MRF LIMITED, Regd. Office: No. 114, Greams Road, Chennai 600 006

NOTICE

NOTICE is hereby given that the Fifty Third Annual General Meeting of the Shareholders of MRF Limited will be held on Thursday, the 6th February, 2014, at 11.00 A.M. at TTK Auditorium, "The Music Academy", No.168, TTK Road, Chennai 600 014, to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2013 and the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend on equity shares.
3. To appoint a Director in place of Mr. Vijay R Kirloskar who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K M Philip who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S S Vaidya who retires by rotation under Article 117 of the Articles of Association of the Company. Mr. S S Vaidya has expressed his desire to retire from the Board and not to seek re-appointment.
6. To appoint a Director in place of Mr. N Kumar who retires by rotation under Article 117 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
7. To appoint Messrs. Sastri & Shah (Firm Regn. No. 003643S) and M. M. Nissim and Co., (Firm Regn. No. 107122W) the retiring auditors, to hold office as auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder from time to time, Section 188 (1) and other applicable provisions, if any, of the Companies Act, 2013, as may be notified, read with rules made thereunder from time to time and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded for payment of revised remuneration with effect from 01-04-2014 to Mrs Meera Mammen, a relative of some of the directors of the Company holding office of profit under the Company as Vice President-Welfare, as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter, amend or vary the terms and conditions of remuneration from time to time.

   RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolution including making such modifications, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

   "RESOLVED that pursuant to Section 314 (1B) and other applicable provisions of the Companies Act, 1956 and the rules made thereunder from time to time, Section 188 (1) and other applicable provisions, if any, of the Companies Act, 2013, as may be notified, read with rules made thereunder from time to time and subject to the approval of the Central Government, if required, consent of the Company be and is hereby accorded to the appointment of Mr Samir Thariyan Mappillai, a relative of some of the directors of the Company holding an office or place of profit under the Company as General Manager – Marketing and for payment of revised remuneration with effect from 01-04-2014, as set out in the explanatory statement annexed hereto with liberty to the Board of Directors to alter, amend or vary the terms and conditions of remuneration from time to time.

   RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolution including making such modifications, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

By Order of the Board,

Chennai — RAVI MANNATH

28th November, 2013 — Company Secretary

Notes:

(a) The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under items 8 and 9 above is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(c) The Transfer Books of the Company will remain closed from 01-02-2014 to 06-02-2014, both days inclusive, for the purpose of payment of final dividend.

(d) If final dividend on the equity shares as recommended by the Directors is declared at the meeting, the payment will be made on or after 14-02-2014 to the shareholders whose names appear on the Company's Register of Members on 06-02-2014. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished to us by National Securities Depository Ltd. [NSDL] and Central Depository Services [India] Ltd. [CDSL] for this purpose.

(e) Members are requested to notify immediately any change in their address /change in bank details to the Company's registered office, quoting their ledger folio number. In respect of shares held in electronic form, instructions regarding change in address/change in bank details may be furnished to their respective Depository participants only.

(f) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such member for change/deletion in such bank details.

Members may therefore give instructions regarding bank accounts to their respective Depository participants only.

(g) The Ministry of Corporate Affairs (MCA) vide its circulars dated 21/04/2011 & 29/04/2011 had taken a "Green Initiative" in Corporate Governance by allowing paperless compliances by the companies through Electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/Depository participants. To support this green initiative of the government and the Stock Exchanges, the Company vide its Circulars dated 19th August, 2011 and 19th November, 2012 has requested the shareholders holding shares both in Physical/Demat form to register/ update their e-Mail addresses with the Company/Depository participants. Accordingly, the Annual Reports for 2012-13, Notice for AGM etc, are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/Depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form. Shareholders are requested to take note of the above and lend their support in full measure for the initiative taken by the Government.

(h) Immediately upon notification of Section 109A of the Companies Act,1956 providing for nomination facility to individuals holding shares in companies, the Company forwarded to all shareholders a circular along with the nomination form in duplicate requesting them to opt for the nomination facility. As on this date, there are large number of shareholders who are yet to opt for the nomination facility. Shareholders, and in particular those holding shares in single name, are requested to avail of the above facility by furnishing to the Company the particulars of their nomination. Members holding shares in electronic form may forward nomination form duly filled to their respective Depository participants only.

(i) The Company is also extending the facility of ECS/NECS for the receipt of dividend. In case you wish to avail of this facility, please send ECS/ NECS mandate form, (which could be obtained from the Company) duly filled in, to the registered office of the Company at the earliest. Members holding shares in electronic form may forward their details to their respective Depository participants only.

You are requested to verify with your bankers and ensure that correct and current bank details are furnished so that electronic credit is effected without any hindrance.

(j) All dividends declared by the Company for the accounting years including and upto 1st interim dividend for the year 1994-95, the amount of which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants upto the said period are requested to claim the amount from Registrar of Companies, Shastri Bhavan, Haddows Road, Chennai - 600 006.

(k) Consequent to the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C, the amount of dividends remaining unclaimed for a period of seven years is to be transferred to Investor Education and Protection Fund, constituted by the Central Government. Accordingly, unclaimed dividend amounts from Second Interim Dividend 1994-95 upto Second Interim dividend 2005-06 have been transferred to the said fund. It may please be noted that the amount so transferred cannot be claimed from the Company or from the fund. In view of the above, shareholders are advised to forward all unencashed dividend warrants from Final Dividend 2005-06 to the registered office of the Company for revalidation and encash them before its due date of transfer to the Central Government.

Details of dividends which remain unclaimed /unencashed and due for transfer to Investor Education and Protection Fund:

Year	Dividend	Date of declaration	Due date of transfer
2005-06	Final	22-03-2007	28-03-2014
2006-07	I Interim II Interim Final	26-07-2007 25-10-2007 20-03-2008	19-08-2014 15-11-2014 26-03-2015
2007-08	I Interim II Interim Final	24-07-2008 21-10-2008 19-03-2009	17-08-2015 13-11-2015 25-03-2016
2008-09	I Interim II Interim Final	27-07-2009 27-10-2009 11-03-2010	17-08-2016 17-11-2016 17-03-2017
2009-10	I Interim II Interim Final Special	28-07-2010 21-10-2010 10-02-2011 10-02-2011	19-08-2017 15-11-2017 16-02-2018 16-02-2018
2010-11	I Interim II Interim Final	28-07-2011 20-10-2011 09-02-2012	18-08-2018 10-11-2018 15-02-2019
2011-12	I Interim II Interim Final	25-07-2012 25-10-2012 07-02-2013	16-08-2019 18-11-2019 15-02-2020
2012-13	I Interim II Interim	25-07-2013 24-10-2013	19-08-2020 14-11-2020

EXPLANATORY STATEMENT

AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 8

Mrs Meera Mammen graduated in Sociology from the University of Madras and has also completed her Post graduation in Industrial Sociology from the University of Philippines. She has been in charge of the welfare activities of the employees of the Company from 1990 onwards.

Shareholders had in the Annual General Meeting held on 30-08-1990, granted approval to the appointment of Mrs Meera Mammen to be in charge of the welfare activities of the Company w.e.f. 02-04-1990. Her remuneration was thereafter revised with effect from 01-04-1994, 01-04-1999 and 01-04-2006 together with other allowances, perquisites and benefits, as set out in the respective resolutions. At the meeting of the shareholders held on 11-03-2010, her remuneration was further revised with effect from 01-04-2010 on a pay scale of ₹ 1,75,000 with annual increment of ₹ 15,000 together with other allowances, perquisites and benefits as set out in the resolution. Since her present salary is not commensurate with the basic salary, allowances, perquisites applicable to other employees in similar grade, it is now proposed to revise her remuneration with effect from 01-04-2014.

Mrs Meera Mammen is in charge of the welfare activities relating to the employees of the entire Company along with their spouse and children. The employee strength of the organisation over the years has steadily increased and at present is 15,343 employees, employed in 8 manufacturing units situated at 5 different states/ union territory besides sales offices spread all over the country.

Considering the increasing responsibilities shouldered by Mrs Meera Mammen, the Board of Directors have at their meeting held on 28-11-2013, based on the recommendations of the Selection Committee which considered her performance, approved the revised remuneration with effect from 01-04-2014, subject to approval of the shareholders in the ensuing Annual General Meeting and of the Central Government, if required.

A. Basic Salary: ₹ 3,03,700 per month with annual increments applicable to TM grade.

B. Perquisites: Perquisites, allowances and benefits subject to a maximum of 2 times the basic salary such as HRA/company lease rent, education allowance, MRF allowance, self development subsidy, performance incentive, contribution to provident fund, superannuation fund, reimbursement of gas & electricity expenses, reimbursement of entertainment expenses, leave travel concession, provision of domestic furniture/appliances and their maintenance, provision of 2 air-conditioners at residence and their maintenance, reimbursement of actual medical expenses incurred in India or abroad for self and family including expenses incurred on travel/boarding/lodging etc., for self, family and attendant, telephone (including mobile phone) at residence, A/C car and its maintenance with reimbursement of fuel and driver's expenses, provision of 2 watchmen at residence or allowance in lieu thereof, club fees, subject to a maximum of two clubs, coverage under group hospitalization insurance, group personal accident insurance and travel insurance for self and family, encashment of earned leave and gratuity. Perquisites will be valued as per Income-Tax rules, as applicable.

The Director's Relatives (Office or Place of Profit) Rules, 2011 inter alia, provide that appointment for an office or place of profit in a Company which carries a monthly remuneration exceeding ₹ 2,50,000 per month shall take effect upon approval by the Central Government. However, as and when Section 188 and other applicable provisions, of the new Companies Act, 2013 is notified by the Central Government, the requirement of getting the approval of the Central Government will not arise.

Approval of the Central Government, if required, will be sought after the approval of the shareholders is obtained. The Directors commend this resolution for the approval of the members.

None of the Directors and the key managerial personnel (KMP) of the company or their relatives are in any way, concerned or interested in the above resolution except for Mr K M Mammen and Mr Arun Mammen who are related to Mrs Meera Mammen as defined under the Companies Act, 1956. Relatives of Mr K M Mammen and Mr Arun Mammen are not concerned or interested in the resolution.

Item No. 9

Mr Samir Thariyan Mappillai has completed B.A., (Hons.) Economics from St. Stephens College, Delhi and M.A., (Economics) from the University of Madras. Thereafter, he did his M.B.A., from Kellogg School of Management, Evanston, Illinois, USA. Prior to his appointment in the Company, he worked with ITC Foods, Bangalore, India, Cabot, Billerica, Massachusetts, USA and Devon Machines (P) Ltd., Chennai, India. Members will recall his appointment as Corporate Manager – Marketing w.e.f. 01-08-2010 and the revision in remuneration w.e.f. 01-04-2011 approved by the shareholders at their meeting held on 10-02-2011. Considering the role and responsibilities which he is required to carry out in the future, it is now proposed to appoint him as General Manager – Marketing of the Company on revised monthly remuneration with effect from 01-04-2014.

For the reasons mentioned above and based on the recommendations of the Selection Committee, the Board of Directors at their meeting held on 28-11-2013, approved the appointment and payment of revised remuneration with effect from 01-04-2014 to Mr Samir Thariyan Mappillai, a relative of some of the directors of the Company holding an office or place of profit under the Company as General Manager – Marketing of the Company with effect from 01-04-2014, as mentioned below, subject to approval of the shareholders in the ensuing Annual General Meeting and of the Central Government, if required

A. Basic Salary: ₹ 1,46,450 per month with annual increments applicable to SM 5 grade.

B. Perquisites: Perquisites, allowances and benefits subject to a maximum of 2 times the basic salary such as HRA/company lease rent, education allowance, MRF allowance, self development subsidy, performance incentive, contribution to provident fund,

superannuation fund, leave travel concession, provision of domestic furniture/appliances and their maintenance, provision of one air-conditioner at residence and its maintenance, reimbursement of actual medical expenses incurred in India or abroad for self and family including expenses incurred on travel/boarding/lodging etc., for self, family and attendant, telephone (including mobile phone) at residence, A/C car and its maintenance with reimbursement of fuel and driver's expenses, coverage under group hospitalization insurance, group personal accident insurance and travel insurance for self and family, encashment of earned leave and gratuity. Perquisites will be valued as per Income-Tax rules, as applicable.

The Director's Relatives (Office or Place of Profit) Rules, 2011 inter alia, provide that appointment for an office or place of profit in a Company which carries a monthly remuneration exceeding ₹ 2,50,000 per month shall take effect upon approval by the Central Government. However, as and when Section 188 and other applicable provisions, of the new Companies Act, 2013 is notified by the Central Government, the requirement of getting the approval of the Central Government will not arise.

Approval of the Central Government, if required, will be sought after the approval of the shareholders is obtained. The Directors commend this resolution for the approval of the members.

None of the Directors and the key managerial personnel (KMP) of the Company or their relatives are in any way, concerned or interested in the above resolution except for Mr K M Mammen and Mr Rahul Mammen Mappillai and their relatives who are related to Mr Samir Thariyan Mappillai as defined under the Companies Act, 1956.

By Order of the Board,
RAVI MANNATH
Company Secretary

Chennai
28th November, 2013

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name	Qualification	Brief Resume and area of expertise	Directorships in other Public Ltd. Companies	Committee Memberships other than MRF	No. of shares held
Vijay R Kirloskar (on the Board since 02.11.2000)	*Bachelors Degree in Science & Engg. and Masters Degree in Management Science & Engg. from Worcester Polytechnic Institute, MA USA*	Mr Vijay R Kirloskar has been associated with Kirloskar Electric Company [KEC] since 1978. In 1982 he took over the reins of KEC as its President and in 1994, he became the Chairman and Managing Director of KEC. He has been instrumental in promoting the Kirloskar Companies business interest in South East Asia resulting in a good brand recognition for its products abroad. He has attended the world famous quality course at JUSE in Japan. Apart from being a Director in leading Engineering Companies in India, he has been Regional Chairman [South] in 1991 and Vice-President of Confederation of Indian Industry [CII] in 1998. He has been an active delegate in CII's Business Missions abroad. Mr Vijay R Kirloskar was nominated as Chairman, Board of Governors of IIT - Delhi from April 1997 to June 2003. He is member of the President Advisory Committee of Worcester Polytechnic Institute, MA, USA. He is also a Board Member of the Indian Copper Development Centre, Kolkatta.	**Chairman & MD:** Kirloskar Electric Co. Ltd. **Chairman:** Kirloskar Power Equipment Ltd. **Director:** 1. Batliboi Limited 2. Kirloskar Power Build Gears Ltd.	**Audit Committee:** **Member:** Kirloskar Electric Co. Ltd. **Shareholders'/ Investors' Grievance Committee:** **Member:** Kirloskar Electric Co. Ltd.	355
K M PHILIP [On the Board from its inception i.e., from 1961 onwards]	*M.A.*	Mr K M Philip has been associated with the Indian Rubber Industry from 1939 onwards. He was Founder member of the All India Rubber Industries Assn. Editor of "Rubber India" for 12 years. Honorary Member for life of the All India Rubber Industries Assn. Fellow of Royal Chartered Institute of Materials UK. Fellow of the Indian Rubber Institute.Awarded the Hancock Medal from PRI - UK for outstanding contribution to the Rubber Industry based on world-wide assessment. Recipient of 'Padma Shri' award from the President of India for leadership in Rubber Industry. Visited tyre factories all over the world. Represented the Rubber Industry on the Rubber Board for 17 years. Published over 100 articles on the Indian Rubber Industry. Well versed in general Management skills and in particular, identification and evaluation of macro environment of the tyre industry in India.	**Chairman & Director:** 1. India Coffee & Tea Dist. Co. Ltd. 2. Gujarat Reclaim & Rubber Products Ltd **Director:** Commercial Broadcasts Limited	NIL	NIL

Name	Qualification	Brief Resume and area of expertise	Directorships in other Public Ltd. Companies	Committee Memberships other than MRF	No. of shares held
N Kumar [on the Board since 29/07/2003]	*B.E. [Electronics & Communication]*	Mr. N Kumar is the Vice Chairman of the Sanmar Group, a multinational US $1 billion conglomerate headquarted in Chennai, India with manufacturing facilities in India, USA, Mexico and Egypt. The group is engaged in key business sectors - Chemicals (including Speciality Chemicals), Engineering (Products and Steel Castings) and Shipping. He is the Honorary Consul General of Greece in Chennai. Mr. Kumar is on the Board of various public Limited Companies and carries with him over four decades of experience in the spheres of Electronics, Telecommunications, Technology, Management and Finance. Mr. Kumar is the Chairman of National Accreditation Board for Certification Bodies, which is a constituent of Quality Council of India. He is also a member of the Board of Governors of Institute for Financial Management & Research. As a spokesman for Industry and Trade, he had been a President of CII and participated in other apex bodies. He presently chairs the CII Institute of Quality, Bangalore. Mr. Kumar has a wide range of public interest going beyond the confines of corporate management in areas of education, sports, health and social welfare. One special area where he is involved is the Madhuram Narayanan Centre for Exceptional Children. Mr. Kumar is an Electronics Engineering Graduate from Anna University, Chennai and a fellow member of the Indian National Academy of Engineering. He is an avid golfer, a patron of cricket and tennis. He has extensively travelled across the globe.	**Director:** 1. Bharti Infratel Limited 2. Entertainment Network (India) Ltd. 3. Times Innovative Media Limited 4. Take Solutions Limited 5. Mphasis Limited	**Audit Committee:** **Chairman:** 1. Entertainment Network (India) Ltd. 2. Mphasis Limited **Member:** Times Innovative Media Limited **Remuneration / Compensation Committee:** **Member:** 1. Entertainment Network (India) Ltd. 2. Times Innovative Media Limited **HR & ESOP Compensation Committee:** **Chairman:** Bharti Infratel Limited **Shareholders'/ Investors' Grievance Committee:** **Chairman:** Take Solutions Limited	928

MRF

Annual Report

2012-13

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Chairman's Message

Dear Shareholder,

It has been a tumultuous year for industry as well as the country. The economy slumped and the economic indicators do not show any revival in the immediate future. The automobile industry has been one of the worst hit with most companies pruning production in view of tepid demand. MRF still registered a growth, with a turnover of over Rs.13,400 crores.

Our products continue to be the preferred choice of the customer even though many options are available in the market. It is indeed heartening that the company has been awarded the JD Power Award for the 10th time, a feat achieved by very few companies. We have also become the first Indian company to supply aircraft tyres to the Indian defence, joining the league of select global companies who have the expertise to manufacture these tyres.

Our Sri Lanka operations continue to be profitable and plans are afoot to increase its revenue further. The year ahead would be beset with political uncertainties, impacting the economic environment and one is awaiting clarity on our overall industrial and fiscal policies.

We are however optimistic and will continue to make investments in our existing plants to increase overall revenue and share.

K M Mammen
Chairman & Managing Director

MRF TOPS J.D. POWER STUDY – FOR THE TENTH TIME

MRF was ranked highest in the J.D. Power Asia Pacific 2013 India Original Equipment Tire Customer Satisfaction Index (TCSI) Study. MRF is the only Indian tyre manufacturer to have won this award for a record 10 times in 13 years and for the fourth consecutive year.

Receiving the highest ranking on four factors that drive satisfaction: appearance, durability, traction / handling and ride, MRF has come out on top. This award is a testimony to the quality of our tyres and our undisputed leadership in the market.

