In Mutual Fund Units (at fair value through Profit or Loss)		
Income Plan: Growth Option	1513.75	2797.68
Aggregate Amount of Unquoted Investments	1513.75	2797.68

NOTE 4 : LOANS (Unsecured, considered good)

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Loans to employees	12.25	0.36	2.89	0.61
Total	12.25	0.36	2.89	0.61

NOTE 5 : OTHER FINANCIAL ASSETS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Bank deposits with more than 12 months maturity	78.15	72.44	-	-
Others:				
Security Deposits	2.63	1.67	-	-
Export Benefits receivables	-	-	7.93	20.90
Interest Accrued on Loans, Deposits etc	0.41	0.49	2.89	2.90
Salary and wage advance	-	-	0.89	11.12
Fair value of Derivative (Net)	-	-	40.87	-
Deposits	15.48	13.45	-	-
Total	96.67	88.05	52.58	34.92

NOTE 6 : DEFERRED TAX ASSETS (NET)

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liability:		
Arising on account of timing difference in:		
- Depreciation	-	(0.17)
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	-	0.09
- Carried Forward Business Losses	-	0.14
Deferred Tax Asset (Net)	-	0.06

NOTE 7 : OTHER ASSETS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Capital Advances	274.34	380.29	8.50	0.21
Advances other than capital advances:				
Security Deposits	56.23	54.31	-	-
Advances to Employees	-	-	16.77	18.07
	330.57	434.60	25.27	18.28
Others				
Advances recoverable in cash or kind	3.31	0.48	134.15	112.12
Prepaid Expenses	-	-	36.68	19.58
	3.31	0.48	170.83	131.70
Total	333.88	435.08	196.10	149.98

NOTE 8 : INVENTORIES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Raw Materials	887.91	1022.73
Raw Materials in transit	138.62	91.25
Work-in-progress	233.50	272.04
Finished goods	1266.42	1240.65
Stock-in-trade	40.04	44.67
Stores and spares	338.69	321.86
Total	2905.18	2993.20

NOTE 9 : TRADE RECEIVABLES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Trade receivables		
Secured, considered good	1335.16	1327.09
Unsecured, considered good	964.24	1055.62
Trade Receivables - credit impaired	2.76	2.56
Less: Impairment provision on Expected Credit Loss Model	(2.76)	(2.56)
Total	2299.40	2382.71

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 31.03.2020	As at 31.03.2019
Balances with Banks		
- In Current accounts	88.49	36.44
- In Term deposits with original maturity of less than 3 months	1088.97	15.07
Cheques, drafts on hand; and	0.22	49.53
Cash on hand	0.84	0.91
Total	1178.52	101.95

NOTE 11 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Unclaimed Dividend Account	2.62	2.55
Total	2.62	2.55

NOTE 12 : BORROWINGS

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
NON-CURRENT		
Secured		
Debentures:		
10.09% Secured Redeemable Non Convertible Debentures of ₹ 10,00,000/- each	180.00	340.00
Softloan from SIPCOT (Measured at fair value)	61.50	-
Unsecured		
Term loans from Banks:		
- External Commercial Borrowings (ECB)	382.97	559.55
- Rupee Term Loan	150.00	150.00
Others		
Deferred payment liabilities	4.56	5.18
Sub Total	779.03	1054.73
CURRENT		
Secured		
Loans repayable on demand		
- from banks	240.58	407.05
Interest accrued on above	1.41	1.81
Unsecured		
- from banks	486.83	633.38
Interest accrued on above	2.21	5.42
(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)).		
Sub Total	731.03	1047.66
Total	1510.06	2102.39

Note: Security and terms of repayment in respect of above borrowings are detailed in Note 26 g.

NOTE 13 : PROVISIONS

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Provision for employee benefits	45.89	41.93	53.58	48.58
Others:				
Warranty and others	143.83	126.18	99.95	100.90
Total	189.72	168.11	153.53	149.48

NOTE 14 : DEFERRED TAX LIABILITIES - (NET)

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Deferred Tax Liabilities:		
Arising on account of difference in carrying amount and tax base of PPE and Intangibles	439.48	614.63
Unrealised (gain)/loss on FVTPL debt Mutual Funds	55.93	282.87
Other adjustments	1.72	6.76
	497.13	904.26
Deferred Tax Asset:		
Accrued Expenses allowable on Actual Payments	(26.08)	(35.79)
On remeasurements of defined benefit plans	(27.95)	(19.67)
On revaluation of designated cash flow hedges	(3.56)	(8.60)
Transition impact of IND AS 116 -Lease	(10.68)	-
	(68.27)	(64.06)
Total	428.86	840.20