*MRF received the highest numerical score among the tire manufacturers in the proprietary J.D. Power Asia Pacific 2013 India Original Equipment Tire Customer Satisfaction (TCSI) Study. The study was based on 4,568 new vehicle owners who purchased their vehicles between May 2010 and August 2011. Proprietary study results are based on experiences and perceptions of consumers/businesses/business users surveyed in May-August 2012. Your experience may vary.
Visit www.jdpower.com/corporate

NEW PRODUCT LAUNCHES – MOGRIP | STEEL MUSCLE

MOGRIP SERIES FOR 2-WHEELERS:

The Mogrip is for on and off road applications. It has a directional and aggressive block design with a stylish tread pattern and offers a good road grip.

TRUCK RADIAL Steel Muscle S1M4 10.00 R 20**:**

MRF Steel Muscle S1M4 is a premium radial tyre with zig-zag tread pattern for optimum traction in all wheel fitment. Its unique design enhances mileage.

The ZLO range of hi-speed passenger car radial tyres was launched last year and was accepted by the customers. This year we've added broader sizes in this series for premium cars like Jaguar, Audi, BMW, Porsche and Mercedes Benz.

ADDING MUSCLE TO THE NATION'S SECURITY – AERO MUSCLE

MRF's Aero Muscle, the only Indian tyre approved by CEMILAC was chosen for the main wheels of the legendary fighter jet – Sukhoi 30 MKI.

These advanced aviation tyres have been designed and developed by the MRF R&D. MRF already provides the tyres for the Chetak Helicopters.

MRF OPENS ITS 300th OUTLET

This year we opened our 300th T&S store at Kancheepuram, Tamil Nadu.

These T&S outlets provide world class ambience with services like wheel alignment and balancing, automatic tyre changing, nitrogen filling and tubeless tyre repair. These services are done by the MRF trained service personnel.

SPECIALITY COATINGS

MRF Corp Limited achieved a growth of around 18% by value in 2012-13. We have added over 325 clients during 2013 contributing 273 Kl.

Some of the projects undertaken last year were:
- Hotel Le Meridian, Jaipur - Wood Coatings
- Oberoi Realities, Mumbai - Metal Finishes
- Jamshedpur Medical College - Epoxy Flooring

A breakthrough has been made in the supply of PU paints to the Rig manufacturers at Hyderabad and Coimbatore.

MRF FORMULA CHAMPIONSHIP 2013

The Round I of the 2013 Championship was kicked off in October at the Buddh International Circuit, Delhi.

The Round 2 was held at the BIC, Bahrain in November and Round 3 is scheduled at the same venue. This will be followed up by Round 4 at the MMRT, Chennai in February, 2014.

FIFTH APRC TITLE FOR TEAM MRF

After winning titles in 2003, 2005, 2010 and 2012, Team MRF has won the 2013 FIA Asia Pacific Rally Championship (APRC) with Gaurav Gill (India) winning the driver's title and Glenn Macneall (Australia) winning the co-driver's title. Team MRF ŠKODA is also the winner of the APRC Teams' award.

MRF also underlined their dominance by helping teammate Esepekka Lappi win the Rally China and secure second position on the Championship podium.

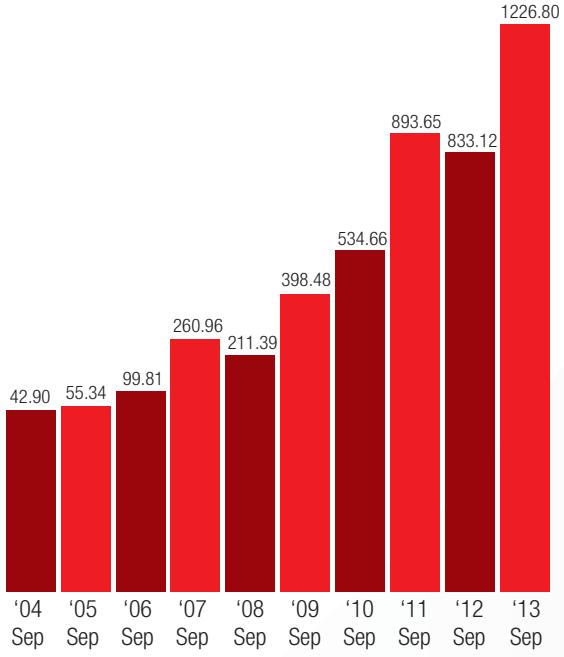
25+ YEARS OF THE MRF PACE FOUNDATION

The MRF Pace Foundation is the only institution in the world which is dedicated exclusively to training pace bowlers. With an unrivalled record of 16 Indian players and over 2000 international wickets, the Pace Foundation is entering a new phase led by Glenn McGrath, who took over the mantle from the legendary Dennis Lillee as Director of the MRF Pace Foundation.

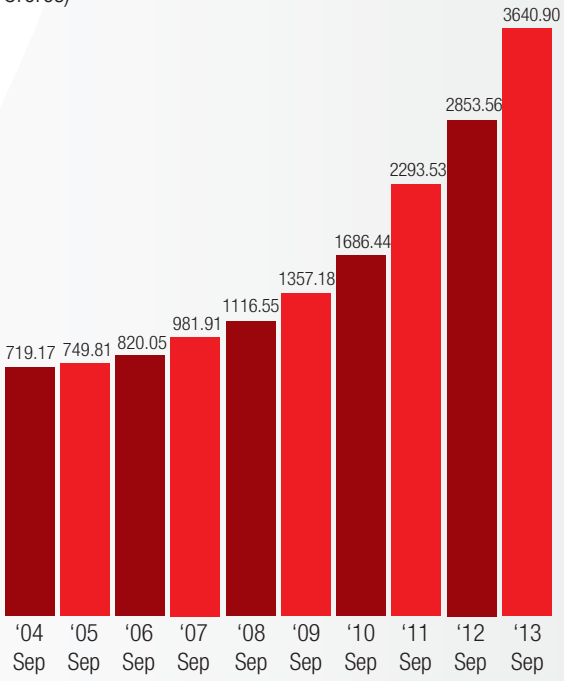
This year MRF has signed up the bright young sparks of Indian cricket, Virat Kohli and Shikhar Dhawan as brand ambassadors; in addition to Gautam Gambhir who continues in his role.

RACING AHEAD

Profit before taxation
(₹ Crores)

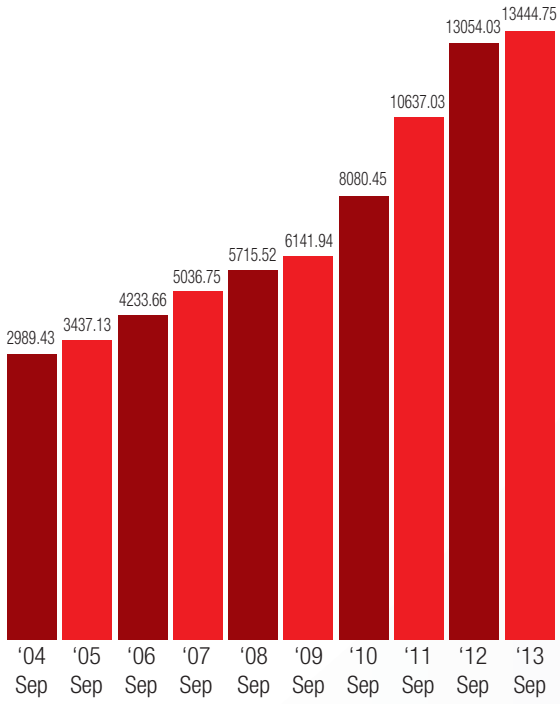


Reserves
(₹ Crores)

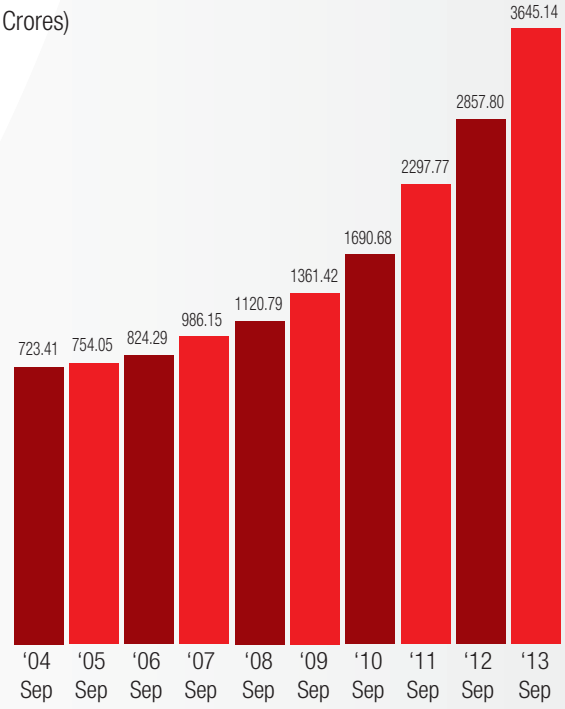


RACING AHEAD

Sales
(₹ Crores)



Net Worth
(₹ Crores)



BOARD OF DIRECTORS

K.M. MAMMEN
Chairman & Managing Director

ARUN MAMMEN
Managing Director

K.M. PHILIP
Whole-time Director

RAHUL MAMMEN MAPPILLAI
Whole-time Director

Dr. K.C. MAMMEN

ASHOK JACOB

V. SRIDHAR

VIJAY R. KIRLOSKAR

N. KUMAR

RANJIT I. JESUDASEN

S.S. VAIDYA

Dr. SALIM JOSEPH THOMAS

JACOB KURIAN

M. MEYYAPPAN

Company Secretary
RAVI MANNATH

Auditors
SASTRI & SHAH, Chennai
M.M. NISSIM and Co., Mumbai

Legal Advisors
KURIAN & KURIAN

Registered Office:
No. 114, Greams Road, Chennai - 600 006.

Ten Year Financial Summary (₹ Crore)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Sales	13444.75	13054.03	10637.03	8080.45	6141.94	5715.52	5036.75	4233.66	3437.13	2989.43
Other Income	37.40	39.73	33.14	29.13	34.40	40.83	24.17	27.07	44.96	58.54
Total Income	13482.15	13093.76	10670.17	8109.58	6176.34	5756.35	5060.92	4260.73	3482.09	3047.97
Profit before Taxation	1226.80	833.12	893.65	534.66	398.48	211.39	260.96	99.81	55.34	42.90
Provision for Taxation	424.59	260.76	274.23	180.68	145.45	66.83	89.18	19.90	15.03	14.10
Profit after Taxation	802.21	572.36	619.42	353.98	253.03	144.56	171.78	79.91	40.31	28.80
Share Capital	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24	4.24
Reserves	3640.90	2853.56	2293.53	1686.44	1357.18	1116.55	981.91	820.05	749.81	719.17
Net Worth	3645.14	2857.80	2297.77	1690.68	1361.42	1120.79	986.15	824.29	754.05	723.41
Fixed Assets Gross	5834.14	5477.16	4874.07	3865.62	3020.57	2866.24	2289.77	1955.99	1787.85	1534.47

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Fifty Third Annual Report and the Audited Statement of Accounts for the year ended 30th September, 2013.

Working of the Company

Financial Results

During the year under review, the Company achieved the following financial results:

(₹ Crore)

	2012-13	2011-12
Total Income	13482	13094
Profit before tax	1227	833
Provision for taxation	425	261
Net Profit	802	572

During the year under review, your Company's total income increased by around 3% to ₹ 13482 crore from ₹ 13094 crore in the previous year.

There was an increase of 4% in total tyre production in almost all segments. During the year, the raw material prices were stable and this contributed to the margins of the Company despite depreciation of rupee. This apart, your Company could achieve improved results, due to improved operating efficiencies and cost reduction measures which the Company has undertaken over a period of time.

Two interim dividends of ₹ 3 each per share (30% each) for the year ended 30th September, 2013 were declared by the Board of Directors on 25-07-2013 and on 24-10-2013. The Board of Directors is now pleased to recommend a final dividend of ₹ 24 per share (240%) on the paid-up equity share capital of the Company, for consideration and approval of the shareholders at the Annual General Meeting. With this, the total dividend for the entire year works out to ₹ 30 per share (300%). The total amount of dividends aggregates to ₹ 12.72 crore.

The Directors recommend that after making provision for taxation, debenture redemption reserve and proposed dividend, an amount of ₹ 758.82 crore be transferred to General Reserve. With this, the Company's Reserves and Surplus stands at ₹ 3640.90 crore.

Industrial Relations

Overall, the industrial relations in all our manufacturing units have been harmonious as well as cordial, except in Kottayam unit wherein the unions resorted to various forms of work stoppages and strikes which affected the production to a large extent and in Arakonam unit on certain issues. Both production and productivity were maintained at the desired satisfactory levels throughout the year.

The Management Discussion and Analysis which is attached with this report gives an overview of the developments in human resources/ industrial relations during the year.

Exports

The Company's exports stood at ₹ 1293 crore for the year ended 30th September, 2013 as against ₹ 1281crore for the previous year.

It was a very challenging year for the Company with the global markets showing very clear signs of a slowdown resulting in over supply and prices going on a downward spiral. In spite of these factors, export revenues posted a nominal growth of 1% over the previous year.

Prospects for the Current Year

The automobile industry is going through a recession and it is unlikely to turn favourable in the immediate future. This would have a bearing on tyre demand. The after-market demand continues to prop up the tyre industry demand. The capacity additions in the tyre industry would further fuel competition and this could put pressure on margins especially in the truck radial segment.

Your Company hopes to record satisfactory results on account of MRF's high brand preference and trust reposed by customers in MRF products.

Directors' Responsibility Statement

In compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently, making judgements 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 that period;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

Subsidiaries

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India, vide its General Circular No. 2 /2011 dated 08-02-2011, has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212 of the Companies Act, 1956, which requires the attaching of the balance sheet, profit and loss account etc., of the subsidiaries.

The Board of Directors at their meeting held on 25th July, 2013 passed necessary resolution according consent for not attaching the financial statements in respect of all the subsidiary companies for the year ended 30th September, 2013. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Company's subsidiaries is attached.

In accordance with the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial statements presented by your Company include the financial information of all its subsidiaries.

The annual accounts of the subsidiary companies along with the report of the directors and auditors thereon and all related detailed information will be made available to shareholders of the Company on request and will also be kept open for inspection at the registered office of the Company.

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

The details as required under the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 are given as an annexure to the Directors' Report.

Board

Mr Vijay R Kirloskar, Mr K M Philip, Mr S S Vaidya and Mr N Kumar retire by rotation at the Annual General Meeting and are eligible for re-appointment. Mr S S Vaidya has expressed his desire to retire from the board and not to seek re-appointment.

A brief profile of Mr Vijay R Kirloskar, Mr K M Philip and Mr N Kumar has been given in the Notice convening the Annual General Meeting of the Company.

Corporate Governance

In accordance with Clause 49 of the listing agreement with the stock exchanges, a separate report on corporate governance along with the Auditors' certificate confirming compliance, is attached to this report.

The Chairman & Managing Director has confirmed and declared that all the members of the Board and the senior management have affirmed compliance with the code of conduct.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms an integral part of the Directors' Report. However, in terms of the provisions of Section 219[1][b] of the Companies Act, 1956, the report and accounts are being sent to shareholders of the Company excluding the statement of particulars of employees under Section 217[2A] of the Companies Act, 1956. Any shareholder interested in obtaining a copy of such statement may write to the Company Secretary at the registered office of the Company and will be provided with a copy of the same.

Deposits

2 deposits aggregating ₹ 0.70 lakh remain unclaimed as at the close of the year ended 30th September, 2013.

Awards received during the year

During the year, the Company won the J D Power Award for customer satisfaction for the 10th time in the last 13 years. MRF was also awarded the "Highest Export Award [Auto Tyre Sector]" by the All India Rubber Industries Association (AIRIA) yet another time during the period under review.

Auditors

Messrs Sastri & Shah and M. M. Nissim and Co., who are our Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received certificates from both the auditors to the effect that their appointments will be within the limits prescribed under Section 224[1B] of the Companies Act, 1956.

Cost Audit

Mr C Govindan Kutty, Cost Accountant, has carried out audit of the Company's cost records for the year ended 30th September, 2012. The due date for filing of the cost audit report with the Ministry of Corporate Affairs (MCA) for the year ended 30th September, 2012 was 31st March, 2013. The report was filed on 25th March, 2013.

The Board has re-appointed Mr C Govindan Kutty, Cost Accountant, as cost auditor of the Company for the year ended 30th September, 2013 under Section 233B of the Companies Act, 1956, and the requisite approval from the Central Government has been obtained.

Appreciation

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

On behalf of the Board of Directors,

Chennai
28th November, 2013

K. M. MAMMEN
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a) The major energy conservation measures implemented during the year include installation of coal fired boilers, flash steam recovery from the steam header lines, improved insulation of steam pipe lines, steam trap audits and study on steam generation and consumption, installation of auto power factor control capacitor banks in all our plants, conducting compressed air leak study and optimization of process air pressure, eliminating idle running of equipment, providing inter locks with the master equipment and providing VFD for boiler FD fans.

b) Additional investments are being proposed for replacement of tube lights with low watt LED tube lights, replacement of metal haldide with induction lights, optimizing of chilled water systems, eliminating idle running of water pumps in process lines, regular energy audit by internal and external agency.

c) The energy conservation measures as listed above have been undertaken and these have resulted in lower fuel consumption / ton of production. However, due to production ramp up activities in two of our New Manufacturing facilities, the overall units/ ton for power, increased marginally.

Total Energy consumption and energy consumption per unit of production:

FORM "A"

I. POWER AND FUEL CONSUMPTION

1. Electricity

		2012-13	2011-12
(a)	**Purchased:**		
	Units	505097825	444881943
	Total Amount – (₹ Lacs)	29794.60	22642.86
	Rate/Unit (₹)	5.90	5.09
(b)	**Own Generation:**		
	Through Diesel Generator - Units	12929677	48941549
	Units/Ltr. of Diesel/Furnace Oil	3.12	3.59
	Cost/Unit (₹)	17.99	12.00

2. Furnace Oil (including coal)*

	2012-13	2011-12
Quantity (KL)	93781	92563
Total Amount (₹ Lacs)	29376.75	34187.23
Average Rate (₹ /Ltr.)	31.32	36.93
***Coal**		
Quantity (MT)	93869	34893
Total Amount (₹ Lacs)	4941.56	1572.23
Average Rate (₹ /Kg)	5.26	4.51

II. CONSUMPTION PER UNIT OF PRODUCTION

	2012-13	2011-12
Production (MT)	529169	518090
Electricity (Unit/MT)	979	953
# Furnace Oil & Coal (on applicable production) (Ltrs./MT)	178	180

Coal is converted to equivalent FO Ltrs.

B. TECHNOLOGY ABSORPTION:

FORM "B"

RESEARCH AND DEVELOPMENT (R & D)

1. **Specific areas in which R & D was carried out by the Company.**

   a) Development of new products.

   b) Introduction of new raw materials to achieve specific properties.

   c) Development of alternate sources for raw materials.

   d) Process improvements for energy saving and productivity increase.

   e) Achieving greater accuracy through process equipment modification and automation.

   f) Import substitution.

2. **Benefits derived as a result of the above R & D**

   The R & D activities are carried out in our separate, independent, fully equipped R & D center, in the R & D laboratories at all manufacturing units, the R & D laboratory for natural rubber at Kottayam and the shop floor of all our manufacturing operations.

   New products are continuously developed to meet the increased performance requirements of original equipment suppliers and replacement market.

   New raw materials are introduced in our products to improve product performance. Raw materials from alternate sources are evaluated and approved for quality and cost considerations.

   Process modification is continuously made for optimization of energy consumption and productivity increase.

   Modernization and automation of process equipment are done to achieve greater accuracy and narrow tolerance levels.

   Continuous development and introduction of new products for various applications such as :

   a) Original Equipment Manufacturers

   b) Domestic market

   c) Export market

   d) Farm service

   e) Off The Road

   f) High performance bias and radial tyres

   g) Aircraft tyres

   h) Defence sector

   i) Rallies and Races

   j) Inner tubes

   k) Retread market

   l) Belting industry

3. **Future plan of action**

   R & D efforts are taken to develop high performance truck radial tyres to achieve superior mileage and durability characteristics. With increasing radialisation in the truck segment and many of the global and domestic competitors setting up their additional production facilities in India, the competition in this segment is expected to be higher.

   The performance requirements of passenger radial car tyres have increased manifold with the introduction of new, high-end passenger cars by global players who have set up manufacturing facilities in India. Efforts are taken to develop tyres to meet this increased requirement particularly with respect to tyre noise, lower rolling resistance, traction, higher speed capabilities and higher comfort levels.

   Collaborative projects are planned with original equipment suppliers to develop fuel efficient, lower rolling resistant tyres for specialized applications.

   With the development of new highways all over the country, the durability and high speed requirement of passenger, truck and two wheeler tyres of both radial and bias , have gone up. New designs and compounds are continuously developed to improve these properties.

   R & D efforts are being taken to meet the increased performance requirement of aircraft tyres for defence application.

Priority is also given for meeting increased performance requirement in off the road tyre, race and rally tyre, pre cured tread rubber, inner tube and conveyor belt segments.

Efforts are taken to avoid usage of hazardous chemicals in our compounds in order to meet domestic and global pollution requirements.

4. Expenditure on R&D

	2012-13 (₹ Crore)	2011-12 (₹ Crore)
R & D Expenses		
a) Capital	4.22	7.50
b) Recurring	27.40	24.25
Total	31.62	31.75
Total R & D Expenses as a % of turnover and other income	0.23%	0.24%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation

a) Evaluation of new materials

New raw materials are evaluated and introduced into our formulations under specific technical programmes to achieve required properties.

b) New product development

New products are developed with increased product performance by adapting to different design and compound changes.

c) New process development

New innovative process changes are made to improve consistency and uniformity. This has also resulted in energy savings and productivity increase.

d) Development of equipment and machinery

Development and modification of equipment are done to improve product consistency, reduce down times and increase productivity.

2. Benefits derived as a result of the above efforts

a) Product Improvement

Usage of new raw materials and development of new formulations have resulted in superior product performance.

b) Cost reduction

Development and usage of raw materials from alternate sources have resulted in substantial cost saving.

Improvements achieved in the process have resulted in reduction in waste loss and improved machine utilization which has yielded cost reduction.

c) Product development

Efforts taken in the R & D have resulted in the development of new products meeting the performance requirements of domestic and export customers.

d) Import Substitution

Indigenously developed raw materials and process equipment have resulted in substantial savings and have helped in import substitution.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

		(₹ Crore)
Foreign Exchange Earnings:		
(a)	On account of Export Sales (FOB Value)	1223.77
(b)	Freight and Insurance	8.14
(c)	Interest	0.01
(d)	Others	1.02
		1232.94
Foreign Exchange Outgo:		3296.19

On behalf of the Board of Directors,

Chennai
28th November, 2013

K. M. MAMMEN
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

The core business of MRF is manufacturing, distribution and sale of tyres for various kinds of vehicles. The management discussion and analysis given below discusses the key issues for various sectors of the business.

Tyre Industry Structure and Development

The turnover of the Indian tyre Industry is estimated to be around ₹ 44,000 crore for the period 2012-2013. During this period, exports accounted for ₹4,800 crore. 1245 lakh tyres were manufactured by the tyre companies. Ten top tyre Companies' production constitute over 90% of the total tyre production. Around 65% of the total tyre industry tonnage is sold in the replacement market and OE market comprises about 24% of the tonnage, the balance being exports.

Commercial tyres (which include HCV, LCV & SCV) contribute to around 65% of the total tyre industry tonnage wherein 78% of the production tonnage is sold in the replacement market and OE market comprises about 14% of the tonnage and exports 8%. For the passenger car group, around 47% of tyres manufactured are sold to OEMs and around 49% caters to the replacement segment.

In the truck tyre sector, the commercial segments continue to be primarily dominated by cross-ply due to very poor road conditions, loading patterns and high initial cost of radials. The radialisation pattern of various product groups is as follows: passenger - 98% , light commercial vehicle - 22% and heavy commercial vehicle - 25%. Radialisation in commercial vehicles segment is expected to grow by 3% to 4% during 2013-14.

During 2012-13, in the vehicle manufacturing sector, there has been a dip of 30% in the production of heavy commercial vehicles and a 11% increase in light commercial vehicles. There was a 5% decline in the small commercial vehicle segment. The passenger car group production also saw a decrease of 4%. Whereas in the utility group, there has been an increase of 21% over the last year. In two wheelers, scooters witnessed a 11% increase whilst in motorcycle segment, the production remained flat. In the farm segment, there was an 8% increase in production over 2011-12.

The tyre industry provides direct and indirect employment to one million people comprising of dealers, retreaders and truck operators. The truck operations are controlled by nearly 2.6 million small operators.

There are around 5000 tyre dealers spread throughout the country, mostly selling multibrand across their counters.

Opportunities and Threats

The worldwide recession continues throughout the rest of the world mainly in USA and Europe. Economic situation in India, though volatile, is far better and conducive to robust growth. With growth all around, foreign investors will prefer to invest in India, over China, since they cater mainly to the export markets.

Multinational tyre companies will enter the Indian market with more investments and this development will intensify competition and could also cause a glut in the Indian market.

Despite several representations to the government, the inverted tax issue is yet to be resolved. Duty concessions should be extended to the imports of raw materials by the tyre manufacturers.

The performance of tyre manufacturers is affected by raw material costs like natural rubber and petroleum derivatives. The volatility in rubber prices will be a strain on the margins of tyre companies. A permanent reduction in rubber import duties would ease the pressures of the Indian tyre industry. There is a limitation to which cost escalations can be passed on to the end users and also it is challenging to increase the prices of tyres to OEMs.

Segment wise and Product wise Performance

During the period 2012-13, MRF achieved a sales turnover of ₹ 13445 crore. This is an increase of around 3% over the previous year. There was an increase of 4% in total tyre production in almost all segments. In the heavy commercial vehicle group, the largest segment, the increase was 5% over the last year and in light commercial vehicle group, the increase was 5%. In the motorcycle and scooter segments there was no visible increase over the previous year. The passenger car group registered an increase of 6%.

Exports

It was a very challenging year for MRF with the global markets showing very clear signs of a slowdown resulting in over supply and prices going on a downward spiral. MRF had overall supply issues more in terms of strategically servicing the continuing domestic after-market demand and deciding to maintain the export volumes in line with the previous year. In spite of these factors, export revenues posted a nominal growth of 1% over the previous year.

MRF was awarded the "Highest Export Award [Auto Tyre Sector]" by the All India Rubber Industries Association yet another time during the period under review.

Outlook

The automobile industry is going through a recession and it is unlikely to turn favourable in the immediate future. This would have a bearing on tyre demand. The after-market demand continues to prop up the tyre industry demand. The capacity additions in the tyre industry would further fuel competition and this could put pressure on margins especially in the truck radial segment.

Performance of the Company

The sales turnover of the Company during the year increased by around 3% from ₹ 13054 crore in 2011-12 to ₹ 13445 crore in 2012-13. Earnings before depreciation and interest (EBIDTA) amounted to ₹ 1796 crore against ₹ 1293 crore in the previous year. After providing for depreciation and interest, the profit before tax for the year ended 30th September, 2013 was ₹ 1227 crore as compared to ₹ 833 crore in the previous year. After making provision for income-tax, the net profit for the year stood at ₹ 802 crore as compared to ₹ 572 crore in the previous year.

Internal Control Systems and their Adequacy

The Company has adequate internal control systems in place and also has reasonable assurance on authorizing, recording and reporting transactions of its operations in all material respects and in providing protection and safeguard against misuse or loss of assets of the Company. The Company has in place, well documented procedures covering financial and operational functions commensurate with the size and complexities of the organization.

Some of the salient features of the internal control system in place are:-

i. Following the statutory and applicable Accounting Standards and Policies.
ii. A robust ERP system connecting all plants, sales offices and head office enabling seamless data and information flow. This is constantly reviewed to enhance the internal control check points.
iii. Preparation of annual budget for operation and service functions and monitoring the same with actual performance at regular intervals.
iv. All assets are properly recorded and procedures have been put in place to safeguard against any loss or unauthorized use or disposal.
v. Internal audit department carries out periodic audit at all locations and functions.
vi. The observations arising out of internal audit are periodically reviewed at the Audit Committee meetings along with follow up action.
vii. Periodic presentations are made to the Audit Committee on various operational and financial risks faced by the Company and action plan of the Company to mitigate the same

Discussion on Financial Performance with respect to Operational Performance

(₹ Crore)

	2012-13	2011-12
Sales	13445	13054
Other Income	37	40
Total Income	13482	13094
Profit before taxation	1227	833
Provision for taxation	425	261
Profit after taxation	802	572

The price of Natural Rubber, Synthetic Rubber and Carbon Black were stable during the year and contributed to the margins. The operations of the Company predominantly relate to manufacture of rubber products such as tyres, tubes, flaps, tread rubber and conveyor belt and this constitutes the major business segment. Other business operations of the Company are dealing in sports goods and other products, which do not contribute significantly to the total revenue of the Company.

Risks and Concerns

The industrial production was affected by the continuous increase in wholesale price index during the year. India's GDP growth in 2012-13 was 5.0% when compared to 6.9% in 2011-12. The growth in index of industrial production was nominal during the year. The Indian Tyre industry in particular was affected by decreased demand from the OEMs and replacement market. This, coupled with the depreciation in rupee, affected the automobile industry, particularly vehicle manufacturers. Being dependent on the automobile sector, our growth was severely hindered.

The Audit Committee and Board of Directors have been apprised about the major business risks identified by the Company and the steps proposed to mitigate them.

Human Resources

Strong business growth and expansions across MRF plants were taking place rapidly to meet the demand leading to continuous recruitment. For the bright and talented young workforce, MRF was the right place to join and develop a career. Recruitments were regularly done through using scientific tools and with the help of assessment centers. Induction and orientation programs continued to be more customized and designed to make the new entrants feel at home. Operatives were recruited and trained by NTTF. Syllabus was updated and customized to suit current

requirements that helped operatives settle into their jobs effortlessly. The practice of training first line supervisors from various plants of MRF, on technical, managerial and leadership skills, that ran for more than a few months, continued. This proved to be a successful method.

MRF also sustained its focus on leadership training for union leaders, opinion makers and also for staff & managers this year. Intensive programs were continued in many phases, covering many from our factories. Experts were also invited to share their experience with specific targets group for building relationship. Senior Leadership Programs (SLP) progressed as per design, providing a comprehensive training for senior leaders in the organization.

Simultaneously, MRF also continued to focus on Management Development Programmes and Executive Development Programmes for preparing managers to take up the growing managerial needs due to expansion. Other training activities at corporate level were as in the past, focused on management and leadership development. Unit specific training programs were followed up with productivity linked projects. The programs were facilitated by external and internal faculty members. The ongoing technical training program on products, processes and technology for operators and technical staff continued during the year.

Industrial relations scenario across all our manufacturing plants during the year was smooth and consistent except for a few issues at Kottayam unit. During the year, long-term agreements were signed in Arakonam and Kottayam units. The volatile and continuously changing economic condition had great impact on the demands during LTA discussions which were smoothly and peacefully negotiated resulting in mutually beneficial settlements. It was possible to achieve this due to the pro-active IR interventions to sustain our relationship with the employees.

TPM (Total Productive Maintenance) was taken up seriously by all at MRF. This continued to be a way of life across all the units of MRF. To promote the TPM culture, the employees were continuously encouraged and motivated to adopt 'Kaizen principles' which were duly rewarded and implemented at the work place.

New features in SAP were developed and implemented to encourage and leverage continuous improvement. Customized interventions were designed for addressing specific process related problems. Continuous process improvements were made through SAP for increasing productivity.

The total employee strength as on 30th September, 2013 was 15,343.

Corporate Social Responsibility

During the year 2012-13, the Company continued to invest time, effort and resources in promoting social welfare and progress. Some of the initiatives undertaken during the year are as follows :

Education:

MRF continued its focus on the education of youth and in the nurturing of skills, talents and values in children. The Company firmly believes that by investing in education, we would be ensuring a better quality of life for the next generation.

Some of the activities undertaken in this regard were awarding merit-based academic scholarships to children of local village government schools, providing infrastructure for government schools, distribution of note books, emphasizing the importance of a clean and green environment through competitions in oratory, dramatics, drawing and poetry and sponsoring of local sports tournaments.

Driver Development:

The MRF Institute of Driver Development (MIDD), a pioneering institute providing driver training in light and heavy commercial vehicles, has a track record of over 26 years. 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 265 drivers during the year 2012-13, which includes 123 drivers who have done a refresher course. Immediately after training, placement assistance is provided for all needy drivers, with reputed transporters and fleet operators.

Health and Rural Infrastructure:

During the year, the Company also conducted various general health camps, speciality medical camps and health awareness programs in villages. Village infrastructural requirements like street lights, traffic islands, etc., and support to local village festivals was also provided.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions 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 Corporate 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.

Pursuant to Clause 49 of the Listing Agreement, your Company has adopted a code of conduct for members of the Board and senior management. The code is displayed at the Company's website www.mrftyres.com. The Company has also adopted a code for prevention of insider trading as per SEBI (Prohibition of insider trading) Regulations, 1992. All the Directors and employees at senior management level have affirmed their compliance to the code.

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:

As at 30th September, 2013 in compliance with corporate governance norms, the Board comprises of 14 Directors. It includes a Chairman & Managing Director, a Managing Director, 2 Whole-time Directors, 2 Non-Executive Directors and 8 Non-Executive 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 Companies in which he is a director.

(b) Number of Board Meetings, attendance of Directors at Board Meetings and at the Annual General Meeting, outside directorships and board committee memberships:

Name of Director	Category	No. of Directorships in other Public Ltd. Companies	No. of Committee Memberships in other Public Ltd. Companies	No. of Board Meetings attended during 2012-13	Attended last AGM on 07-02-2013
Mr K M Mammen Chairman & Managing Director	Promoter Executive Director	4	Nil	5	Yes
Mr Arun Mammen Managing Director	Promoter Executive Director	3	Nil	5	Yes
Mr K M Philip Whole-time Director	Promoter Executive Director	3	Nil	5	Yes
Mr Rahul Mammen Mappillai Whole-time Director	Promoter Executive Director	Nil	Nil	5	Yes
Dr K C Mammen	Non-Executive Director	3	Nil	5	Yes
Mr Ashok Jacob (NRI)	Non-Executive Director	3 (Incl. 2 Overseas Companies)	Nil	1	Yes
Mr V Sridhar	Non-Executive Independent Director	Nil	Nil	5	Yes
Mr Vijay R Kirloskar	Non-Executive Independent Director	8 (Incl.4 Overseas Companies)	2-Member	1	No
Mr N Kumar	Non-Executive Independent Director	6 (Incl.1 Overseas Company)	3-Chairman 1-Member	4	Yes
Mr Ranjit I Jesudasen	Non-Executive Independent Director	Nil	Nil	4	Yes
Mr S S Vaidya	Non-Executive Independent Director	10	4-Chairman 7-Member	4	No
Dr Salim Joseph Thomas	Non-Executive Independent Director	Nil	Nil	5	Yes
Mr Jacob Kurian	Non-Executive Independent Director	Nil	Nil	5	Yes
Mr M Meyyappan	Non-Executive Independent Director	Nil	Nil	4	Yes

Mr K M Mammen, Chairman & Managing Director and Mr Arun Mammen, Managing Director, are brothers and hence related to each other within the meaning of the Companies Act. Mr Rahul Mammen Mappillai, Whole-time Director is the son of Mr K M Mammen, Chairman & Managing Director and hence related to each other.

(c) Dates of Board meetings:

During the year 2012-13, five Board Meetings were held on 25-10-2012, 29-11-2012, 07-02-2013, 18-04-2013 and 25-07-2013. The interval between any two successive meetings did not exceed four calendar months.

(d) Information placed before the Board

The Company held 5 Board Meetings during the year to review the financial results and other items that are required to be placed before the Board under the various statutes including the Companies Act, 1956 and the listing agreements entered into with the stock exchanges. All the departments in the Company provide well in advance, matters which require approval of the Board/Committees, to the Company Secretary to enable him to prepare the agenda for the Board/Committee meetings.

(e) Code of Conduct

The Board has laid down a Code of Conduct for all Directors and senior management staff of the Company. 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.

The Chairman & Managing Director has confirmed and declared that all the members of the Board and senior management have affirmed compliance with the code of conduct.

3. Committees of the Board

A. Audit Committee:

(i) Composition:

The Audit Committee comprises of 4 Directors all of them being Non-Executive Independent Directors. The members of the Committee including its Chairman are as follows:

Mr Jacob Kurian	Chairman
Mr S S Vaidya	Member
Mr V Sridhar	Member
Mr Ranjit I Jesudasen	Member

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

Mr K M Mammen, Chairman & Managing Director, Mr Arun Mammen, Managing Director and Mr Rahul Mammen Mappillai, Whole-time Director, are permanent invitees. Heads of finance, internal audit, statutory auditors and such other executives, as considered appropriate, also attend the meetings by invitation.

During the year, Mr Jacob Kurian was nominated by the Board as a member of the Audit Committee. The Audit Committee which met on 25-07-2013, elected Mr Jacob Kurian as Chairman of the Audit Committee in the place of Mr S S Vaidya who continues to be a member of the Committee.

(ii) Reference:

The powers, role and terms of reference of the Audit Committee covers the area as mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. These include oversight of Company's financial reporting process, internal controls and disclosures of financial information, reviewing the adequacy of the internal audit team, reviewing with management the quarterly/annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration. Apart from the above, the Committee also reviews the Management Discussion and Analysis and statement of related party transactions.

(iii) Meetings and Attendance:

During the year 2012-13, the Audit Committee met on the following dates:

Dates of Meetings: 29-11-2012, 06-02-2013, 18-04-2013 and 25-07-2013

The members and attendance of Committee members are given below:

Name of the Member	Meetings Attended
Mr S S Vaidya	3
Mr Jacob Kurian	1
Mr V Sridhar	4
Mr Ranjit I Jesudasen	4

B. Remuneration Committee:

(i) Composition:

The Committee comprises of 3 Non-Executive Independent Directors and 2 Executive Directors. The Chairman is a Non-Executive Independent Director. The Committee comprises of:

Mr S S Vaidya	Chairman
Mr V Sridhar	Member
Mr Ranjit I Jesudasen	Member
Mr K M Mammen	Member
Mr Arun Mammen	Member

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

(ii) Reference:

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing and Whole-time Directors.

(iii) Meetings and Attendance:

During the year 2012-13, the Remuneration Committee met on the following dates :

Dates of Meetings: 29/11/2012, 18/04/2013 and 25/07/2013.

All the members of the Committee were present for the meetings.

The Remuneration policy of the Company is:

(a) For Managing and Whole-time Directors, the total remuneration consists of salary, perquisites & commission within the limits approved by the shareholders. No sitting fee is payable.

(b) Non-Executive Directors do not draw any remuneration from the Company except the sitting fees as permitted under the Companies Act, 1956 for attending the meetings of the Board/ Committees thereof.