NOTE 15 : OTHER LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Contract Liabilities	-	-	85.88	39.34
Others:				
Dealers' Security Deposit	-	-	1452.42	1411.76
Retention Money	92.99	32.58	-	-
Statutory Dues	-	-	83.37	259.90
Liabilities for expenses	-	-	38.08	41.50
Deferred Income	154.15	40.02	-	-
Others	3.03	3.72	67.39	31.32
Total	250.17	76.32	1727.14	1783.82

During the year ended 31st March, 2020, the group recognised revenue of - ₹ 31.02 Crores (Previous year - ₹ 19.57 Crores) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under:

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
As at beginning of the year	39.34	25.48
Recognised as revenue from contracts with customers	(31.02)	(19.57)
Advance from customers received during the year	77.56	33.43
Balance at the close of the year	85.88	39.34

NOTE 16 : TRADE PAYABLES

(₹ Crores)

	As at 31.03.2020	As at 31.03.2019
Outstanding dues of Micro and Small Enterprises	17.02	21.25
Outstanding dues of Creditors other than Micro and Small Enterprises	1888.32	1688.13
Total	1905.34	1709.38
Of the above:		
Acceptances	325.20	307.60

NOTE 17 : OTHER FINANCIAL LIABILITIES

(₹ Crores)

	Non-Current		Current	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Current maturities of long-term debt	-	-	344.08	403.92
Interest accrued on above	-	-	42.92	62.90
Unclaimed dividends	-	-	2.62	2.55
Others:				
Employee benefits	-	-	111.96	119.75
Liabilities for expenses	-	-	164.29	127.03
Fair value of Derivatives(Net)	-	-	-	35.94
Lease Liability	327.48	-	54.73	-
Others	-	-	11.79	11.23
Total	327.48	-	732.39	763.32

NOTE 18 : REVENUE FROM OPERATIONS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Revenue from Contracts with Customers :		
Sale of Goods (Refer Note 26e)	16135.33	15959.71
Sale of Services	26.82	34.50
Other Operating Revenues:		
Scrap Sales	77.21	68.25
Total	16239.36	16062.46

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 26e).

Reconciliation of revenue recognised with the contracted price is as follows: (₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Gross Sales (Contracted Price)	16806.67	16554.85
Reductions towards variable consideration (Product, Turnover and Prompt payment discount)	(340.25)	(307.00)
Claims preferred against obligation (Note 1D13)	(227.06)	(185.39)
Revenue recognised	16239.36	16062.46

NOTE 19 : OTHER INCOME

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest Income	21.92	13.09
Dividend Income from Non Current Investment	0.03	0.03
Government Grant:		
- Export Incentives	44.09	77.75
- Subsidy from State Government	1.80	-
- Others	5.23	2.93
Net gain on sale of Investments classified as FVTPL	13.28	9.13
Net gains on fair value changes on financial assets classified as FVTPL	237.74	296.58
Refund of Purchase Tax	-	13.19
Profit on Sale of Fixed Asset	0.54	-
Impairment provision written back	-	0.10
Miscellaneous Income	10.75	8.93
Total	335.38	421.73

NOTE 20 : COST OF MATERIALS CONSUMED

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Stock of Raw Materials	1113.99	953.84
Purchases during the year	9489.58	10452.72
Closing Stock of Raw Materials	(1026.53)	(1113.99)
Total	9577.04	10292.57

NOTE 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Closing Stock:		
Finished Goods	1266.42	1240.65
Stock-in-Trade	40.04	44.67
Work-in-Progress	233.50	272.04
	1539.96	1557.36
Less: Opening Stock:		
Finished Goods	1240.65	688.34
Stock-in-Trade	44.67	44.71
Work-in-Progress	272.04	210.48
	1557.36	943.53
Total	17.40	(613.83)

NOTE 22 : EMPLOYEE BENEFITS EXPENSE

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Salaries and Wages	1121.51	963.95
Contribution to provident and other funds	103.15	91.32
Staff welfare expenses	120.27	110.01
Total	1344.93	1165.28

NOTE 23 : FINANCE COSTS

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest on Loans and Deposits	219.61	212.89
Interest on Debentures	36.78	50.45
Interest on Deferred Payment Credit	0.64	0.70
Interest on Lease liabilities	32.97	-
Other Borrowing Costs		
Unwinding of discount relating to Long Term Liabilities	2.53	3.13
Other Charges	0.29	0.14
Total	292.82	267.31