Details of Remuneration to all the Directors for the year 2012-13:

The aggregate value of salary and perquisites and commission paid to the Managing and Whole-time Directors 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) 36519772 (d) 15600000 (e) 52119772 (a) Mr Arun Mammen (b) Managing Director (c) 32164383 (d) 14920000 (e) 47084383 (a) Mr K M Philip (b) Whole-time Director (c) 24823051 (d) 10100000 (e) 34923051 (a) Mr Rahul Mammen Mappillai (b) Whole-time Director (c) 19113907 (d) 9670000 (e) 28783907.

Note: Salary and perquisites include all elements of remuneration i.e., salary, allowances and benefits. The Company has not issued any stock options to any of the directors. The term of executive directors does not exceed five years.

The sitting fees paid for the year 2012-13 to Non-Executive Directors and their shareholdings are as follows:

(a) Name (b) Sitting fees (₹) (c) No. of shares held
(a) Dr K C Mammen (b) 100000 (c) 9043; (a) Mr Ashok Jacob (b) 20000 (c) 1856; (a) Mr V Sridhar (b) 230000 (c) Nil; (a) Mr Vijay R Kirloskar (b) 20000 (c) 355; (a) Mr N Kumar (b) 80000 (c) 928; (a) Mr Ranjit I Jesudasen (b) 210000 (c) Nil; (a) Mr S S Vaidya (b) 170000 (c) Nil; (a) Dr Salim Joseph Thomas (b) 100000 (c) Nil; (a) Mr Jacob Kurian (b) 120000 (c) 123; (a) Mr M Meyyappan (b) 80000 (c) 20.

There were no material pecuniary relationships or transactions by Non-Executive Directors vis-à-vis the Company.

C. Shareholders/Investors Grievance Committee:

(i) Composition:

The Company has constituted a Shareholders/Investors Grievance Committee of the Board of Directors under the Chairmanship of a Non-Executive Independent Director to specifically look into the redressing of Shareholder/Investor Grievances.

The members of the Committee comprise of:

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

Mr Ravi Mannath, Company Secretary, is the Secretary of the Committee.

(ii) Reference:

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

(iii) Meetings and Attendance:

During the year, the Shareholders/Investors Grievance Committee met twice on 29-11-2012 and 25-07-2013.

All the members of the Committee were present for the meetings.

3 investor complaints were received during the year under review. All the complaints were redressed and no queries on the same were pending at the year end.

Number of Share Transfers/Transmissions/issue of Duplicate share certificates pending as on 30th September, 2013, was 9. As on date, out of these pending matters, 3 cases of transmissions have been completed and 1 matter was placed before the Board for approval for issue of duplicate share certificates. The balance pending will be approved/dealt with by the Company after completion of their respective documentation.

Mr Ravi Mannath, Company Secretary, is the Compliance Officer of the Company.

As required by the SEBI (Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for prevention of insider trading. All the Directors and the designated employees have affirmed their compliance with the code.

CEO/CFO Certification:

Mr Arun Mammen, Managing Director and Mr Madhu P Nainan, Vice President Finance, have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO Certification for the year ended 30th September, 2013.

4. General Body Meetings

(a) The Company held its last 3 Annual General Meetings as under:

AGM for the Year	Date	Time	Venue
2009-2010	10-02-2011	11.00 A.M.	TTK Auditorium 'The Music Academy' 168 TTK Road, Chennai 600 014
2010-2011	09-02-2012	11.00 A.M.	-do-
2011-2012	07-02-2013	11.00 A.M.	-do

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

Date of AGM	Particulars of Special Resolution passed
10-02-2011	(i) Appointment and payment of remuneration to Mr Samir Thariyan Mappillai, a relative of some of the Directors of the Company, w.e.f. 01-08-2010 under Section 314(1) of the Companies Act, 1956
	(ii) Payment of revised remuneration to Mr Samir Thariyan Mappillai, a relative of some of the Directors of the Company, w.e.f. 01-04-2011 under Section 314(1B) of the Companies Act, 1956
09-02-2012	No Special Resolution was passed.
07-02-2013	No Special Resolution was passed.

(c) Postal Ballot :

During the year, the Board sought the consent of the shareholders of the Company for passing of the following special/ordinary resolutions through postal ballot as per the Notice to the shareholders dated 25-07-2013:

1. Ordinary Resolution under Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to accord approval to the revision in remuneration of Mr K M Mammen, Chairman & Managing Director of the Company.

2. Ordinary Resolution under Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to accord approval to the revision in remuneration of Mr. Arun Mammen, Managing Director of the Company.

3. Special Resolution under Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to accord approval to the revision in remuneration of Mr. K M Philip, Whole-time Director of the Company.

4. Ordinary Resolution under Sections 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 to accord approval to the revision in remuneration of Mr Rahul Mammen Mappillai, Whole-time Director of the Company.

Mr N C Sarabeswaran, chartered accountant, was appointed as the scrutinizer for overseeing the postal ballot process.

The above special/ordinary resolutions were passed with requisite majority with the percentage of votes cast in favour for all the resolutions mentioned above being 99.51% of the total number of valid votes.

The procedures prescribed under Section 192A of the Act, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, were duly followed for conducting the postal ballot process during the year for approving the resolutions mentioned above.

5. Disclosures

There were no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. Details of related party transactions are furnished in the notes to the financial statements.

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 3 years. No penalties or strictures have been imposed on the Company by these authorities in respect of the same.

In terms of sub-clause IV C of clause 49 of the listing agreement, the Audit Committee/Board noted the detailed presentation made on procedures for minimization of major business risks identified by the Company and the steps taken to mitigate them.

6. Means of Communication

Quarterly results are published in prominent daily newspapers viz., Business Standard (all over India) and Makkalkural (Vernacular). As per the requirement of Clause 54 of the listing agreement, the annual report, quarterly / half yearly results are displayed on the Company's website www.mrftyres.com. The Company has a designated e-mail address viz., mrfshare@mrfmail.com exclusively for investor servicing.

The Ministry of Corporate Affairs (MCA) vide its circulars dated 21/04/2011 and 29/04/2011 has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. A recent amendment to the listing agreement with the stock exchanges permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/Depository participant. Pursuant to the above, the Company vide its Circulars dated 19th August, 2011 and 19th November, 2012 has requested the shareholders holding shares both in physical/demat form to register/update their e-mail addresses to the Company/Depository participants. Accordingly, the annual report for 2012-13, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ Depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

Management Discussion and Analysis Report has been attached to the Directors' Report and forms part of the Annual Report.

7. Shareholder Information

a) Annual General Meeting:

Date and Time	:	06-02-2014, 11.00 A.M.
Venue	:	TTK Auditorium 'The Music Academy' No. 168 TTK Road, Chennai 600 014

b)	**Financial Calendar**	:	(tentative and subject to change)
	Unaudited Results for 1st Quarter ending 31-12-2013	:	Within 45 days of the end of the quarter.
	Unaudited Results for 2nd Quarter ending 31-03-2014	:	Within 45 days of the end of the quarter
	Unaudited Results for 3rd Quarter ending 30-06-2014	:	Within 45 days of the end of the quarter.
	Financial Results for the year ending 30-09-2014	:	By the end of November, 2014
	Annual General Meeting for the year ending 30-09-2014	:	By the middle of February, 2015
c)	**Date of Book Closure**	:	01-02-2014 to 06-02-2014

d) Dividend Payment Date :

Interim Dividend	:	19-08-2013 ₹ 3 per share (30%)
II Interim Dividend	:	14-11-2013 ₹ 3 per share (30%)
Final Dividend	:	14-02-2014 ₹ 24 per share (240%) (subject to approval of shareholders)

e) Registered Office : No. 114, Greams Road,
Chennai – 600 006.
Tel : (044) 28292777
Fax : (044) 28295087
E-mail : mrfshare@mrfmail.com

f) Listing on Stock Exchanges at:

1. Madras Stock Exchange Ltd., (MSE)
   'Exchange Building' P B No.183,
   11 Second Line Beach, Chennai – 600 001

2. 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.

3. Bombay Stock Exchange Ltd., (BSE)
   Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

   Equity ISIN : INE 883A01011

   Listing Fees upto the year ending 31st March, 2014 have been paid to all the above mentioned Stock Exchanges.

g) Stock Code:

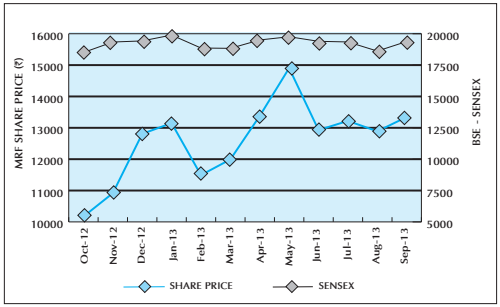
Bombay Stock Exchange	Code	500290
National Stock Exchange	Symbol	MRF
Madras Stock Exchange	Code	MRF

h) Market Price Data:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
October, 2012	10698.20	9874.00	41,344	10690.00	9710.00	1,97,057
November, 2012	10950.00	9775.00	50,808	10999.40	9770.05	1,79,837
December, 2012	12832.95	10728.05	1,03,356	12850.00	10801.00	3,10,596
January, 2013	13850.00	12877.00	66,892	13903.90	12879.85	2,12,482
February, 2013	13550.00	11312.00	59,006	13530.00	11261.10	1,68,201
March, 2013	13129.50	11011.00	47,966	13124.25	11111.65	1,63,924
April, 2013	14140.00	11434.00	1,43,931	14139.20	11432.40	2,42,125
May, 2013	15499.80	13250.80	87,377	15499.00	13280.00	2,89,118
June, 2013	15420.00	12201.00	56,855	15422.00	12180.00	1,90,056
July, 2013	14813.00	12052.00	1,10,923	14813.95	12050.00	3,86,027
August, 2013	14330.00	12350.05	59,807	14332.95	12311.00	2,16,563
September, 2013	13771.05	12699.95	61,018	13780.05	12670.00	2,45,949

i) Stock Performance: (Monthly Closing Price)

Performance in comparison to BSE Sensex



j) 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

share registry work in terms of both physical transfer work as well as electronic connectivity, in-house.

In-house investor relations department comprises of experienced and qualified employees who are committed to provide prompt and pro-active services to its shareholders and investors. The department provides various services viz.,

- Dematerialization and Rematerialization of shares
- Share Transfers/Transmissions
- Disbursement of dividend
- Issue of duplicate share certificates
- Dissemination of information
- Fixed Deposit related activities

The department is well equipped with state of the art hardware and licensed software packages for its operations to ensure high investor satisfaction and confidence. Members are therefore requested to communicate pertaining to both physical and electronic connectivity to Secretarial Department, MRF Limited, No. 114, Greams Road, Chennai 600 006.

k) Share Transfer System:

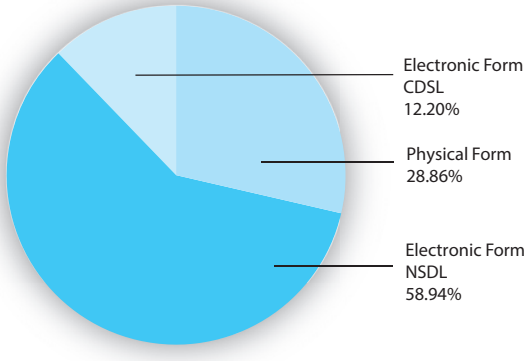
The average time taken for processing and registration of share transfer requests received is less than 12 days. All dematerialization requests are processed within 10 days.

l) Distribution of shareholding: (as at the year end)

Shareholding	No. of Shareholders	%	No. of Shares	%
Upto 500	29763	98.58	769381	18.14
501 - 1000	168	0.56	121728	2.87
1001 - 2000	41	0.14	278535	6.57
2001 - 3000	19	0.06	85706	2.02
3001 - 4000	16	0.05	55534	1.31
4001 - 5000	36	0.12	91479	2.16
5001 - 10000	96	0.32	142646	3.36
10001 and above	54	0.18	2696134	63.57
TOTAL	30193	100.00	4241143	100.00

m) Dematerialization of Shares and Liquidity:

71.14% of total Equity Capital is held in dematerialized form with NSDL and CDSL upto 30th September, 2013. All requests for dematerialization of shares were carried out 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).

n) Reconciliation of share capital Audit

A qualified practicing Company Secretary carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL), Central Depository Services (India) Ltd. (CDSL) and in physical form with the total number of paid-up/listed capital. The audit confirms that the total paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

o) Plant Locations:

1.	Tiruvottiyur	—	Tiruvottiyur, Chennai, Tamilnadu
2.	Kottayam	—	Vadavathoor, Kottayam, Kerala
3.	Goa	—	Usgao, Ponda, Goa
4.	Arkonam	—	Icchiputhur, Arkonam,Tamilnadu
5.	Medak	—	Sadasivapet, Medak, Andhra Pradesh
6.	Puducherry	—	Eripakkam Village, Nettapakkam Commune, Puducherry
7.	Ankanpally	—	Sadasivapet, Medak, Andhra Pradesh
8.	Perambalur	—	Naranamangalam Village & Post, Kunnam Taluk, Perambalur District, (Near Trichy) Tamilnadu.

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

q) Adoption, compliance and Non-Adoption of Non-Mandatory requirements under Clause 49 of the Listing Agreement:

1. Maintaining Non-Executive Chairman's Office:

Not Applicable as the Chairman is an executive director.

2. Remuneration Committee:

The information pertaining to remuneration committee is provided in Item No. 3 (B) of this report.

3. 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 website (www.corpfiling.co.in). Therefore, no individual communications are sent to the shareholders in this regard.

4. Audit Qualification:

There are no qualifications in the Auditors' Report on the accounts for the year 2012-13.

5. Others:

Adoption of the other non-mandatory requirements is being reviewed by the Company from time to time.

r) Unclaimed Share Certificates:

In terms of the provisions of Clause 5A of the listing agreement, shares issued pursuant to the public issues or any other issue which remain unclaimed shall be credited to a demat suspense account with one of the depository participants opened by the Company for this purpose. As per the said clause, the Company has sent reminder letters to the shareholders, whose share certificates were lying with the Company due to non-submission of allotment letters. Since good response was received from the shareholders staking their claim for the unclaimed shares, it was decided to send further reminder(s) and take other appropriate measures as may be required before the company proceeds to transfer the unclaimed shares to a suspense account. Shareholders who are in receipt of the reminder letters are requested to write to the Company immediately with requisite supporting documents to enable the Company to issue share certificates. If no response is received, the Company will proceed to credit the shares to unclaimed suspense account. As and when the shareholder approaches the Company with required documents, the Company shall credit the shares lying in the suspense account to the demat account of the shareholder.

AUDITORS' CERTIFICATE

To the Members of

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

We have examined the compliance of conditions of Corporate Governance by MRF Limited, for the year ended on 30th September, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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 and on behalf of

For Sastri & Shah
Chartered Accountants
Firm Regn. No. 003643S

C. Sri Ram
Partner
Mem. No. 005897

For M. M. Nissim and Co.
Chartered Accountants
Firm Regn. No. 107122W

N. Kashinath
Partner
Mem. No. 36490

Chennai, Dated 28th November, 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MRF LIMITED, ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013.

Report on the Financial Statements

We have audited the accompanying Financial Statements of MRF LIMITED ('the Company') which comprise the Balance Sheet as at 30th September, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and the explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2013;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Companies Act, 1956 we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e) On the basis of written representations received from the Directors as on 30th September, 2013 and taken on record by the Board of Directors and on the basis of examination of the records of the Company, we report and certify that none of the Directors is disqualified as on 30th September, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Sastri & Shah
Chartered Accountants
Firm Regn. No. 003643S

C. Sri Ram
Partner
Mem. No. 005897

For M. M. Nissim and Co.
Chartered Accountants
Firm Regn. No. 107122W

N. Kashinath
Partner
Mem. No. 36490

Chennai, Dated 28th November, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date to the members of MRF LIMITED as at and for the year ended 30th September, 2013)

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

b) As explained to us, the fixed assets have been physically verified by the management, at reasonable intervals, in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification;

c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

ii) a) The inventory has been physically verified by the management during the year at reasonable intervals, except for materials lying with third parties, where confirmations are obtained;

b) The procedures of physical verification of the inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business;

c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clauses 4(iii) (b) to (d) of the Order are not applicable.

b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clauses 4(iii) (f) & (g) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

v) a) Based on the audit procedures applied by us and according to the information, explanations and representations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

vi) The Company has complied with the directives issued by the Reserve Bank of India and provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

viii) We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.

ix) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues with appropriate authorities. 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 30th September, 2013 for a period of more than six months from the date they became payable;

b) According to the information and explanations given to us, the details of disputed sales-tax, customs duty, excise duty and income-tax which have not been deposited as at 30th September 2013 on account of any dispute, are as under:

Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	₹ Crore
CENTRAL SALES TAX ACT, 1956 & VAT LAWS			
Sales tax / VAT and penalty	2002-03, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11	Appellate Commissioner	7.05
	1992-93, 1995-96, 1997-98, 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11	Appellate Tribunal	12.70
	1996-97	High Court	0.04
	1996-97, 2000-01 & 2001-02	Supreme Court	0.59
CUSTOMS ACT, 1962			
Customs Duty and penalty	2003-04	Appellate Tribunal	0.16
	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	₹ Crore
CENTRAL EXCISE ACT, 1944			
Excise duty and penalty	1997-98, 1998-99, 2005-06, 2006-07, 2009-10 & 2010-11	Appellate Commissioner	0.50
	1993-94, 1999-2000 to 2004-05	Appellate Tribunal	0.63
	2001-02	Supreme Court	0.06
INCOME TAX, 1961			
Income Tax	2002-03 & 2004-05	High Court	4.51
ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION			
Cess on own power	2003-04 to 2012-13	High Court	5.15

x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

xi) The Company has not defaulted in repayment of its dues to banks and debenture holders.

xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.

xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, requirements of Clause 4(xiv) of the said order are not applicable to the Company.

xv) According to the information and explanations given to us and the representation made by the management, the Company has given guarantee for loan taken by one of its subsidiary companies from a bank. In our opinion, the terms and conditions of the said guarantee is not prima-facie prejudicial to the interest of the Company.

xvi) On the basis of the records examined by us and relying on the information compiled by the Company for correlating the funds raised to the end use of term loans, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained.

xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has created security in respect of the Debentures issued.

xx) The Company has not raised any money by way of public issues during the year. Hence the requirements of Clause 4(xx) of the said Order are not applicable to the Company.

xxi) On the basis of our examination and according to the information and explanations given to us, considering the size of the Company and nature of its business, no fraud, on or by the Company, has been noticed or reported during the year

For Sastri & Shah
Chartered Accountants
Firm Regn. No. 003643S

C. Sri Ram
Partner
Mem. No. 005897

For M. M. Nissim and Co.
Chartered Accountants
Firm Regn. No. 107122W

N. Kashinath
Partner
Mem. No. 36490

Chennai, Dated 28th November, 2013

MRF LIMITED, CHENNAI

BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

EQUITY AND LIABILITIES	Note	₹ Crore	As at 30.09.2012 ₹ Crore
Shareholders' Funds			
Share Capital	2	4.24	4.24
Reserves and Surplus	3	3640.90	2853.56
		3645.14	2857.80
Non-Current Liabilities			
Long-Term Borrowings	4	952.46	1102.71
Deferred Tax Liabilities (Net)	5	222.31	186.72
Other Long-Term Liabilities	6	1043.23	908.03
Long-Term Provisions	7	75.24	87.29
		2293.24	2284.75
Current Liabilities			
Short-Term Borrowings	8	476.23	528.72
Trade Payables	9	1021.43	939.43
Other Current Liabilities	10	552.23	454.33
Short-Term Provisions	7	269.07	147.24
		2318.96	2069.72
TOTAL		**8257.34**	**7212.27**
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		2964.15	2907.81
Intangible Assets		5.39	5.99
Capital Work-in-Progress		359.12	414.65
		3328.66	3328.45
Non-Current Investments	12	84.68	71.54
Long-Term Loans and Advances	13	138.12	57.23
Other Non-Current Assets	14	34.89	30.46
		3586.35	3487.68
Current Assets			
Current Investments	15	821.48	353.17
Inventories	16	1795.29	1645.59
Trade Receivables	17	1556.14	1454.09
Cash & Bank Balances	18	330.81	61.10
Short-Term Loans and Advances	13	145.14	203.42
Other Current Assets	14	22.13	7.22
		4670.99	3724.59
TOTAL		**8257.34**	**7212.27**
Significant Accounting Policies	1	-	-

The Notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated 28th November, 2013

MRF LIMITED, CHENNAI

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

	Note	₹ Crore	Year ended 30.09.2012 ₹ Crore
INCOME			
Revenue from operations (Gross)	19	13453.12	13061.75
Less:- Excise Duty		1321.96	1191.57
Revenue from operations (Net)		12131.16	11870.18
Other income	20	29.03	32.01
Total Revenue		12160.19	11902.19
EXPENSES			
Cost of materials consumed	21	7800.83	8344.27
Purchase of Stock-in-Trade [Note 27(a) (ii)]		125.13	26.48
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	22	(26.73)	(17.83)
Employee benefits expense	23	603.49	513.69
Finance costs	24	195.94	158.78
Depreciation & Amortisation expense	25	372.93	301.11
Other expenses	26	1861.80	1742.57
Total Expenses		10933.39	11069.07
PROFIT BEFORE TAX		1226.80	833.12
Tax expense:			
Current tax		389.00	235.50
MAT Credit entitlement		-	(19.56)
Deferred tax		35.59	44.92
(Excess) / Short Provision of Earlier years		-	(0.10)
		424.59	260.76
PROFIT FOR THE YEAR		802.21	572.36
Basic & diluted - Earnings per equity share:(₹)	27 (c)	1891.49	1349.52
Significant Accounting Policies	1		

The 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 SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated 28th November, 2013

MRF LIMITED, CHENNAI

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

		₹ Crore	₹ Crore	Year ended 30.09.2012 ₹ Crore	₹ Crore
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		1226.80		833.12
	Adjustment for :				
	Depreciation	372.93		301.11	
	Unrealised Exchange (Gain) / Loss	9.90		(5.39)	
	Reversal of Provision for Diminution in value of Investment	(4.98)		-	
	Provision for Doubtful debts written back	(0.53)		-	
	Interest - Net	181.88		151.74	
	Dividend Income	(0.15)		(0.05)	
	Loss / (Gain) on Sale / Disposal of fixed assets sold	0.09		(0.37)	
	Loss / (Gain) on Sale of Investments	(0.31)	558.83	(0.01)	447.03
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		1785.63		1280.15
	Trade and other receivables	(158.43)		(81.81)	
	Inventories	(149.70)		(119.57)	
	Long-Term Liabilities	135.20		132.28	
	Trade Payable & Provisions	112.92	(60.01)	50.33	(18.77)
	CASH GENERATED FROM OPERATIONS		1725.62		1261.38
	Direct Taxes paid		(303.33)		(238.61)
	NET CASH FROM OPERATING ACTIVITIES		1422.29		1022.77
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(375.34)		(616.19)	
	Proceeds from sale of Fixed Assets	2.11		0.63	
	(Purchase) / Proceeds from Investments Net	(472.16)		(352.01)	
	Fixed Deposits with Banks	(43.50)		-	
	Interest & Dividend income	5.88		1.33	
	NET CASH USED IN INVESTING ACTIVITIES		(883.01)		(966.24)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	(Repayments) / proceeds from Working Capital Facilities (Net)	(52.49)		118.65	
	(Repayments)/Proceeds from Term Loans	(31.93)		2.75	
	(Repayments) / proceeds from Fixed Deposits (Net)	(11.70)		(2.13)	
	Sales Tax Deferral	(6.51)		(3.91)	
	Deferred payment Credit	(6.96)		(6.42)	
	Interest paid	(191.19)		(148.07)	
	Dividend and Corporate Dividend Tax	(12.35)		(12.32)	
	NET CASH FROM FINANCING ACTIVITIES		(313.13)		(51.45)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		226.15		5.08
	CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2012		59.62		54.54
	CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2013		285.77		59.62

Supplementary Non-Cash Information

Conversion of Unsecured Loan to a Subsidiary into Equity (Refer Note 27(j))

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

For SASTRI & SHAH
Chartered Accountants
C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants
N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated 28th November, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with relevant requirements of the Companies Act, 1956 and applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

B. USE OF ESTIMATES:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

C. FIXED ASSETS AND DEPRECIATION:

a. Fixed Assets are stated at cost net of credits under Cenvat/VAT Schemes. All costs relating to the acquisition including freight and installation of fixed assets are capitalised and also include interest on borrowings upto the date of capitalisation.

b. Depreciation:

(i) Depreciation on buildings, plant and machinery, moulds and a part of other assets has been provided on straight line method at the rates and on the basis as specified in Schedule XIV to the Companies Act, 1956, and in respect of vehicles and a part of other assets where, based on management's estimate of the useful life of the assets, higher depreciation has been provided on straight line method at the rate of 20%.

(ii) Assets acquired/purchased costing less than Rupees Five Thousand have been depreciated at the rate of 100%.

(iii) Depreciation on Renewable Energy Saving Devices, viz., Windmills, is being charged on Reducing Balancing Method, as Continuous Process Plant at the rates and on the basis as specified in Schedule XIV to the Companies Act, 1956.

(iv) Leasehold Land is amortised over the period of the lease.

(v) Intangible Assets are amortised over 5 years commencing from the year in which the expenditure is incurred.

D. IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

E. INVESTMENTS:

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

F. INVENTORIES:

Inventories consisting of stores and spares, raw materials, stock-in-process, stock-in-trade and finished goods are valued at lower of cost and net realisable value.

The cost is computed on FIFO basis except for stores and spares which are on Weighted Average Cost basis and is net of credits under Cenvat/VAT Schemes.

Stock-in-process and finished goods inventories include materials, labour cost and other related overheads.

G. REVENUE RECOGNITION:

Sale of goods and services are recognised when risks and rewards of ownership are passed on to the customers which generally coincides with delivery and when the services are rendered. Sales include excise duty but exclude VAT and warranty claims.

H. EXCISE DUTY:

Excise Duty has been accounted on the basis of both payments made in respect of goods despatched and also provision made for goods lying in bonded warehouses.

I. RESEARCH AND DEVELOPMENT:

Revenue expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred. Capital expenditure on research and development is included as additions to fixed assets.

J. TAXATION:

Provision for current tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been enacted or substantially enacted on the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

K. LEASES:

Lease payments under operating leases are recognised as expenses on straight line basis over the lease term in accordance with the period specified in respective agreements.

L. EMPLOYEE BENEFITS:

The Company contributes to regional provident fund commissioner on behalf of its employees and such contributions are charged to the Statement of Profit and Loss. In respect of some of its employees the Company contributes the provident fund to a trust established for this purpose based on fixed percentage of the eligible employees' salary and is charged to the Statement of Profit and Loss. The Company is liable for annual contributions and any shortfall in the fund assets and interest based on the Government specified minimum rate of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

The Company also contributes to a government administered Pension Fund on behalf of its employees, which are charged to the Statement of Profit and Loss.

Superannuation benefits to employees, as per Company's scheme, have been funded with Life Insurance Corporation of India (LIC) and the contribution is charged to the Statement of Profit and Loss.

Liabilities with regard to gratuity are determined under group gratuity scheme with LIC and the provision required is determined as per actuarial valuation as at the Balance Sheet date, using the projected unit credit method.

Short term employee benefits are recognised as an expense as per the Company's scheme based on expected obligation on undiscounted basis. Other long-term employee benefits are provided based on the actuarial valuation done at the year end, using the projected unit credit method.

Actuarial gain/loss are charged to the Statement of Profit and Loss and not deferred.

M. FOREIGN CURRENCY TRANSACTIONS:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction or that approximates the actual rate as at the date of transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the contracted rate is recognised as exchange difference. Premium paid on forward contracts is recognised over the life of the contract. Non-monetary items are carried in terms of historical cost denominated in foreign currency and is recorded using the exchange rate prevailing at the date of the transaction or that approximates the actual rate as at the date of transaction.

In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing at the date of transaction or that approximates the actual rate as at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates. Any income or expense on account of exchange rate difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

N. DERIVATIVE TRANSACTIONS:

The Company uses derivative financial instruments, such as Forward Exchange Contracts, Currency Swaps and Interest Rate Swaps, to hedge its risks associated with foreign currency fluctuations and interest rates. Currency and interest rate swaps are accounted in accordance with their contract. At every period end, all outstanding derivative contracts are fair valued on a marked-to-market basis and any loss on valuation is recognised in the Statement of Profit and Loss, on each contract basis. Any gain on marked-to-market valuation on respective contracts is not recognised by the Company, keeping in view the principle of prudence as enunciated in AS-1 "Disclosure on Accounting Policies".

O. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition of or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

P. WARRANTY:

Provision for product warranties is recognised based on management estimate regarding possible future outflows on servicing the customers during the warranty period. These estimates are computed on scientific basis as per past trends of such claims.

Q. PROVISIONS AND CONTINGENT LIABILITIES:

A provision is recognised when there is a present obligation as a result of a past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

NOTE 2 : SHARE CAPITAL

		As at 30.09.2012
	₹ Crore	₹ Crore
Authorised		
90,00,000 Equity Shares of ₹ 10 each	9.00	9.00
1,00,000 Taxable, Redeemable Cumulative Preference Shares of ₹ 100 each	1.00	1.00
	10.00	10.00
Issued		
42,41,143 Equity shares of ₹ 10 each	4.24	4.24
(Excludes 71 bonus shares not issued and not allotted on non-payment of call monies)		
Subscribed and Fully Paid-up		
42,41,143 Equity Shares of ₹ 10 each	4.24	4.24
	4.24	4.24

(a) Rights, preferences and restrictions attached to shares:

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.

(b) Shareholders holding more than 5 percent of the equity shares

	Name of Shareholder	No. of Shares held	As at 30.09.2012 No. of Shares held
1)	Comprehensive Investment and Finance Company Private Limited	433239	422069
2)	MOWI (P) Limited	507984	507984
3)	Enam Shares and Securities Private Ltd.	267626	266713

NOTE 3 : RESERVES AND SURPLUS

		As at 30.09.2012
	₹ Crore	₹ Crore
Securities Premium Account		
As per last Account	9.42	9.42
General Reserve		
As per last Account	2797.40	2266.17
Add: Transfer from Surplus in the Statement of Profit and Loss	758.82	531.23
	3556.22	2797.40
Debenture Redemption Reserve		
As per last Account	46.74	17.94
Add: Transfer from Surplus in the Statement of Profit and Loss	28.52	28.80
	75.26	46.74
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	-	-
Profit for the year	802.21	572.36
Less: Appropriations		
Dividends		
Interim (₹ 6 per share)	2.54	2.54
Final - Proposed (₹ 24 per share)	10.18	8.06
Corporate Tax on Dividend	2.15	1.73
Transfer to Debenture Redemption Reserve	28.52	28.80
Transfer to General Reserve	758.82	531.23
Balance in the Statement of Profit and Loss	-	-
	3640.90	2853.56

NOTE 4 : LONG-TERM BORROWINGS

	Non-current		Current maturities	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Secured				
Term Loans from Banks:				
External Commercial Borrowings (ECB)	204.62	204.62	-	31.29
Debentures:				
2000 9.07% Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000 each, privately placed	135.00	200.00	65.00	-
5000 10.09% Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000 each, privately placed	500.00	500.00	-	-
Unsecured				
Term Loan from a Bank:				
Buyers Line of Credit	-	83.38	83.38	-
Fixed Deposits	31.49	17.15	5.72	31.76
Sales Tax Deferral Scheme	61.84	70.51	8.66	6.50
Others				
Deferred Payment Credit	19.51	27.05	7.54	6.96
Amounts disclosed under the head 'Other Current Liabilities' (Note 10)			(170.30)	(76.51)
	952.46	1102.71	-	-

Security and Terms of Repayment in respect of above Borrowings are detailed in Note 27(p)

NOTE 5 : DEFERRED TAX LIABILITIES (Net)

		As at 30.09.2012
	₹ Crore	₹ Crore
Deferred Tax Liability:		
Arising on account of timing difference in:		
- Depreciation	248.00	203.88
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	(25.69)	(17.16)
Deferred Tax Liabilities (Net)	222.31	186.72

NOTE 6 : OTHER LONG-TERM LIABILITIES

Dealers' Security Deposit	1039.13	902.64
Others	4.10	5.39
	1043.23	908.03

NOTE 7 : PROVISIONS

	Long-Term		Short-Term	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Provision for employee benefits				
Leave benefits	16.06	11.33	0.48	1.59
Gratuity	-	-	36.39	17.94
Other Benefits	5.46	5.15	1.31	1.29
Tax (Net of advance Tax paid)	-	-	107.21	45.45
Dividend				
Interim	-	-	1.27	1.27
Final - Proposed	-	-	10.18	8.06
Corporate Tax on Dividend	-	-	1.93	1.52
Other Provisions (Note 27(g))	53.72	70.81	110.30	70.12
	75.24	87.29	269.07	147.24

NOTE 8 : SHORT-TERM BORROWINGS

		As at 30.09.2012
	₹ Crore	₹ Crore
Secured		
Working Capital Facilities from Banks	420.30	418.09
Unsecured		
Buyer's Line of Credit	55.93	110.63
	476.23	528.72

Nature of security:
Secured by hypothecation of stock-in-trade, stores and spare parts and book debts

NOTE 9 : TRADE PAYABLES

Trade Payables (Note 27(l))	701.42 *	614.53*
Acceptances	320.01	324.90
	1021.43	939.43

*Includes due to a Subsidiary company ₹ 0.21 Crore (Previous year ₹ 0.12 Crore)

NOTE 10 : OTHER CURRENT LIABILITIES

	₹ Crore	As at 30.09.2012 ₹ Crore
Current maturities of long-term borrowings (Note 4)	170.30	76.51
Interest accrued but not due on borrowings	42.20	43.35
Advances from Customers	28.23	25.96
Statutory dues :		
Central Excise/Service Tax	47.45	46.94
Value Added Tax / Central Sales Tax	117.20	111.53
Withholding Taxes	6.74	6.13
Others	6.38	3.97
Other payables:		
Employee benefits	29.61	24.06
Liabilities for expenses	102.57	114.08
Unclaimed Dividends	1.54	1.49
Matured Fixed Deposits and Interest	0.01	0.31
	552.23	454.33

There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 11 : FIXED ASSETS

₹ Crore

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Nature of Fixed Assets	**Cost as at 01-10-2012**	**Additions**	**Deductions/ Adjustments**	**Cost as at 30-09-2013**	**Upto 30-09-2012**	**Provided during the year**	**Deductions/ Adjustments**	**Upto 30-09-2013**	**As at 30-09-2013**	**As at 30-09-2012**
Tangible Assets										
Land	96.06	1.60	0.04	97.62	1.45	0.09	-	1.54	96.08	94.61
Buildings	807.00	93.08	2.07	898.01	108.24	25.28	0.14	133.38	764.63	698.76
Plant and Machinery	3617.49	232.37	3.53	3846.33	1688.01	292.79	3.44	1977.36	1868.97	1929.48
Moulds	327.84	56.55	4.61	379.78	228.95	30.27	4.59	254.63	125.15	98.89
Furniture and Fixtures	16.00	3.91	1.43	18.48	12.15	2.32	1.37	13.10	5.38	3.85
Computer	33.22	4.33	1.09	36.46	25.99	3.25	1.09	28.15	8.31	7.23
Office Equipment	24.49	4.89	2.69	26.69	18.05	2.78	2.68	18.15	8.54	6.44
Other Assets	100.11	28.71	1.96	126.86	39.95	10.97	1.91	49.01	77.85	60.16
Vehicles	20.83	3.87	0.94	23.76	12.44	3.02	0.94	14.52	9.24	8.39
Total Tangible Assets	5043.04	429.31	18.36	5453.99	2135.23	370.77	16.16	2489.84	2964.15	2907.81
Previous year	3816.88	1239.26	13.10	5043.04	1849.31	298.76	12.84	2135.23	2907.81	1967.57
Intangible Assets										
Computer Software	19.47	1.56	-	21.03	13.48	2.16	-	15.64	5.39	5.99
Total Intangible Assets	19.47	1.56	-	21.03	13.48	2.16	-	15.64	5.39	5.99
Previous year	14.94	4.53	-	19.47	11.13	2.35	-	13.48	5.99	3.81
Capital Work in Progress									359.12	414.65
Grand Total									3328.66	3328.45

Note:

Land includes Agriculture Land - ₹ 0.12 crore and Leasehold Land - ₹ 4.33 crore

NOTE 12 : NON-CURRENT INVESTMENTS

		Face Value ₹	₹ Crore	As at 30.09.2012 ₹ Crore
INVESTMENTS (At Cost, Fully Paid-up)				
Non-Trade				
Quoted				
23,333	Equity Shares in ICICI Bank Ltd.	10	0.09	0.09
2,000	Equity Shares in EIH Associated Hotels Ltd.	10	*	*
4,000	Equity Shares in Housing Development Finance Corporation Ltd.	2	*	*
33	Equity Shares in JK Tyres & Industries Ltd.	10	*	*
2	Equity Shares in Bengal & Assam Company Limited	10	*	*
2,000	(400)Equity Shares in HDFC Bank Ltd.	2 (10)	*	*
	Aggregate Book Value of Quoted Investments		0.09	0.09
Unquoted	**In Mutual Fund Units:**			
	Income Plan: Growth Option			
82,485	Templeton India Short Term Income Plan Institutional -Growth	1000	12.00	12.00
27,20,037	HDFC - High Interest Fund - Short Term Plan-Growth	10	5.00	5.00
59,46,232	HDFC Short-Term Plan - Growth	10	10.00	10.00
1,69,91,456	Birla Sun Life Dynamic Bond Fund - Retail-Regular Plan	10	25.00	25.00
60,95,089	Reliance Short Term Fund -Growth Plan-Growth Option-STGP	10	10.00	10.00
27,17,258	ICICI Prudential Institutional Short-Term Plan - Cumulative Option	10	5.00	5.00
21,27,358	UTI Fixed Income Interval Fund Annual Interval Plan III - Institutional Growth Plan	10	3.00	3.00
	Subsidiary Companies:			
50,100	Equity Shares in MRF Corp Ltd.	10	*	*
5,32,470	Equity Shares in MRF International Ltd.	10	0.53	0.53
2,11,91,238	(1,12,50,000) Equity Shares in MRF Lanka Pvt. Ltd. - Refer Note 27(j)	Sri Lankan Rupee 10	8.98	4.98
	Others:			
65,000	Equity Shares in Mammen Mappillai Investments Pvt. Ltd.	10	0.07	0.07
1,00,000	Equity Shares in M M Research Company Pvt. Ltd.	10	0.10	0.10
1,600	Ordinary Shares in MRF Employees Co-operative Society Ltd.	25	*	*
50	Ordinary Shares in The Ranipet Leather Finishing Servicing Industrial Co-operative Society Ltd.	100	*	*
10	Ordinary Shares in Co-operative Housing Societies	50	*	*
5	Equity Shares in Chennai Willingdon Corporate Foundation	10	*	*
Trade				
Unquoted				
1,48,500	Equity Shares in Funskool (India) Ltd.	10	0.15	0.15
59,780	Equity Shares in PPS Enviro Private Ltd.	10	0.22	0.22
3,75,000	Equity Shares in Sai Regency Power Corporation Pvt. Ltd.	10	0.38	0.38
2,60,000	(-) Equity Shares in Connect Wind India Pvt. Ltd.	10	4.16	-
			84.59	76.43
	Less: Provision for diminution in value of Investments		-	4.98
	Aggregate Book Value of Unquoted Investments		84.59	71.45
			84.68	71.54
Aggregate Market Value of Quoted Investments			2.51	2.83