NOTE 24 : OTHER EXPENSES

(₹ Crores)

	Year Ended 31.03.2020	Year Ended 31.03.2019
Stores and Spares Consumed	373.28	358.47
Power and Fuel	721.56	763.53
Processing Expenses	230.09	240.00
Rent	19.62	74.67
Rates and Taxes	12.55	13.70
Insurance	52.12	21.00
Printing and Stationery	9.74	8.75
Repairs and Renewals:		
Buildings	22.85	23.97
Plant and Machinery	134.72	143.42
Other Assets	77.50	61.84
Travelling and Conveyance	49.76	49.27
Communication Expenses	6.34	5.99
Vehicle Expenses	12.49	11.44
Auditors' Remuneration:		
As Auditors:		
Audit fee	0.77	0.67
Tax Audit fee	0.12	0.11
Other Services	0.07	0.07
Reimbursement of Expenses	0.01	0.02
	0.97	0.87
Cost Auditors Remuneration:		
Audit fee	0.08	0.07
Directors' Fees	0.20	0.20
Directors' Travelling Expenses	6.69	6.53
Advertisement	318.27	323.11
Warranty	11.91	8.94
Sales tax absorbed by the company	1.98	0.74
Bad debts written off (Net)	0.05	0.29
Commission	19.75	13.72
Freight and Forwarding (Net)	543.73	534.89
Loss on Sale of Fixed Asset	-	5.90
Net Loss on Foreign Currency Transactions	24.31	57.54
Bank Charges	8.01	6.09
Provision for impairment of Financial Assets	0.20	0.07
Corporate Social Responsibility Expenditure	66.62	26.44
Miscellaneous Expenses	178.00	121.03
	2903.39	2882.48

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, 2020 would have been decreased/increased by - ₹ 9.60 Crores (Previous year - ₹ 9.52 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)

	31.03.2020	31.03.2019
Financial Assets	221.64	194.42
Financial Liabilites	141.07	150.53

The Group is mainly exposed to changes in US Dollar. The sensitivity to a - 5% (Previous year - 3%) increase or decrease in US Dollar against INR with all other variables held constant will be +/(-) - ₹ 1.70 Crores (Previous year - ₹ 0.75 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	87.00	Million	555.51	ECB Loan	INR
		(125.67)	Million	(798.07)		
Forward Contract	USD	122.84	Million	909.11	Import purchase	
		(111.92)	Million	(816.86)		

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	8.92	Million	64.80	Import purchase	INR
		(48.06)	Million	(341.51)		
Forward Contract	USD	2.53	Million	18.39	Sales	USD
		(-)	Million	(-)		

Figures in brackets are in respect of Previous year

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 2020 the investments in debt mutual funds amounts to - ₹ 1514.44 Crores (Previous year - ₹ 3847.97 Crores). A 1% point increase or decrease in the NAV with all other variables held constant would have lead to approximately an additional - ₹ 15 Crores (Previous Year - ₹ 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 O.E., 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, 2020 is - 0.32% (31st March, 2019 - 0.28%) 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 2020 was - ₹ 2.76 Crores and for the year ended 31 March 2019 was - ₹ 2.56 Crores.

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Balance at the beginning	2.56	2.59
Impairment loss recognised	0.20	0.07
Impairment loss reversed	-	(0.10)
Balance at the end	2.76	2.56

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.

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, 2020 are as under:

(₹ Crores)

	Refer Note	Less than 1 year	1-3 years	3-5 years	More than 5 years
Borrowings	Note12, 15 & 17	1118.03	564.44	151.87	82.14
		(1514.48)	(901.62)	(151.87)	(1.24)
Trade Payable	Note 16	1905.34	-	-	-
		(1709.38)	(-)	(-)	(-)
Other Financial Liabilities	Note 17	230.81	93.79	89.47	144.22
		(174.20)	(-)	(-)	(-)
Employee Benefit liabilities	Note 17	111.96	-	-	-
		(119.75)	(-)	(-)	(-)
Unclaimed dividends	Note 17	2.62	-	-	-
		(2.55)	(-)	(-)	(-)

Figures in brackets are in respect of Previous year

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 31.03.2020	Year ended 31.03.2019
Profit after taxation	₹ Crores	1422.57	1130.61
Number of equity shares (Face Value ₹10/-)	Nos.	4241143	4241143
Earnings per share	₹	3354.20	2665.82

c. Related party disclosures:

(a) Names of related parties and nature of relationship with whom transactions have taken place:

Key Management Personnel (KMP):
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. S. Dhanvanth Kumar, Company Secretary
vii) Mr. Madhu P Nainan, Vice President Finance

Close Members of the family of KMP
i) Mrs. Ambika Mammen, Director (Wife of Chairman and Managing Director)
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.
Braga Industries LLP, Automotive Tyre Manufacturers Association
Funskool India Ltd., VPC Freight Forwarders Pvt. Ltd.