Figures in brackets are in respect of previous year.
Figures below ₹ 50,000 are denoted by an *

NOTE 13 : LOANS AND ADVANCES

	Long-Term		Short-Term	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Unsecured, Considered Good				
Capital Advances	72.66	18.60	-	-
Loan and Advances to Employees	3.08	3.30	13.38	9.71
Loan to Subsidiaries	15.43	19.62	-	-
Advances Recoverable in cash or in kind	1.48	1.79	97.72 *	103.74 *
Balances with Excise Authorities	-	-	34.04	34.51
Advance payment of Income Tax / Tax Deducted at Source (after adjusting provision)	45.47	13.92	-	-
MAT credit entitlement	-	-	-	55.46
	138.12	57.23	145.14	203.42

*Includes due from a subsidiary company - ₹ 0.19 Crore (Previous Year - ₹ 0.01 Crore)

NOTE 14 : OTHER ASSETS

	Non-current		Current	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Unsecured, Considered Good				
Interest Accrued on Loans, Deposits etc	-	-	3.18 *	0.75 *
Prepaid Expenses	-	-	18.95	6.47
Deposits	32.08	27.80	-	-
Non-current Bank Balances (Note 18)	1.31	1.26	-	-
Others	1.50	1.40	-	-
	34.89	30.46	22.13	7.22

*Includes due from a subsidiary company- Nil (Previous Year - ₹ 0.09 Crore)

NOTE 15 : CURRENT INVESTMENTS

		Face Value ₹		₹ Crore	As at 30.09.2012 ₹ Crore
Non-Trade - Fully Paid-up					
Unquoted	In Mutual Fund Units:				
	Income Plan - Growth:				
1,49,355	(1,13,780) UTI Liquid Cash Plan Institutional-Growth	1000		27.00	20.00
5,05,454	(2,69,076) UTI Treasury Advantage Fund - Institutional Plan-Growth	1000		77.00	40.00
34,78,187	(31,70,000) UTI Fixed Term Income Fund Series XV-II(367 days)-Growth Plan	10		3.48	3.17
12,15,844	ICICI Prudential Floating Rate-Regular Plan-Growth	100		20.00	20.00
17,81,587	(-) ICICI Prudential Flexible Income-Regular plan-Growth	100		39.00	-
3,94,396	(-) ICICI Prudential Liquid-Regular plan-Growth	100		7.00	-
1,15,318	Reliance Liquid Fund-Cash Plan-Growth Option-Growth Plan-CPGP	1000		20.00	20.00
1,68,599	(66,722) Reliance Money Manager Fund-Growth Plan-Growth Option-LPIG	1000		26.00	10.00
94,30,236	(-) Reliance Medium Term Fund-Growth Plan-Growth Option-IPGP	10		23.00	-
13,684	(-) Reliance Liquid Fund-Treasury Plan-Growth Plan-Growth Option-LFIG	1000		4.00	-
1,66,07,563	HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale-Growth	10		40.00	40.00
93,19,795	HDFC Liquid Fund - Premium Plan-Growth	10		20.00	20.00
3,91,31,624	(52,41,969) HDFC Floating Rate Income Fund -Short Term Plan- Wholesale Option-Growth	10		77.00	10.00
29,57,967	(-) HDFC Liquid Fund Growth	10		7.00	-
14,06,187	Birla Sun Life Floating Rate Fund - Short-Term Plan- Growth-Regular Plan	100		20.00	20.00
18,91,226	Birla Sun Life Cash Manager - Institutional Plan-Growth	100		35.00	35.00
7,27,224	(-) Birla Sun Life Floating Rate Fund -Long Term Growth- Regular Plan	100		10.00	-
3,64,071	(-) Birla Sun Life Cash Plus-Growth-Regular Plan	100		7.00	-
14,11,779	(-) Birla Sun Life Ultra Short Term Fund-Growth-Regular Plan	100		20.00	-
5,92,18,499	(2,09,12,270) Templeton India Ultra Short Bond Fund Super Institutional Plan-Growth	10		88.00	30.00
39,170	(-)Templeton India Treasury Management Account Super Institutional Plan-Growth	1000		7.00	-
3,14,53,743	(1,84,70,651) Kotak Flexi Debt Scheme Plan A-Growth	10		44.00	25.00
1,14,046	(1,14,04,589) Kotak Floater Short Term-Growth	1000	(10)	20.00	20.00
1,70,21,236	(55,90,840) Kotak Floater Long Term-Growth	10		31.00	10.00
28,752	(-) Kotak Liquid Scheme Plan A-Growth	1000		7.00	-
2,07,399	SBI SHF - Ultra Short-Term Fund - Institutional Plan-Growth	1000		30.00	30.00
3,69,333	(-) SBI -Ultra Short-Term Debt Fund - Regular Plan-Growth	1000		55.00	-
37,116	(-) SBI -Premier Liquid Fund - Regular Plan-Growth	1000		7.00	-
2,20,32,401	(-) IDFC Ultra Short-Term Fund-Growth-(Regular Plan)	10		36.00	-
47,988	(-) IDFC Cash Fund-Growth-(Regular Plan)	1000		7.00	-
31,599	(-) TATA Liquid Fund Plan A-Growth	1000		7.00	-
				821.48	353.17

Figures in brackets are in respect of previous year.

NOTE 16 : INVENTORIES

	₹ Crore	As at 30.09.2012 ₹ Crore
At lower of cost and net realisable value		
Raw materials	791.68	718.93
Stock-in-process	223.59	213.87
Finished goods	593.25	603.72
Stock-in-Trade	37.98	11.46
Stores and spares	148.79	97.61
	1795.29	1645.59

NOTE 17 : TRADE RECEIVABLES

		₹ Crore	As at 30.09.2012 ₹ Crore
Overdue for a period exceeding six months			
Unsecured	- Considered Good	5.17	7.32
	- Considered Doubtful	2.11	2.64
Less:	Provision for Doubtful Debts	(2.11)	(2.64)
		5.17	7.32
Others			
Secured		953.35	849.95
Unsecured		597.62 *	596.82 *
		1556.14	1454.09

* Includes due from a subsidiary company - ₹ 5.74Crore (Previous Year - ₹ 6.92 Crore).

NOTE 18 : CASH & BANK BALANCES

	Non-current		Current	
	₹ Crore	As at 30.09.2012 ₹ Crore	₹ Crore	As at 30.09.2012 ₹ Crore
Cash & Cash equivalents:				
Balances with banks:				
Current Accounts	-	-	15.32	15.14
Fixed Deposits with Original maturity less than three months	-	-	229.00	-
Cash & Cheques on hand	-	-	41.45	44.48
	-	-	285.77	59.62
Other Bank Balances:				
Fixed Deposits	1.31	1.26	43.50	-
Unpaid Dividend Account	-	-	1.54	1.48
	1.31	1.26	45.04	1.48
Amounts disclosed under 'Non-Current Assets' (Note 14)	(1.31)	(1.26)	-	-
	-	-	330.81	61.10

NOTE 19 : REVENUE FROM OPERATIONS

	₹ Crore	Year ended 30.09.2012 ₹ Crore
Sales:		
Finished Goods	13444.75	13054.03
Other Operating Revenues - Export Incentives	8.37	7.72
	13453.12	13061.75
Details of sales under broad heads:		
Class of Goods:		
Automobile Tyres	11900.19	11486.88
Automobile Tubes	994.90	1,047.73

NOTE 20 : OTHER INCOME

Dividend on Investment from :		
Subsidiary Company	0.10	-
Others	0.05	0.05
	0.15	0.05
Interest:		
On Deposits, etc.	8.15	1.19
From a Subsidiary	0.01	0.38
	8.16	1.57
Profit on Sale of Investments (Net)	0.31	0.01
Profit on fixed assets sold/discarded (Net)	-	0.37
Insurance Claims	-	17.07
Reversal of Provision for Diminution in value of Investment	4.98	-
Provision for Doubtful Debts Written Back	0.53	-
Miscellaneous Receipts	14.90	12.94
	29.03	32.01

NOTE 21 : COST OF MATERIALS CONSUMED

		Year ended 30.09.2012
	₹ Crore	₹ Crore
Cost of materials consumed		
Opening Stock	718.93	657.49
Add: Purchases	7873.58	8405.71
	8592.51	9063.20
Less: Closing Stock	791.68	718.93
	7,800.83	8344.27
Details of Raw Materials consumed under broad heads :		
Rubber	4584.89	5265.04
Carbon Black	1089.09	1041.53
Fabric	1227.90	1096.54
Chemicals	729.02	694.22

NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS & STOCK-IN-TRADE

Closing Stock:		
Finished Goods	593.25	603.72
Stock-in-Trade	37.98	11.46
Stock-in-Process	223.59	213.87
	854.82	829.05
Less: Opening Stock:		
Finished Goods	603.72	559.36
Stock-in-Trade	11.46	8.50
Stock-in-Process	213.87	223.86
	829.05	791.72
Differential Excise Duty on Opening and Closing stock of Finished Goods	(0.96)	19.50
	(26.73)	(17.83)

Details of Inventory under broad heads: ₹ Crore

Class of Goods	Finished Goods		Stock-in-Trade		Stock-in-Process	
	Opening Stock	Closing Stock	Opening Stock	Closing Stock	Opening Stock	Closing Stock
Automobile Tyres	474.71	486.47	-	-	137.92	201.81
Automobile Tubes	67.74	64.03	-	29.38	6.44	9.40
T & S Equipments	-	-	4.37	6.75	-	-

NOTE 23 : EMPLOYEE BENEFITS EXPENSE

		Year ended 30.09.2012
	₹ Crore	₹ Crore
Salaries, Wages, Bonus and Allowances	470.49	411.75
Company's Contribution to Provident, Gratuity and Other Funds	64.91	43.62
Welfare Expenses	68.09	58.32
	603.49	513.69

NOTE 24 : FINANCE COSTS

Interest on Loans	187.59	150.29
Interest on Deferred Payment Credit	2.45	3.02
Bank Charges	5.90	5.47
	195.94	158.78

NOTE 25 : DEPRECIATION & AMORTISATION EXPENSE

Depreciation on tangible assets	370.77	298.76
Amortisation on intangible assets	2.16	2.35
	372.93	301.11

NOTE 26 : OTHER EXPENSES

	₹ Crore	Year ended 30.09.2012 ₹ Crore
Stores and Spares Consumed	211.80	219.84
Power and Fuel	600.11	618.51
Processing Expenses	133.11	94.31
Rent	32.38	26.39
Rates and Taxes	6.28	8.30
Insurance	10.10	7.38
Printing and Stationery	3.68	3.34
Repairs and Renewals:		
Buildings	14.31	13.43
Plant and Machinery	55.41	50.47
Other Assets	20.21	16.21
Travelling & Conveyance	31.48	28.27
Communication Expenses	5.90	5.04
Vehicle Expenses	4.14	3.59
Auditors' Remuneration:		
As Auditors:		
Audit fee(Previous year includes arrears of ₹ 0.06 Crore for earlier year)	0.24	0.30
Tax Audit fee	0.05	0.05
Other Services	0.05	0.03
Reimbursement of Expenses etc.	0.19	0.15
	0.53	0.53
Cost Auditor's Remuneration:		
Audit fee (Previous year includes arrears of ₹ 0.01 Crore for earlier years)	0.04	0.05
Directors' Fees	0.11	0.05
Directors' Travelling Expenses	3.07	2.64
Advertisement	138.24	115.26
Warranty	10.32	4.61
Sales tax absorbed by the company	0.22	3.32
Commission and Discount	205.76	186.16
Freight and Forwarding (Net)	294.94	265.91
Loss on Sale of Fixed Asset	0.09	-
Net Loss on Foreign Currency Transactions	45.86	32.96
Miscellaneous Expenses	33.71	36.00
	1861.80	1742.57

NOTE 27 : ADDITIONAL/EXPLANATORY INFORMATION FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

				Year ended 30.09.2012	
		% of total Consumption	Value ₹ Crore	% of total Consumption	Value ₹ Crore
a. (i)	**Value of imported/indigenous raw material/stores & spares consumed :**				
	Raw Materials				
	Imported at landed cost	42.95	3350.61	40.18	3352.72
	Indigenous	57.05	4450.22	59.82	4991.55
		100.00	7800.83	100.00	8344.27
	Stores and Spares				
	Imported at landed cost	5.22	11.06	7.19	15.80
	Indigenous	94.78	200.74	92.81	204.04
		100.00	211.80	100.00	219.84

		₹ Crore	Year ended 30.09.2012 ₹ Crore
(ii)	Details of Purchase of Traded Goods under broad heads:		
	Tubes	106.03	-
	T & S Equipments	15.45	21.51
(iii)	CIF Value of Imports:		
	a. Raw Materials	3037.70	3117.57
	b. Components and Spare Parts	41.79	41.24
	c. Capital Goods	86.88	144.82
(iv)	Earnings in Foreign Exchange:		
	FOB Value of Exports	1223.77	1257.62
	Freight & Insurance	8.14	6.79
	Interest	0.01	0.38
	Others	1.02	0.90
	Note: FOB Value of Exports excludes export sales in Indian Rupee		
(v)	Expenditure in Foreign Currency paid or payable by the Company:		
	a. Interest and Finance Charges	8.52	13.04
	b. Professional and Consultation Fees	3.77	3.12
	c. Commission and Discount	0.02	0.09
	d. Travelling	3.15	2.54
	e. Advertisements	15.65	17.32
	f. Traded goods	93.12	5.49
	g. Others	5.59	3.91

The amount due and paid during the year to "Investor Education and Protection Fund" is ₹ 0.14 crore (Previous Year - ₹ 0.13 crore)

c. Earnings Per Share

			Year Ended 30.09.2012
Profit after taxation	₹ Crore	802.21	572.36
Number of equity shares (Face Value ₹ 10)	Nos.	4241143	4241143
Earnings per share	₹	1891.49	1349.52

d. The Company enters into Forward Exchange Contracts, Currency Swaps and Interest Rate Swaps being derivative instruments, which are not intended for trading or speculative purposes, but for hedging purposes, to establish the amount of reporting currency required or available at the date of settlement of certain payables and receivables.

The outstanding position and exposures are as under :

(i) Derivative instruments as on 30th September 2013:-

Particulars	Currency	Amount	₹ Crore	Nature	Cross Currency
Currency/Interest Rate Swap	USD	40.00 Million	204.62	ECB Loan	INR
Currency/Interest Rate Swap	USD	18.47 Million	83.38	Buyer's Line of Credit	INR

(ii) Forward Contract Outstanding as on 30th September 2013:-

Particulars	Currency	Amount	₹ Crore	Nature
Forward Contract	USD	9.75 Million	55.93	Buyer's Line of Credit
Forward Contract	USD	100.34 Million	646.64	Import purchase

(The amount of premium carried forward to be accounted in the subsequent year - ₹ 9.15 crore (Previous Year - ₹ 3.73 crore).

(iii) Un-hedged foreign currency exposure is ₹ 46.80 crore, net receivable (Previous Year - ₹ 106.30 crore payable).

e. Particulars in respect of loans and advances in the nature of loans as required by the Listing Agreement:

₹ Crore

Subsidiary Companies	Balance as at		Maximum Balance during the year	
		30.09.2012		30.09.2012
MRF Lanka Pvt. Ltd.	-	4.00	4.00	4.00
MRF Corp Limited	15.43	15.62	15.62	15.62

Note: 1. Loans to employees have been considered to be outside the purview of disclosure requirements.
2. Investment by Loanee in the shares of the Parent company- Nil (Previous Year Nil).

f. The Company's leasing arrangements are in respect of operating leases for premises (residential, office, godowns, etc). The leasing arrangements, which are not non-cancellable, range between eleven months and three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent.

g. Movement in provisions as required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Asset".

₹ Crore

		As at 01.10.2012	Provided during the year	Paid during the year	Reversed during the year	As at 30.09.2013
(i)	Warranty	38.73	10.33	-	-	49.06
		(34.12)	(4.61)	(-)	(-)	(38.73)
(ii)	Litigation and related disputes	63.06	10.72	10.21	0.96	62.61
		(30.42)	(34.91)	(-)	(2.27)	(63.06)

Notes :

(i) Cash outflow towards warranty provision would generally occur during the next two years. Such claims are netted off from sales.

(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 & customs duty, electricity/fuel surcharge, cess, etc). The probability and the timing of the outflow with regard to these matters will depend on the consequent decision/conclusion by the Management.

h. Provision for Taxation has been made in respect of the income presently determined for the period 1st April, 2013 to 30th September, 2013 which is subject to appropriate revision/adjustment on final determination of income for the year to end on 31st March, 2014, relevant to assessment year 2014-15. Further, provision for the assessment year 2013-14 has been determined and adjusted considering the provision already made in the accounts for the year ended 30th September, 2012.

i. 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.

(b) Names of other related parties and nature of relationship:

Key Management Personnel:
- i) Mr. K.M. Mammen, Chairman & Managing Director
- ii) Mr. K.M. Philip, Whole-time Director
- iii) Mr. Arun Mammen, Managing Director
- iv) Mr. Rahul Mammen Mappillai, Whole-time Director

Relatives of Key Management Personnel: Mr. Samir Thariyan Mappillai (Son of Chairman & Managing Director)

(c) Transactions with related parties:

Nature of Transactions

₹ Crore

i) Subsidiary Companies:	MRF Lanka (Private) Ltd.		MRF Corp Limited	
		30.09.2012		30.09.2012
Sale of Materials	0.18	1.44	-	0.58
Purchase of Materials	-	-	1.84	2.47
Sale of Finished Goods	1.25	1.19	-	-
Dividend received	-	-	0.10	-
Interest received	0.01	0.38	-	-
Lease Rent received	-	-	0.05	0.05
Interest Paid	-	-	-	0.01
Expenditure reimbursed	-	-	0.36	0.25
Outstanding:				
Loan Receivable	-*	4.00	15.43	15.62
Trade Receivable	5.74	6.92	-	-
Other Receivables	-	0.09	0.19	0.01
Deposit Payable	-	-	0.01	0.14
Trade Payable	-	-	0.21	0.12
Bank Guarantee	1.88	1.59	-	-

* Ref Note 27(j)

₹ Crore

ii) Key Management Personnel:	Remuneration		Interest Paid		Deposit Outstanding		Commission Payable	
		30.09.2012		30.09.2012		30.09.2012		30.09.2012
Mr. K.M. Mammen	5.21	2.87	0.11	0.12	-	1.08	1.56	0.69
Mr. K.M. Philip	3.49	2.79	-	-	-	-	1.01	0.69
Mr. Arun Mammen	4.71	2.58	0.07	0.15	0.52	1.72	1.49	0.63
Mr. Rahul Mammen Mappillai	2.88	0.82	-	0.02	-	0.17	0.97	0.20
iii) Relatives of Key Management Personnel:								
Mr. Samir Thariyan Mappillai	0.20	0.17	0.04	0.09	0.24	1.07	-	-

Note : No amounts have been written off/written back during the year except for reversal of provision for diminution in value of investment in a subsidiary company, amounting to ₹ 4.98 crore.

j The unsecured loan of ₹ 4 crore given to MRF Lanka (P) Ltd., a wholly owned subsidiary of the Company, has been converted into 99,41,238 Equity shares of SLR 10 each during the year, after obtaining necessary approvals.

k. The Company is engaged mainly in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These, in the context of Accounting Standard 17 on Segment Reporting 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 Accounting Standard. Non-reportable segments have not been disclosed as unallocated reconciling item in view of its materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable to the Company.

l. The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

The information given below and that given in Note 9 `Trade Payables' regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

			30.09.2012
		₹ Crore	₹ Crore
i)	Principal amounts due to suppliers under MSMED	11.42	8.59
ii)	Interest accrued and due to suppliers under MSMED on above amount, unpaid	0.02	0.02
iii)	Payments made to suppliers (other than interest) beyond the appointed date during the year	5.78	14.99
iv)	Interest paid to suppliers under the MSMED	-	-
v)	Interest due and payable towards suppliers under MSMED Act towards payments already made	0.06	0.12
vi)	Amount of cumulative interest accrued and unpaid as at the year end	0.38	0.30

m. The total borrowing cost capitalised during the year is ₹ 5.29 crore (Previous Year - ₹ 49.94 crore).

n. a) In terms of the guidance on implementing the revised AS 15 issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund Trust set up by the Company is treated as Defined Benefit Plan since the Company has to meet the shortfall in the fund assets,and interest based on the Government specified minimum rate of return, if any. However, as at the year end, no shortfall remains unprovided for. Further, having regard to the assets of the Fund and the Return on the Investments, the Company does not expect any deficiency in the foreseeable future. In terms of the guidance note issued by the Institute of Actuaries of India, 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, 2013.