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, MRF Foundation.

(b) Transactions with related parties (excluding reimbursements)

(₹ Crores)

Nature of Transaction	KMP	Close member of the KMP	Companies in which Directors are interested	Other Related Parties
	Year Ended 31.03.2020	Year Ended 31.03.2020	Year Ended 31.03.2020	Year Ended 31.03.2020
i. Sale of Materials	-	-	0.04	-
	-	-	(0.07)	-
ii. Purchase of Materials/Machinery	-	-	180.40	-
	-	-	(176.27)	-
iii. Payment towards Service	-	-	14.59	-
	-	-	(9.10)	-
iv. Selling and Distribution Expenses	-	-	1.38	-
	-	-	(1.41)	-
v. Other Receipts	-	-	0.84	-
	-	-	(0.78)	-
vi. Professional charges	-	-	-	0.14
	-	-	-	(0.10)
vii. Contribution to Retirement Benefit fund /Others	-	-	-	113.74
	-	-	-	(49.98)
Compensation*				
viii. Short term Employee benefit (including Commission payable to KMP)	83.48	1.98	-	-
	(79.11)	(1.80)	-	-
ix. Sitting fees	-	0.02	-	-
	-	(0.02)	-	-

* 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.

(₹ Crores)

Nature of Transaction	KMP	Close member of the KMP	Companies in which Directors are interested	Other Related Parties
	Year Ended 31.03.2020	Year Ended 31.03.2020	Year Ended 31.03.2020	Year Ended 31.03.2020
Outstanding as at Year End				
x. Other Receivables	-	-	0.65	-
	-	-	(0.16)	-
xi. Trade Payables	-	-	14.06	-
	-	-	(13.61)	-
xii. Commission Payable	35.47	-	-	-
	(33.67)	-	-	-
xiii. Contribution payable to Retirement Benefit fund /Others	-	-	-	63.83
	-	-	-	(42.65)

(Figures in brackets are in respect of Previous year)

(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 2020, 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.

d. Additional information on Net Assets and Share of Profit as at 31st March, 2020

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.	2019-20	98.09	11998.10	97.62	1399.32	100.52	(9.61)
	2018-19	98.08	10650.46	97.61	1608.89	100.47	(17.11)
Subsidiaries							
Indian							
- MRF Corp. Ltd	2019-20	0.76	93.33	1.61	23.05	(0.52)	0.05
	2018-19	0.71	77.42	1.57	25.96	(0.47)	0.08
- MRF International Ltd.	2019-20	0.02	2.46	0.01	0.15		
	2018-19	0.02	2.35	0.01	0.14		
Foreign							
- MRF Lanka (P) Ltd.	2019-20	0.20	24.04	0.11	1.63		
	2018-19	0.21	22.42	0.10	1.70		
- MRF SG PTE. LTD	2019-20	0.93	114.33	0.65	9.30		
	2018-19	0.98	106.45	0.71	11.63		
Minority Interest							
Indian Subsidiary	2019-20	-	0.13	-	-		
	2018-19	-	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. 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:

(₹ Crores)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
(i) Products :		
Automobile Tyres	14407.85	14160.44
Automobile Tubes	1147.83	1152.49
Speciality Coating	237.60	216.99
Others	342.05	429.79
	16135.33	15959.71
(ii) Revenue from Customers:		
India	14472.77	14385.06
Outside India	1662.56	1574.65
	16135.33	15959.71
(iii) Non Current Assets :		
India	11291.29	9977.46
Outside India	3.09	3.09

(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 - 7.4% to 8.45% (Previous year - 7.85% to 8.45%)

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.

3400 (Previous year 5000), 10.09% Non convertible Debentures of ₹10,00,000 each are to be redeemed at par in three instalments as stated below;

Particulars	As at 31.03.2020		As at 31.03.2019	
	10.09% NCD's (Previous year 10.09%)	Dates of Redemption	10.09% NCD's (Previous year 10.09%)	Dates of Redemption
	(₹ Crores)		(₹ Crores)	
Series I	-	27/05/2019	160.00	27/05/2019
Series II	160.00	27/05/2020	160.00	27/05/2020
Series III	180.00	27/05/2021	180.00	27/05/2021
	340.00		500.00	

ii) ECB (Unsecured) from the MUFG Bank, Ltd. (Old name- Bank of Tokyo- Mitsubishi UFJ, Ltd) 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 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.

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- 1.49%) payable monthly. The said Loan is repayable in one full installment in February, 2024.

vii) Secured Loan availed under SIPCOT soft loan during the financial year ended 31st March 2020, Interest is payable at a rate of 0.10% (Previous year - Nil) payable quarterly are secured by way of second charge on the Fixed Assets created at the company's plants at Perambalur, near Trichy, Tamil Nadu. This loan will be repaid in full in April 2033.

viii) Deferred payment credit is repayable along with interest (at varying rates) in 240 consecutive monthly instalments ending in March 2026.

h. Events Occuring after the Balance Sheet date

(i) The proposed final dividend for FY 2019-20 amounting to ₹ 39.87 Crores will be recognised as distribution to owners during the financial year 2020-21 on its approval by Shareholders. The proposed final dividend per share amounts to ₹ 94/-.

ii) COVID 19 pandemic has severely affected the business environment and the economy. In order to reduce the impact of the pandemic, a nationwide lockdown was announced by the Government on 24th March 2020 and consequently, the Group's Plants, offices and godowns were closed. Post lifting of lockdown, most of the Group's operations have resumed. As on the date of the approval of the financial statements, the Group has a strong Net Worth and has serviced all its debt obligations in a timely manner. It does not foresee any incremental risk regarding recoverability of assets and ability to service financial obligations.

i. Commitment:

(i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1617.36 Crores (Previous year - ₹ 3989.78 Crores)

j. Contingent Liabilities not provided for:

(i) Guarantees given by the Banks - ₹ 45.03 Crores (Previous year - ₹ 51.14 Crores)

(ii) Letters of Credit issued by the Banks - ₹ 93.06 Crores (Previous year - ₹ 450.41 Crores)

(iii) Claims not acknowledged as debts:

(a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 37.51 Crores (Previous year - ₹ 46.20 Crores)

(b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 318.97 Crores (Previous year - ₹ 335.51 Crores)

(c) Disputed Income Tax Demands - ₹ 93.38 Crores (Previous year - ₹ 85.58 Crores) against the said demand the company has deposited an amount of - ₹ 49.55 Crores (Previous year - ₹ 37.51 Crores)

(d) Contested EPF Demands pending before Appellate Tribunal - ₹ 1.10 Crores (Previous year - ₹ 1.10 Crores)

k. The group except for MRF Corp Ltd, is engaged in the manufacture of rubber products such as Tyre, Tubes, Flaps, Tread Rubber and / or Trading in Rubber and Rubber Chemicals. 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 IND-AS. The group's operations outside India do not exceed the quantitative threshold for disclosure envisaged in the IND-AS. 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 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	MADHU P NAINAN Vice President Finance	S DHANVANTH KUMAR Company Secretary	JACOB KURIAN V SRIDHAR Directors	K M MAMMEN Chairman & Managing Director
Mumbai Dated 29th June, 2020	Hyderabad	Chennai			

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 31.03.2020	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Extent of Shareholding
1	MRF Corp Ltd	26.08.1985	1st April, 2019 to 31st March, 2020	INR	1	0.05	93.28	156.94	63.61	0.80	239.93	23.15	5.98	17.17	0.10*	100.00%
2	MRF International Ltd	23.10.1992	1st April, 2019 to 31st March, 2020	INR	1	0.56	1.90	2.47	0.01	-	0.15	0.15	0.04	0.11	-	94.66%
3	MRF Lanka (P) Ltd.	15.06.2005	1st April, 2019 to 31st March, 2020	LKR	0.40	15.01	9.03	25.15	1.11	-	11.37	1.63	0.38	1.25	-	100.00%
4	MRF SG PTE. LTD.	23.07.2014	1st April, 2019 to 31st March, 2020	USD	75.61	6.11	108.22	619.80	505.47	-	1629.87	9.30	0.94	8.36	-	100.00%

* The Proposed Dividend is not recognised in the books as per Ind AS.

MADHU P NAINAN Vice President Finance	S DHANVANTH KUMAR Company Secretary	JACOB KURIAN V SRIDHAR Directors	K M MAMMEN Chairman & Managing Director

Chennai, Dated 29th June, 2020

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