The 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 - 8.50%

Discount rate - 8.00%

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

			30.09.2012
		₹ Crore	₹ Crore
i)	Employer's contribution to Provident Fund & Family Pension Fund*	24.54	20.61
ii)	Employer's contribution to Superannuation Fund*	5.17	4.74
	* Included in " Company's contribution to Provident, Gratuity and other Funds" (Note 23).		
iii)	Defined benefit obligation:		
a)	Gratuity - Funded		
	Service Cost	9.05	7.96
	Interest Cost	9.24	8.06
	Expected return on plan assets	(9.21)	(7.79)
	Actuarial (Gain)/Loss	21.00	5.44
	Recovery from Subsidiary Company	(0.18)	(0.29)
	Net Cost	29.90	13.38
b)	Leave Encashment - Unfunded	6.98	5.00
c)	Post Retirement Medical Benefit - Unfunded	0.58	0.23

		Gratuity - Funded	
			30.09.2012
		₹ Crore	₹ Crore
d)	Reconciliation of benefit obligation and plan assets for the year		
	Present value of defined benefit obligation	148.18	115.43
	Fair value of plan assets	111.79	97.49
	Net Asset/(Liability) as at 30th September, 2013 recognised in the Balance Sheet	(36.39)	(17.94)
e)	Change in defined benefit obligation:		
	Present value of obligation as at 1st October, 2012	115.43	100.80
	Service Cost	9.05	7.96
	Interest Cost	9.24	8.06
	Actuarial (Gain)/Loss	21.00	5.44
	Benefits paid	(6.54)	(6.83)
	Present value of obligation as at 30th September, 2013	148.18	115.43
f)	Change in fair value of plan assets:		
	Fair value of plan assets as at 1st October, 2012	97.49	80.53
	Expected return on plan assets	9.21	7.79
	Contribution by employer	11.63	16.00
	Actuarial Gain/(Loss)	-	-
	Benefits paid	(6.54)	(6.83)
	Fair value of plan assets as at 30th September, 2013	111.79	97.49

		30.09.2012
g) The principal actuarial assumptions:		
Discount rate	8.00%	8.00%
Salary escalation rate	5.50%	5.50%
Expected rate of return on plan assets	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as the supply and demand in the employment market.

(₹ Crore)

h) Amounts for the current and previous periods are as under:		30.09.2012	30.09.2011	30.09.2010	30.09.2009
Defined Benefit Obligation	148.18	115.43	100.80	86.71	73.45
Plan Assets	111.79	97.49	80.53	74.14	62.87
Deficit / (Surplus)	36.39	17.94	20.27	12.57	10.58

Experience adjustments on plan assets	Not Available*
Experience adjustments on plan liabilities	Not Available*

* The management has relied on the overall actuarial valuation conducted by the Actuary. However, experience adjustments on plan assets and liabilities are not readily available and hence not disclosed.

i) Investment of plan assets as at 30th September, 2013:		
Investments with Life Insurance Corporation of India	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.

j) The group gratuity Policy with LIC includes employees of Speciality Coating division divested effective 1st April, 2011.

iv) Other Long-Term Employee Benefits;

Present value of obligation as at 30th September, 2013	₹ Crore	30.09.2012 ₹ Crore
Leave Encashment	16.54	12.92
Post Retirement Medical Benefits	5.97	5.55

o. (i) Revenue expenditure on Research and Development activities during the year 2012-13:

			Year ended 30.09.2012
		₹ Crore	₹ Crore
1)	Salaries, Wages and Other Benefits	13.38	12.56
2)	Repairs and Maintenance	1.63	1.00
3)	Power	1.44	1.35
4)	Travelling and Vehicle Running	3.59	2.97
5)	Cost of Materials/ Tyres used for Rallies/ Test Purpose	3.20	3.23
6)	Other R & D Expenses	4.16	3.14
		27.40	24.25

(ii) Capital Expenditure on research and development during the year, as certified by the management is ₹ 4.22 Crore (Previous Year - ₹ 7.50 Crore).

This information complies with the terms of the R & D recognition granted upto 31st March, 2014 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/118/2010 dated 30th April, 2010.

p. Security Description and Terms of repayment of Long-Term Borrowings:

i) ECB from The Bank of Tokyo - Mitsubishi UFJ, Ltd. is secured by a first charge on plant and machinery situated at its Puducherry Unit. Interest is payable at a rate equal to the 6 month BTMU LIBOR plus margin of 1.55% payable half-yearly. The said loan is fully hedged and is repayable in 3 equal annual instalments at the end of the 4th, 5th and 6th year beginning October 2015.

ii) 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 Gujarat and hypothecation of plant and machinery at the Company's plants at Ankenpally, Andhra Pradesh and at Perambalur, near Trichy, Tamil Nadu, equivalent to the outstanding amount.

The NCDs are to be redeemed at par in three instalments as stated below:

	9.07% NCDs		10.09% NCDs	
Debenture Series	₹ Crore	Dates of Redemption	₹ Crore	Dates of Redemption
Series I	65.00	18th January, 2014	160.00	27th May, 2019
Series II	65.00	18th January, 2015	160.00	27th May, 2020
Series III	70.00	18th January, 2016	180.00	27th May, 2021
	200.00		500.00	

iii) Buyers Line of Credit availed from a bank for capital expenditure is repayable after a moratorium of 3 years beginning in February 2014 at varied interest rates as applicable on different drawdown dates.

iv) Interest free unsecured loan availed under Sales tax Deferral Scheme is repayable yearly and to end on 1st April, 2019.

v) Deferred payment credit is repayable along with interest in 240 consecutive monthly instalments ending in March, 2026.

q. Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹ 1031.68 Crore (Previous year ₹ 220.28 Crore).

r. Contingent Liabilities not provided for:

(i) Guarantees given by the Banks - ₹ 41.41 Crore (Previous Year - ₹ 28.77 Crore).

(ii) Letters of Credit issued by the Banks - ₹ 317.38 Crore (Previous Year - ₹ 183.14 Crore).

(iii) Customs Duty on import of equipments and spare parts under EPCG Scheme - ₹ 97.25 Crore (Previous Year - ₹ 94.62 Crore).

(iv) Bills discounted with a bank - ₹ 3.23 Crore (Previous Year - ₹ 5.89 crore).

(v) Claims not acknowledged as debts:

(a) Disputed Sales Tax demands pending before the Appellate Authorities - ₹ 17.38 Crore (Previous Year- ₹ 1.73 Crore).

(b) Disputed Excise/Customs Duty demands pending before the Appellate Authorities/High Court - ₹ 79.66 Crore (Previous Year - ₹ 78.65 Crore).

(c) Disputed Income Tax Demands - ₹ 58.13 Crore (Previous Year - ₹ 48.87 Crore). Against the said demand the Company has deposited an amount of ₹ 53.62 Crore.

s. Figures are rounded off to nearest lakh.Figures below ₹ 50,000 are denoted by an * .

Vide our Report of even date

For SASTRI & SHAH Chartered Accountants C. Sri Ram Partner	For M. M. NISSIM AND CO. Chartered Accountants N. Kashinath Partner	RAVI MANNATH Company Secretary	S. S. VAIDYA V. SRIDHAR Directors	K. M. MAMMEN Chairman & Managing Director

Chennai, Dated 28th November, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

		MRF CORP LIMITED	MRF INTERNATIONAL LIMITED	MRF LANKA (P) LIMITED
[A]	The Financial Year of the Subsidiary Companies	March 31, 2013	September 30, 2013	September 30, 2013
[B]	Shares of the Subsidiary held by MRF Limited on the above dates:			
	(a) Number and face value	50,100 Equity Shares of ₹ 10 each fully paid-up	5,32,470 Equity Shares of ₹ 10 each fully paid-up	2,11,91,238 Equity Shares of SLR. 10 each fully paid-up
	(b) Extent of holding	100% Subsidiary under Sec. 4(1)(b)	95% Subsidiary under Sec. 4(1)(b)	100% Subsidiary under Sec. 4(1)(b)
[C]	The net aggregate of Profits/Losses of the Subsidiary Companies so far as it concerns the members of MRF Limited			
	(a) not dealt with in the accounts of MRF Limited for the year ended September 30, 2013 amounted to			
	(i) for the subsidiaries financial year ended as in (A) above	Profit ₹ 6,73,45,884	Profit ₹ 21,96,434	Profit ₹ 4,52,48,026
	(ii) for the previous financial years of the Subsidiaries since they became the Holding Company's subsidiaries	Profit ₹ 6,05,31,148	Profit ₹ 53,52,858	Loss ₹ 3,58,21,495
	(b) dealt with in the accounts of MRF Limited for the year ended September 30, 2013 amounted to			
	(i) for the subsidiaries financial year ended as in (A) above	₹ 10,02,000	None	None
	(ii) for the previous financial years of the Subsidiaries since they became the Holding Company's subsidiaries	None	None	None
[D]	Changes in the interest of MRF Limited between the end of the financial year of the Subsidiary Companies and September 30, 2013	None	None	None
[E]	Material changes between the end of the financial year of the Subsidiary Companies and September 30, 2013			
	(i) Fixed Assets	None	None	None
	(ii) Investments	None	None	None
	(iii) Moneys lent by the Subsidiary Companies	None	None	None
	(iv) Moneys borrowed by the Subsidiary Companies for any purpose other than meeting current liabilities	None	None	None

Chennai
Dated: 28th November, 2013

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman and Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MRF LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of MRF LIMITED ('the company') and its subsidiaries (the Company and its subsidiaries constitute the 'Group') which comprise the Consolidated Balance Sheet as at 30th September, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Consolidated Balance Sheet, of the State of Affairs of the group as at 30th September, 2013;

b) In the case of the Consolidated statement of Profit and Loss, of the Profit of the group for the year ended on that date; and

c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the group for the year ended on that date.

Other Matter

In respect of the financial statements of certain subsidiaries, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of subsidiaries, is based solely on the

reports of the other auditors. The details of assets, revenues and net cash flows in respect of these subsidiaries to the extent to which they are reflected in the consolidated financial statements, are given below:

(₹ Crore)

		Year ended	Total Assets (Net)	Total Revenues	Net Cash inflows / (Outflows)
A.	Indian Subsidiary	31.03.2013	38.92	98.60	0.79
B.	Foreign Subsidiary	30.09.2013	11.97	22.93	1.67

Our opinion is not qualified in respect of these matters.

For SASTRI & SHAH
Chartered Accountants
Firm Regn. No. 003643S

C. Sri Ram
Partner
Mem. No. 005897

For M. M. NISSIM AND CO.
Chartered Accountants
Firm Regn. No. 107122W

N. Kashinath
Partner
Mem. No. 36490

Chennai, Dated: 28th November, 2013

MRF LIMITED, CHENNAI

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2013

	Note	₹ Crore	As at 30.09.2012 ₹ Crore
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	4.24	4.24
Reserves and Surplus	3	3651.20	2856.84
		3655.44	2861.08
Minority Interest		0.10	0.09
Non-Current Liabilities			
Long-Term Borrowings	4	952.43	1102.57
Deferred Tax Liabilities (Net)	5	222.37	186.79
Other Long-Term Liabilities	6	1043.23	908.03
Long-Term Provisions	7	75.87	88.29
		2293.90	2285.68
Current Liabilities			
Short-Term Borrowings	8	476.23	528.72
Trade Payables	9	1025.49	945.16
Other Current Liabilities	10	557.93	459.21
Short-Term Provisions	7	269.90	147.84
		2329.55	2080.93
TOTAL		**8278.99**	**7227.78**
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		2968.63	2912.76
Intangible Assets		5.45	6.07
Capital Work-in-Progress		359.12	414.65
		3333.20	3333.48
Non-Current Investments	12	75.93	71.52
Deferred Tax Asset(Net)	13	1.24	-
Long-Term Loans and Advances	14	123.35	38.14
Other Non-Current Assets	15	35.41	30.85
		3569.13	3473.99
Current Assets			
Current Investments	16	827.85	357.77
Inventories	17	1816.92	1664.75
Trade Receivables	18	1558.85	1454.11
Cash and Bank Balances	19	336.97	64.80
Short-Term Loans and Advances	14	145.66	203.90
Other Current Assets	15	23.61	8.46
		4709.86	3753.79
TOTAL		**8278.99**	**7227.78**
Basis of Consolidation, significant Accounting policies and Principles of Consolidation	1	-	-

The Notes are an integral part of these financial statements.
This is the consolidated Balance Sheet referred to in our report of even date.

For SASTRI & SHAH
Chartered Accountants

For M. M. NISSIM AND CO.
Chartered Accountants

C. Sri Ram
Partner

N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated: 28th November, 2013

MRF LIMITED, CHENNAI

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

	Note	₹ Crore	Year ended 30.09.2012 ₹ Crore
INCOME			
Revenue from operations (Gross)	20	13582.97	13167.47
Less: Excise Duty		1334.75	1200.15
Revenue from operations (Net)		12248.22	11967.32
Other income	21	25.07	31.90
Total Revenue		12273.29	11999.22
EXPENSES			
Cost of materials consumed	22	7870.09	8411.51
Purchase of Stock in Trade (Note 35)		125.13	26.70
Changes in Inventories of Finished Goods, Stock-in-process and Stock-in-Trade	23	(27.58)	(28.01)
Employee benefits expense	24	611.74	521.43
Finance costs	25	196.02	158.84
Depreciation and Amortisation expense	26	373.70	301.81
Other expenses	27	1888.78	1763.69
Total Expenses		11037.88	11155.97
PROFIT BEFORE TAX		1235.41	843.25
Tax expense:			
Current tax		392.47	238.51
MAT Credit entitlement		(0.02)	(19.56)
Deferred tax		34.35	44.99
(Excess)/Short Provision of Earlier years		-	(0.10)
		426.80	263.84
		808.61	579.41
Minority Share in Profit		(0.01)	(0.01)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		808.60	579.40
Basic and diluted - Earnings per equity share: (₹)	33	1906.58	1366.14
Basis of Consolidation, significant Accounting policies and Principles of Consolidation	1		

The 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 SASTRI & SHAH
Chartered Accountants

C. Sri Ram
Partner

For M. M. NISSIM AND CO.
Chartered Accountants

N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated: 28th November, 2013

MRF LIMITED, CHENNAI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2013

				Year ended 30.09.2012	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		1235.41		843.25
	Adjustment for :				
	Depreciation	373.70		301.81	
	Unrealised Exchange (Gain)/Loss	11.08		(5.52)	
	Provision for Doubtful debts written back	(0.53)		-	
	Interest - Net	181.59		151.99	
	Dividend Income	(0.45)		(0.16)	
	Loss/(Gain) on Sale/Disposal of fixed assets sold	0.09		(0.37)	
	Loss/(Gain) on Sale of Investments	(0.31)	565.17	(0.01)	447.74
	OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		1800.58		1290.99
	Trade and other receivables	(162.36)		(73.69)	
	Inventories	(152.17)		(135.78)	
	Long-Term Liabilities	135.20		132.28	
	Trade Payable and Provisions	111.71	(67.62)	61.62	(15.57)
	CASH GENERATED FROM OPERATIONS		1732.96		1275.42
	Direct Taxes paid		(306.62)		(241.02)
	NET CASH FROM OPERATING ACTIVITIES		1426.34		1034.40
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	(375.62)		(620.80)	
	Proceeds from sale of Fixed Assets	2.11		0.63	
	(Purchase)/Proceeds from Investments Net	(474.18)		(356.41)	
	Fixed Deposits with Banks	(44.35)		(1.52)	
	Interest and Dividend income	6.48		1.17	
	NET CASH USED IN INVESTING ACTIVITIES		(885.56)		(976.93)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	(Repayments)/proceeds from Working Capital Facilities (Net)	(52.49)		118.65	
	(Repayments)/Proceeds from Term Loans	(31.93)		2.75	
	(Repayments)/proceeds from Fixed Deposits (Net)	(11.59)		(2.13)	
	Sales Tax Deferral	(6.51)		(3.91)	
	Deferred payment Credit	(6.96)		(6.42)	
	Interest paid	(191.19)		(148.06)	
	Dividend and Corporate Dividend Tax	(12.35)		(12.32)	
	NET CASH FROM FINANCING ACTIVITIES		(313.02)		(51.44)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		227.76		6.03
	CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2012		61.80		55.77
	CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2013		289.56		61.80

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

For SASTRI & SHAH
Chartered Accountants

For. M. M. NISSIM AND CO.
Chartered Accountants

C. Sri Ram
Partner

N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Chennai, Dated: 28th November, 2013

1. BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2013.

a. Basis of Consolidation:

The Consolidated financial statements relate to MRF LTD ('the Company') and its subsidiary companies. The Company and its subsidiaries constitute the Group.

b. Significant Accounting Policies:

The financial statements are prepared under the historical cost convention on an accrual basis, in conformity with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and generally accepted accounting principles and practices.

The significant accounting policies of the Company and its subsidiaries are largely similar and are set out in the separate financial statements of the Company. Appropriate disclosures, as applicable, is made of significant deviations from Company's accounting policies, which have not been adjusted. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

c. Principles of consolidation:

i. The consolidated financial statements have been prepared in accordance with the Accounting Standards-21 on Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

The consolidated financial statements comprise of the financial statements of the Company and the following subsidiaries as on September 30, 2013:

Name	Country of incorporation	Proportion of ownership interest	Financial Statement as on
MRF Corp Ltd.	India	100%	March 31, 2013
MRF International Ltd.	India	94.66%	September 30, 2013
MRF Lanka Pvt. Ltd.	Sri Lanka	100%	September 30, 2013

There are no significant transactions or other material events that have occurred between the balance sheet date of MRF Corp Ltd. and the parent company.

ii. The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

iii. The difference between the cost of investment in the subsidiaries and the share of net assets at the time of acquisition of shares in the subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

iv. Foreign Subsidiary – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company's net investments in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve

NOTE 2 : SHARE CAPITAL

	₹ Crore	As at 30.09.2012 ₹ Crore
Authorised		
90,00,000 Equity Shares of ₹ 10 each	9.00	9.00
1,00,000 Taxable, Redeemable Cumulative Preference Shares of ₹100 each	1.00	1.00
	10.00	10.00
Issued		
42,41,143 Equity shares of ₹10 each	4.24	4.24
(Excludes 71 bonus shares not issued and not allotted on non-payment of call monies)		
Subscribed and Fully Paid-up		
42,41,143 Equity Shares of ₹ 10 each	4.24	4.24
	4.24	4.24

(a) Rights, preferences and restrictions attached to shares:

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.

(b) Shareholders holding more than 5 percent of the equity shares

	Name of Shareholder	No. of Shares held	As at 30.09.2012 No. of Shares held
1)	Comprehensive Investment and Finance Company Private Limited	433239	422069
2)	MOWI (P) Limited	507984	507984
3)	Enam Shares and Securities Private Ltd.	267626	266713

NOTE 3 : RESERVES AND SURPLUS

	₹ Crore	As at 30.09.2012 ₹ Crore
Securities Premium Account		
As per last Account	9.42	9.42
Capital Reserve		
As per last Account	0.05	0.05
General Reserve		
As per last Account	2802.01	2263.74
Add: Transfer from Surplus in the Statement of Profit & Loss	765.20	538.27
	3567.21	2802.01
Debenture Redemption Reserve		
As per last Account	46.74	17.94
Add: Transfer from Surplus in the Statement of Profit & Loss	28.52	28.80
	75.26	46.74
Capital Redemption Reserve		
As per last Account	0.42	0.42
Foreign Currency Translation Reserve		
As per last Account	(1.80)	(1.67)
Add/(Less) Adjustments during the year	0.64	(0.13)
	(1.16)	(1.80)
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	-	-
Profit for the year	808.60	579.40
Less: Appropriations		
Dividends		
Interim (₹6 per share)	2.54	2.54
Final - Proposed (₹24 Per share)	10.18	8.06
Corporate Tax on Dividend	2.16	1.73
Transfer to Debenture Redemption Reserve	28.52	28.80
Transfer to General Reserve	765.20	538.27
Balance in the Statement of Profit and Loss	-	-
	3651.20	2856.84

NOTE 4 : LONG-TERM BORROWINGS

	Non-current		Current maturities	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Secured				
Term Loans from Banks:				
External Commercial Borrowings (ECB)	204.62	204.62	-	31.29
Debentures:				
2,000 9.07% Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000 each, privately placed	135.00	200.00	65.00	-
5,000 10.09% Secured Redeemable Non-Convertible Debentures of ₹ 10,00,000 each, privately placed	500.00	500.00	-	-
Unsecured				
Term Loan from a Bank:				
Buyers Line of Credit	-	83.38	83.38	-
Fixed Deposits	31.46	17.01	5.72	31.76
Sales Tax Deferral Scheme	61.84	70.51	8.66	6.50
Others				
Deferred Payment Credit	19.51	27.05	7.54	6.96
Amounts disclosed under the head 'Other Current Liabilities' (Note 10)	-	-	(170.30)	(76.51)
	952.43	1102.57	-	-

NOTE 5 : DEFERRED TAX LIABILITIES (Net)

		As at 30.09.2012
	₹ Crore	₹ Crore
Deferred Tax Liability:		
Arising on account of timing difference in:		
- Depreciation	248.06	204.07
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	(25.69)	(17.28)
Deferred Tax Liabilities (Net)	222.37	186.79

NOTE 6 : OTHER LONG-TERM LIABILITIES

		As at 30.09.2012
	₹ Crore	₹ Crore
Dealers' Security Deposit	1039.13	902.64
Others	4.10	5.39
	1043.23	908.03

NOTE 7 : PROVISIONS

	Long-Term		Short-Term	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Provision for employee benefits				
Leave benefits	16.39	11.64	0.48	1.59
Gratuity	0.30	0.69	36.39	17.94
Other Benefits	5.46	5.15	1.31	1.29
Tax (Net of advance Tax paid)	-	-	108.02	46.05
Dividend				
Interim	-	-	1.27	1.27
Final - Proposed	-	-	10.18	8.06
Corporate Tax on Dividend	-	-	1.95	1.52
Other Provisions	53.72	70.81	110.30	70.12
	75.87	88.29	269.90	147.84

NOTE 8 : SHORT-TERM BORROWINGS

		As at 30.09.2012
	₹ Crore	₹ Crore
Secured		
Working Capital Facilities from Banks	420.30	418.09
Unsecured		
Buyer's Line of Credit	55.93	110.63
	476.23	528.72

Nature of security:
Secured by hypothecation of stock-in-trade, stores and spare parts and book debts

NOTE 9 : TRADE PAYABLES

Trade Payables	705.44	619.59
Acceptances	320.05	325.57
	1025.49	945.16

NOTE 10 : OTHER CURRENT LIABILITIES

	₹ Crore	As at 30.09.2012 ₹ Crore
Current maturities of long-term borrowings (Note 4)	170.30	76.51
Interest accrued but not due on borrowings	42.20	43.35
Advances from Customers	28.81	26.54
Statutory dues :		
Central Excise/Service Tax	47.45	46.94
Value Added Tax/Central Sales Tax	118.39	112.83
Withholding Taxes	6.83	6.20
Others	6.42	4.00
Other payables:		
Employee benefits	29.91	24.32
Liabilities for expenses	106.07	116.72
Unclaimed Dividends	1.54	1.49
Matured Fixed Deposits and Interest	0.01	0.31
	557.93	459.21

There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

NOTE 11 : FIXED ASSETS

₹ Crore

Nature of Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01-10-2012	Additions	Deductions/ Adjustments	Cost as at 30-09-2013	Upto 30-09-2012	Provided during the year	Deductions/ Adjustments	Upto 30-09-2013	As at 30-09-2013	As at 30-09-2012
Tangible Assets										
Land	96.06	1.60	0.04	97.62	1.45	0.09	-	1.54	96.08	94.61
Buildings	807.95	93.10	2.07	898.98	108.65	25.34	0.14	133.85	765.13	699.30
Plant and Machinery	3622.84	232.43	3.53	3851.74	1690.72	293.14	3.44	1980.42	1871.32	1932.12
Moulds	328.98	56.58	4.61	380.95	229.97	30.35	4.59	255.73	125.22	99.01
Furniture and Fixtures	16.68	3.98	1.43	19.23	12.30	2.46	1.37	13.39	5.84	4.38
Computer	33.31	4.39	1.09	36.61	26.02	3.27	1.09	28.20	8.41	7.29
Office Equipment	24.56	4.90	2.69	26.77	18.11	2.80	2.68	18.23	8.54	6.45
Other Assets	101.11	28.74	1.96	127.89	40.02	11.03	1.91	49.14	78.75	61.09
Vehicles	20.96	3.87	0.94	23.89	12.45	3.04	0.94	14.55	9.34	8.51
Total Tangible Assets	5052.45	429.59	18.36	5463.68	2139.69	371.52	16.16	2495.05	2968.63	2912.76
Previous year	3821.76	1243.79	13.10	5052.45	1853.07	299.46	12.84	2139.69	2912.76	1968.69
Intangible Assets										
Computer Software	19.55	1.56	-	21.11	13.48	2.18	-	15.66	5.45	6.07
Total Intangible Assets	19.55	1.56	-	21.11	13.48	2.18	-	15.66	5.45	6.07
Previous year	14.94	4.61	-	19.55	11.13	2.35	-	13.48	6.07	3.81
Capital Work-in-Progress									359.12	414.65
Grand Total									3333.20	3333.48

Note:
Land includes Agriculture Land - ₹ 0.12 crore and Leasehold Land - ₹ 4.33 crore

NOTE 12 : NON-CURRENT INVESTMENTS

		As at 30.09.2012
	₹ Crore	₹ Crore
Non-Trade - Fully Paid-up		
Quoted		
Equity Shares	0.10	0.10
Unquoted		
In Mutual Fund Units	70.75	70.50
Equity Shares	0.17	0.17
Trade - Fully Paid-up		
Unquoted		
Equity Shares	4.91	0.75
Aggregate Book Value of unquoted Investments	75.83	71.42
	75.93	71.52
Aggregate Market Value of Quoted Investments	2.51	2.83

NOTE 13 : DEFERRED TAX ASSET

Deferred Tax Liability:		
Arising on account of timing difference in:		
- Depreciation	(0.08)	-
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	0.02	-
- Carried Forward Business Losses	1.30	-
Deferred Tax Asset (Net)	1.24	-

NOTE 14 : LOANS AND ADVANCES

	Long-Term		Short-Term	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Unsecured, Considered Good				
Capital Advances	73.09	18.81	-	-
Loan and Advances to Employees	3.08	3.30	13.57	9.91
Advances Recoverable in cash or in kind	1.55	1.98	97.99	103.90
Balances with Excise Authorities	-	-	34.10	34.63
Advance payment of Income Tax/Tax Deducted at Source (after adjusting provision)	45.59	14.04	-	-
MAT credit entitlement	0.04	0.01	-	55.46
	123.35	38.14	145.66	203.90

NOTE 15 : OTHER ASSETS

	Non-current		Current	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Unsecured, Considered Good				
Interest Accrued on Loans, Deposits etc.	-	-	3.19	0.77
Prepaid Expenses	0.42	0.29	19.03	6.55
Deposits	32.18	27.90	-	-
Non-current Bank Balances (Note 19)	1.31	1.26	-	-
Others	1.50	1.40	1.39	1.14
	35.41	30.85	23.61	8.46

NOTE 16 : CURRENT INVESTMENTS

		As at 30.09.2012
	₹ Crore	₹ Crore
Non-Trade - Fully Paid-up		
Unquoted		
In Mutual Fund Units	827.85	357.77
	827.85	357.77

NOTE 17 : INVENTORIES

At lower of cost and net realisable value		
Raw materials	800.19	725.96
Stock-in-process	224.13	214.65
Finished goods	605.19	614.46
Stock-in-Trade	38.05	11.64
Stores and spares	149.36	98.04
	1816.92	1664.75

NOTE 18 : TRADE RECEIVABLES

Overdue for a period exceeding six months			
Unsecured	Considered Good	5.91	7.89
	Considered Doubtful	2.11	2.64
Less:	Provision for Doubtful Debts	(2.11)	(2.64)
		5.91	7.89
Others			
Secured		948.99	844.38
Unsecured		603.95	601.84
		1558.85	1454.11

NOTE 19 : CASH & BANK BALANCES

	Non-current		Current maturities	
		As at 30.09.2012		As at 30.09.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Cash and Cash equivalents:				
Balances with banks:				
Current Accounts	-	-	17.45	16.36
Fixed Deposits with Original maturity less than three months	-	-	229.00	-
Cash and Cheques on hand	-	-	43.11	45.44
	-	-	289.56	61.80
Other Bank Balances:				
Fixed Deposits	1.31	1.26	45.87	1.52
Unpaid Dividend Account	-	-	1.54	1.48
	1.31	1.26	47.41	3.00
Amounts disclosed under "Non-Current Assets" (Note 15)	(1.31)	(1.26)	-	-
	-	-	336.97	64.80

NOTE 20 : REVENUE FROM OPERATIONS

		Year ended 30.09.2012
	₹ Crore	₹ Crore
Sales:		
Finished Goods	13574.60	13159.75
Other Operating Revenues - Export Incentives	8.37	7.72
	13582.97	13167.47
Details of sales under broad heads:		
Class of Goods:		
Automobile Tyres	11900.19	11500.77
Automobile Tubes	994.90	1047.73

NOTE 21 : OTHER INCOME

Dividend on Investment(Other than Trade)	0.45	0.16
Interest:		
on Deposits, etc.	8.45	1.31
Profit on Sale of Investments(Net)	0.31	0.01
Profit on fixed assets sold / discarded (Net)	-	0.37
Insurance Claims	-	17.07
Provision for Doubtful Debts Written Back	0.53	-
Miscellaneous Receipts	15.33	12.98
	25.07	31.90

NOTE 22 : COST OF MATERIALS CONSUMED

	₹ Crore	Year ended 30.09.2012 ₹ Crore
Cost of materials consumed		
Opening Stock	725.96	658.62
Add: Purchases	7944.31	8478.85
	8670.27	9137.47
Less: Closing Stock	800.18	725.96
	7870.09	8411.51
Details of Raw Materials consumed under broad heads:		
Rubber	4593.24	5274.37
Carbon Black	1091.22	1043.59
Fabric	1227.90	1096.54
Chemicals	729.65	694.78

NOTE 23 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS & STOCK-IN-TRADE

Closing Stock:		
Finished Goods	605.19	614.46
Stock-in-Trade	38.05	11.64
Stock-in-Process	224.13	214.65
	867.37	840.75
Less: Opening Stock:		
Finished Goods	614.46	559.86
Stock-in-Trade	11.64	9.44
Stock-in-Process	214.65	223.94
	840.75	793.24
Differential Excise Duty on Opening and Closing stock of Finished Goods	(0.96)	19.50
	(27.58)	(28.01)

Details of Inventory under broad heads: ₹ Crore

Class of Goods	Finished Goods		Stock-in-Trade		Stock-in-process	
	Opening Stock	Closing Stock	Opening Stock	Closing Stock	Opening Stock	Closing Stock
Automobile Tyres	474.71	486.47	-	-	137.92	201.81
Automobile Tubes	67.74	64.03	-	29.38	6.44	9.40
T & S Equipments	-	-	4.37	6.75	-	-

NOTE 24 : EMPLOYEE BENEFITS EXPENSE

		Year ended 30.09.2012
	₹ Crore	₹ Crore
Salaries, Wages, Bonus and Allowances	477.90	418.93
Company's Contribution to Provident, Gratuity and Other Funds	65.30	43.89
Welfare Expenses	68.54	58.61
	611.74	521.43

NOTE 25 : FINANCE COSTS

Interest on Loans	187.59	150.28
Interest on Deferred Payment Credit	2.45	3.02
Bank Charges	5.98	5.54
	196.02	158.84

NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on tangible assets	371.52	299.46
Amortisation on intangible assets	2.18	2.35
	373.70	301.81

NOTE 27 : OTHER EXPENSES

		Year ended 30.09.2012
	₹ Crore	₹ Crore
Stores and Spares Consumed	212.59	220.66
Power and Fuel	601.01	619.24
Processing Expenses	136.63	97.25
Rent	33.27	27.16
Rates and Taxes	6.30	8.31
Insurance	10.22	7.41
Printing and Stationery	3.69	3.35
Repairs and Renewals:		
Buildings	14.39	13.49
Plant and Machinery	55.53	50.53
Other Assets	20.22	16.23
Travelling and Conveyance	31.49	28.28
Communication Expenses	5.92	5.06
Vehicle Expenses	4.23	3.67
Auditors' Remuneration:		
As Auditors:		
Audit fee (Previous year includes arrears of ₹0.06 crore for earlier year)	0.26	0.32
Tax Audit fee	0.05	0.05
Other Services	0.05	0.03
Reimbursement of Expenses etc.	0.20	0.16
	0.56	0.56
Cost Auditors' Remuneration:		
Audit fee (Previous year includes arrears of ₹0.01 crore for earlier years)	0.04	0.05
Directors' Fees	0.11	0.05
Directors' Travelling Expenses	3.07	2.64
Advertisement	142.46	118.96
Warranty	10.32	4.61
Sales tax absorbed by the Company	0.44	3.49
Bad debts written off	0.53	-
Commission and Discount	211.25	190.49
Freight and Forwarding (Net)	301.53	270.97
Loss on Sale of Fixed Assets (Net)	0.09	-
Net Loss on Foreign Currency Transactions	46.62	32.97
Miscellaneous Expenses	36.27	38.26
	1888.78	1763.69

28. The Notes to these consolidated financial statements are disclosed to the extent necessary for presenting a true and fair view of the consolidated financial statements.
29. Consolidated Related Party transactions after elimination of transactions with Subsidiary Companies are the same as disclosed in the standalone financial statements of the Company.
30. Movement in provisions as required by Accounting Standard 29 and contingent liabilities are the same as disclosed in the standalone financial statements of the Company
31. Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for - ₹1032.28 crore (Previous year- ₹220.51 crore).
32. Consolidated Employee benefit disclosures are not materially different from the employee benefit disclosures of the standalone financial statements of the Company.

			Year ended
33. Earnings Per Share:			30.09.2012
Profit after Taxation	₹ Crore	808.60	579.40
Number of equity shares (Face Value ₹10 each)	Nos.	4241143	4241143
Earnings per share - Basic:	₹	1906.58	1366.14

34. The Group is engaged mainly in the manufacture of Rubber Products such as Tyres, Tubes, Flaps, Tread Rubber and Conveyor Belt. These in the context of Accounting Standard 17 on Segment Reporting 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 Accounting Standard. Non-reportable segments have not been disclosed as unallocated reconciling item in view of their materiality. In view of the above, primary and secondary reporting disclosures for business/geographical segment are not applicable.

			Year ended
35. Details of Purchase of Traded Goods under broad heads:			30.09.2012
Tubes	₹ Crore	106.03	-
T & S Equipments	₹ Crore	15.45	21.51

36. Figures are rounded off to nearest lakh.

37. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group's financial statement.

Vide our Report of even date
For SASTRI & SHAH
Chartered Accountants

C. Sri Ram
Partner
Chennai, Dated 28th November, 2013

For M. M. NISSIM AND CO.
Chartered Accountants

N. Kashinath
Partner

RAVI MANNATH
Company Secretary

S. S. VAIDYA
V. SRIDHAR
Directors

K. M. MAMMEN
Chairman & Managing Director

Disclosure of Information Relating to Subsidiaries

(Vide General Circular No.2/2011 dt. 08.02.2011 of the Ministry of Corporate Affairs,Government of India)

(₹)

		MRF Corp Ltd. *		MRF International Ltd.		MRF Lanka (P) Ltd.	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1.	Share Capital	501000	501000	5625000	5625000	89833583	49813823
2.	Reserves & Surplus	126704742	60531148	12321624	10009588	(35821495)	(87560063)
3.	Total Liabilities @	261966031	264999587	111455	13483	65668752	124070103
4.	Total Assets (including Investments)+	389171773	326031735	18058079	15648071	119680840	86323863
5.	Investments	64066761	47533921	7500000	5000000	-	-
6.	Turnover	986018650	837204301	2644381	1255347	229330935	192764978
7.	Profit before Tax	97386725	88128677	2608105	1231285	36947134	12104118
8.	Provision for Taxation						
	- Current	30100000	28000000	264138	142481	4073635	2007865
	- Deferred	(59159)	705646	31931	(31931)	(12374527)	-
9.	Profit/(Loss) after Tax	67345884	59423031	2312036	1120735	45248026	10096253
10.	Proposed dividend (including dividend tax)	1172290	NIL	NIL	NIL	NIL	NIL

@ Total Liabilities include: Secured Loan, Unsecured Loan, Current Liabilities and Deferred Tax Liability

+ Total Assets include: Net Fixed Assets, Investments and Current Assets

* April / March

M R F Limited,
No. 114, Greams Road, Chennai - 600 006.
www.mrftyres.com

MRF

MRF Limited, Regd. Office : No. 114, Greams Road, Chennai - 600 006.
Tel : 28292777 Fax : 91-44-2829 5087 Email : mrfshare@mrfmail.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	MRF LIMITED
2.	Annual Financial statements for the year ended	30th September, 2013
3.	Type of Audit observation	√ Un-qualified/ ~~Matter of Emphasis~~
4.	Frequency of observation	N.A
5.	To be signed by – • Managing Director • Vice-president Finance • Auditors of the Company • Mr. Jacob Kurian, Chairman, Audit Committee	Arun Mammen [signature] 1. [signature] Mem. No: 36490. FOR SASTRI & SHAH 2. [signature] (Partner) M. No. 005897 [signature]